UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2017**
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission file number **001-37386**

FORTRESS
TRANSPORTATION
& INFRASTRUCTURE

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

(Exact name of registrant as specified in its charter)

Delaware	**32-0434238**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1345 Avenue of the Americas, New York, NY	**10105**
(Address of principal executive offices)	(Zip Code)

(Registrant's telephone number, including area code) **(212) 798-6100**

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☑
Non-accelerated filer ☐	Smaller reporting company ☐

Emerging growth company ☑

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

There were 75,771,738 common shares representing limited liability company interests outstanding at November 3, 2017.

FORWARD-LOOKING STATEMENTS

This report contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact but instead are based on our present beliefs and assumptions and on information currently available to the Company. You can identify these forward-looking statements by the use of forward-looking words such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “could,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates,” “target,” “projects,” “contemplates” or the negative version of those words or other comparable words. Any forward-looking statements contained in this report are based upon our historical performance and on our current plans, estimates and expectations in light of information currently available to us. The inclusion of this forward-looking information should not be regarded as a representation by us, that the future plans, estimates or expectations contemplated by us will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to our operations, financial results, financial condition, business, prospects, growth strategy and liquidity. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to:

- changes in economic conditions generally and specifically in our industry sectors, and other risks relating to the global economy;
- reductions in cash flows received from our assets, as well as contractual limitations on the use of our aviation assets to secure debt for borrowed money;
- our ability to take advantage of acquisition opportunities at favorable prices;
- a lack of liquidity surrounding our assets, which could impede our ability to vary our portfolio in an appropriate manner;
- the relative spreads between the yield on the assets we acquire and the cost of financing;
- adverse changes in the financing markets we access affecting our ability to finance our acquisitions;
- customer defaults on their obligations;
- our ability to renew existing contracts and win additional contracts with existing or potential customers;
- the availability and cost of capital for future acquisitions;
- concentration of a particular type of asset or in a particular sector;
- competition within the aviation, energy, intermodal transport and rail sectors;
- the competitive market for acquisition opportunities;
- risks related to operating through joint ventures or partnerships or through consortium arrangements;
- obsolescence of our assets or our ability to sell, re-lease or re-charter our assets;
- exposure to uninsurable losses and force majeure events;
- infrastructure operations may require substantial capital expenditures;
- the legislative/regulatory environment and exposure to increased economic regulation;
- exposure to the oil and gas industry’s volatile oil and gas prices;
- difficulties in obtaining effective legal redress in jurisdictions in which we operate with less developed legal systems;
- our ability to maintain our exemption from registration under the Investment Company Act of 1940 and the fact that maintaining such exemption imposes limits on our operations;
- our ability to successfully utilize leverage in connection with our investments;
- foreign currency risk and risk management activities;
- effectiveness of our internal control over financial reporting;
- exposure to environmental risks, including increasing environmental legislation and the broader impacts of climate change;
- changes in interest rates and/or credit spreads, as well as the success of any hedging strategy we may undertake in relation to such changes;
- actions taken by national, state, or provincial governments, including nationalization, or the imposition of new taxes, could materially impact the financial performance or value of our assets;
- our dependence on our Manager and its professionals and actual, potential or perceived conflicts of interest in our relationship with our Manager;
- effects of the pending merger of Fortress Investment Group LLC with affiliates of SoftBank Group Corp.;

- volatility in the market price of our common shares;
- the inability to pay dividends to our shareholders in the future; and
- other risks described in the "Risk Factors" section of this report.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report. The forward-looking statements made in this report relate only to events as of the date on which the statements are made. We do not undertake any obligation to publicly update or review any forward-looking statement except as required by law, whether as a result of new information, future developments or otherwise.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results may vary materially from what we may have expressed or implied by these forward-looking statements. We caution that you should not place undue reliance on any of our forward-looking statements. Furthermore, new risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

CONSOLIDATED BALANCE SHEETS

(Dollar amounts in thousands, except share and per share data)	Notes	(Unaudited) September 30, 2017	December 31, 2016
Assets			
Cash and cash equivalents	2	**$ 176,357**	$ 68,055
Restricted cash	2	**36,458**	65,441
Accounts receivable, net		**27,926**	21,358
Leasing equipment, net	3	**929,364**	765,455
Finance leases, net	4	**9,370**	9,717
Property, plant, and equipment, net	5	**464,399**	352,181
Investments (includes $30,470 and $17,630 available-for-sale securities at fair value as of September 30, 2017 and December 31, 2016, respectively)	6	**67,792**	39,978
Intangible assets, net	7	**33,882**	38,954
Goodwill		**116,584**	116,584
Other assets	2	**47,789**	69,589
Total assets		**$ 1,909,921**	$ 1,547,312
Liabilities			
Accounts payable and accrued liabilities		**$ 51,684**	$ 38,239
Debt, net	8	**655,580**	259,512
Maintenance deposits		**81,775**	45,394
Security deposits		**24,752**	19,947
Other liabilities		**18,207**	18,540
Total liabilities		**$ 831,998**	$ 381,632
Commitments and contingencies	16		
Equity			
Common shares ($0.01 par value per share; 2,000,000,000 shares authorized; 75,771,738 and 75,750,943 shares issued and outstanding as of September 30, 2017 and December 31, 2016, respectively)		**758**	758
Additional paid in capital		**1,010,026**	1,084,757
Accumulated deficit		**(41,709)**	(38,833)
Accumulated other comprehensive income		**11,638**	7,130
Shareholders' equity		**980,713**	1,053,812
Non-controlling interest in equity of consolidated subsidiaries		**97,210**	111,868
Total equity		**1,077,923**	1,165,680
Total liabilities and equity		**$ 1,909,921**	$ 1,547,312

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED STATEMENTS OF OPERATIONS *(unaudited)*

(Dollar amounts in thousands, except share and per share data)	Notes	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Revenues					
Equipment leasing revenues		**$ 49,616**	$ 30,054	**$ 121,387**	$ 71,980
Infrastructure revenues		**10,746**	11,672	**34,842**	34,394
Total revenues	10	**60,362**	41,726	**156,229**	106,374
Expenses					
Operating expenses		**23,688**	17,028	**66,025**	48,937
General and administrative		**3,439**	3,205	**10,615**	9,154
Acquisition and transaction expenses		**1,732**	1,688	**5,064**	4,622
Management fees and incentive allocation to affiliate	13	**3,771**	4,146	**11,529**	12,725
Depreciation and amortization	3, 5, 7	**24,784**	15,376	**62,382**	43,294
Interest expense		**8,914**	5,416	**21,292**	15,839
Total expenses		**66,328**	46,859	**176,907**	134,571
Other income (expense)					
Equity in earnings (losses) of unconsolidated entities	6	**132**	(1,161)	**(1,461)**	(1,335)
Gain on sale of equipment and finance leases, net		**2,709**	40	**6,726**	3,307
Loss on extinguishment of debt	8	**—**	—	**(2,456)**	(1,579)
Asset impairment		**—**	—	**—**	(7,450)
Interest income		**215**	206	**582**	87
Other income		**2,148**	485	**2,180**	583
Total other income (expense)		**5,204**	(430)	**5,571**	(6,387)
Loss before income taxes		**(762)**	(5,563)	**(15,107)**	(34,584)
Provision for income taxes	12	**909**	83	**1,585**	195
Net loss		**(1,671)**	(5,646)	**(16,692)**	(34,779)
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries		**(4,669)**	(4,370)	**(13,816)**	(16,528)
Net income (loss) attributable to shareholders		**$ 2,998**	$ (1,276)	**$ (2,876)**	$ (18,251)
Earnings/(loss) per share	15				
Basic		**$ 0.04**	**$ (0.02)**	**$ (0.04)**	$ (0.24)
Diluted		**$ 0.04**	**$ (0.02)**	**$ (0.04)**	$ (0.24)
Weighted Average Shares Outstanding:					
Basic		**75,770,529**	75,746,200	**75,765,144**	75,734,587
Diluted		**75,770,665**	75,746,200	**75,765,144**	75,734,587

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) *(unaudited)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollar amounts in thousands)	**2017**	**2016**	**2017**	**2016**
Net loss	**$ (1,671)**	$ (5,646)	**$ (16,692)**	$ (34,779)
Other comprehensive income (loss):				
Change in fair value of cash flow hedge	**—**	—	**—**	(97)
Change in fair value of available-for-sale securities	**5,784**	—	**4,508**	—
Comprehensive income (loss)	**4,113**	(5,646)	**(12,184)**	(34,876)
Comprehensive loss attributable to non-controlling interest	**(4,669)**	(4,370)	**(13,816)**	(16,528)
Comprehensive income (loss) attributable to shareholders	**$ 8,782**	$ (1,276)	**$ 1,632**	$ (18,348)

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(unaudited)*

(Dollar amounts in thousands)	Common Stock	Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Non-Controlling Interest in Equity of Consolidated Subsidiaries	Total Equity
Equity - December 31, 2016	$ 758	$ 1,084,757	$ (38,833)	$ 7,130	$ 111,868	$ 1,165,680
Comprehensive loss:						
Net loss for the period			**(2,876)**		**(13,816)**	**(16,692)**
Other comprehensive loss			**—**	**4,508**	**—**	**4,508**
Total comprehensive loss			**(2,876)**	**4,508**	**(13,816)**	**(12,184)**
Capital contributions					**1,261**	**1,261**
Transfer of non-controlling interest					**(2,798)**	**(2,798)**
Dividends declared		**(75,041)**			**—**	**(75,041)**
Issuance of common shares		**310**			**—**	**310**
Equity-based compensation		**—**			**695**	**695**
Equity - September 30, 2017	**$ 758**	**$ 1,010,026**	**$ (41,709)**	**$ 11,638**	**$ 97,210**	**$ 1,077,923**

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS *(unaudited)*

	Nine Months Ended September 30,	
(Dollar amounts in thousands)	**2017**	**2016**
Cash flows from operating activities:		
Net loss	**$ (16,692)**	$ (34,779)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Equity losses of unconsolidated entities	**1,461**	1,335
Gain on sale of equipment and finance leases, net	**(6,726)**	(3,307)
Security deposits and maintenance claims included in earnings	**(60)**	(300)
Loss on extinguishment of debt	**2,456**	1,579
Equity-based compensation	**695**	(3,818)
Depreciation and amortization	**62,382**	43,294
Gain on settlement of liabilities	**(1,093)**	—
Asset impairment	**—**	7,450
Change in current and deferred income taxes	**551**	(399)
Change in fair value of non-hedge derivative	**(1,036)**	3
Amortization of lease intangibles and incentives	**5,193**	4,783
Amortization of deferred financing costs	**3,120**	1,927
Operating distributions from unconsolidated entities	**—**	30
Bad debt expense	**63**	134
Other	**566**	100
Change in:		
Accounts receivable	**(7,984)**	(6,263)
Other assets	**10,595**	(4,070)
Accounts payable and accrued liabilities	**862**	2,396
Management fees payable to affiliate	**(554)**	1
Other liabilities	**(1,356)**	5,566
Net cash provided by operating activities	**52,443**	15,662
Cash flows from investing activities:		
Change in restricted cash	**28,983**	(799)
Investment in notes receivable	**—**	(3,066)
Investment in unconsolidated entities and available for sale securities	**(24,903)**	(1,754)
Principal collections on finance leases	**347**	2,406
Acquisition of leasing equipment	**(267,451)**	(114,012)
Acquisition of property plant and equipment	**(86,455)**	(47,454)
Acquisition of lease intangibles	**(1,583)**	(812)
Purchase deposit for aircraft and aircraft engines	**(11,785)**	(10,225)
Proceeds from sale of finance leases	**—**	71,000
Proceeds from sale of leasing equipment	**87,093**	15,905
Proceeds from sale of property, plant and equipment	**51**	125
Proceeds from deposit on sale of leasing equipment	**—**	250
Return of capital distributions from unconsolidated entities	**—**	432
Net cash used in investing activities	**$ (275,703)**	$ (88,004)

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS *(unaudited)*

(Dollar amounts in thousands)	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Cash flows from financing activities:		
Proceeds from debt	**$ 417,191**	$ 110,658
Repayment of debt	**(22,623)**	(157,603)
Payment of other liabilities to non-controlling interest holder	**—**	(1,000)
Payment of deferred financing costs	**(3,232)**	(3,935)
Receipt of security deposits	**5,826**	3,340
Return of security deposits	**(3,232)**	(316)
Receipt of maintenance deposits	**18,784**	10,806
Release of maintenance deposits	**(6,111)**	(5,653)
Capital contributions from non-controlling interests	**—**	7,433
Settlement of equity-based compensation	**—**	(200)
Cash dividends	**(75,041)**	(75,017)
Net cash provided by (used in) financing activities	**$ 331,562**	$ (111,487)
Net increase (decrease) in cash and cash equivalents	**108,302**	(183,829)
Cash and cash equivalents, beginning of period	**68,055**	381,703
Cash and cash equivalents, end of period	**$ 176,357**	$ 197,874
Supplemental disclosure of non-cash investing and financing activities:		
Restricted cash proceeds from borrowings of debt	**$ —**	$ 44,342
Proceeds from borrowings of debt	**108,089**	—
Repayment and settlement of debt	**(102,352)**	—
Acquisition of leasing equipment	**(28,335)**	(3,451)
Acquisition of property, plant and equipment	**(36,770)**	(11,519)
Settled and assumed security deposits	**2,272**	(272)
Billed, assumed and settled maintenance deposits	**23,226**	3,923
Deferred financing costs	**(7,867)**	(2,884)
Non-cash contribution from non-controlling interest	**1,261**	—
Transfer of non-controlling interest	**(2,798)**	—

See accompanying notes to consolidated financial statements.

1. ORGANIZATION

Fortress Transportation and Infrastructure Investors LLC (the "Company") is a Delaware limited liability company which, through its subsidiary, Fortress Worldwide Transportation and Infrastructure General Partnership (the "Partnership"), is engaged in the ownership and leasing of aviation equipment, offshore energy equipment and shipping containers, and also owns and operates a short line railroad in North America, Central Maine and Québec Railway ("CMQR"), a multi-modal crude oil and refined products terminal in Beaumont, Texas ("Jefferson Terminal"), a deep-water port located along the Delaware River with an underground storage cavern and multiple industrial development opportunities ("Repauno"), and a multi-modal terminal located along the Ohio River with multiple industrial development opportunities ("Hannibal"). The Company has six reportable segments, (i) Aviation Leasing, (ii) Offshore Energy, (iii) Shipping Containers, (iv) Jefferson Terminal, (v) Railroad, and (vi) Ports and Terminals, which operate in two primary businesses, Equipment Leasing and Infrastructure (Note 14).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The accompanying consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and include the accounts of the Company and its subsidiaries.

Principles of Consolidation—The Company consolidates all entities in which it has a controlling financial interest and in which it has control over significant operating decisions, as well as variable interest entities ("VIEs") in which the Company is the primary beneficiary. All significant intercompany transactions and balances have been eliminated. The ownership interest of other investors in consolidated subsidiaries is recorded as non-controlling interest.

The Company uses the equity method of accounting for investments in entities in which the Company exercises significant influence but which do not meet the requirements for consolidation. Under the equity method, the Company records its proportionate share of the underlying net income (loss) of these entities.

Use of Estimates—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties—In the normal course of business, the Company encounters several significant types of economic risk including credit, market, and capital market risks. Credit risk is the risk of the inability or unwillingness of a lessee, customer, or derivative counterparty to make contractually required payments or to fulfill its other contractual obligations. Market risk reflects the risk of a downturn or volatility in the underlying industry segments in which the Company operates which could adversely impact the pricing of the services offered by the Company or a lessee's or customer's ability to make payments, increase the risk of unscheduled lease terminations and depress lease rates and the value of the Company's leasing equipment or operating assets. Capital market risk is the risk that the Company is unable to obtain capital at reasonable rates to fund the growth of its business or to refinance existing debt facilities. The Company, through its subsidiaries, also conducts operations outside of the United States; such international operations are subject to the same risks as those associated with its United States operations as well as additional risks, including unexpected changes in regulatory requirements, heightened risk of political and economic instability, potentially adverse tax consequences and the burden of complying with foreign laws. The Company does not have significant exposure to foreign currency risk as all of its leasing arrangements, terminal services revenue and the majority of freight rail revenue are denominated in U.S. dollars.

Variable Interest Entities—The assessment of whether an entity is a variable interest entity ("VIE") and the determination of whether to consolidate a VIE requires judgment. VIEs are defined as entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. A VIE is required to be consolidated by its primary beneficiary, and only by its primary beneficiary, which is defined as the party who has the power to direct the activities of a VIE that most significantly impact its economic performance and who has the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

WWTAI IES MT6015 Ltd

The Company has an interest in WWTAI IES MT6015 Ltd. ("MT6015"), an entity formed in 2014 which had entered into a contract with a shipbuilder for the construction of an offshore multi service / inspection, maintenance and repair vessel (the "Vessel") for a price of approximately $75,000. A subsidiary of the Company and a third party each hold a 50% interest in MT6015 and have equal representation on its board of directors. In connection with the initial capitalization of MT6015, another subsidiary of the Company provided the third party partner with a $3,725 loan which was utilized by the third party partner to fund its equity contribution to MT6015. In addition, the agreement provides the Company with disproportionate voting rights, in certain situations, as defined in the agreement. Accordingly, the Company determined that MT6015 is a VIE and that it was the primary beneficiary; accordingly, MT6015 has been presented on a consolidated basis in the accompanying financial statements.

During the second quarter of 2016, the Company determined not to proceed with the purchase of the Vessel. The shipbuilder delivered a notice of termination of the shipbuilding contract to MT6015 in July 2016. Correspondingly, in the second quarter of 2016, the Company recorded an impairment in its MT6015 investment of $7,450. The shipbuilder has no further recourse to the Company.

During the third quarter of 2017, the Company entered into a settlement arrangement whereby the holder of the non-controlling interest settled its $3,725 loan due to the Company by transferring its interest in a subsidiary of the Company, and the note payable due to the holder of the non-controlling interest was extinguished. The settlement resulted in a net gain of $1,093 recorded in other income. Refer to Note 8 for further details.

JGP Energy Partners LLC

During the quarter ended September 30, 2016, the Company initiated activities in its 50% owned joint venture, JGP Energy Partners LLC ("JGP"). The other 50% member to the joint venture is a third party ethanol producer. The purpose of the venture is to build storage capacity with capabilities to receive and/or distribute ethanol via water, rail or truck. Each member agreed to contribute up to $27,000 (for a total of $54,000) for the development and construction of the ethanol terminal facilities. JGP is governed by a designated operating committee selected by the members in proportion to their equity interests. JGP is solely reliant on its members to finance its activities and therefore is a VIE. The Company concluded that it is not the primary beneficiary of JGP as the members share equally in the risks and rewards and decision making authority of the entity; therefore, the Company does not consolidate JGP and accounts for this investment in accordance with the equity method. Refer to Note 6 for details.

Delaware River Partners LLC

On July 1, 2016, the Company, through Delaware River Partners LLC ("DRP"), a consolidated subsidiary, purchased the assets of Repauno, which consisted primarily of land, a storage cavern, and riparian rights for the acquired land, site improvements and rights. Upon acquisition there were no operational processes that could be applied to these assets that would result in outputs without significant green field development. The Company currently holds a 90% economic interest and a 100% voting interest in DRP. DRP is solely reliant on the Company to finance its activities and therefore is a VIE. The Company concluded it was the primary beneficiary; and accordingly, DRP has been presented on a consolidated basis in the accompanying financial statements. The Company has the right to purchase an additional 8% economic interest from the non-controlling party after the second anniversary but prior to the fifth year anniversary of the acquisition of Repauno. At the time of the purchase, the Company concluded that 8% of the 10% interest held by the non-controlling party does not share in the risks or rewards of true equity; and, therefore $5,321 was recorded in other liabilities on the Company's Consolidated Balance Sheet. The remaining 2% economic non-controlling interest was valued at $641 at the acquisition date.

Ohio River Partners LLC

On June 16, 2017, the Company, through Ohio River Partners LLC ("ORP"), a consolidated subsidiary, purchased the assets of Hannibal which consisted primarily of land, buildings, railroad track, docks, water rights, site improvements and other rights. The Company purchased 100% of the interests in these assets. ORP is solely reliant on the Company to finance its activities and therefore is a VIE. The Company concluded it was the primary beneficiary; accordingly, ORP has been presented on a consolidated basis in the accompanying financial statements.

Cash and Cash Equivalents—The Company considers all highly liquid short-term investments with a maturity of 90 days or less when purchased to be cash equivalents.

Restricted Cash—Restricted cash of $36,458 and $65,441 as of September 30, 2017 and December 31, 2016, respectively, consists of prepaid interest and principal pursuant to the requirements of certain of the Company's debt agreements (Note 8), and funds set aside for qualifying construction projects at Jefferson Terminal.

Available-For-Sale Securities—The Company considers listed equity securities as available-for-sale securities recorded at fair value with unrealized gains (losses) recorded in other comprehensive income (loss) and realized gains (losses) recorded in earnings. The Company's basis on which the cost of the security sold or the amount reclassified out of other comprehensive income into earnings is determined using specific identification. Available-for-sale securities are included as a component of investments on the accompanying Consolidated Balance Sheets. At each balance sheet date, the Company evaluates its available for sale securities holdings with unrealized losses to determine if an other-than-temporary impairment has occurred. Refer to Note 6 and 9 for details.

Deferred Financing Costs—Costs incurred in connection with obtaining long term financing are capitalized and amortized to interest expense over the term of the underlying loans. Unamortized deferred financing costs of $11,291 and $6,489 as of September 30, 2017 and December 31, 2016, respectively, are recorded as a component of debt in the accompanying Consolidated Balance Sheets. In connection with the revolving credit facility, the Company incurred $1,157 of deferred financing costs as of September 30, 2017 which are recorded as a component of other assets in the accompanying Consolidated Balance Sheet. Refer to Note 8 for details.

Amortization expense was $1,056 and $3,120 for the three and nine months ended September 30, 2017, respectively, and $678 and $1,927 for the three and nine months ended September 30, 2016, respectively. Amortization expenses are included as a component of interest expense in the accompanying Consolidated Statements of Operations.

Concentration of Credit Risk—The Company is subject to concentrations of credit risk with respect to amounts due from customers on its finance lease and operating leases. The Company attempts to limit its credit risk by performing ongoing credit evaluations. During the three and nine months ended September 30, 2017, the Company had no revenue concentration over 10% of total revenue from any one customer. During the three and nine months ended September 30, 2016, the Company earned approximately 9.5% and 10.9%, respectively, of its revenue from one customer in the Jefferson Terminal segment.

As of September 30, 2017, accounts receivable from two customers in the Offshore Energy segment represented 17% and 22%, respectively, of total accounts receivable, net. As of December 31, 2016, accounts receivable from two customers in the Offshore Segment represented 22% and 18%, respectively, of total accounts receivable, net.

The Company maintains cash and restricted cash balances, which generally exceed federally insured limits, and subject the Company to credit risk, in high credit quality financial institutions. The Company monitors the financial condition of these institutions and has not experienced any losses associated with these accounts.

Provision for Doubtful Accounts—The Company determines the provision for doubtful accounts based on its assessment of the collectability of its receivables on a customer-by-customer basis. The provision for doubtful accounts at both September 30, 2017 and December 31, 2016 was $418. Bad debt expense was $0 and $63 for the three and nine months ended September 30, 2017, respectively. Bad debt expense was $79 and $134 for the three and nine months ended September 30, 2016, respectively.

Comprehensive Income (Loss)—Comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances, excluding those resulting from investments by and distributions to owners. The Company's comprehensive income (loss) represents net income (loss), as presented in the Consolidated Statements of Operations, adjusted for fair value changes related to the available-for-sale securities and derivatives accounted for as cash flow hedges.

Other Assets—Other assets is primarily comprised of notes receivable of $2,714 and $22,469, leasing equipment purchase deposits of $11,785 and $13,701, lease incentives of $18,516 and $3,556, capitalized costs for potential asset acquisitions of $781 and $2,116, prepaid expenses of $5,331 and $3,440, a short-term derivative contract asset of $1,036 and $0, and receivables of $4,690 and $21,501 as of September 30, 2017 and December 31, 2016, respectively.

Dividends—Dividends are recorded if and when declared by the Board of Directors. For both the three and nine months ended September 30, 2017 and 2016, the Board of Directors declared a cash dividend of $0.33 and $0.99 per share, respectively.

Recent Accounting Pronouncements—In July 2015, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") 2015-11, *Simplifying the Measurement of Inventory (Topic 330)* ("ASU 2015-11"), which simplifies the measurement of inventory by requiring certain inventory to be measured at the "lower of cost and net realizable value" and the previous parameters for "market value" will be eliminated. ASU 2015-11 defines net realizable value as the "estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation." The standard is effective for fiscal years beginning after December 15, 2016, with earlier adoption permitted. The adoption of this standard did not have a material impact on our financial statements.

In March 2016, the FASB issued ASU 2016-06, *Contingent put and call options in debt instruments* ("ASU 2016-06"). ASU 2016-06 simplifies the embedded derivative analysis for debt instruments containing contingent call or put options. ASU 2016-06 is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years, with early adoption permitted. The Company adopted ASU 2016-06 as of January 1, 2017 and the adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"). ASU 2016-09 requires the income tax effects of awards to be recognized in the income statement when the awards vest or are settled, increases the amount an employer can withhold to cover income taxes on awards and still qualify for the exception to liability classification, and allow recognizing forfeitures of awards as they occur. ASU 2016-09 is effective beginning in the first quarter of 2017, with early adoption permitted. The Company adopted ASU 2016-09 as of January 1, 2017 and the adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In October 2016, the FASB issued ASU 2016-17, *Consolidation (Topic 810): Interests Held through Related Parties That Are under Common Control ("ASU 2016-17"). ASU 2016-17* amends the consolidation guidance on how a reporting entity that is the single decision maker of a VIE should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that VIE. Under the amendments, a single decision maker is not required to consider indirect interests held through related parties that are under common control with the single decision maker to be the equivalent of direct interests in their entirety. Instead, a single decision maker is required to include those interests on a proportionate basis consistent with indirect interests held through other related parties. ASU 2016-17 is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company adopted ASU 2016-17 as of January 1, 2017 and the adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805) ("ASU 2017-01")*. ASU 2017-01 clarifying the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of businesses or assets. ASU 2017-01 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. The Company adopted ASU 2017-01 as of January 1, 2017 and the adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

Unadopted Accounting Pronouncements—In May 2014, the FASB issued ASU 2014-09, *Revenues from Contracts with Customers (Topic 606)* ("ASU 2014-09"). ASU 2014-09 requires that a company recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under current guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. In August 2015, the FASB deferred the effective date of this standard by one year, which will be for fiscal years, and interim periods within those years, beginning after December 15, 2017. Additionally, during 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers, Principal versus Agent Considerations,* ASU 2016-10, *Revenue from Contracts with Customers, Identifying Performance Obligations and Licensing* and ASU 2016-12, *Revenue from Contracts with Customers, Narrow-Scope Improvements and Practical Expedients*, ASU 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*, which clarify the guidance on reporting revenue as a principal versus agent, identifying and disclosing performance obligations, accounting for intellectual property licenses, and assessing collectibility, present sales tax, treating noncash consideration. The Company's evaluation of the impact of the new guidance on its consolidated financial statements is ongoing. The Company's implementation efforts include the identification of revenue within the scope of the guidance, the evaluation of those revenue contracts, education and discussions with the Company's control functions. The Company continues to evaluate the timing of recognition for various revenues, however, since a substantial portion of the Company's revenue is recognized from its leasing contracts, subject to ASU 2016-02 *Leases,* these have been excluded from the evaluation.

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"). ASU 2016-02 amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. ASU 2016-02 will be effective beginning in the first quarter of 2019, with early adoption permitted. ASU 2016-02 requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company's evaluation of the impact of the new guidance on its consolidated financial statements is ongoing. The Company is currently identifying the lease arrangements within the scope of the new guidance, and evaluating the impact of the lease arrangements. In September 2017, the FASB issued ASU 2017-13, *Revenue Recognition (Topic 605), Revenue from contracts from customers (Topic 606), Leases (Topic 840) and Leases (Topic 842)* , ("ASU 2017-13") which adds SEC paragraphs to the new revenue and lease sections of the codification on the announcement of the SEC observer made at the July 2017 EITF meeting.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"). ASU 2016-01 requires (i) equity investments, except those accounted for under the equity method of accounting or those that result in consolidation of the investee, to be measured at fair value with changes in fair value recognized in net income, (ii) public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, and (iii) separate presentation of financial assets and financial liabilities by measurement category and form of financial asset. ASU 2016-01 also eliminates the requirement for public business entities to disclose the methods and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. The pronouncement is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017, with early adoption permitted. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In May 2016, the FASB issued ASU 2016-11, *Revenue Recognition (Topic 605) and Derivatives and Hedging (Topic 815): Rescission of SEC Guidance Because of Accounting Standards Updates 2014-09 and 2014-16 Pursuant to Staff Announcements at the March 3, 2016 EITF Meeting*. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). For assets held at amortized cost basis, ASU 2016-13 eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. For available for sale debt securities, credit losses should be measured in a manner similar to current GAAP, however this ASU requires that credit losses be presented as an allowance rather than as a write-down. This ASU affects entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. ASU 2016-13 will be effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"). ASU 2016-15 addresses the following eight specific cash flow issues: (i) debt prepayment or debt extinguishment costs; (ii) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; (iii) contingent consideration payments made after a business combination; (iv) proceeds from the settlement of insurance claims; (v) proceeds from the settlement of corporate-owned life insurance policies (COLIs); (vi) distributions received from equity method investees; (vii) beneficial interests in securitization transactions; (viii) and separately identifiable cash flows and application of the predominance principle. ASU 2016-15 will be effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory ("ASU 2016-16")*. ASU 2016-16 prohibits the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party. In addition, interpretations of this guidance have developed in practice for transfers of certain intangible and tangible assets. This prohibition on recognition is an exception to the principle of comprehensive recognition of current and deferred income taxes in GAAP. To more faithfully represent the economics of intra-entity asset transfers, the amendments ASU 2016-16 require that entities recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The amendments in ASU 2016-16 do not change GAAP for the pre-tax effects of an intra-entity asset transfer under Topic 810, *Consolidation,* or for an intra-entity transfer of inventory. ASU 2016-16 will be effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual reporting periods. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash ("ASU 2016-18")*. ASU 2016-18 addresses the diversity in the classification and presentation of changes in restricted cash on the statement of cash flows under Topic 230, Statement of Cash Flows. The amendments in ASU 2016-18 require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this ASU apply to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. ASU 2016-18 will be effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

(Dollar amounts in thousands, unless otherwise noted)

In January 2017, the FASB issued ASU 2017-03, *Accounting Changes and Error Corrections (Topic 250) and Investments—Equity Method and Joint Ventures (Topic 323) ("ASU 2017-03")*. ASU 2017-03 adds and amends SEC paragraphs pursuant to the SEC Staff Announcements at the September 22, 2016 and November 17, 2016 Emerging Issues Task Force (EITF) meetings. The September announcement is about the disclosure of the impact that recently issued accounting standards will have on the financial statements of a registrant when such standards are adopted in a future period. The November announcement made amendments to conform the SEC Observer Comment on Accounting for Tax Benefits Resulting from Investments in Qualified Affordable Housing Projects to the guidance issued in ASU 2014-01, *Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects*. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment ("ASU 2017-04")*. ASU 2017-04 addresses concerns over the cost and complexity of the two-step goodwill impairment test by removing the second step of the test. An entity will apply a one-step quantitative test and record the amount of goodwill impairment as the excess of a reporting unit's carrying amount over its fair value, not to exceed the total amount of goodwill allocated to the reporting unit. The new guidance does not amend the optional qualitative assessment of goodwill impairment. ASU 2017-01 will be effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In February 2017, the FASB issued ASU 2017-05, *Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets ("ASU 2017-05")*. ASU 2017-05 amendments the scope of the nonfinancial asset guidance in Subtopic 610-20. The amendments also clarify that the derecognition of all businesses and nonprofit activities (except those related to conveyances of oil and gas mineral rights or contracts with customers) should be accounted for in accordance with the derecognition and deconsolidation guidance in Subtopic 810-10. In addition, the amendments eliminate the exception in the financial asset guidance for transfers of investments (including equity method investments) in real estate entities and supersede the guidance in the Exchanges of a Nonfinancial Asset for a Noncontrolling Ownership Interest Subsection within Topic 845. The amendments in ASU 2017-05 also provide guidance on the accounting for what often are referred to as partial sales of nonfinancial assets within the scope of Subtopic 610-20 and contributions of nonfinancial assets to a joint venture or other noncontrolled investee. ASU 2017-05 will be effective for annual reporting periods beginning after December 15, 2017, and interim periods within those fiscal years. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In May 2017, the FASB issued Accounting Standards Update No. 2017-09, *Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting ("ASU 2017-09")*, which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. ASU 2017-09 is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years, and early adoption is permitted, including in an interim period. ASU 2017-09 is to be applied on a prospective basis to an award modified on or after the adoption date. We do not expect the adoption of ASU 2017-09 to have a material impact on our consolidated financial statements.

3. LEASING EQUIPMENT, NET

Leasing equipment, net is summarized as follows:

	September 30, 2017	December 31, 2016
Leasing equipment	**$ 1,055,548**	$ 849,565
Less: accumulated depreciation	**(126,184)**	(84,110)
Leasing equipment, net	**$ 929,364**	$ 765,455

During the nine months ended September 30, 2017, the Company acquired seventeen aircraft, fifty commercial jet engines, and sold five aircraft and thirteen commercial jet engines.

Depreciation expense for leasing equipment is summarized as follows:

	Three Months Ended September 30, 2017		Nine Months Ended September 30,	
	2017	2016	2017	2016
Depreciation expense for leasing equipment	**$ 19,792**	$ 11,322	**$ 48,934**	$ 31,065

(Dollar amounts in thousands, unless otherwise noted)

4. FINANCE LEASES, NET

Finance leases, net are summarized as follows:

	September 30, 2017	December 31, 2016
Finance leases	**$ 16,521**	$ 18,022
Unearned revenue	**(7,151)**	(8,305)
Finance leases, net	**$ 9,370**	$ 9,717

As of September 30, 2017, future minimum lease payments to be received under finance leases for the remainder of the lease terms are as follows:

	Total
2017	$ 507
2018	2,008
2019	2,008
2020	2,013
2021	2,008
Thereafter	7,977
Total	**$ 16,521**

5. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net is summarized as follows:

	September 30, 2017	December 31, 2016
Land, site improvements and rights	**$ 74,270**	$ 57,617
Construction in progress	**114,844**	49,605
Buildings and improvements	**9,763**	2,750
Terminal machinery and equipment	**262,212**	236,652
Track and track related assets	**27,977**	22,948
Railroad equipment	**1,037**	1,091
Railcars and locomotives	**3,114**	2,909
Computer hardware and software	**3,034**	388
Furniture and fixtures	**544**	405
Vehicles	**1,171**	985
	497,966	375,350
Less: accumulated depreciation	**(36,413)**	(26,002)
Spare parts	**2,846**	2,833
Property, plant and equipment, net	**$ 464,399**	$ 352,181

During the nine months ended September 30, 2017, additional property, plant and equipment of $122,737 was acquired. Acquisitions primarily consist of construction in progress, terminal machinery and equipment, and computer hardware and software due to the ongoing development of Jefferson Terminal and Repauno.

On June 16, 2017, the Company, through one of its consolidated subsidiaries, purchased the assets of Hannibal for $30,000. The assets acquired consisted primarily of land, buildings, railroad track, docks, water rights, site improvements and other rights. As part of the transaction, additional amounts of $2,335 were capitalized for costs directly related to the purchase, including costs for legal advice, exploratory diligence, and regulatory permitting. Hannibal is part of the Ports and Terminals segment.

During the nine months ended September 30, 2017 and 2016, disposals of property, plant and equipment totaled $108 and $125, respectively, mainly related to railroad equipment, vehicles, and furniture and fixtures.

(Dollar amounts in thousands, unless otherwise noted)

Depreciation expense for property, plant and equipment is summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	**2017**	2016
Depreciation expense for property, plant and equipment	**$ 4,092**	$ 3,154	**$ 10,749**	$ 9,530

6. INVESTMENTS

The following table presents the ownership interests and carrying values of the Company's investments:

			Carrying Value	
	Investment	**Ownership Percentage**	**September 30, 2017**	**December 31, 2016**
Listed security	Available-for-sale	2%	**$ 30,470**	$ 17,630
Advanced Engine Repair JV	Equity method	25%	**13,954**	15,000
JGP Energy Partners LLC	Equity method	50%	**19,741**	3,266
Intermodal Finance I, Ltd.	Equity method	51%	**3,627**	4,082
Investments			**$ 67,792**	$ 39,978

Available-for-sale securities

	Equity Security
December 31, 2016	$ 17,630
Purchases	8,332
Unrealized gain	4,508
September 30, 2017	**$ 30,470**
Cost	$ 18,833

The Company did not recognize any other-than-temporary impairments for the three and nine months ended September 30, 2017.

Equity Method Investments

Advanced Engine Repair JV

In December 2016, the Company invested $15,000 for 25% interest in an advanced engine repair joint venture. The Company will initially focus on developing new costs savings programs for engine repairs. The primary financial activities for the joint venture relate to member contributions and therefore its summary financial information has not been presented. The Company's proportionate share of equity in losses was $203 and $1,046 for the three and nine months ended September 30, 2017, respectively.

JGP

In 2016, the Company initiated activities in a 50% non-controlling interest in JGP, a joint venture. JGP is governed by a designated operating committee selected by the members in proportion to their equity interests. JGP is solely reliant on its members to finance its activities and therefore is a variable interest entity. The Company concluded it is not the primary beneficiary of JGP as the members share equally in the risks and rewards and decision making authority of the entity; therefore, the Company does not consolidate JGP and instead accounts for this investment in accordance with the equity method. The primary financial activities for JGP relate to member investments and therefore JGP summary financial information has not been presented. The Company's proportionate share of equity in losses was $24 and $99 for the three and nine months ended September 30, 2017, respectively.

Intermodal Finance I, Ltd.

In 2012, the Company acquired a 51% non-controlling interest in Intermodal Finance I, Ltd. ("Intermodal"), a joint venture. Intermodal is governed by a board of directors, and its shareholders have voting rights through their equity interests. As such, Intermodal is not within the scope of ASC 810-20 and should be evaluated for consolidation under the voting interest model. Due to the existence of substantive participating rights of the 49% equity investor, including the joint approval of material operating and capital decisions, such as material contracts and capital expenditures consistent with ASC 810-10-25-11, the Company does not have unilateral rights over this investment; therefore, the Company does not consolidate Intermodal but accounts for this investment in accordance with the equity method. The Company does not have a variable interest in this investment as none of the criteria of ASC 810-10-15-14 were met.

(Dollar amounts in thousands, unless otherwise noted)

As of September 30, 2017, Intermodal owns a portfolio of multiple finance leases, representing five customers and comprising approximately 24,000 shipping containers, as well as a portfolio of approximately 12,000 shipping containers subject to multiple operating leases. The Company's proportionate share of equity in income was $359 and equity in losses was $316 for the three and nine months ended September 30, 2017, respectively, and $1,161 and $1,335 for the three and nine months ended September 30, 2016, respectively.

7. INTANGIBLE ASSETS AND LIABILITIES, NET

The Company's intangible assets and liabilities, net are summarized as follows:

	September 30, 2017			
	Aviation Leasing	**Jefferson Terminal**	**Railroad**	**Total**
Intangible assets				
Acquired favorable lease intangibles	**$ 28,180**	**$ —**	**$ —**	**$ 28,180**
Less: Accumulated amortization	**(18,946)**	**—**	**—**	**(18,946)**
Acquired favorable lease intangibles, net	**9,234**	**—**	**—**	**9,234**
Customer relationships	**—**	**35,513**	**225**	**35,738**
Less: Accumulated amortization	**—**	**(10,936)**	**(154)**	**(11,090)**
Acquired customer relationships, net	**—**	**24,577**	**71**	**24,648**
Total intangible assets, net	**$ 9,234**	**$ 24,577**	**$ 71**	**$ 33,882**
Intangible liabilities				
Acquired unfavorable lease intangibles	**$ 2,440**	**$ —**	**$ —**	**$ 2,440**
Less: Accumulated amortization	**(1,090)**	**—**	**—**	**(1,090)**
Acquired unfavorable lease intangibles, net	**$ 1,350**	**$ —**	**$ —**	**$ 1,350**

	December 31, 2016			
	Aviation Leasing	**Jefferson Terminal**	**Railroad**	**Total**
Intangible assets				
Acquired favorable lease intangibles	$ 26,605	$ —	$ —	$ 26,605
Less: Accumulated amortization	(14,998)	—	—	(14,998)
Acquired favorable lease intangibles, net	11,607	—	—	11,607
Customer relationships	—	35,513	225	35,738
Less: Accumulated amortization	—	(8,271)	(120)	(8,391)
Acquired customer relationships, net	—	27,242	105	27,347
Total intangible assets, net	$ 11,607	$ 27,242	$ 105	$ 38,954
Intangible liabilities				
Acquired unfavorable lease intangibles	$ 1,506	$ —	$ —	$ 1,506
Less: Accumulated amortization	(627)	—	—	(627)
Acquired unfavorable lease intangibles, net	$ 879	$ —	$ —	$ 879

(Dollar amounts in thousands, unless otherwise noted)

Intangible liabilities relate to unfavorable lease intangibles and are included as a component of other liabilities in the accompanying Consolidated Balance Sheets.

Amortization of intangible assets and liabilities is recorded in the Consolidated Statements of Operations as follows:

	Classification in Consolidated Statements of Operations	Three Months Ended September 30,		Nine Months Ended September 30,	
		2017	2016	**2017**	2016
Lease intangibles	Equipment leasing revenues	**$ 1,147**	$ 1,403	**$ 3,494**	$ 4,557
Customer relationships	Depreciation and amortization	**900**	900	**2,699**	2,699
Total		**$ 2,047**	$ 2,303	**$ 6,193**	$ 7,256

As of September 30, 2017, estimated net annual amortization of intangibles is as follows:

	Total
2017	$ 1,899
2018	7,301
2019	5,625
2020	4,331
2021	3,847
Thereafter	9,529
Total	**$ 32,532**

8. DEBT, NET

The Company's debt, net is summarized as follows:

	September 30, 2017	December 31, 2016
Loans payable		
FTAI Pride Credit Agreement	**$ 53,993**	$ 60,937
CMQR Credit Agreement	**18,400**	12,625
Revolving Credit Facility	**60,000**	—
Total loans payable	**132,393**	73,562
Bonds payable		
Series 2012 Bonds (including unamortized premium of $1,654 and $1,697 at September 30, 2017 and December 31, 2016, respectively)	**44,419**	45,887
Series 2016 Bonds	**144,200**	144,200
Senior Notes (including unamortized discount of $6,826 and unamortized premium of $2,686 at September 30, 2017)	**345,859**	—
Total bonds payable	**534,478**	190,087
Note payable to non-controlling interest		
Note payable to non-controlling interest	**—**	2,352
Total note payable to non-controlling interest	**—**	2,352
Debt	**666,871**	266,001
Less: Debt issuance costs	**(11,291)**	(6,489)
Total debt, net	**$ 655,580**	$ 259,512
Total debt due within one year	**$ 6,233**	$ 8,078

FTAI Pride Credit Agreement—On September 15, 2014, FTAI Pride, LLC, ("FTAI Pride") a subsidiary of the Company entered into a credit agreement (the "FTAI Pride Credit Agreement") with a financial institution for a term loan in an aggregate amount of $75,000. The loan proceeds were used in connection with the acquisition of an offshore construction vessel. The FTAI Pride Credit Agreement requires quarterly payments of interest and scheduled principal payments of $1,562 beginning in the quarter ending December 31, 2015, through its maturity and can be prepaid without penalty at any time. The FTAI Pride Credit Agreement is secured on a first priority basis by the offshore construction vessel. Borrowings under the FTAI Pride Credit Agreement bear interest at the LIBOR rate plus a spread of 4.50%.

The FTAI Pride Credit Agreement contains affirmative and negative covenants which limit certain actions of the borrower and a financial covenant requiring the borrower to maintain a Fixed Charges Coverage Ratio, as defined, of not less than 1.15:1.00 in any twelve month period ending December 31, 2014, or later.

CMQR Credit Agreement—On June 30, 2017, CMQR amended its credit agreement (the "CMQR Credit Agreement") with a financial institution for a revolving line of credit to increase the aggregate amount from $20,000 to $25,000 and to extend the maturity date to September 18, 2019. Borrowings under the CMQR Credit Agreement bear interest at either (i) Adjusted LIBOR plus a spread of 2.50% or 4.50%, (ii) the U.S. or Canadian Base Rate plus a spread of 1.50% or 3.50%, or (iii) the Canadian Fixed Rate plus a spread of 2.50% or 4.50%, as defined by the CMQR Credit Agreement. The weighted-average effective interest rate as of September 30, 2017 was 3.61%.

The CMQR Credit Agreement is also indirectly supported by Fortress Transportation and Infrastructure Investors LLC (the "Sponsor"). In the event of a default under the credit agreement, CMQR's lenders can cause CMQR to call up to a total of $29,000 in capital from the Sponsor, and in the event of CMQR's bankruptcy, the lenders can put the debt back to the Sponsor. The CMQR Credit Agreement contains affirmative and negative covenants which limit certain actions of CMQR.

Jefferson Terminal Credit Agreement—On August 27, 2014, a subsidiary of the Company entered into a credit agreement (the "Jefferson Terminal Credit Agreement") with a financial institution for an aggregate amount of $100,000. The Jefferson Terminal Credit Agreement required quarterly payments of $250 beginning with the quarter ending December 31, 2014, with such quarterly payments increasing to $1,250 beginning with the quarter ending December 31, 2016, and could be prepaid or repaid at any time prior to its maturity on February 27, 2018. On March 8, 2016, all amounts outstanding under the Jefferson Terminal Credit Agreement were paid in full and such agreement was terminated. Accordingly, during the first quarter of 2016, the Company recorded a loss on extinguishment of debt of $1,579.

Series 2012 Bonds—On August 1, 2012, Jefferson County Development Corporation issued $46,875 of tax-exempt industrial bonds ("Series 2012 Bonds"), to specifically fund construction and operation of an intermodal transfer facility for crude oil and refined petroleum products. The proceeds of this issuance were loaned to Jefferson Terminal, to be held in trust, as restricted cash, to ensure adherence to the restrictions of use of the funds. Use of the proceeds requires approval from a trustee prior to release of funds. Such restricted cash may only be released to us after payment of applicable reserves, including a six-month interest reserve, and expenses, as determined by the trustee. The Series 2012 Bonds have a stated maturity of July 1, 2032, bear interest at 8.25%, and require scheduled principal payments. The principal of the Series 2012 Bonds is payable annually at varying amounts.

In connection with the Company's acquisition of Jefferson Terminal, the Series 2012 Bonds were recorded at a fair value of $48,554, which represented a premium of $1,823 as compared to their face value at the date of acquisition; such premium is being amortized using the effective interest method over the remaining contractual term of the Series 2012 Bonds.

The Series 2012 Bond agreement contains a financial covenant requiring a subsidiary of the Company to maintain a long-term debt service coverage ratio, as defined in the agreement, of 1.25 to 1, in each fiscal year, beginning with December 31, 2014.

Series 2016 Bonds—On March 7, 2016, the Port of Beaumont Navigation District of Jefferson County, Texas (the "District") issued $144,200 of Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) (the "Series 2016 Bonds"). Proceeds from the issuance of the Series 2016 Bonds were used, in part, to reimburse Jefferson Railport Terminal II, LLC ("Jefferson Railport II") for certain costs related to the development, construction and acquisition of certain facilities for the transport, loading, unloading, and storage of petroleum products (the "Facilities") on behalf of the District, and settle the Jefferson Terminal Credit Agreement. Construction of the Facilities has occurred, and will occur, on property leased by the District to Jefferson Railport II pursuant to a First Amended and Restated Ground Lease between Jefferson Railport II, as lessee, and the District, as lessor. All such Facilities will be leased by the District to Jefferson Railport II pursuant to a Lease and Development Agreement between the District and Jefferson Railport II.

The transaction described above did not qualify for sale-leaseback accounting due to the continuing involvement of the Company resulting from the mandatory tender feature and, as a result, the leases were classified as a financing transaction in the Company's consolidated financial statements. Under the financing method, the assets constructed or to be constructed will remain on the consolidated balance sheet and the net proceeds received by the Company are recorded as financial debt. Payments under these leases are recorded as interest expense and reduction of principal in accordance with the terms of the bond agreement with annual interest payments and a principal repayment at February 13, 2020 barring a remarketing of the bond on new terms.

Under a Capital Call Agreement, the Company has agreed to make funds available to Jefferson Holdings in order to satisfy its obligation under the Standby Bond Purchase Agreement. The Capital Call Agreement contains certain covenants applicable to the Company, including a negative lien covenant regarding Aviation Assets, as defined therein, as well as maintenance of a minimum total asset value of Aviation Assets and minimum total equity of the Company. In connection with the above, and related to the Series 2016 Bonds, a subsidiary of the Company and an affiliate of its Manager entered into a Fee and Support Agreement with FTAI Energy Partners LLC and certain of its subsidiaries. The Fee and Support Agreement provides that both such subsidiary of the Company and affiliate of the Manager will effectively guarantee a pro rata portion of the obligations under the Standby Bond Purchase Agreement in return for a guarantee fee of $6,873 (shared on the same pro rata basis). This fee will be amortized as interest expense to the earlier of the redemption date or February 13, 2020.

The Series 2016 Bonds bear interest at an initial rate of 7.25% and require scheduled interest payments. The Series 2016 Bonds have a stated maturity of February 1, 2036 but are subject to mandatory tender for purchase at par on February 13, 2020 if they have not been repurchased from proceeds of a remarketing of the Series 2016 Bonds or redeemed prior to such date. In the event all of the Series 2016 Bonds are not repurchased from proceeds of a remarketing or redeemed at February 13, 2020, Jefferson Railport and Jefferson Railport Terminal II Holdings LLC (“Jefferson Holdings”), a Delaware limited liability company and parent of Jefferson Railport II, have agreed to purchase the Series 2016 Bonds from the Holders thereof at par pursuant to a Standby Bond Purchase Agreement. In addition, pursuant to the Standby Purchase Agreement, Jefferson Holdings will guarantee the payment of all Rent (as defined in the Facilities Lease), and all principal of and premium and interest on the Series 2016 Bonds payable prior to repurchase or redemption at February 13, 2020.

Term Loan—On January 23, 2017, the Company entered into an unsecured credit agreement under which the Company, through its wholly owned subsidiaries, including the Partnership and WWTAI Finance Ltd., an exempted company incorporated with limited liability under the laws of Bermuda, borrowed $100,000 in term loans denominated in U.S. dollars (the “Term Loans”). The proceeds of the Term Loan are to be used for general corporate purposes, including future acquisitions by the Company and its subsidiaries of certain aviation and infrastructure assets. The Term Loans bear interest at the Base Rate (determined in accordance with the agreement) plus 2.75% per annum, or at the Adjusted Eurodollar Rate (determined in accordance with the agreement) plus 3.75% per annum, if the Company chooses to make Eurodollar Rate borrowings. The Term Loans mature on January 22, 2018, subject to the Company’s right to elect a one year extension, and require amortization payments in the amount of $250 on the last day of each fiscal quarter beginning on March 31, 2017. On March 15, 2017, all amounts outstanding under the Term Loan were repaid in full and the agreement was terminated. Accordingly, during the nine months ended September 30, 2017, the Company recorded a loss on extinguishment of debt of $2,456.

Senior Notes—On March 15, 2017, the Company issued $250,000 aggregate principal amount of 6.75% senior unsecured notes due 2022 (the “Senior Notes”). The Senior Notes were issued pursuant to an indenture, dated as of March 15, 2017, between the Company and U.S. Bank National Association, as trustee. On August 23, 2017, the Company issued an additional $100,000 of Senior Notes. The additional notes were issued at an offering price of 102.75% of the principal amount plus accrued interest from March 15, 2017 to the date of issuance.

The Senior Notes bear interest at a rate of 6.75% per annum, payable semi-annually in arrears on March 15 and September 15 of each year, commencing on September 15, 2017, to persons who are registered holders of the Senior Notes on the immediately preceding March 1 and September 1, respectively.

The Senior Notes mature on March 15, 2022. Prior to March 15, 2020, the Company may redeem some or all of the Senior Notes at a redemption price equal to 100.00% of the principal amount of the Senior Notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the applicable redemption date, plus a “make-whole” premium. On or after March 15, 2020, the Company may redeem some or all of the Senior Notes at any time at declining redemption prices equal to (i) 105.063% beginning on March 15, 2020, and (ii) 100.000% beginning on March 15, 2021 and thereafter, plus, in each case, accrued and unpaid interest, if any, to, but not including, the applicable redemption date. In addition, at any time on or prior to March 15, 2020, the Company may at any time redeem up to 40% of the aggregate principal amount of the Senior Notes using net proceeds from certain equity offerings at a redemption price equal to 106.75% of the principal amount of the Senior Notes redeemed, plus accrued and unpaid interest, if any, to, but not including, the applicable redemption date.

The Company used a portion of the proceeds to fully repay all outstanding indebtedness under the Company’s Term Loan in the amount of $100,000, payment of fees related to the issuance of Senior Notes, and to fund the purchase of additional investments. The Company intends to use the remainder of the proceeds for general corporate purposes, including the funding of future investments.

Revolving Credit Facility- On June 16, 2017, the Company entered into a revolving credit facility (the “Revolving Credit Facility”) with certain lenders and issuing banks and JPMorgan Chase Bank, N.A., as administrative agent. The Revolving Credit Facility provides for revolving loans in the aggregate principal amount of up to $75,000, of which $25,000 may be utilized for the issuance of letters of credit. The proceeds drawn on this facility will be used for working capital and general corporate purposes, including, without limitation, permitted acquisitions and other investments. The Revolving Credit Facility is secured by the capital stock of certain direct subsidiaries of the Company as defined in the related credit agreement.

Borrowings outstanding under the Revolving Credit Facility bear interest at the Adjusted Eurodollar Rate (determined in accordance with the credit agreement) plus 3.00% per annum, if the Company chooses to make Eurodollar Rate borrowings, or at the Base Rate (determined in accordance with the credit agreement) plus 2.00% per annum. The Company will also be required to pay a quarterly commitment fee at a rate per annum equal to 0.50% on the average daily unused portion of the Revolving Credit Facility, as well as customary letter of credit fees and agency fees.

The Revolving Credit Facility will mature, and commitments in respect of the Revolving Credit Facility will terminate, on June 16, 2020. Any amount borrowed under the Revolving Credit Facility may be voluntarily prepaid without penalty or premium, other than customary breakage costs related to prepayments of Eurodollar Rate borrowings.

The Revolving Credit Facility includes financial covenants requiring the maintenance of (1) a minimum ratio of the appraised value of certain aviation assets to the aggregate commitments under the revolving credit facility of 3.00 to 1.00 and (2) a maximum ratio of debt to total equity (before reduction for minority interests) for the Company and its subsidiaries of 1.65 to 1.00 per the terms of the credit agreement.

At September 30, 2017, the Company had $60,000 of borrowings outstanding under the revolving credit facility.

Note Payable to Non-Controlling Interest—In May 2013, in connection with the capitalization of a consolidated subsidiary, the Company and the owner of the non-controlling interest loaned approximately $18,275 and $3,225, respectively, to the entity in proportion to their respective ownership percentages of 85% and 15%. The loans bear interest at an annual rate of 5% and mature in May 2021. The loan amount funded by the Company and related interest have been eliminated in consolidation.

During the third quarter of 2017, the Company entered into a settlement arrangement whereby the holder of the non-controlling interest settled its $3,725 loan due to the Company in conjunction with the MT6015 venture by transferring its 15% interest in a consolidated subsidiary of the Company, and the note payable due to the holder of the non-controlling interest was extinguished. The settlement resulted in a net gain of $1,093 recorded in other income. Refer to Note 2 for further detail.

The Company was in compliance with all debt covenants as of September 30, 2017.

9. FAIR VALUE MEASUREMENTS

Fair value measurements and disclosures require the use of valuation techniques to measure fair value that maximize the use of observable inputs and minimize use of unobservable inputs. These inputs are prioritized as follows:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities or market corroborated inputs.
- Level 3: Unobservable inputs for which there is little or no market data and which require the Company to develop its own assumptions about how market participants price the asset or liability.

The valuation techniques that may be used to measure fair value are as follows:

- Market approach—Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Income approach—Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about those future amounts.
- Cost approach—Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

(Dollar amounts in thousands, unless otherwise noted)

The following tables set forth the Company's financial assets measured at fair value on a recurring basis as of September 30, 2017 and December 31, 2016, by level within the fair value hierarchy. Assets measured at fair value are classified in their entirety based on the lowest level of input that is significant to their fair value measurement.

	Fair Value as of September 30, 2017	Fair Value Measurements Using Fair Value Hierarchy as of September 30, 2017			
	Total	Level 1	Level 2	Level 3	Valuation Technique
Assets					
Cash and cash equivalents	**$ 176,357**	**$ 176,357**	**$ —**	**$ —**	Market
Restricted cash	**36,458**	**36,458**	**—**	**—**	Market
Available-for-sale securities	**30,470**	**30,470**	**—**	**—**	Market
Total	**$ 243,285**	**$ 243,285**	**$ —**	**$ —**	

	Fair Value as of December 31, 2016	Fair Value Measurements Using Fair Value Hierarchy as of December 31, 2016			
	Total	Level 1	Level 2	Level 3	Valuation Technique
Assets					
Cash and cash equivalents	$ 68,055	$ 68,055	$ —	$ —	Market
Restricted cash	65,441	65,441	—	—	Market
Available-for-sale securities	17,630	17,630	—	—	Market
Total	$ 151,126	$ 151,126	$ —	$ —	

At September 30, 2017 and December 31, 2016, the Company had no liabilities that were measured at fair value on a recurring basis.

The Company's cash and cash equivalents and restricted cash consist largely of demand deposit accounts with maturities of 90 days or less when purchased that are considered to be highly liquid. These instruments are valued using inputs observable in active markets for identical instruments and are therefore classified as Level 1 within the fair value hierarchy. Publicly traded securities with sufficient trading volume are fair valued by management using quoted prices for identical instruments in active markets and are therefore classified as Level 1 within the fair value hierarchy.

Except as discussed below, the Company's financial instruments other than cash and cash equivalents, restricted cash and available-for-sale securities consist principally of accounts receivable, accounts payable and accrued liabilities, loans payable, bonds payable, security deposits, maintenance deposits and management fees payable, whose fair value approximates their carrying value based on an evaluation of pricing data, vendor quotes, and historical trading activity or due to their short maturity profiles.

At September 30, 2017 and December 31, 2016, the Company's notes receivable included a $0 and $17,935, respectively, loan bearing interest at 10% related to a terminal site under development, collateralized by property at that site, which was settled in the acquisition of Hannibal (Note 5). At December 31, 2016 the Company's notes receivable included, as a component of other assets on the accompanying Consolidated Balance Sheets, a $3,725 loan bearing interest at 12.0% made to the Company's joint venture partner in MT 6015 (Note 2) which was collateralized by other property owned by the joint venture partner. During the third quarter of 2017 the Company entered into a settlement agreement for this loan more fully discussed in Note 2. The fair value of these notes receivable approximate carrying value and are classified as Level 2, which is within the fair value hierarchy.

At September 30, 2017, the Company recorded a derivative asset related to short-term forward crude contracts. The fair value of the short-term derivative asset of $1,036, recorded in other assets, is classified as Level 3 within the fair value hierarchy.

The fair value of Series 2012 bonds, reported in debt, net on the Consolidated Balance Sheets, was approximately $44,667 and $46,488, at September 30, 2017 and December 31, 2016, respectively, based upon market prices for similar municipal securities. The fair value of Series 2016 bonds, reported in debt, net on the Consolidated Balance Sheets, was approximately $149,463 and $149,575 at September 30, 2017 and December 31, 2016, respectively, based upon market prices for similar municipal securities. The fair value of Senior Notes, reported in debt, net on the Consolidated Balance Sheets, was approximately $345,859 as of September 30, 2017 as the carrying value approximates the market prices. The fair values of all other items reported as debt, net in the Consolidated Balance Sheet approximate their carrying values due to their bearing market rates of interest, and are classified as Level 2 within the fair value hierarchy.

The Company measures the fair value of certain assets and liabilities on a non-recurring basis when GAAP requires the application of fair value, including events or changes in circumstances that indicate that the carrying amounts of assets may not be recoverable. Assets subject to these measurements include goodwill, intangible assets, property, plant and equipment and leasing equipment. The Company records such assets at fair value when it is determined the carrying value may not be recoverable. Fair value measurements for assets subject to impairment tests are based on an income approach which uses Level 3 inputs, which include the Company's assumptions as to future cash flows from operation of the underlying businesses and the leasing and eventual sale of assets.

(Dollar amounts in thousands, unless otherwise noted)

10. REVENUES

Components of revenue are as follows:

	Three Months Ended September 30, 2017						
	Equipment Leasing			Infrastructure			
Revenues	**Aviation Leasing**	**Offshore Energy**	**Shipping Containers**	**Jefferson Terminal**	**Railroad**	**Ports and Terminals**	**Total**
Equipment leasing revenues							
Lease income	**$ 25,941**	**$ 3,800**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 29,741**
Maintenance revenue	**17,533**	**—**	**—**	**—**	**—**	**—**	**17,533**
Finance lease income	**—**	**385**	**—**	**—**	**—**	**—**	**385**
Other revenue	**—**	**1,932**	**25**	**—**	**—**	**—**	**1,957**
Total equipment leasing revenues	**43,474**	**6,117**	**25**	**—**	**—**	**—**	**49,616**
Infrastructure revenues							
Lease income	**—**	**—**	**—**	**—**	**—**	**455**	**455**
Rail revenues	**—**	**—**	**—**	**—**	**8,258**	**—**	**8,258**
Terminal services revenues	**—**	**—**	**—**	**1,730**	**—**	**—**	**1,730**
Other revenue	**—**	**—**	**—**	**—**	**—**	**303**	**303**
Total infrastructure revenues	**—**	**—**	**—**	**1,730**	**8,258**	**758**	**10,746**
Total revenues	**$ 43,474**	**$ 6,117**	**$ 25**	**$ 1,730**	**$ 8,258**	**$ 758**	**$ 60,362**

	Three Months Ended September 30, 2016						
	Equipment Leasing			Infrastructure			
Revenues	**Aviation Leasing**	**Offshore Energy**	**Shipping Containers**	**Jefferson Terminal**	**Railroad**	**Ports and Terminals**	**Total**
Equipment leasing revenues							
Lease income	$ 19,039	$ 2,561	$ —	$ —	$ —	$ —	$ 21,600
Maintenance revenue	7,646	—	—	—	—	—	7,646
Finance lease income	—	403	—	—	—	—	403
Other revenue	375	5	25	—	—	—	405
Total equipment leasing revenues	27,060	2,969	25	—	—	—	30,054
Infrastructure revenues							
Lease income	—	—	—	—	—	16	16
Rail revenues	—	—	—	—	7,401	—	7,401
Terminal services revenues	—	—	—	4,255	—	—	4,255
Total infrastructure revenues	—	—	—	4,255	7,401	16	11,672
Total revenues	$ 27,060	$ 2,969	$ 25	$ 4,255	$ 7,401	$ 16	$ 41,726

(Dollar amounts in thousands, unless otherwise noted)

	Nine Months Ended September 30, 2017						
	Equipment Leasing			Infrastructure			
Revenues	**Aviation Leasing**	**Offshore Energy**	**Shipping Containers**	**Jefferson Terminal**	**Railroad**	**Ports and Terminals**	**Total**
Equipment leasing revenues							
Lease income	**$ 63,577**	**$ 7,295**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 70,872**
Maintenance revenue	**46,778**	**—**	**—**	**—**	**—**	**—**	**46,778**
Finance lease income	**—**	**1,156**	**—**	**—**	**—**	**—**	**1,156**
Other revenue	**2**	**2,504**	**75**	**—**	**—**	**—**	**2,581**
Total equipment leasing revenues	**110,357**	**10,955**	**75**	**—**	**—**	**—**	**121,387**
Infrastructure revenues							
Lease income	**—**	**—**	**—**	**—**	**—**	**594**	**594**
Rail revenues	**—**	**—**	**—**	**—**	**24,323**	**—**	**24,323**
Terminal services revenues	**—**	**—**	**—**	**9,622**	**—**	**—**	**9,622**
Other revenue	**—**	**—**	**—**	**—**	**—**	**303**	**303**
Total infrastructure revenues	**—**	**—**	**—**	**9,622**	**24,323**	**897**	**34,842**
Total revenues	**$ 110,357**	**$ 10,955**	**$ 75**	**$ 9,622**	**$ 24,323**	**$ 897**	**$ 156,229**

	Nine Months Ended September 30, 2016						
	Equipment Leasing			Infrastructure			
Revenues	**Aviation Leasing**	**Offshore Energy**	**Shipping Containers**	**Jefferson Terminal**	**Railroad**	**Ports and Terminals**	**Total**
Equipment leasing revenues							
Lease income	$ 46,636	$ 3,216	$ —	$ —	$ —	$ —	$ 49,852
Maintenance revenue	19,037	—	—	—	—	—	19,037
Finance lease income	—	1,212	1,112	—	—	—	2,324
Other revenue	687	5	75	—	—	—	767
Total equipment leasing revenues	66,360	4,433	1,187	—	—	—	71,980
Infrastructure revenues							
Lease income	—	—	—	—	—	16	16
Rail revenues	—	—	—	—	23,107	—	23,107
Terminal services revenues	—	—	—	11,271	—	—	11,271
Total infrastructure revenues	—	—	—	11,271	23,107	16	34,394
Total revenues	$ 66,360	$ 4,433	$ 1,187	$ 11,271	$ 23,107	$ 16	$ 106,374

Presented below are the contracted minimum future annual revenues to be received under existing operating leases across several market sectors as of September 30, 2017:

	Total
2017	$ 29,473
2018	91,448
2019	61,823
2020	39,441
2021	28,408
Thereafter	21,934
Total	**$ 272,527**

(Dollar amounts in thousands, unless otherwise noted)

11. EQUITY-BASED COMPENSATION

In 2015, the Company established a Nonqualified Stock Option and Incentive Award Plan ("Incentive Plan") which provides for the ability to award equity compensation awards in the form of stock options, stock appreciation rights, restricted stock, and performance awards to eligible employees, consultants, directors, and other individuals who provide services to the Company, each as determined by the Compensation Committee of the Board of Directors.

As of September 30, 2017, the Incentive Plan provides for the issuance of up to 30 million shares. The Company accounts for equity-based compensation expense in accordance with Accounting Standards Codification 718 *Compensation-Stock Compensation* ("ASC 718") and is reported within operating expenses and general and administrative in the Consolidated Statements of Operations.

The Consolidated Statements of Operations includes the following expense (income) related to its stock-based compensation arrangements:

	Three Months Ended September 30,		Nine Months Ended September 30,		Remaining Expense To Be Recognized, If All Vesting Conditions Are Met	Weighted Average Remaining Contractual Term, (in years)
	2017	**2016**	**2017**	**2016**		
Stock Options	**$ —**	$ —	**$ —**	$ —	$ —	7.64
Restricted Shares	**90**	—	**228**	(4,168)	1,091	3.28
Common Units	**75**	28	**467**	350	516	2.06
Total	**$ 165**	$ 28	**$ 695**	$ (3,818)	$ 1,607	

Restricted Shares

In the nine months ended September 30, 2017, the Company granted equity-based compensation awards in a subsidiary consisting of 31,430 restricted shares that had a grant date fair value of $495 using a discounted cash flow model, which is determined based on the fair value of the operating segment on the grant date, estimated using a discounted cash flow analysis that requires the application of discount factors and terminal multiples to projected cash flows. Discount factors and terminal multiples were based on market-based inputs and transactions, as available at the measurement date. The awards vest in four tranches over four years, provided the employee remains employed by the Company.

As of August 2017, 1.25 million restricted shares granted in August 2014 are no longer eligible for vesting due to (i) the expiration of the award agreement and (ii) certain performance conditions which were not reached. These shares had a grant date fair value of $23,879. This expiration had no impact on the Company's financial statements for the three and nine months ended September 30, 2017.

Common Units

In the nine months ended September 30, 2017, the Company granted equity-based compensation in a subsidiary consisting of 520,000 common units that had a grant date fair value of $894 using a discounted cash flow model, which is determined based on the fair value of the operating segment on the grant date, estimated using a discounted cash flow analysis that requires the application of discount factors and terminal multiples to projected cash flows. Discount factors and terminal multiples were based on market-based inputs and transactions, as available at the measurement date. The awards vest over a range of six to 48 months, provided the employee remains employed by the Company.

(Dollar amounts in thousands, unless otherwise noted)

12. INCOME TAXES

The current and deferred components of the income tax provision included in the Consolidated Statements of Operations are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	**2016**	**2017**	**2016**
Current:				
Federal	**$ 841**	$ 43	**$ 1,157**	$ 205
State and local	**58**	9	**106**	49
Foreign	**8**	(218)	**49**	(192)
Total current provision	**907**	(166)	**1,312**	62
Deferred:				
Federal	**(14)**	1	**34**	2
State and local	**(18)**	—	**(18)**	1
Foreign	**34**	248	**257**	130
Total deferred provision	**2**	249	**273**	133
Total provision for income taxes	**$ 909**	$ 83	**$ 1,585**	$ 195

The Company is taxed as a flow-through entity for U.S. income tax purposes and its taxable income or loss generated is the responsibility of its owners. Taxable income or loss generated by the Company's corporate subsidiaries is subject to U.S. federal, state and foreign corporate income tax in locations where they conduct business.

The Company's effective tax rate differs from the U.S. federal tax rate of 35% primarily due to a significant portion of its income not being subject to U.S. corporate tax rates, or being deemed to be foreign sourced and thus either not taxable or taxable at effectively lower tax rates.

As of and for the nine month period ended September 30, 2017, the Company had not established a liability for uncertain tax positions as no such positions existed. In general, the Company's tax returns and the tax returns of its corporate subsidiaries are subject to U.S. federal, state, local and foreign income tax examinations by tax authorities. Generally, the Company is not subject to examination by taxing authorities for tax years prior to 2013. The Company does not believe that it is reasonably possible that the total amount of unrecognized tax benefits will significantly change within 12 months of the reporting date of September 30, 2017.

13. MANAGEMENT AGREEMENT AND AFFILIATE TRANSACTIONS

The Manager is paid annual fees in exchange for advising the Company on various aspects of its business, formulating its investment strategies, arranging for the acquisition and disposition of assets, arranging for financing, monitoring performance, and managing its day-to-day operations, inclusive of all costs incidental thereto. In addition, the Manager may be reimbursed for various expenses incurred by the Manager on the Company's behalf, including the costs of legal, accounting and other administrative activities. In May 2015, in connection with the Company's IPO, the Company entered into the Management Agreement which replaced its then-existing management agreement as a private fund. Additionally, the Company has entered into certain incentive allocation arrangements with Master GP, which owns 0.05% of the Partnership and is the general partner of the Partnership.

Post-IPO Management Agreement and Other Incentive Allocation

The Manager is entitled to a management fee, incentive allocations (comprised of income incentive allocation and capital gains incentive allocation, defined below) and reimbursement of certain expenses. The management fee is determined by taking the average value of total equity (excluding non-controlling interests) determined on a consolidated basis in accordance with GAAP at the end of the two most recently completed months multiplied by an annual rate of 1.50%, and is payable monthly in arrears in cash. The total management fees for the three and nine months ended September 30, 2017 were $3,776 and $11,524, respectively. The total management fees for the three and nine months ended September 30, 2016 were $4,146 and $12,725, respectively.

The income incentive allocation is calculated and distributable quarterly in arrears based on the pre-incentive allocation net income for the immediately preceding calendar quarter (the “Income Incentive Allocation”). For this purpose, pre-incentive allocation net income means, with respect to a calendar quarter, net income attributable to shareholders during such quarter calculated in accordance with GAAP excluding the Company’s pro rata share of (1) realized or unrealized gains and losses, and (2) certain non-cash or one-time items, and (3) any other adjustments as may be approved by the Company’s independent directors. Pre-incentive allocation net income does not include any Income Incentive Allocation or Capital Gains Incentive Allocation (described below) paid to the Master GP during the relevant quarter.

A subsidiary of the Company allocates and distributes to the Master GP an Income Incentive Allocation with respect to its pre-incentive allocation net income in each calendar quarter as follows: (1) no Income Incentive Allocation in any calendar quarter in which pre-incentive allocation net income, expressed as a rate of return on the average value of the Company’s net equity capital (excluding non-controlling interests) at the end of the two most recently completed calendar quarters, does not exceed 2% for such quarter (8% annualized); (2) 100% of pre-incentive allocation net income with respect to that portion of such pre-incentive allocation net income, if any, that is equal to or exceeds 2% but does not exceed 2.2223% for such quarter; and (3) 10% of the amount of pre-incentive allocation net income, if any, that exceeds 2.2223% for such quarter. These calculations will be prorated for any period of less than three months. No Income Incentive Allocation was due to the Master GP for the three and nine months ended September 30, 2017 and 2016.

Capital Gains Incentive Allocation is calculated and distributable in arrears as of the end of each calendar year and is equal to 10% of the Company’s pro rata share of cumulative realized gains from the date of the IPO through the end of the applicable calendar year, net of the Company’s pro rata share of cumulative realized or unrealized losses, the cumulative non-cash portion of equity-based compensation expenses and all realized gains upon which prior performance-based Capital Gains Incentive Allocation payments were made to the Master GP. No Capital Gains Incentive Allocation was due to the Master GP for the three and nine months ended September 30, 2017 and 2016.

The Company will pay all of its operating expenses, except those specifically required to be borne by the Manager under the Management Agreement. The expenses required to be paid by the Company include, but are not limited to, issuance and transaction costs incident to the acquisition, disposition and financing of the company’s assets, legal and auditing fees and expenses, the compensation and expenses of the Company’s independent directors, the costs associated with the establishment and maintenance of any credit facilities and other indebtedness of the Company (including commitment fees, legal fees, closing costs, etc.), expenses associated with other securities offerings of the Company, costs and expenses incurred in contracting with third parties (including affiliates of the Manager), the costs of printing and mailing proxies and reports to the Company’s shareholders, costs incurred by the Manager or its affiliates for travel on the Company’s behalf, costs associated with any computer software or hardware that is used for the Company, costs to obtain liability insurance to indemnify the Company’s directors and officers and the compensation and expenses of the Company’s transfer agent.

The Company will pay or reimburse the Manager and its affiliates for performing certain legal, accounting, due diligence tasks and other services that outside professionals or outside consultants otherwise would perform, provided that such costs and reimbursements are no greater than those which would be paid to outside professionals or consultants. The Manager is responsible for all of its other costs incident to the performance of its duties under the Management Agreement, including compensation of the Manager’s employees, rent for facilities and other “overhead” expenses; the Company will not reimburse the Manager for these expenses. During the three and nine months ended September 30, 2017, expense reimbursement of $2,046 and $5,868 was recorded in general and administrative expenses, respectively, and $1,507 and $4,220 was recorded in acquisition and transaction expenses, respectively, in the Consolidated Statements of Operations. During the three and nine months ended September 30, 2016, expense reimbursement of $1,960 and $5,361 was recorded in general and administrative expenses, respectively, and $990 and $3,017 was recorded in acquisition and transaction expenses, respectively.

If the Company terminates the Management Agreement, it will generally be required to pay the Manager a termination fee. The termination fee is equal to the amount of the management fee during the 12 months immediately preceding the date of the termination. In addition, an Incentive Allocation Fair Value Amount will be distributable to the Master GP if the Master GP is removed due to the termination of the Management Agreement in certain specified circumstances. The Incentive Allocation Fair Value Amount is an amount equal to the Income Incentive Allocation and the Capital Gains Incentive Allocation that would be paid to the Master GP if the Company’s assets were sold for cash at their then current fair market value (as determined by an appraisal, taking into account, among other things, the expected future value of the underlying investments).

Upon the successful completion of a post-IPO offering of the Company’s common shares or other equity securities (including securities issued as consideration in an acquisition), the Company will grant the Manager options to purchase common shares in an amount equal to 10% of the number of common shares being sold in the offering (or if the issuance relates to equity securities other than the Company’s common shares, options to purchase a number of common shares equal to 10% of the gross capital raised in the equity issuance divided by the fair market value of a common share as of the date of issuance), with an exercise price equal to the offering price per share paid by the public or other ultimate purchaser or attributed to such securities in connection with an acquisition (or the fair market value of a common share as of the date of the equity issuance if it relates to equity securities other than our common shares). Any ultimate purchaser of common shares for which such options are granted may be an affiliate of Fortress.

As of September 30, 2017 and December 31, 2016, no amounts were recorded as a receivable from the Manager. As of September 30, 2017 and December 31, 2016, amounts due to the Manager or its affiliates of $1,138 and $1,697, respectively, excluding accrued management fees, are included within accounts payable and accrued liabilities on the Consolidated Balance Sheets. As of September 30, 2017 and December 31, 2016, amounts due to the Manager or its affiliates of $1,224 and $1,347, respectively, related to accrued management fees, are included within accounts payable and accrued liabilities on the Consolidated Balance Sheets.

Other Affiliate Transactions

As of September 30, 2017 and December 31, 2016 an affiliate of the Company's Manager owns an approximately 20% interest in Jefferson Terminal which has been accounted for as a component of non-controlling interest in consolidated subsidiaries in the accompanying consolidated financial statements. The carrying amount of this non-controlling interest at September 30, 2017 and December 31, 2016 was $69,259 and $74,904, respectively. For the three and nine months ended September 30, 2017, the amount of this non-controlling interest share of net loss was $2,163 and $5,646, respectively. For the three and nine months ended September 30, 2016, the amount of this non-controlling interest share of net loss was $1,762 and $5,715, respectively.

In connection with the Capital Call Agreement related to the Series 2016 Bonds discussed in Note 8, the Company and an affiliate of its Manager entered into a Fee and Support Agreement. The Fee and Support Agreement provides that the affiliate of the Manager is compensated for its guarantee of a portion of the obligations under the Standby Bond Purchase Agreement. This affiliate of the Manager received fees of $1,740, which are amortized as interest expense to the earlier of the redemption date or February 13, 2020.

14. SEGMENT INFORMATION

The Company's reportable segments represent strategic business units comprised of investments in different types of transportation and infrastructure assets. The Company has six reportable segments which operate in the Equipment Leasing and Infrastructure businesses across several market sectors. The Company's reportable segments are (i) Aviation Leasing, (ii) Offshore Energy, (iii) Shipping Containers, (iv) Jefferson Terminal, (v) Railroad, and (vi) Ports and Terminals. Aviation Leasing consists of aircraft and aircraft engines held for lease and are typically held long-term. Offshore Energy consists of vessels and equipment that support offshore oil and gas drilling and production which are typically subject to long-term operating leases. Shipping Containers consists of an investment in an unconsolidated entity engaged in the acquisition and leasing of shipping containers (on both an operating lease and finance lease basis). Jefferson Terminal consists of a multi-modal crude oil and refined products terminal and other related assets. Railroad consists of our CMQR railroad operations. Ports and Terminals consists of Repauno, which is a 1,630 acre deep-water port located along the Delaware river with an underground storage cavern and multiple industrial development opportunities, and Hannibal, which is a 1,660 acre multi-modal port located along the Ohio River with rail, dock, and multiple industrial development opportunities.

Corporate consists primarily of unallocated Company level general and administrative expenses, and management fees. The accounting policies of the segments are the same as those described in the summary of significant accounting policies; however, financial information presented by segment includes the impact of intercompany eliminations. The Company evaluates investment performance for each reportable segment primarily based on net income attributable to shareholders and Adjusted Net Income.

Adjusted Net Income is defined as net income attributable to shareholders, adjusted (a) to exclude the impact of provision for income taxes, equity-based compensation expense, acquisition and transaction expenses, losses on the modification or extinguishment of debt and capital lease obligations, changes in fair value of non-hedge derivative instruments, asset impairment charges, incentive allocations, and equity in earnings of unconsolidated entities; (b) to include the impact of cash income tax payments, the Company's pro-rata share of the Adjusted Net Income from unconsolidated entities (collectively "Adjusted Net Income"), and (c) to exclude the impact of the non-controlling share of Adjusted Net Income.

The Company believes that net income attributable to shareholders, as defined by GAAP, is the most appropriate earnings measurement with which to reconcile Adjusted Net Income. Adjusted Net Income should not be considered as an alternative to net income attributable to shareholders as determined in accordance with GAAP.

(Dollar amounts in thousands, unless otherwise noted)

The following tables set forth certain information for each reportable segment of the Company:

I. For the Three Months Ended September 30, 2017

	Three months ended September 30, 2017							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Revenues								
Equipment leasing revenues	$ 43,474	$ 6,117	$ 25	$ —	$ —	$ —	$ —	$ 49,616
Infrastructure revenues	—	—	—	1,730	8,258	758	—	10,746
Total revenues	43,474	6,117	25	1,730	8,258	758	—	60,362
Expenses								
Operating expenses	1,706	5,103	8	7,039	6,980	2,852	—	23,688
General and administrative	—	—	—	—	—	—	3,439	3,439
Acquisition and transaction expenses	6	—	—	—	—	—	1,726	1,732
Management fees and incentive allocation to affiliate	—	—	—	—	—	—	3,771	3,771
Depreciation and amortization	17,909	1,607	—	3,978	507	783	—	24,784
Interest expense	—	946	—	1,408	264	273	6,023	8,914
Total expenses	19,621	7,656	8	12,425	7,751	3,908	14,959	66,328
Other income (expense)								
Equity in (losses)/earnings of unconsolidated entities	(203)	—	359	(24)	—	—	—	132
Gain (loss) on sale of equipment, net	2,871	—	—	—	(162)	—	—	2,709
Loss on extinguishment of debt	—	—	—	—	—	—	—	—
Interest income	51	4	—	160	—	—	—	215
Other income	—	1,093	—	1,055	—	—	—	2,148
Total other income (expense)	2,719	1,097	359	1,191	(162)	—	—	5,204
Income (loss) before income taxes	26,572	(442)	376	(9,504)	345	(3,150)	(14,959)	(762)
Provision for (benefit from) income taxes	927	(5)	(10)	(3)	—	—	—	909
Net income (loss)	25,645	(437)	386	(9,501)	345	(3,150)	(14,959)	(1,671)
Less: Net income (loss) attributable to non-controlling interests in consolidated subsidiaries	303	(62)	—	(4,806)	(104)	—	—	(4,669)
Net income (loss) attributable to shareholders	$ 25,342	$ (375)	$ 386	$ (4,695)	$ 449	$ (3,150)	$ (14,959)	$ 2,998

(Dollar amounts in thousands, unless otherwise noted)

The following table sets forth a reconciliation of Adjusted Net Income (Loss) to net income attributable to shareholders:

	Three months ended September 30, 2017							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Adjusted Net Income (Loss)	$ 26,274	$ (380)	$ 330	$ (6,081)	$ 517	$ (3,150)	$ (13,673)	$ 3,837
Add: Non-controlling share of adjustments to Adjusted Net Income								447
Add: Equity in earnings of unconsolidated entities								132
Add: Cash payments for income taxes								438
Less: Incentive allocations								—
Less: Pro-rata share of Adjusted Net Income from investments in unconsolidated entities								(86)
Less: Asset impairment charges								—
Less: Changes in fair value of non-hedge derivative instruments								1,036
Less: Losses on the modification or extinguishment of debt and capital lease obligations								—
Less: Acquisition and transaction expenses								(1,732)
Less: Equity-based compensation expense								(165)
Less: Provision for income taxes								(909)
Net income attributable to shareholders								$ 2,998

Summary information with respect to the Company’s geographic sources of revenue, based on location of customer, is as follows:

	Three months ended September 30, 2017						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Total
Revenues							
Africa	$ 1,964	$ —	$ —	$ —	$ —	$ —	$ 1,964
Asia	6,094	1,543	25	—	—	—	7,662
Europe	28,907	4,189	—	—	—	—	33,096
North America	6,509	385	—	1,730	8,258	758	17,640
South America	—	—	—	—	—	—	—
Total	$ 43,474	$ 6,117	$ 25	$ 1,730	$ 8,258	$ 758	$ 60,362

(Dollar amounts in thousands, unless otherwise noted)

I. For the Nine Months Ended September 30, 2017

	Nine months ended September 30, 2017							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Revenues								
Equipment leasing revenues	$ 110,357	$ 10,955	$ 75	$ —	$ —	$ —	$ —	$ 121,387
Infrastructure revenues	—	—	—	9,622	24,323	897	—	34,842
Total revenues	110,357	10,955	75	9,622	24,323	897	—	156,229
Expenses								
Operating expenses	4,496	12,661	8	21,919	22,431	4,510	—	66,025
General and administrative	—	—	—	—	—	—	10,615	10,615
Acquisition and transaction expenses	276	—	—	—	—	—	4,788	5,064
Management fees and incentive allocation to affiliate	—	—	—	—	—	—	11,529	11,529
Depreciation and amortization	43,284	4,820	—	11,885	1,525	868	—	62,382
Interest expense	—	2,800	—	4,283	710	817	12,682	21,292
Total expenses	48,056	20,281	8	38,087	24,666	6,195	39,614	176,907
Other income (expense)								
Equity in losses of unconsolidated entities	(1,046)	—	(316)	(99)	—	—	—	(1,461)
Gain (loss) on sale of equipment, net	6,932	—	—	—	(206)	—	—	6,726
Loss on extinguishment of debt	—	—	—	—	—	—	(2,456)	(2,456)
Interest income	210	11	—	361	—	—	—	582
Other income	—	1,093	—	1,087	—	—	—	2,180
Total other income (expense)	6,096	1,104	(316)	1,349	(206)	—	(2,456)	5,571
Income (loss) before income taxes	68,397	(8,222)	(249)	(27,116)	(549)	(5,298)	(42,070)	(15,107)
Provision for (benefit from) income taxes	1,598	—	(44)	31	—	—	—	1,585
Net income (loss)	66,799	(8,222)	(205)	(27,147)	(549)	(5,298)	(42,070)	(16,692)
Less: Net (loss) income attributable to non-controlling interests in consolidated subsidiaries	445	(526)	—	(13,209)	(43)	(483)	—	(13,816)
Net income (loss) attributable to shareholders	$ 66,354	$ (7,696)	$ (205)	$ (13,938)	$ (506)	$ (4,815)	$ (42,070)	$ (2,876)

(Dollar amounts in thousands, unless otherwise noted)

The following table sets forth a reconciliation of Adjusted Net Income (Loss) to net loss attributable to shareholders:

	Nine months ended September 30, 2017							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Adjusted Net Income (Loss)	$ 68,227	$ (7,696)	$ (387)	$ (15,269)	$ (67)	$ (4,815)	$ (35,779)	$ 4,214
Add: Non-controlling share of adjustments to Adjusted Net Income								503
Add: Equity in losses of unconsolidated entities								(1,461)
Add: Cash payments for income taxes								1,033
Less: Incentive allocations								—
Less: Pro-rata share of Adjusted Net Income from investments in unconsolidated entities								1,599
Less: Asset impairment charges								—
Less: Changes in fair value of non-hedge derivative instruments								1,036
Less: Losses on the modification or extinguishment of debt and capital lease obligations								(2,456)
Less: Acquisition and transaction expenses								(5,064)
Less: Equity-based compensation expense								(695)
Less: Provision for income taxes								(1,585)
Net loss attributable to shareholders								$ (2,876)

Summary information with respect to the Company's geographic sources of revenue, based on location of customer, is as follows:

	Nine months ended September 30, 2017						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Total
Revenues							
Africa	$ 6,744	$ —	$ —	$ —	$ —	$ —	$ 6,744
Asia	29,207	4,657	75	—	—	—	33,939
Europe	63,229	5,142	—	—	—	—	68,371
North America	10,472	1,156	—	9,622	24,323	897	46,470
South America	705	—	—	—	—	—	705
Total	$ 110,357	$ 10,955	$ 75	$ 9,622	$ 24,323	$ 897	$ 156,229

(Dollar amounts in thousands, unless otherwise noted)

III. For the Three Months Ended September 30, 2016

	Three Months Ended September 30, 2016							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Revenues								
Equipment leasing revenues	$ 27,060	$ 2,969	$ 25	$ —	$ —	$ —	$ —	$ 30,054
Infrastructure revenues	—	—	—	4,255	7,401	16	—	11,672
Total revenues	27,060	2,969	25	4,255	7,401	16	—	41,726
Expenses								
Operating expenses	892	2,408	1	6,796	6,514	417	—	17,028
General and administrative	—	—	—	—	—	—	3,205	3,205
Acquisition and transaction expenses	—	—	—	109	—	—	1,579	1,688
Management fees and incentive allocation to affiliate	—	—	—	—	—	—	4,146	4,146
Depreciation and amortization	9,376	1,669	—	3,920	411	—	—	15,376
Interest expense	—	934	—	4,016	182	284	—	5,416
Total expenses	10,268	5,011	1	14,841	7,107	701	8,930	46,859
Other income (expense)								
Equity in losses of unconsolidated entities	—	—	(1,161)	—	—	—	—	(1,161)
Gain (loss) on sale of equipment and finance leases, net	—	—	—	—	40	—	—	40
Loss on extinguishment of debt	—	—	—	—	—	—	—	—
Asset impairment	—	—	—	—	—	—	—	—
Interest income (expense)	6	4	—	196	—	—	—	206
Other (expense) income	—	—	—	485	—	—	—	485
Total other income (expense)	6	4	(1,161)	681	40	—	—	(430)
Income (loss) before income taxes	16,798	(2,038)	(1,137)	(9,905)	334	(685)	(8,930)	(5,563)
Provision (benefit from) for income taxes	100	—	(41)	20	—	4	—	83
Net income (loss)	16,698	(2,038)	(1,096)	(9,925)	334	(689)	(8,930)	(5,646)
Less: Net income (loss) attributable to non-controlling interests in consolidated subsidiaries	60	(131)	—	(4,241)	14	(69)	(3)	(4,370)
Net income (loss) attributable to shareholders	$ 16,638	$ (1,907)	$ (1,096)	$ (5,684)	$ 320	$ (620)	$ (8,927)	$ (1,276)

(Dollar amounts in thousands, unless otherwise noted)

The following table sets forth a reconciliation of Adjusted Net Income (Loss) to net loss attributable to shareholders:

	Three Months Ended September 30, 2016							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Adjusted Net Income (Loss)	$ 16,564	$ (1,907)	$ (1,183)	$ (5,719)	$ 342	$ (616)	$ (7,348)	$ 133
Add: Non-controlling share of adjustments to Adjusted Net Income								170
Add: Equity in losses of unconsolidated entities								(1,161)
Add: Cash payments for income taxes								174
Less: Incentive allocations								—
Less: Pro-rata share of Adjusted Net Income from investments in unconsolidated entities								1,207
Less: Asset impairment charges								—
Less: Changes in fair value of non-hedge derivative instruments								—
Less: Losses on the modification or extinguishment of debt and capital lease obligations								—
Less: Acquisition and transaction expenses								(1,688)
Less: Equity-based compensation expense								(28)
Less: Provision for income taxes								(83)
Net loss attributable to shareholders								$ (1,276)

Summary information with respect to the Company’s geographic sources of revenue, based on location of customer, is as follows:

	Three Months Ended September 30, 2016						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Total
Revenues							
Africa	$ 3,554	$ —	$ —	$ —	$ —	$ —	$ 3,554
Asia	11,589	2,565	25	—	—	—	14,179
Europe	9,431	—	—	—	—	—	9,431
North America	2,091	404	—	4,255	7,401	16	14,167
South America	395	—	—	—	—	—	395
Total	$ 27,060	$ 2,969	$ 25	$ 4,255	$ 7,401	$ 16	$ 41,726

(Dollar amounts in thousands, unless otherwise noted)

IV. For the Nine Months Ended September 30, 2016

	Nine Months Ended September 30, 2016							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Revenues								
Equipment leasing revenues	$ 66,360	$ 4,433	$ 1,187	$ —	$ —	$ —	$ —	$ 71,980
Infrastructure revenues	—	—	—	11,271	23,107	16	—	34,394
Total revenues	66,360	4,433	1,187	11,271	23,107	16	—	106,374
Expenses								
Operating expenses	2,875	8,410	43	16,182	21,004	417	6	48,937
General and administrative	—	—	—	—	—	—	9,154	9,154
Acquisition and transaction expenses	—	—	—	400	—	—	4,222	4,622
Management fees and incentive allocation to affiliate	—	—	—	—	—	—	12,725	12,725
Depreciation and amortization	25,307	4,927	—	11,589	1,471	—	—	43,294
Interest expense	—	2,805	410	11,804	536	284	—	15,839
Total expenses	28,182	16,142	453	39,975	23,011	701	26,107	134,571
Other income (expense)								
Equity in losses of unconsolidated entities	—	—	(1,335)	—	—	—	—	(1,335)
Gain (loss) on sale of equipment and finance leases, net	2,717	—	304	—	286	—	—	3,307
Loss on extinguishment of debt	—	—	—	(1,579)	—	—	—	(1,579)
Asset impairment	—	(7,450)	—	—	—	—	—	(7,450)
Interest income (expense)	9	9	—	69	—	—	—	87
Other (expense) income	—	—	(2)	585	—	—	—	583
Total other income (expense)	2,726	(7,441)	(1,033)	(925)	286	—	—	(6,387)
Income (loss) before income taxes	40,904	(19,150)	(299)	(29,629)	382	(685)	(26,107)	(34,584)
Provision (benefit from) for income taxes	188	—	(54)	55	—	5	1	195
Net income (loss)	40,716	(19,150)	(245)	(29,684)	382	(690)	(26,108)	(34,779)
Less: Net income (loss) attributable to non-controlling interests in consolidated subsidiaries	350	(4,289)	—	(12,522)	11	(69)	(9)	(16,528)
Net income (loss) attributable to shareholders	$ 40,366	$ (14,861)	$ (245)	$ (17,162)	$ 371	$ (621)	$ (26,099)	$ (18,251)

(Dollar amounts in thousands, unless otherwise noted)

The following table sets forth a reconciliation of Adjusted Net Loss to net loss attributable to shareholders:

	Nine Months Ended September 30, 2016							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Adjusted Net Income (Loss)	$ 40,016	$ (11,136)	$ (405)	$ (18,495)	$ 702	$ (621)	$ (21,875)	$ (11,814)
Add: Non-controlling share of adjustments to Adjusted Net Income								2,891
Add: Equity in losses of unconsolidated entities								(1,335)
Add: Cash payments for income taxes								594
Less: Incentive allocations								—
Less: Pro-rata share of Adjusted Net Income from investments in unconsolidated entities								1,444
Less: Asset impairment charges								(7,450)
Less: Changes in fair value of non-hedge derivative instruments								(3)
Less: Losses on the modification or extinguishment of debt and capital lease obligations								(1,579)
Less: Acquisition and transaction expenses								(4,622)
Less: Equity-based compensation income								3,818
Less: Provision for income taxes								(195)
Net loss attributable to shareholders								$ (18,251)

Summary information with respect to the Company's geographic sources of revenue, based on location of customer, is as follows:

	Nine Months Ended September 30, 2016						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Total
Revenues							
Africa	$ 9,201	$ —	$ —	$ —	$ —	$ —	$ 9,201
Asia	30,665	2,973	858	—	—	—	34,496
Europe	20,929	248	—	—	—	—	21,177
North America	4,192	1,212	329	11,271	23,107	16	40,127
South America	1,373	—	—	—	—	—	1,373
Total	$ 66,360	$ 4,433	$ 1,187	$ 11,271	$ 23,107	$ 16	$ 106,374

(Dollar amounts in thousands, unless otherwise noted)

V. Balance Sheet and location of long-lived assets

The following tables sets forth summarized balance sheet information and the geographic location of property, plant and equipment and leasing equipment, net as of September 30, 2017 and December 31, 2016:

	September 30, 2017							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Total assets	$ 792,335	$ 231,152	$ 4,090	$ 557,833	$ 49,318	$ 110,679	$ 164,514	$ 1,909,921
Debt, net	—	53,531	—	184,526	18,034	—	399,489	655,580
Total liabilities	116,080	58,589	—	203,148	33,936	16,588	403,657	831,998
Non-controlling interests in equity of consolidated subsidiaries	3,040	—	—	91,106	2,540	—	524	97,210
Total equity	676,255	172,563	4,090	354,685	15,382	94,091	(239,143)	1,077,923
Total liabilities and equity	$ 792,335	$ 231,152	$ 4,090	$ 557,833	$ 49,318	$ 110,679	$ 164,514	$ 1,909,921

	September 30, 2017							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Property, plant and equipment and leasing equipment, net								
Africa	$ 38,926	$ —	$ —	$ —	$ —	$ —	$ —	$ 38,926
Asia	280,554	36,710	—	—	—	—	—	317,264
Europe	269,448	127,968	—	—	—	—	—	397,416
North America	127,600	—	—	365,016	35,593	104,633	—	632,842
South America	7,315	—	—	—	—	—	—	7,315
Total	$ 723,843	$ 164,678	$ —	$ 365,016	$ 35,593	$ 104,633	$ —	$ 1,393,763

	December 31, 2016							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Total assets	$ 625,680	$ 220,544	$ 4,333	$ 534,638	$ 40,428	$ 63,331	$ 58,358	$ 1,547,312
Debt, net	—	62,655	—	184,702	12,155	—	—	259,512
Total liabilities	74,989	66,002	—	205,536	24,971	6,287	3,847	381,632
Non-controlling interests in equity of consolidated subsidiaries	1,334	3,325	—	104,087	2,114	483	525	111,868
Total equity	550,691	154,542	4,333	329,102	15,457	57,044	54,511	1,165,680
Total liabilities and equity	$ 625,680	$ 220,544	$ 4,333	$ 534,638	$ 40,428	$ 63,331	$ 58,358	$ 1,547,312

	December 31, 2016							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Property, plant and equipment and leasing equipment, net								
Africa	$ 51,136	$ —	$ —	$ —	$ —	$ —	$ —	$ 51,136
Asia	212,635	169,499	—	—	—	—	—	382,134
Europe	225,934	—	—	—	—	—	—	225,934
North America	56,456	—	—	319,503	29,866	44,486	—	450,311
South America	8,121	—	—	—	—	—	—	8,121
Total	$ 554,282	$ 169,499	$ —	$ 319,503	$ 29,866	$ 44,486	$ —	$ 1,117,636

15. EARNINGS PER SHARE

Basic earnings (loss) per share (“EPS”) is calculated by dividing net income (loss) attributable to the Company by the weighted average number of shares of common stock outstanding. Diluted EPS is calculated by dividing net income (loss) attributable to the Company by the weighted average number of shares of common stock outstanding, plus potentially dilutive securities. Potentially dilutive securities are calculated using the treasury stock method.

The calculation of basic and diluted EPS is presented below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except share and per share data)	**2017**	2016	**2017**	2016
Net income (loss) attributable to shareholders	**$ 2,998**	$ (1,276)	**$ (2,876)**	$ (18,251)
Weighted Average Shares Outstanding - Basic	**75,770,529**	75,746,200	**75,765,144**	75,734,587
Weighted Average Shares Outstanding - Diluted	**75,770,665**	75,746,200	**75,765,144**	75,734,587
Basic EPS	**$ 0.04**	$ (0.02)	**$ (0.04)**	$ (0.24)
Diluted EPS	**$ 0.04**	$ (0.02)	**$ (0.04)**	$ (0.24)

(Dollar amounts in thousands, unless otherwise noted)

For the nine months ended September 30, 2017, 1,048 shares have been excluded from the calculation of Diluted EPS because the impact would be anti-dilutive. For the three and nine months ended September 30, 2016, 7,333 and 9,474 shares, respectively, have been excluded from the calculation of Diluted EPS because the impact would be anti-dilutive.

16. COMMITMENTS AND CONTINGENCIES

In the normal course of business the Company and its subsidiaries may be involved in various claims, legal proceedings, or may enter into contracts that contain a variety of representations and warranties and which provide general indemnifications. Within the Company's Offshore Energy segment, lessees have asserted that they are entitled to certain reimbursable expenses or adjustments per the terms of the related charter agreement. Although the Company believes it has strong defenses against these claims, the range of potential damages is $0 to $6,580 at September 30, 2017. No amount has been recorded for this matter in the Company's consolidated financial statements as of September 30, 2017, and the Company will continue to vigorously defend against these claims. The Company's maximum exposure under other arrangements is unknown as no additional claims have been made. The Company believes the risk of loss in connection with such arrangements is remote.

The Company has also entered into an arrangement with its non-controlling interest holder of Repauno, whereby the non-controlling interest holder may receive additional payments contingent upon the achievement of certain conditions, not to exceed $15,000. The Company will account for such amounts when and if such conditions are achieved.

The Company has entered into an arrangement with the seller of Hannibal, whereby the seller may receive additional payments contingent upon the achievement of certain conditions, not to exceed $5,000. The Company will account for such amounts when and if such conditions are achieved.

Several of the Company's subsidiaries are lessees under various operating and capital leases. Total rent expense for operating leases was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	**2016**	**2017**	**2016**
Rent expense	**$ 1,235**	$ 1,197	**$ 3,755**	$ 3,724

As of September 30, 2017, minimum future rental payments under operating and capital leases are as follows:

2017	$ 2,047
2018	6,925
2019	6,514
2020	5,484
2021	4,166
Thereafter	73,330
Total	**$ 98,466**

17. SUBSEQUENT EVENTS

On October 3, 2017, the Company repaid the outstanding balance on the Revolving Credit Facility, including associated interest, for $60,489. The Company currently has no outstanding balance on the Revolving Credit Facility.

On November 2, 2017, the Company's Board of Directors declared a cash dividend on its common shares of $0.33 per share for the quarter ended September 30, 2017, payable on November 27, 2017 to the holders of record on November 17, 2017.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help you understand Fortress Transportation and Infrastructure Investors LLC (the "Company"). The Company's MD&A should be read in conjunction with its unaudited consolidated financial statements and the accompanying notes, and with Part II, Item 1A, "Risk Factors" included elsewhere in this Quarterly Report on Form 10-Q.

Overview

We own and acquire high quality infrastructure and related equipment that is essential for the transportation of goods and people globally. We target assets that, on a combined basis, generate strong cash flows with potential for earnings growth and asset appreciation. We believe that there are a large number of acquisition opportunities in our markets, and that our Manager's expertise and business and financing relationships, together with our access to capital, will allow us to take advantage of these opportunities. We are externally managed by FIG LLC (the "Manager"), an affiliate of Fortress Investment Group LLC ("Fortress"), which has a dedicated team of experienced professionals focused on the acquisition of transportation and infrastructure assets since 2002. As of September 30, 2017, we had total consolidated assets of $1.9 billion and total equity of $1.1 billion.

Operating Segments

Our operations consist of two primary strategic business units – Infrastructure and Equipment Leasing. Our Infrastructure Business acquires long-lived assets that provide mission-critical services or functions to transportation networks and typically have high barriers to entry. The Company targets or develops operating businesses with strong margins, stable cash flows and upside from earnings growth and asset appreciation driven by increased use and inflation. Our Equipment Leasing Business acquires assets that are designed to carry cargo or people or provide functionality to transportation infrastructure. Transportation equipment assets are typically long-lived, moveable and leased by us on either operating leases or finance leases to companies that provide transportation services. Our leases generally provide for long-term contractual cash flow with high cash-on-cash yields and include structural protections to mitigate credit risk.

Our reportable segments are comprised of interests in different types of infrastructure and equipment leasing assets. We currently conduct our business through our corporate operating segment and the following six reportable segments: Aviation Leasing, Offshore Energy, Shipping Containers, all of which are within Equipment Leasing Business, and Jefferson Terminal, Railroad and Ports and Terminals, which together comprise our Infrastructure Business. The Aviation Leasing segment consists of aircraft and aircraft engines held for lease and are typically held long-term. The Offshore Energy segment consists of vessels and equipment that support offshore oil and gas activities and are typically subject to long-term operating leases. The Shipping Containers segment consists of an investment in an unconsolidated entity engaged in the acquisition and leasing of shipping containers on both an operating lease and finance lease basis. The Jefferson Terminal segment consists of a multi-modal crude and refined products terminal and other related assets which were acquired in 2014. The Railroad segment consists of our Central Maine and Quebec Railway ("CMQR") short line railroad operations also acquired in 2014. Ports and Terminals consists of Repauno, acquired in 2016, which is a 1,630 acre deep-water port located along the Delaware river with an underground storage cavern and multiple industrial development opportunities, and Hannibal, acquired in June 2017, which is a 1,660 acre multi-modal port located along the Ohio River with rail, dock, and multiple industrial development opportunities.

The Corporate operating segment primarily consists of unallocated corporate general and administrative expenses, and management fees.

The Company's reportable segments are comprised of investments in different types of transportation infrastructure and equipment. Each segment requires different investment strategies. The accounting policies of the segments are the same as those described in the summary of significant accounting policies; however, financial information presented by segment includes the impact of intercompany eliminations.

Our Manager

On February 14, 2017, Fortress announced that it had entered into the Merger Agreement with SB Foundation Holdings LP, a Cayman Islands exempted limited partnership ("SoftBank Parent") and an affiliate of SoftBank, and Foundation Acquisition LLC, a Delaware limited liability company and wholly owned subsidiary of Parent ("SoftBank Merger Sub"), pursuant to which SoftBank Merger Sub will merge with and into Fortress, with Fortress surviving as a wholly owned subsidiary of SoftBank Parent. While Fortress's senior investment professionals are expected to remain in place, including those individuals who perform services for us, there can be no assurance that the SoftBank merger will not have an impact on us or our relationship with the Manager.

Fortress informed the Company that it believes that under the Investment Advisers Act of 1940, as amended, the change of ownership resulting from the completion of the SoftBank merger will result in a deemed assignment of the Management Agreement, and that as a result, the Manager is required to obtain the Company's consent to the assignment. On May 22, 2017, the disinterested members of our board of directors unanimously approved the consent to the assignment. The disinterested members of our board of directors were advised by outside independent counsel.

Results of Operations

Adjusted Net Income (Loss)

The Chief Operating Decision Maker ("CODM") utilizes Adjusted Net Income as the key performance measure. This performance measure provides the CODM with the information necessary to assess operational performance, as well as make resource and allocation decisions.

Adjusted Net Income is defined as net loss attributable to shareholders, adjusted (a) to exclude the impact of provision for income taxes, equity-based compensation expense, acquisition and transaction expenses, losses on the modification or extinguishment of debt and capital lease obligations, changes in fair value of non-hedge derivative instruments, asset impairment charges, incentive allocations, and equity in earnings of unconsolidated entities, (b) to include the impact of cash income tax payments, and our pro-rata share of the Adjusted Net Income from unconsolidated entities, and (c) to exclude the impact of the non-controlling share of Adjusted Net Income. We evaluate investment performance for each reportable segment primarily based on Adjusted Net Income. We believe that net income attributable to shareholders, as defined by GAAP, is the most comparable earnings measurement with which to reconcile Adjusted Net Income.

Adjusted EBITDA (Non-GAAP)

We view Adjusted EBITDA as a secondary measurement to Adjusted Net Income, which we believe serves as a useful supplement to investors, analysts and management to measure economic performance of deployed revenue generating assets between periods on a consistent basis, and which we believe measures our financial performance and helps identify operational factors that management can impact in the short-term, namely our cost structure and expenses. Adjusted EBITDA may not be comparable to similarly titled measures of other companies because other entities may not calculate Adjusted EBITDA in the same manner.

Adjusted EBITDA is defined as net loss attributable to shareholders, adjusted (a) to exclude the impact of provision for income taxes, equity-based compensation expense, acquisition and transaction expenses, losses on the modification or extinguishment of debt and capital lease obligations, changes in fair value of non-hedge derivative instruments, asset impairment charges, incentive allocations, depreciation and amortization expense, and interest expense, (b) to include the impact of our pro-rata share of Adjusted EBITDA from unconsolidated entities, and (c) to exclude the impact of equity in earnings of unconsolidated entities and the non-controlling share of Adjusted EBITDA.

Comparison of the three and nine months ended September 30, 2017 and September 30, 2016

The following table presents our consolidated results of operations and reconciliation of net income (loss) attributable to shareholders to Adjusted Net Income (Loss) for the three and nine months ended September 30, 2017 and September 30, 2016:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(Dollar amounts in thousands)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Revenues						
Equipment leasing revenues						
Lease income	**$ 29,741**	$ 21,600	$ 8,141	**$ 70,872**	$ 49,852	$ 21,020
Maintenance revenue	**17,533**	7,646	9,887	**46,778**	19,037	27,741
Finance lease income	**385**	403	(18)	**1,156**	2,324	(1,168)
Other revenue	**1,957**	405	1,552	**2,581**	767	1,814
Total equipment leasing revenues	**49,616**	30,054	19,562	**121,387**	71,980	49,407
Infrastructure revenues						
Lease income	**455**	16	439	**594**	16	578
Rail revenues	**8,258**	7,401	857	**24,323**	23,107	1,216
Terminal services revenues	**1,730**	4,255	(2,525)	**9,622**	11,271	(1,649)
Other revenue	**303**	—	303	**303**	—	303
Total infrastructure revenues	**10,746**	11,672	(926)	**34,842**	34,394	448
Total revenues	**60,362**	41,726	18,636	**156,229**	106,374	49,855
Expenses						
Operating expenses	**23,688**	17,028	6,660	**66,025**	48,937	17,088
General and administrative	**3,439**	3,205	234	**10,615**	9,154	1,461
Acquisition and transaction expenses	**1,732**	1,688	44	**5,064**	4,622	442
Management fees and incentive allocation to affiliate	**3,771**	4,146	(375)	**11,529**	12,725	(1,196)
Depreciation and amortization	**24,784**	15,376	9,408	**62,382**	43,294	19,088
Interest expense	**8,914**	5,416	3,498	**21,292**	15,839	5,453
Total expenses	**66,328**	46,859	19,469	**176,907**	134,571	42,336
Other (expense) income						
Equity in (losses) earnings of unconsolidated entities	**132**	(1,161)	1,293	**(1,461)**	(1,335)	(126)
Gain on sale of equipment and finance leases, net	**2,709**	40	2,669	**6,726**	3,307	3,419
Gain/(loss) on extinguishment of debt	**—**	—	—	**(2,456)**	(1,579)	(877)
Asset impairment	**—**	—	—	**—**	(7,450)	7,450
Interest income	**215**	206	9	**582**	87	495
Other income	**2,148**	485	1,663	**2,180**	583	1,597
Total other income (expense)	**5,204**	(430)	5,634	**5,571**	(6,387)	11,958
Loss before income taxes	**(762)**	(5,563)	4,801	**(15,107)**	(34,584)	19,477
Provision for income taxes	**909**	83	826	**1,585**	195	1,390
Net loss	**(1,671)**	(5,646)	3,975	**(16,692)**	(34,779)	18,087
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**(4,669)**	(4,370)	(299)	**(13,816)**	(16,528)	2,712
Net income (loss) attributable to shareholders	**$ 2,998**	$ (1,276)	$ 4,274	**$ (2,876)**	$ (18,251)	$ 15,375
Add: Provision for income taxes	**909**	83	826	**1,585**	195	1,390
Add: Equity-based compensation expense (income)	**165**	28	137	**695**	(3,818)	4,513
Add: Acquisition and transaction expenses	**1,732**	1,688	44	**5,064**	4,622	442
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**2,456**	1,579	877

(Dollar amounts in thousands)	Three Months Ended September 30, 2017	2016	Change	Nine Months Ended September 30, 2017	2016	Change
Add: Changes in fair value of non-hedge derivative instruments	**(1,036)**	—	(1,036)	**(1,036)**	3	(1,039)
Add: Asset impairment charges	**—**	—	—	**—**	7,450	(7,450)
Add: Pro-rata share of Adjusted Net (Loss) Income from unconsolidated entities[1]	**86**	(1,207)	1,293	**(1,599)**	(1,444)	(155)
Add: Incentive allocations	**—**	—	—	**—**	—	—
Less: Cash payments for income taxes	**(438)**	(174)	(264)	**(1,033)**	(594)	(439)
Less: Equity in losses (earnings) of unconsolidated entities	**(132)**	1,161	(1,293)	**1,461**	1,335	126
Less: Non-controlling share of Adjusted Net (Loss) Income [2]	**(447)**	(170)	(277)	**(503)**	(2,891)	2,388
Adjusted Net Income (Loss)	**$ 3,837**	$ 133	$ 3,704	**$ 4,214**	$ (11,814)	$ 16,028

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[1] Pro-rata share of Adjusted Net Income from unconsolidated entities includes the Company's proportionate share of the unconsolidated entities' net income adjusted for the excluded and included items detailed in the table above.

[2] Non-controlling share of Adjusted Net (Loss) Income is comprised of the following for the three months ended September 30, 2017 and 2016: (i) equity-based compensation of $43 and $6, (ii) provision for income tax of $(1) and $8, (iii) changes in fair value of non-hedge derivative instruments of $404 and $0, and (iv) acquisition and transaction expenses of $0 and $156, less (v) cash tax payments of $(1) and $0, respectively. Non-controlling share of Adjusted Net (Loss) Income is comprised of the following for the nine months ended September 30, 2017 and 2016: (i) equity-based compensation of $118 and $(1,608), (ii) provision for income tax of $12 and $22, (iii) loss on extinguishment of debt of $0 and $616, (iv) acquisition and transaction expenses of $0 and $156, (v) changes in fair value of non-hedge derivative instruments of $404 and $0, and (vi) asset impairment of $0 and $3,725, less (vii) cash tax payments of $31 and $20, respectively.

The following table sets forth a reconciliation of net loss attributable to shareholders to Adjusted EBITDA for the three and nine months ended September 30, 2017 and September 30, 2016:

	Three Months Ended September 30, 2017	2016	Change	Nine Months Ended September 30, 2017	2016	Change
			(in thousands)			
Net income (loss) attributable to shareholders	**$ 2,998**	$ (1,276)	$ 4,274	**$ (2,876)**	$ (18,251)	$ 15,375
Add: Provision for income taxes	**909**	83	826	**1,585**	195	1,390
Add: Equity-based compensation expense (income)	**165**	28	137	**695**	(3,818)	4,513
Add: Acquisition and transaction expenses	**1,732**	1,688	44	**5,064**	4,622	442
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**2,456**	1,579	877
Add: Changes in fair value of non-hedge derivative instruments	**(1,036)**	—	(1,036)	**(1,036)**	3	(1,039)
Add: Asset impairment charges	**—**	—	—	**—**	7,450	(7,450)
Add: Incentive allocations	**—**	—	—	**—**	—	—
Add: Depreciation and amortization expense [3]	**26,686**	16,885	9,801	**67,575**	48,076	19,499
Add: Interest expense	**8,914**	5,416	3,498	**21,292**	15,839	5,453
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities [4]	**282**	(287)	569	**(209)**	1,873	(2,082)
Less: Equity in losses of unconsolidated entities	**(132)**	1,161	(1,293)	**1,461**	1,335	126
Less: Non-controlling share of Adjusted EBITDA [5]	**(2,753)**	(3,379)	626	**(7,272)**	(12,314)	5,042
Adjusted EBITDA (non-GAAP)	**$ 37,765**	$ 20,319	$ 17,446	**$ 88,735**	$ 46,589	$ 42,146

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[3] Depreciation and amortization expense includes $24,784 and $15,376 of depreciation and amortization expense, $1,147 and $1,403 of lease intangible amortization, and $755 and $106 of amortization for lease incentives in the three months ended September 30, 2017 and 2016, respectively. Depreciation and amortization expense includes $62,382 and $43,294 of depreciation and amortization expense, $3,494 and $4,557 of lease intangible amortization, and $1,699 and $225 of amortization for lease incentives in the nine months ended September 30, 2017 and 2016, respectively.

[4] Pro-rata share of Adjusted EBITDA from unconsolidated entities includes the following items for the three months ended September 30, 2017 and 2016: (i) net income (loss) of $86 and $(1,208), (ii) interest expense of $176 and $270, and (iii) depreciation and amortization expense

of $20 and $651, respectively. Pro-rata share of Adjusted EBITDA from unconsolidated entities includes the following items for the nine months ended September 30, 2017 and 2016: (i) net loss of $1,599 and $1,475, (ii) interest expense of $650 and $931, and (iii) depreciation and amortization expense of $740 and $2,417, respectively.

(5) Non-controlling share of Adjusted EBITDA is comprised of the following items for the three months ended September 30, 2017 and 2016: (i) equity based compensation of $43 and $6, (ii) provision for income taxes of $(1) and $8, (iii) interest expense of $485 and $1,538, (iv) depreciation and amortization expense of $1,822 and $1,671, (v) acquisition and transaction expenses of $0 and $156, and (vi) changes in fair value of non-hedge derivative instruments of $404 and $0, respectively. Non-controlling share of Adjusted EBITDA is comprised of the following items for the nine months ended September 30, 2017 and 2016: (i) equity based compensation of $118 and $(1,608), (ii) provision for income taxes of $12 and $22, (iii) interest expense of $1,489 and $4,494, (iv) depreciation and amortization expense of $5,249 and $4,909, (v) loss on extinguishment of debt of $0 and $616, (vi) changes in fair value of non-hedge derivative instruments of $404 and $0, (vii) acquisition and transaction expenses of $0 and $156, and (viii) asset impairment of $0 and $3,725, respectively.

Revenues

For the three months ended September 30, 2017, total revenues increased $18,636 as compared to the three months ended September 30, 2016 due to higher revenues across a majority of our segments, including Aviation Leasing, Offshore Energy, Railroad and Ports and Terminals. These increases were partially offset by lower revenues in our Jefferson Terminal segment.

In Equipment Leasing, revenue increased $19,562 during the three months ended September 30, 2017 as compared to the three months ended September 30, 2016 primarily due a greater number of assets on lease in the Aviation Leasing segment. Additionally, we continued to increase the number of aircraft and engines subject to leases with maintenance arrangements resulting in higher maintenance revenue of $9,887 and higher lease income of $8,141 compared to the three months ended September 30, 2016.

In Infrastructure, for the three months ended September 30, 2017, revenue was $926 lower than the three months ended September 30, 2016 primarily reflecting lower revenue from Jefferson Terminal of $2,525 resulting from a decrease in volume. This decrease was partially offset by increased revenue in our Ports and Terminal segment of $439 due to a lease contract at Hannibal, which was acquired in July of 2016, coupled with increased Railroad revenue of $857 reflecting an increase in traffic.

For the nine months ended September 30, 2017, total revenues increased $49,855 compared to the nine months ended September 30, 2016 due to higher revenues in our Aviation Leasing, Offshore Energy, Railroad and Ports and Terminals segments. Increases across the aforementioned segments were partially offset by decreases in the Jefferson Terminal and Shipping Containers segments.

In Equipment Leasing, lease income increased $21,020 during the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 primarily due to an increase in the number of assets on lease in the Aviation Leasing segment. Additionally, we continued to increase the number of aircraft and engines subject to leases with maintenance arrangements resulting in an increase to our maintenance revenue of $27,741. These increases were partially offset by a $1,168 decrease in finance lease income primarily driven by the sale of 42,000 shipping containers during the first quarter of 2016.

In Infrastructure, rail revenues increased $1,216 during the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016 due to an increase in traffic and expanded service offerings in the first quarter of 2017 by our Railroad segment. Lease income increased by $578 in the nine months ended September 30, 2017 from a lease contract at Hannibal, which was acquired in June 2017. The increases were partially offset by lower Jefferson Terminal revenue of $1,649 primarily due to lower volumes in the first nine months of 2017 compared to the same period of 2016.

Expenses

For the three months ended September 30, 2017 total expenses increased $19,469 compared to the three months ended September 30, 2016 primarily due to higher: (i) depreciation expense, (ii) operating expenses and (iii) interest expense.

Operating expenses increased $6,660 during the three months ended September 30, 2017 as compared to the three months ended September 30, 2016 primarily due to higher (i) professional fees of $2,175, (ii) facility operations costs of $1,455 reflecting increased costs in our Ports & Terminal and Railroad segments, (iii) compensation of $947, including stock-based compensation and benefits at our Jefferson Terminal and Railroad segments, coupled with non-stock-based compensation expenses at our Ports and Terminals segment and (iv) operating expenditures related to Offshore Energy equipment.

Depreciation and amortization expenses increased $9,408 during the three months ended September 30, 2017 as compared to the three months ended September 30, 2016 primarily due to additional assets acquired and placed on lease in the Aviation Leasing segment.

Interest expense increased $3,498 during the three months ended September 30, 2017 as compared to the three months ended September 30, 2016 primarily due to the issuance of the Senior Notes in the first quarter of 2017 coupled with the drawdown of the Revolving Credit Facility in the third quarter of 2017. Refer to Note 8 of the Consolidated Financial Statements for further detail.

For the nine months ended September 30, 2017 total expenses increased $42,336 compared to the nine months ended September 30, 2016 mainly due to higher (i) operating expenses, (ii) depreciation and amortization and (iii) interest expense.

Operating expenses increased $17,088 during the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016 primarily due to an increase in (i) compensation, including stock compensation and benefits, of $7,188 primarily due to a reversal of stock compensation in the first quarter of 2016 coupled with higher compensation costs in our Ports and Terminals and Jefferson segments, (ii) facility operations of $3,968 primarily in the Railroad segment due to higher volumes in the first quarter of 2017, and (iii) professional fees of $4,472 primarily due to legal costs related to our vessels in the Offshore Energy segment and our aircraft and engines on lease in the Aviation Leasing segment. Offsetting the increase were lower environmental and legal fees of $1,917, primarily in our Jefferson Terminal segment, coupled with lower general and administrative expenses of $1,050.

General and administrative expenses at the Corporate segment increased $1,461 during the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016 attributable to higher professional fees including legal, tax consulting and audit fees as we continue to grow our business, coupled with higher reimbursements to our Manager.

Acquisitions and transaction expenses, including advisory, legal, accounting, valuation and other professional or consulting fees, increased $442 during the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016 as we continue to pursue new business opportunities.

Depreciation and amortization increased $19,088 during the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016 primarily due to additional assets acquired and placed on lease in the Aviation Leasing segment.

Management fees decreased $1,196 during the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016 due to a decrease in the average value of our total equity as compared to the first nine months of 2016.

Interest expense increased $5,453 during the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016 primarily due to the issuance of the Senior Notes in the first quarter of 2017 and the draw down on the revolver in the third quarter of 2017. Partially offsetting this increase was lower interest expense in the Jefferson Terminal segment reflecting the capitalization of interest related to new projects in 2017. Refer to the Note 8 of the Consolidated Financial Statements for further detail.

Other (Expense) Income

For the three months ended September 30, 2017 compared to the three months ended September 30, 2016, total other income increased $5,634 primarily reflecting higher gains on sales of equipment of $2,669 reflecting opportunistic sales of Aviation assets coupled with equity in earnings of unconsolidated entities compared to losses in the same period of 2016.

For the nine months ended September 30, 2017, total other income increased $11,958 as compared to the nine months ended September 30, 2016. In 2016, an asset impairment charge of $7,450 was recorded for the MT 6015 vessel. In addition, during 2017, the Aviation Leasing segment had an increase of $3,419 in gain on sale of equipment due to opportunistic sales of assets.

Net Loss

Net loss attributable to shareholders for the three and nine months ended September 30, 2017 decreased $4,274 and $15,375, respectively, compared to the same periods in 2016, primarily due to the changes discussed above.

Adjusted Net Income/(Loss)

Adjusted net income increased $3,704 and $16,028 for the three and nine months ended September 30, 2017, respectively, compared to the same periods in 2016, primarily due to the changes in revenue, expenses and other income/(loss) noted above, and the increase in equity based compensation of $137 and $4,513 for the three and nine months ended September 30, 2017, respectively. Also contributing to the increase for the nine months ended September 30, 2017 was an increase in the equity in losses of unconsolidated entities of $126 and an increase in losses from the extinguishment of debt of $877 coupled with changes in the non-controlling share of Adjusted Net Income of $277 and $2,388 for the three and nine months ended September 30, 2017, respectively. Additionally, the change in the fair value of the non-hedge derivative instrument impacted Adjusted Net Income/(Loss) of $1,036 in both the three and nine months ended September 30, 2017.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA was $37,765 for the three months ended September 30, 2017, an increase of $17,446 compared to the same period of 2016. In addition to the changes in revenue, expenses and income/(loss) noted above, which resulted in an increase in net income, the change was primarily due to increased depreciation and amortization expense from additional assets acquired and placed into service and increased interest expense. These changes were partially offset by the change in the fair value of the non-hedge derivative instrument.

Adjusted EBITDA was $88,735 for the nine months ended September 30, 2017, an increase of $42,146 compared to the same period of 2016. In addition to the changes in revenue, expenses and income/(loss) noted above, which resulted in a net decrease in loss attributable to shareholders, the change was primarily due to (i) increased depreciation and amortization expense from additional assets acquired and placed into service, (ii) decreased non-controlling share of Adjusted EBITDA, (iii) increased equity-based compensation and (iv) increased equity in losses of unconsolidated entities. Partially offsetting these changes was the change in the fair value of the non-hedge derivative instrument and the 2016 asset impairment charge. There was no impairment charge in the nine months ended September 30, 2017.

Aviation Leasing Segment

As of September 30, 2017, in our Aviation Leasing segment, we own and manage 141 aviation assets, consisting of 38 aircraft and 103 commercial jet engines.

As of September 30, 2017, 37 of our commercial aircraft and 71 of our jet engines were leased to operators or other third parties. Aviation assets currently off lease are either undergoing repair and/or maintenance, being prepared to go on lease or held in short term storage awaiting a future lease. Our aviation equipment was approximately 88% utilized as of September 30, 2017, based on the equity value of our on-hire leasing equipment as a percentage of the total equity value of our aviation leasing equipment. Our aircraft currently have a weighted average remaining lease term of 34 months, and our jet engines currently on-lease have an average remaining lease term of 11 months. The table below provides additional information on the assets in our Aviation Leasing segment:

Aviation Assets	Widebody	Narrowbody	Total
Aircraft			
Assets at January 1, 2017	**7**	**19**	**26**
Purchases	3	14	17
Sales	(1)	(4)	(5)
Assets at September 30, 2017	**9**	**29**	**38**
Jet Engines			
Assets at January 1, 2017	**38**	**28**	**66**
Purchases	22	28	50
Sales	(9)	(4)	(13)
Assets at September 30, 2017	**51**	**52**	**103**

The following table presents our results of operations and reconciliation of net income attributable to shareholders to Adjusted Net Income for the Aviation Leasing segment for the three and nine months ended September 30, 2017 and September 30, 2016:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(Dollar amounts in thousands)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Revenues						
Equipment leasing revenues						
Lease income	**$ 25,941**	$ 19,039	$ 6,902	**$ 63,577**	$ 46,636	$ 16,941
Maintenance revenue	**17,533**	7,646	9,887	**46,778**	19,037	27,741
Other revenue	**—**	375	(375)	**2**	687	(685)
Total revenues	**43,474**	27,060	16,414	**110,357**	66,360	43,997
Expenses						
Operating expenses	**1,706**	892	814	**4,496**	2,875	1,621
Acquisition and transaction expenses	**6**	—	6	**276**	—	276
Depreciation and amortization	**17,909**	9,376	8,533	**43,284**	25,307	17,977
Total expenses	**19,621**	10,268	9,353	**48,056**	28,182	19,874
Other income (expense)						
Equity losses of unconsolidated entities	**(203)**	—	(203)	**(1,046)**	—	(1,046)
Gain on sale of equipment, net	**2,871**	—	2,871	**6,932**	2,717	4,215
Interest income	**51**	6	45	**210**	9	201
Total other income	**2,719**	6	2,713	**6,096**	2,726	3,370
Income before income taxes	**26,572**	16,798	9,774	**68,397**	40,904	27,493
Provision for income taxes	**927**	100	827	**1,598**	188	1,410
Net income	**25,645**	16,698	8,947	**66,799**	40,716	26,083
Less: Net income attributable to non-controlling interest in consolidated subsidiaries	**303**	60	243	**445**	350	95
Net income attributable to shareholders	**$ 25,342**	$ 16,638	$ 8,704	**$ 66,354**	$ 40,366	$ 25,988
Add: Provision for income taxes	**927**	100	827	**1,598**	188	1,410
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**6**	—	6	**276**	—	276
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities[(1)]	**(203)**	—	(203)	**(1,046)**	—	(1,046)
Add: Incentive allocations	**—**	—	—	**—**	—	—
Less: Cash payments for income taxes	**(1)**	(174)	173	**(1)**	(538)	537
Less: Equity in losses of unconsolidated entities	**203**	—	203	**1,046**	—	1,046
Less: Non-controlling share of Adjusted Net Income	**—**	—	—	**—**	—	—
Adjusted Net Income	**$ 26,274**	$ 16,564	$ 9,710	**$ 68,227**	$ 40,016	$ 28,211

(1) Pro-rata share of Adjusted Net Income from unconsolidated entities includes Aviation's proportionate share of the unconsolidated entities' net income adjusted for the excluded and included items detailed in the table above, for which there were no adjustments.

The following table sets forth a reconciliation of net income attributable to shareholders to Adjusted EBITDA for the Aviation Leasing segment for the three and nine months ended September 30, 2017 and September 30, 2016:

	Three Months Ended September 30,		Change	Nine Months Ended September 30,		Change
	2017	2016		2017	2016	
(Dollar amounts in thousands)						
Net income attributable to shareholders	**$ 25,342**	$ 16,638	$ 8,704	**$ 66,354**	$ 40,366	$ 25,988
Add: Provision for income taxes	**927**	100	827	**1,598**	188	1,410
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**6**	—	6	**276**	—	276
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Add: Depreciation and amortization expense (2)	**19,811**	10,885	8,926	**48,477**	30,089	18,388
Add: Interest expense	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities(3)	**(203)**	—	(203)	**(1,046)**	—	(1,046)
Less: Equity in losses of unconsolidated entities	**203**	—	203	**1,046**	—	1,046
Less: Non-controlling share of Adjusted EBITDA(4)	**(192)**	(41)	(151)	**(354)**	(123)	(231)
Adjusted EBITDA (non-GAAP)	**$ 45,894**	$ 27,582	$ 18,312	**$ 116,351**	$ 70,520	$ 45,831

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(2) Depreciation and amortization expense includes $17,909 and $9,376 of depreciation expense, $1,147 and $1,403 of lease intangible amortization, and $755 and $106 of amortization for lease incentives in the three months ended September 30, 2017 and 2016, respectively. Depreciation and amortization expense includes $43,284 and $25,307 of depreciation expense, $3,494 and $4,557 of lease intangible amortization, and $1,699 and $225 of amortization for lease incentives in the nine months ended September 30, 2017 and 2016, respectively.

(3) Aviation Leasing's pro-rata share of Adjusted EBITDA from unconsolidated entities includes net loss of $203 and $0 for the three months ended September 30, 2017 and 2016, respectively. Aviation Leasing's pro-rata share of Adjusted EBITDA from unconsolidated entities includes net loss of $1,046 and $0 in the nine months ended September 30, 2017 and 2016, respectively.

(4) Non-controlling share of Adjusted EBITDA is comprised of depreciation and amortization expense of $192 and $41 for the three months ended September 30, 2017 and 2016, respectively. Non-controlling share of Adjusted EBITDA is comprised of depreciation and amortization expense of $354 and $123 for the nine months ended September 30, 2017 and 2016, respectively.

Revenues

Total revenues in the Aviation Leasing segment increased $ 16,414 in the three months ended September 30, 2017 as compared to the three months ended September 30, 2016, due to higher lease income and maintenance revenue driven by newly acquired assets. Lease income increased $6,902 primarily due to higher aircraft lease income of $2,639 driven by the addition of 17 aircraft on lease partially offset by the redelivery of two aircraft. Engine lease income increased $4,263 primarily driven by an increase in the number of engines which generated revenue from 34 in the three months ended September 30, 2016 to 76 in the three months ended September 30, 2017. Maintenance revenue increased $9,887 reflecting additional aircraft and engines on lease. Engine maintenance and aircraft maintenance revenue increased $7,646 and $2,241, respectively, in the three months ended September 30, 2017 as compared to the three months ended September 30, 2016.

Total revenues in the Aviation Leasing segment increased $43,997 in the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016, due to higher lease income and maintenance revenue reflecting newly acquired assets. Lease income increased $16,941 primarily due to higher aircraft lease income of $6,064 reflecting an additional 17 aircraft on lease partially offset by the redelivery and sale of three aircraft. Engine lease income increased $10,877 primarily driven by an increase in the number of engines which generated revenue from 40 in the nine months ended September 30, 2016 to 79 in the nine months ended September 30, 2017. Maintenance revenue increased $27,741 due to a higher number of aircraft and engines on lease and the receipt of end-of-lease compensation for two aircraft. Engine maintenance and aircraft maintenance revenue increased $17,355 and $10,386, respectively, in the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016.

Expenses

Total expenses in the Aviation Leasing segment increased $9,353 in the three months ended September 30, 2017 as compared to the three months ended September 30, 2016 primarily due to an increase in depreciation and amortization and an increase in operating expenses. Depreciation and amortization increased by $8,533 reflecting the depreciation of additional aircraft and engines owned or put on lease in the three months ended September 30, 2017. Operating expenses increased $814 primarily reflecting increases in (i) professional fees of $456 due to an increased number of assets on lease, (ii) aviation shipping expense of $246 due to the positioning of our assets for lease and (iii) other operating expense of $112 due to the overall growth of the aviation portfolio.

Total expenses in the Aviation Leasing segment increased $19,874 in the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016 primarily due to an increase in depreciation and amortization and an increase in operating expenses. Depreciation and amortization increased by $17,977 reflecting the depreciation of additional aircraft and engines owned or put on lease in the nine months ended September 30, 2017. Operating expenses increased $1,621 in the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016, primarily reflecting increases in (i) professional fees of $912 due to an increased number of assets on lease, (ii) aviation shipping expense of $593 due to the positioning of our assets for lease and (iii) other operating expense of $116 due to the overall growth of the aviation portfolio. Acquisitions and transaction expenses increased $276 in the nine months ended September 30, 2017 compared to the same period of 2016 as we continue to pursue new business opportunities.

Other Income

Total other income in the Aviation Leasing segment increased $2,713 and $3,370 in the three and nine months ended September 30, 2017 as compared to the three and nine months ended September 30, 2016, respectively, reflecting increases in the gain on sale of leasing equipment, partially offset by increases in the equity in losses of unconsolidated entities.

Adjusted Net Income

Adjusted Net Income in the Aviation Leasing segment was $26,274 and $68,227 for the three and nine months ended September 30, 2017, respectively, increasing $9,710 and $28,211 as compared to the three and nine months ended September 30, 2016, respectively, primarily reflecting the changes to net income attributable to shareholders noted above, adjusted for the provision for income taxes, acquisition and transaction expenses, and cash payments for income taxes.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA in the Aviation Leasing segment was $45,894 and $116,351 for the three and nine months ended September 30, 2017, respectively, decreasing $18,312 and $45,831 as compared to the three and nine months ended September 30, 2016, respectively. In addition to the changes in net income attributable to shareholders noted above, this movement was primarily due to (i) higher depreciation and amortization expense for the additional aircraft and engines owned and on lease in the three and nine months ended September 30, 2017, (ii) higher provision for income tax, and (iii) an increase in the acquisition and transaction expenses.

Offshore Energy Segment

In our Offshore Energy segment, we own one remotely operated vehicle ("ROV") support vessel, one construction support vessel and one anchor handling tug supply ("AHTS") vessel. The chart below describes the assets in our Offshore Energy segment as of September 30, 2017:

Offshore Energy Assets			
Asset Type	Year Built	Description	Economic Interest (%)
AHTS Vessel	2010	Anchor handling tug supply vessel with accommodation for 30 personnel and a total bollard pull of 68.5 tons	100%
Construction Support Vessel	2014	DP-3 construction support and well intervention vessel with 250-ton main crane, 2,000 square meter open deck space, moon pool and accommodation for 100 personnel	100%
ROV Support Vessel	2011	DP-2 dive and ROV support vessel with 50-ton crane, moon pool and accommodation for 120 personnel	100%*

* The increase in the economic interest in the third quarter of 2017 for the ROV support vessel reflects the transfer of the non-controlling interest to the Company as part of the settlement arrangement as more fully discussed in Note 2 and Note 8 of the Consolidated Financial Statements.

The following table presents our results of operations and reconciliation of net loss attributable to shareholders to Adjusted Net Loss for the Offshore Energy segment for the three and nine months ended September 30, 2017 and September 30, 2016:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(Dollar amounts in thousands)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Revenues						
Equipment leasing revenues						
Lease income	**$ 3,800**	$ 2,561	$ 1,239	**$ 7,295**	$ 3,216	$ 4,079
Finance lease income	**385**	403	(18)	**1,156**	1,212	(56)
Other revenue	**1,932**	5	1,927	**2,504**	5	2,499
Total revenues	**6,117**	2,969	3,148	**10,955**	4,433	6,522
Expenses						
Operating expenses	**5,103**	2,408	2,695	**12,661**	8,410	4,251
Depreciation and amortization	**1,607**	1,669	(62)	**4,820**	4,927	(107)
Interest expense	**946**	934	12	**2,800**	2,805	(5)
Total expenses	**7,656**	5,011	2,645	**20,281**	16,142	4,139
Other income (expense)						
Asset impairment	**—**	—	—	**—**	(7,450)	7,450
Interest income	**4**	4	—	**11**	9	2
Other income	**1,093**	—	1,093	**1,093**	—	1,093
Total other income (expense)	**1,097**	4	1,093	**1,104**	(7,441)	8,545
Loss before income taxes	**(442)**	(2,038)	1,596	**(8,222)**	(19,150)	10,928
Benefit from income taxes	**(5)**	—	(5)	**—**	—	—
Net loss	**(437)**	(2,038)	1,601	**(8,222)**	(19,150)	10,928
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**(62)**	(131)	69	**(526)**	(4,289)	3,763
Net loss attributable to shareholders	**$ (375)**	$ (1,907)	$ 1,532	**$ (7,696)**	$ (14,861)	$ 7,165
Add: Benefit from income taxes	**(5)**	—	(5)	**—**	—	—
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**—**	—	—	**—**	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	7,450	(7,450)
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Less: Cash payments for income taxes	**—**	—	—	**—**	—	—
Less: Equity in earnings of unconsolidated entities	**—**	—	—	**—**	—	—
Less: Non-controlling share of Adjusted Net Income [(1)]	**—**	—	—	**—**	(3,725)	3,725
Adjusted Net Loss	**$ (380)**	$ (1,907)	$ 1,527	**$ (7,696)**	$ (11,136)	$ 3,440

(1) Non-controlling share of Adjusted Net Loss is comprised of asset impairment of $0 and $3,725 for the nine months ended September 30, 2017 and 2016, respectively.

The following table sets forth a reconciliation of net loss attributable to shareholders to Adjusted EBITDA for the Offshore Energy segment for the three and nine months ended September 30, 2017 and September 30, 2016:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	Change	2017	2016	Change
(Dollar amounts in thousands)						
Net loss attributable to shareholders	**$ (375)**	$ (1,907)	$ 1,532	**$ (7,696)**	$ (14,861)	$ 7,165
Add: Benefit from income taxes	**(5)**	—	(5)	**—**	—	—
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**—**	—	—	**—**	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	7,450	(7,450)
Add: Incentive allocations	**—**	—	—	**—**	—	—
Add: Depreciation and amortization expense	**1,607**	1,669	(62)	**4,820**	4,927	(107)
Add: Interest expense	**946**	934	12	**2,800**	2,805	(5)
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	**—**	—	—	**—**	—	—
Less: Equity in earnings of unconsolidated entities	**—**	—	—	**—**	—	—
Less: Non-controlling share of Adjusted EBITDA [(2)]	**(61)**	(91)	30	**(247)**	(3,992)	3,745
Adjusted EBITDA (non-GAAP)	**$ 2,112**	$ 605	$ 1,507	**$ (323)**	$ (3,671)	$ 3,348

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[(2)] Non-controlling share of Adjusted EBITDA is comprised of the following items for the three months ended September 30, 2017 and 2016: (i) depreciation expense of $42 and $62, and (ii) interest expense of $19 and $29, respectively. Non-controlling share of Adjusted EBITDA is comprised of the following items for the nine months ended September 30, 2017 and 2016: (i) depreciation expense of $165 and $183, (ii) interest expense of $82 and $84, and (iii) asset impairment of $0 and $3,725, respectively.

Revenues

Total revenues in the Offshore Energy segment increased $3,148 and $6,522 in the three and nine months ended September 30, 2017 compared to the three and nine months ended September 30, 2016, respectively, primarily due to higher lease income and other revenue. Other revenue increased $1,927 and $2,499 in the three and nine months ended September 30, 2017 compared to the three and nine months ended September 30, 2016, respectively, relate to the crew and insurance reimbursement income for the offshore construction vessel. In the three and nine months ended September 30, 2017 both the offshore construction vessel and the ROV support vessel were on hire compared to the prior year periods when both the offshore construction vessel and ROV support vessel were subject to short term charter arrangements.

Expenses

Total expenses in the Offshore Energy segment increased $2,645 in the three months ended September 30, 2017 compared to the prior period primarily due to increases in operating expenses.

Operating expenses increased $2,695 in the three months ended September 30, 2017 compared to the prior year. The increase reflected higher (i) project costs of $673, (ii) mobilization costs of $524 (iii) crew costs of $516 (iv) legal fees of $403 and (vi) other operating expenses of $579.

During the three months ended September 30, 2017, there was $1,195 and $412 of depreciation expense related to the construction support vessel and ROV support vessel, respectively, flat compared to the prior period.

During the three months ended September 30, 2017, there was $916 and $30 of interest expense primarily related to financing for the construction support vessel and ROV support vessel, respectively, flat compared to the prior period.

For the nine months ended September 30, 2017, total expenses increased $4,139 compared to the prior period primarily due to increases in operating expenses.

Operating expenses increased $4,251 in the nine months ended September 30, 2017 compared to the prior period reflecting higher (i) legal fees of $1,839, (ii) crew costs of $1,370 (iii) project costs of $927 and (iv) other operating expenses of $115.

During the nine months ended September 30, 2017, there was $3,586 and $1,234 of depreciation expense related to the construction support vessel and ROV support vessel, respectively, flat compared to the prior period.

During the nine months ended September 30, 2017, there was $2,708 and $92 of interest expense primarily related to financing for the construction support vessel and ROV support vessel, respectively, flat compared to the prior period.

Other Income

Other Income in the Offshore Energy segment increased $1,093 and $8,545 in the three and nine months ended September 30, 2017 as compared to the three and nine months ended September 30, 2016, respectively, primarily due to transfer of interests from the non-controlling interest holder to the Company as settlement for a note receivable, resulting in a gain of $1,093 in the third quarter of 2017. Also, contributing to the change in the nine months ended was the net impact of the asset impairment recorded in the second quarter of 2016.

Adjusted Net Loss

Adjusted Net Loss decreased $1,527 and $3,440 in the three and nine months ended September 30, 2017 compared to the three and nine months ended September 30, 2016, respectively. The decrease in both periods is primarily due to the changes to net loss attributable to shareholders described above, with the addition of the net impact of the impairment recorded in the second quarter of 2016 contributing to the decrease in the nine months ended September 30, 2017.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA increased $1,507 and $3,348 in the three and nine months ended September 30, 2017, compared to the three and nine months ended September 30, 2016, respectively. The increase in both periods is primarily due to lower net loss attributable to shareholders of $1,532 and $7,165 in the three and nine months ended September 30, 2017, respectively, compared to the three months ended September 30, 2017. The increase in both periods was partially offset by a decrease in depreciation and amortization expense of $62 and $107 in the three and nine months ended September 30, 2017, respectively. The increase in the nine months ended September 30, 2017 was also partially offset by the asset impairment charge recorded during 2016, there was no asset impairment in 2017.

Shipping Containers Segment

In our Shipping Containers segment, we own, through a joint venture, interest in approximately 36,000 maritime shipping containers and related equipment through one portfolio. The chart below describes the assets in our Shipping Containers segment as of September 30, 2017:

Shipping Containers Assets					
Number of Containers	Type	Average Age	Lease Type	Customer Mix	Economic Interest (%)
36,000	20’ Dry 20’ Reefer 40’ Dry 40’ HC Dry 40’ HC Reefer	~9 Years	Direct Finance Lease/Operating Lease	5 Customers	51%

The following table presents our results of operations and reconciliation of Net (loss) income attributable to shareholders to Adjusted Net (Loss) Income for the Shipping Containers segment for the three and nine months ended September 30, 2017 and September 30, 2016:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(Dollar amounts in thousands)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Revenues						
Equipment leasing revenues						
Finance lease income	**$ —**	$ —	$ —	**$ —**	$ 1,112	$ (1,112)
Other revenue	**25**	25	—	**75**	75	—
Total revenues	**25**	25	—	**75**	1,187	(1,112)
Expenses						
Operating expenses	**8**	1	7	**8**	43	(35)
Interest expense	**—**	—	—	**—**	410	(410)
Total expenses	**8**	1	7	**8**	453	(445)
Other (expense) income						
Equity in earnings / (losses) of unconsolidated entities	**359**	(1,161)	1,520	**(316)**	(1,335)	1,019
Gain on sale of finance leases, net	**—**	—	—	**—**	304	(304)
Other expense	**—**	—	—	**—**	(2)	2
Total other income (expense)	**359**	(1,161)	1,520	**(316)**	(1,033)	717
Income (loss) before income taxes	**376**	(1,137)	1,513	**(249)**	(299)	50
Benefit from income taxes	**(10)**	(41)	31	**(44)**	(54)	10
Net (loss) income attributable to shareholders	**$ 386**	$ (1,096)	$ 1,482	**$ (205)**	$ (245)	$ 40
Add: Benefit from income taxes	**(10)**	(41)	31	**(44)**	(54)	10
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**—**	—	—	**—**	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	3	(3)
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted Net Income (Loss) from unconsolidated entities [(1)]	**313**	(1,207)	1,520	**(454)**	(1,444)	990
Add: Incentive allocations	**—**	—	—	**—**	—	—
Less: Cash payments for income taxes	**—**	—	—	**—**	—	—
Less: Equity in earnings / (losses) of unconsolidated entities	**(359)**	1,161	(1,520)	**316**	1,335	(1,019)
Less: Non-controlling share of Adjusted Net Income	**—**	—	—	**—**	—	—
Adjusted Net Income (Loss)	**$ 330**	$ (1,183)	$ 1,513	**$ (387)**	$ (405)	$ 18

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(1) Pro-rata share of Adjusted Net Income from unconsolidated entities includes Shipping's proportionate share of the unconsolidated entities' net income adjusted for the excluded and included items detailed in the table above.

The following table sets forth a reconciliation of net income (loss) attributable to shareholders to Adjusted EBITDA for the Shipping Containers segment for the three and nine months ended September 30, 2017 and September 30, 2016:

(Dollar amounts in thousands)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	Change
Net (loss) income attributable to shareholders	**$ 386**	$ (1,096)	$ 1,482	**$ (205)**	$ (245)	$ 40
Add: Benefit from income taxes	**(10)**	(41)	31	**(44)**	(54)	10
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**—**	—	—	**—**	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	3	(3)
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Add: Depreciation and amortization expense	**—**	—	—	**—**	—	—
Add: Interest expense	**—**	—	—	**—**	410	(410)
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities [(2)]	**509**	(287)	796	**936**	1,873	(937)
Less: Equity in earnings / (losses) of unconsolidated entities	**(359)**	1,161	(1,520)	**316**	1,335	(1,019)
Less: Non-controlling share of Adjusted EBITDA	**—**	—	—	**—**	—	—
Adjusted EBITDA (non-GAAP)	**$ 526**	$ (263)	$ 789	**$ 1,003**	$ 3,322	$ (2,319)

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(2) The Company's pro-rata share of Adjusted EBITDA from unconsolidated entities includes the following items for the three months ended September 30, 2017 and 2016: (i) net income (loss) of $313 and $(1,208), (ii) interest expense of $176 and $270, and (iii) depreciation and amortization expense of $20 and $651, respectively. The Company's pro-rata share of Adjusted EBITDA from unconsolidated entities includes the following items for the nine months ended September 30, 2017 and 2016: net loss of $454 and $1,475, offset by interest expense of $650 and $931, and depreciation and amortization expense of $740 and $2,417, respectively.

Revenues

Total revenues in the Shipping Containers segment were flat and decreased $1,112 in the three and nine months ended September 30, 2017 as compared to the three and nine months ended September 30, 2016, respectively. The decrease for the nine months ended September 30, 2017 compared to September 30, 2016 is primarily driven by the sale of 42,000 shipping containers that were subject to direct finance leases during the first quarter of 2016.

Expenses

Total expenses in the Shipping Containers segment increased $7 and decreased $445, in the three and nine months ended September 30, 2017 as compared to the three and nine months ended September 30, 2016, respectively. The decrease in the nine months ended September 30, 2017, primarily reflects lower interest expense of $410 due to lower principal balances on the term loans along with the termination of the term loan in conjunction with the sale of the shipping containers during the first quarter of 2016. Additionally, the sale of the 42,000 shipping containers resulted in a decrease in operating expense of $35 in the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016.

Other (Expense) Income

Total other income in the Shipping Containers segment increased $1,520 and $717 in the three and nine months ended September 30, 2017 as compared to the three and nine months ended September 30, 2016, respectively. This was primarily driven by income earned from our shipping container joint venture. Also contributing to the decrease in the nine months ended September 30, 2017 period was the gain on sale of direct finance leases of $304 from the sale of 42,000 shipping containers during the first quarter of 2016.

Adjusted Net (Loss) Income

Adjusted Net Income increased $1,513 in the three months ended September 30, 2017 as compared to the three months ended September 30, 2016, primarily due to the changes noted above.

Adjusted Net Loss decreased $18 in the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016, reflecting the changes noted above coupled with a decrease in the pro-rata share of Adjusted Net Loss from unconsolidated entities. These changes were mostly offset by the change in equity of losses of unconsolidated entities.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA was $526 and $1,003 in the three and nine months ended September 30, 2017, respectively, an increase of $789 and decrease of $2,319 as compared to the three and nine months ended September 30, 2016, respectively. The increase in the three months ended September 30, 2017 primarily reflects a higher net income partially offset by the change in equity in unconsolidated entities. The decrease in the nine months ended September 30, 2017 primarily reflects the change in equity in unconsolidated entities coupled with a lower pro-rata share of Adjusted EBITDA from unconsolidated entities. Also contributing to the decrease was finance lease income in the nine months ended September 30, 2016 driven by the sale of 42,000 shipping containers during the first quarter of 2016.

Jefferson Terminal Segment

The following table presents our results of operations and reconciliation of net loss attributable to shareholders to Adjusted Net Loss for the Jefferson Terminal segment for the three and nine months ended September 30, 2017 and September 30, 2016:

(Dollar amounts in thousands)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	Change
Revenues						
Infrastructure revenues						
Terminal services revenues	**$ 1,730**	$ 4,255	$ (2,525)	**$ 9,622**	$ 11,271	$ (1,649)
Total revenues	**1,730**	4,255	(2,525)	**9,622**	11,271	(1,649)
Expenses						
Operating expenses	**7,039**	6,796	243	**21,919**	16,182	5,737
Acquisition and transaction expenses	**—**	109	(109)	**—**	400	(400)
Depreciation and amortization	**3,978**	3,920	58	**11,885**	11,589	296
Interest expense	**1,408**	4,016	(2,608)	**4,283**	11,804	(7,521)
Total expenses	**12,425**	14,841	(2,416)	**38,087**	39,975	(1,888)
Other income (expense)						
Equity in losses of unconsolidated entities	**(24)**	—	(24)	**(99)**	—	(99)
Loss on extinguishment of debt	**—**	—	—	**—**	(1,579)	1,579
Interest income (expense)	**160**	196	(36)	**361**	69	292
Other income	**1,055**	485	570	**1,087**	585	502
Total other income (expense)	**1,191**	681	510	**1,349**	(925)	2,274
Loss before income taxes	**(9,504)**	(9,905)	401	**(27,116)**	(29,629)	2,513
(Benefit from) provision for income taxes	**(3)**	20	(23)	**31**	55	(24)
Net loss	**(9,501)**	(9,925)	424	**(27,147)**	(29,684)	2,537
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**(4,806)**	(4,241)	(565)	**(13,209)**	(12,522)	(687)
Net loss attributable to shareholders	**$ (4,695)**	$ (5,684)	$ 989	**$ (13,938)**	$ (17,162)	$ 3,224
Add: (Benefit from) provision for income taxes	**(3)**	20	(23)	**31**	55	(24)
Add: Equity-based compensation expense	**90**	—	90	**228**	(4,168)	4,396
Add: Acquisition and transaction expenses	**—**	109	(109)	**—**	400	(400)
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	1,579	(1,579)
Add: Changes in fair value of non-hedge derivative instruments	**(1,036)**	—	(1,036)	**(1,036)**	—	(1,036)
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted Net Loss from unconsolidated entities [(1)]	**(24)**	—	(24)	**(99)**	—	(99)
Add: Incentive allocations	**—**	—	—	**—**	—	—
Less: Cash payments for income taxes	**3**	—	3	**(79)**	(52)	(27)
Less: Equity in losses of unconsolidated entities	**24**	—	24	**99**	—	99
Less: Non-controlling share of Adjusted Net Loss[(2)]	**(440)**	(164)	(276)	**(475)**	853	(1,328)
Adjusted Net Loss	**$ (6,081)**	$ (5,719)	$ (362)	**$ (15,269)**	$ (18,495)	$ 3,226

[(1)] Pro-rata share of Adjusted Net Loss from unconsolidated entities includes Jefferson's proportionate share of the unconsolidated entities' net income adjusted for the excluded and included items detailed in the table above, for which there were no adjustments.

[(2)] Jefferson Terminal's non-controlling share of Adjusted Net Loss is comprised of the following for the three months ended September 30, 2017 and 2016: (i) equity-based compensation of $36 and $0, (ii) provision for income taxes of $(1) and $8, (iii) acquisition and transaction expenses of $0 and $156 and (iv) changes in fair value of non-hedge derivative instruments of $404 and $0, less (v) cash tax payments of $(1) and $0, respectively. Jefferson Terminal's non-controlling share of Adjusted Net Loss is comprised of the following for the nine months ended September 30, 2017 and 2016: (i) equity-based compensation of $90 and $(1,627), (ii) provision for income taxes of $12 and $22, (iii) acquisition and transaction expenses of $0 and $156, (iv) changes in fair value of non-hedge derivative instruments of $404 and $0, and (v) loss on extinguishment of debt of $0 and $616, less (iv) cash paid for income taxes of $31 and $20, respectively.

The following table sets forth a reconciliation of net loss attributable to shareholders to Adjusted EBITDA for the Jefferson Terminal segment for the three and nine months ended September 30, 2017 and September 30, 2016:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(Dollar amounts in thousands)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Net loss attributable to shareholders	**$ (4,695)**	$ (5,684)	$ 989	**$ (13,938)**	$ (17,162)	$ 3,224
Add: Provision for income taxes	**(3)**	20	(23)	**31**	55	(24)
Add: Equity-based compensation expense	**90**	—	90	**228**	(4,168)	4,396
Add: Acquisition and transaction expenses	**—**	109	(109)	**—**	400	(400)
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	1,579	(1,579)
Add: Changes in fair value of non-hedge derivative instruments	**(1,036)**	—	(1,036)	**(1,036)**	—	(1,036)
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Add: Depreciation and amortization expense	**3,978**	3,920	58	**11,885**	11,589	296
Add: Interest expense	**1,408**	4,016	(2,608)	**4,283**	11,804	(7,521)
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities [(3)]	**(24)**	—	(24)	**(99)**	—	(99)
Less: Equity in losses of unconsolidated entities	**24**	—	24	**99**	—	99
Less: Non-controlling share of Adjusted EBITDA [(4)]	**(2,439)**	(3,160)	721	**(6,509)**	(8,043)	1,534
Adjusted EBITDA (non-GAAP)	**$ (2,697)**	$ (779)	$ (1,918)	**$ (5,056)**	$ (3,946)	$ (1,110)

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(3) Jefferson Terminal's pro-rata share of Adjusted EBITDA from unconsolidated entities includes net loss of $24 and $0 for the three months ended September 30, 2017 and 2016, respectively. Jefferson Terminal's pro-rata share of Adjusted EBITDA from unconsolidated entities includes net loss of $99 and $0 for the nine months ended September 30, 2017 and 2016, respectively.

(4) Non-controlling share of Adjusted EBITDA is comprised of the following items for the three months ended September 30, 2017 and 2016: (i) equity-based compensation of $36 and $0, (ii) provision for income taxes of $(1) and $8, (iii) interest expense of $447 and $1,466, (iv) acquisition and transaction expenses of $0 and $156, (v) changes in fair value of non-hedge derivative instruments of $404 and $0, and (vi) depreciation and amortization expense of $1,553 and $1,530, respectively. Non-controlling share of Adjusted EBITDA is comprised of the following items for the nine months ended September 30, 2017 and 2016: (i) equity-based compensation of $90 and $(1,627), (ii) provision for income taxes of $12 and $22, (iii) interest expense of $1,364 and $4,353, (iv) loss on extinguishment of debt of $0 and $616, (v) acquisition and transaction expenses of $0 and $156, (vi) changes in fair value of non-hedge derivative instruments of $404 and $0, and (vii) depreciation and amortization expense of $4,639 and $4,523, respectively.

Revenues

Total revenues in the Jefferson Terminal segment decreased $2,525 and $1,649 in the three and nine months ended September 30, 2017 as compared to the three and nine months ended September 30, 2016, respectively, reflecting lower volumes, offset by the realization of deferred revenues.

Expenses

Total expenses in the Jefferson Terminal segment decreased $2,416 in the three months ended September 30, 2017 as compared to the three months ended September 30, 2016. The decrease is due to lower interest expense of $2,608 reflecting the capitalization of interest related to new construction projects in 2017. Partially offsetting the decrease was higher operating expenses of $243, which consisted of higher (i) compensation and benefit expense of $295, (ii) repairs and maintenance expense of $263, (iii) facility operations expense of $13, and (iv) other operating expenses of $82. These increases were partially offset by lower environmental expense of $410 reflecting remediation expense of an oil spill.

Total expenses decreased $1,888 in the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016, primarily due to lower interest expense of $7,521 reflecting the capitalization of interest related to new construction projects in 2017. Partially offsetting the decrease was higher operating expenses of $5,737. The increase reflects higher (i) compensation and benefits expense of $5,262, (ii) facility operations expense of $995, (iii) repairs and maintenance of $587, (iv) professional fees of $451, and (v) other operating expenses of $288. These increases were partially offset by $1,845 in lower environmental expenses which was the result of remediation expense relating to an oil spill that occurred during the nine months ended September 30, 2016.

Adjusted Net Loss

Adjusted Net Loss was $6,081 in the three months ended September 30, 2017, increasing $362 as compared to the three months ended September 30, 2016. The increase reflects the changes in net loss attributable to shareholders noted above, mostly offset by the change in the fair value of the non-hedge derivative instrument of $1,036.

Adjusted Net Loss was $15,269 in the nine months ended September 30, 2017, decreasing $3,226 as compared to the nine months ended September 30, 2016. The decrease reflects the changes in net loss attributable to shareholders noted above coupled with the increase in equity-based compensation of $4,396. This was partially offset by a decrease in losses on modification or extinguishment of debt of $1,579 coupled with a change in the fair value of the non-hedge derivative instrument of $1,036.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA was $(2,697) in the three months ended September 30, 2017, a decrease of $1,918 as compared to the three months ended September 30, 2016. The decrease primarily reflects lower interest expense of $2,608 and the change in fair value of the non-hedge derivative instrument of $1,036. Partially offsetting these decreases was an increase in the non-controlling share of Adjusted EBITDA of $721 coupled with the changes in net loss attributable to shareholders noted above.

Adjusted EBITDA was $(5,056) in the nine months ended September 30, 2017, a decrease of $1,110 as compared to the nine months ended September 30, 2016. The decrease reflects (i) lower interest expense of $7,521, (ii) losses on modification or extinguishment of debt of $1,579 and (iii) the change in the fair value of the non-hedge derivative instrument of $1,036. Partially offsetting these changes was an increase in equity-based compensation of $4,396 coupled with lower net loss attributable to shareholders of $3,224.

Railroad Segment

The following table presents our results of operations and reconciliation of net income attributable to shareholders to Adjusted Net Income for the Railroad segment for the three and nine months ended September 30, 2017 and September 30, 2016:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(Dollar amounts in thousands)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Revenues						
Infrastructure revenues						
Rail revenues	**$ 8,258**	$ 7,401	$ 857	**$ 24,323**	$ 23,107	$ 1,216
Total revenues	**8,258**	7,401	857	**24,323**	23,107	1,216
Expenses						
Operating expenses	**6,980**	6,514	466	**22,431**	21,004	1,427
Depreciation and amortization	**507**	411	96	**1,525**	1,471	54
Interest expense	**264**	182	82	**710**	536	174
Total expenses	**7,751**	7,107	644	**24,666**	23,011	1,655
Other (expense) income						
(Loss) Gain on sale of equipment, net	**(162)**	40	(202)	**(206)**	286	(492)
Total other (expense) income	**(162)**	40	(202)	**(206)**	286	(492)
Income (loss) before income taxes	**345**	334	11	**(549)**	382	(931)
Provision for income taxes	**—**	—	—	**—**	—	—
Net income (loss)	**345**	334	11	**(549)**	382	(931)
Less: Net income attributable to non-controlling interest in consolidated subsidiaries	**(104)**	14	(118)	**(43)**	11	(54)
Net income (loss) attributable to shareholders	**$ 449**	$ 320	$ 129	**$ (506)**	$ 371	$ (877)
Add: Provision for income taxes	**—**	—	—	**—**	—	—
Add: Equity-based compensation expense	**75**	28	47	**467**	350	117
Add: Acquisition and transaction expenses	**—**	—	—	**—**	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Less: Cash payments for income taxes	**—**	—	—	**—**	—	—
Less: Equity in earnings of unconsolidated entities	**—**	—	—	**—**	—	—
Less: Non-controlling share of Adjusted Net Income [1]	**(7)**	(6)	(1)	**(28)**	(19)	(9)
Adjusted Net Income (Loss)	**$ 517**	$ 342	$ 175	**$ (67)**	$ 702	$ (769)

[1] Non-controlling share of Adjusted Net Income is comprised of equity-based compensation of $7 and $6 for the three months ended September 30, 2017 and 2016, respectively. Non-controlling share of Adjusted Net Income is comprised of equity-based compensation of $28 and $19 for the nine months ended September 30, 2017 and 2016, respectively.

The following table sets forth a reconciliation of net income (loss) attributable to shareholders to Adjusted EBITDA for the Railroad segment for the three and nine months ended September 30, 2017 and September 30, 2016:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(Dollar amounts in thousands)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Net income (loss) attributable to shareholders	**$ 449**	$ 320	$ 129	**$ (506)**	$ 371	$ (877)
Add: Provision for income taxes	**—**	—	—	**—**	—	—
Add: Equity-based compensation expense	**75**	28	47	**467**	350	117
Add: Acquisition and transaction expenses	**—**	—	—	**—**	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Add: Depreciation and amortization expense	**507**	411	96	**1,525**	1,471	54
Add: Interest expense	**264**	182	82	**710**	536	174
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	**—**	—	—	**—**	—	—
Less: Equity in earnings of unconsolidated entities	**—**	—	—	**—**	—	—
Less: Non-controlling share of Adjusted EBITDA [2]	**(61)**	(59)	(2)	**(162)**	(128)	(34)
Adjusted EBITDA (non-GAAP)	**$ 1,234**	$ 882	$ 352	**$ 2,034**	$ 2,600	$ (566)

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[2] Non-controlling share of Adjusted EBITDA is comprised of the following items for the three months ended September 30, 2017 and 2016: (i) equity-based compensation of $7 and $6, (ii) interest expense of $19 and $15, and (iii) depreciation and amortization expense of $35 and $38, respectively. Non-controlling share of Adjusted EBITDA is comprised of the following items for the nine months ended September 30, 2017 and 2016: (i) equity-based compensation of $28 and $19, (ii) interest expense of $43 and $29, and (iii) depreciation and amortization expense of $91 and $80, respectively.

Revenues

Total revenues in the Railroad segment increased $857 in the three months ended September 30, 2017 compared to the same period of 2016 due to higher transportation revenue per car and the seasonal volume shift to energy products. The increase reflects $625 of higher freight transportation revenue and $284 in higher switching and other rail service revenue. Partially offsetting the increase was lower car hire income of $52.

Total revenues in the Railroad segment increased by $1,216 in the nine months ended September 30, 2017 compared to the same period of 2016 due to higher traffic and expanded service offerings to customers. The increase reflects $897 of higher freight transportation revenue and $495 in higher switching and other rail service revenue. Partially offsetting the increase was lower car hire income of $176.

Expenses

Total expenses in the Railroad segment increased $644 in the three months ended September 30, 2017 as compared to the three months ended September 30, 2016 primarily due to higher operating expenses. The increase in operating expenses of $466 reflects higher (i) general operating expense of $516 due to certain tax benefits taken in the three months ended September 30, 2016 not available in the three months ended September 30, 2017, (ii) compensation and benefits of $291 and (iii) fuel expense of $87. Partially offsetting these increases was lower (i) professional fees of $89, (ii) bad debt of $79 and (iii) other expenses of $260.

Total expenses in the Railroad segment increased $1,655 in the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016 primarily due to higher operating expenses. The increase in operating expenses of $1,427 reflects (i) general operating expense of $1,562 due to certain tax benefits taken in the nine months ended September 30, 2016 not available in the nine months ended September 30, 2017, (ii) an increase in compensation and benefits of $534 and (iii) fuel expense of $425. Partially offsetting these increases was lower (i) professional fees of $369, (ii) bad debt of $71 and (iii) other expenses of $654. Also contributing to the increase was $174 of increased interest expense related to borrowings under the CMQR Credit Agreement used to finance construction and improvements to the railroad.

Adjusted Net Income (Loss)

Adjusted Net Income increased $175 in the three months ended September 30, 2017 as compared to the three months ended September 30, 2016. In addition to the changes in net loss attributable to shareholders noted above, Adjusted Net Loss was impacted by higher equity-based compensation expense of $47.

Adjusted Net Income decreased $769 in the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016. In addition to the changes in net income (loss) attributable to shareholders noted above, Adjusted Net Income was impacted by higher equity-based compensation expense of $117.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA was $1,234 and $2,034 in the three and nine months ended September 30, 2017, respectively, increasing $352 and decreasing $566 as compared to the three and nine months ended September 30, 2016, respectively. In addition to the changes in net income (loss) attributable to shareholders noted above, Adjusted EBITDA was also impacted primarily by higher equity-based compensation expense of $47 and $117, and an increase in interest expense of $82 and $174, in the three and nine months ended September 30, 2017, respectively, as compared to the three and nine months ended September 30, 2016.

Ports and Terminals

The following table presents our results of operations and reconciliation of net loss attributable to shareholders to Adjusted Net Loss for Ports and Terminals for the three and nine months ended September 30, 2017 and September 30, 2016:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(Dollar amounts in thousands)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Revenues						
Infrastructure revenues						
Lease income	**$ 455**	$ 16	$ 439	**$ 594**	$ 16	$ 578
Other revenue	**303**	—	303	**303**	—	303
Total revenues	**758**	**16**	742	**897**	16	881
Expenses						
Operating expenses	**2,852**	417	2,435	**4,510**	417	4,093
Depreciation and amortization	**783**	—	783	**868**	—	868
Interest expense	**273**	284	(11)	**817**	284	533
Total expenses	**3,908**	701	3,207	**6,195**	701	5,494
Loss before income taxes	**(3,150)**	(685)	(2,465)	**(5,298)**	(685)	(4,613)
Provision for income taxes	**—**	4	(4)	**—**	5	(5)
Net loss	**(3,150)**	(689)	(2,461)	**(5,298)**	(690)	(4,608)
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**—**	(69)	69	**(483)**	(69)	(414)
Net loss attributable to shareholders	**$ (3,150)**	$ (620)	$ (2,530)	**$ (4,815)**	$ (621)	$ (4,194)
Add: Provision for income taxes	**—**	4	(4)	**—**	5	(5)
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**—**	—	—	**—**	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Less: Cash payments for income taxes	**—**	—	—	**—**	(5)	5
Less: Equity in earnings of unconsolidated entities	**—**	—	—	**—**	—	—
Less: Non-controlling share of Adjusted Net Income	**—**	—	—	**—**	—	—
Adjusted Net Loss	**$ (3,150)**	$ (616)	$ (2,534)	**$ (4,815)**	$ (621)	$ (4,194)

The following table sets forth a reconciliation of net loss attributable to shareholders to Adjusted EBITDA for Ports and Terminals for the three and nine months ended September 30, 2017 and September 30, 2016:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(Dollar amounts in thousands)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Net loss attributable to shareholders	**$ (3,150)**	$ (620)	$ (2,530)	**$ (4,815)**	$ (621)	$ (4,194)
Add: Benefit from income taxes	**—**	4	(4)	**—**	5	(5)
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**—**	—	—	**—**	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Depreciation and amortization expense	**783**	—	783	**868**	—	868
Add: Interest expense	**273**	284	(11)	**817**	284	533
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	**—**	—	—	**—**	—	—
Less: Equity in earnings of unconsolidated entities	**—**	—	—	**—**	—	—
Less: Non-controlling share of Adjusted EBITDA [1]	**—**	(28)	28	**—**	(28)	28
Adjusted EBITDA	**$ (2,094)**	$ (360)	$ (1,734)	**$ (3,130)**	$ (360)	$ (2,770)

[1] Non-controlling share of Adjusted EBITDA is comprised of the following items for the three months ended September 30, 2017 and 2016: (i) interest expense of $0 and $28, respectively. Non-controlling share of Adjusted EBITDA is comprised of the following items for the nine months ended September 30, 2017 and 2016: (i) interest expense of $0 and $28, respectively.

Revenues

For the three and nine months ended September 30, 2017, there was $455 and $594, respectively, of lease income from existing lease agreements acquired with the acquisitions of Repauno and Hannibal. For the three and nine months ended September 30, 2017, there was $303 of other revenue, relating to the reimbursement of costs from leases at Hannibal.

Expenses

Total expenses increased by $3,207 for the three months ended September 30, 2017 as compared to the three months ended September 30, 2016. The increase in expenses for the three months ended September 30, 2017 primarily consisted of increases in operating expenses of $2,435 , which consisted of (i) professional fees of $1,173 , (ii) facility operations of $772, (iii) compensation and benefits of $306, (iv) insurance expense of $79, and (v) other operating expenses of $105. There was depreciation expense of $783, due to the acquisition of Hannibal in the second quarter, as well as the placement of assets into service at Repauno during the third quarter of 2017.

Total expenses increased by $5,494 for the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016. The increase in expenses primarily consisted of increases in operating expenses of $4,093, which consisted of (i) professional fees of $1,323, (ii) facility operations of $879, (iii) compensation and benefits of $1,248, (iv) insurance expense of $159, and (v) other operating expenses of $484. There was depreciation expense of $868, due to the acquisition of Hannibal in the second quarter, as well as the placement of assets into service at Repauno during the third quarter of 2017. Interest expense increased by $533 in the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016 due to the payment obligation to the non-controlling interest holder as part of the Repauno purchase.

Adjusted Net Loss

Adjusted Net Loss increased by $2,534 and $4,194 for the three and nine months ended September 30, 2017, respectively, due to the changes in net loss attributable to shareholders noted above.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA was $(2,094) and $(3,130) for the three and nine months ended September 30, 2017, respectively. In addition to the changes in net loss attributable to shareholders noted above, Adjusted EBITDA for the three and nine months ended September 30, 2017 includes the impact of depreciation expense of $783 and $868, as well as interest expense of $273 and $817 as a result of interest expense related to an obligation payable to the non-controlling interest as part of the Repauno purchase, respectively.

Corporate

The following table presents our results of operations and reconciliation of net loss attributable to shareholders to Adjusted Net Loss for Corporate for the three and nine months ended September 30, 2017 and September 30, 2016:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(Dollar amounts in thousands)	**2017**	**2016**	**Change**	**2017**	**2016**	**Change**
Expenses						
Operating expenses	**$ —**	$ —	$ —	**$ —**	$ 6	$ (6)
General and administrative	**3,439**	3,205	234	**10,615**	9,154	1,461
Acquisition and transaction expenses	**1,726**	1,579	147	**4,788**	4,222	566
Management fees and incentive allocation to affiliate	**3,771**	4,146	(375)	**11,529**	12,725	(1,196)
Interest expense	**6,023**	—	6,023	**12,682**	—	12,682
Total expenses	**14,959**	8,930	6,029	**39,614**	26,107	13,507
Other expense						
Loss on extinguishment of debt	**—**	—	—	**(2,456)**	—	(2,456)
Total other expense	**—**	—	—	**(2,456)**	—	(2,456)
Loss before income taxes	**(14,959)**	(8,930)	(6,029)	**(42,070)**	(26,107)	(15,963)
Provision for income taxes	**—**	—	—	**—**	1	(1)
Net loss	**(14,959)**	(8,930)	(6,029)	**(42,070)**	(26,108)	(15,962)
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**—**	(3)	3	**—**	(9)	9
Net loss attributable to shareholders	**$ (14,959)**	$ (8,927)	$ (6,032)	**$ (42,070)**	$ (26,099)	$ (15,971)
Add: Provision for income taxes	**—**	—	—	**—**	1	(1)
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**1,726**	1,579	147	**4,788**	4,222	566
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**2,456**	—	2,456
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Less: Cash payments for income taxes	**(440)**	—	(440)	**(953)**	1	(954)
Less: Equity in earnings of unconsolidated entities	**—**	—	—	**—**	—	—
Less: Non-controlling share of Adjusted Net Income	**—**	—	—	**—**	—	—
Adjusted Net Loss	**$ (13,673)**	$ (7,348)	$ (6,325)	**$ (35,779)**	$ (21,875)	$ (13,904)

The following table sets forth a reconciliation of net loss attributable to shareholders to Adjusted EBITDA for Corporate for the three and nine months ended September 30, 2017 and September 30, 2016:

(Dollar amounts in thousands)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	Change
Net loss attributable to shareholders	**$ (14,959)**	$ (8,927)	$ (6,032)	**$ (42,070)**	$ (26,099)	$ (15,971)
Add: Provision for income taxes	**—**	—	—	**—**	1	(1)
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**1,726**	1,579	147	**4,788**	4,222	566
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**2,456**	—	2,456
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Add: Depreciation and amortization expense	**—**	—	—	**—**	—	—
Add: Interest expense	**6,023**	—	6,023	**12,682**	—	12,682
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	**—**	—	—	**—**	—	—
Less: Equity in earnings of unconsolidated entities	**—**	—	—	**—**	—	—
Less: Non-controlling share of Adjusted EBITDA	**—**	—	—	**—**	—	—
Adjusted EBITDA	**$ (7,210)**	$ (7,348)	$ 138	**$ (22,144)**	$ (21,876)	$ (268)

Expenses

Total expenses increased $6,029 in the three months ended September 30, 2017 as compared to the three months ended September 30, 2016. The increase primarily consists of interest expense of $6,023 on the Senior Notes issued in 2017 and an increase in acquisition and transaction expenses of $147 due to deal related expenses incurred. These increases were partially offset by a decrease in management fees to affiliate of $375 as the average value of total equity decreased during the period.

Total expenses increased $13,507 in the nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016. The increase primarily consists of interest expense of $12,682 on the Senior Notes issued in 2017. General and administrative costs increased $1,461 and reflected (i) $508 in higher reimbursement expenses to our Manager, (ii) $703 of higher professional fees, (iii) $270 of higher general corporate costs, and (iv) $20 of lower other general and administrative expenses. Partially offsetting these increases was lower management fees of $1,196 due to a decrease in the average value of total equity during the period.

Other Expenses

Total other expenses increased $2,456 in the nine months ended September 30, 2017 compared to the same period in 2016. The increase is due to a loss on extinguishment of debt.

Adjusted Net Loss

Adjusted Net Loss was $13,673 in the three months ended September 30, 2017, increasing by $6,325 as compared to the three months ended September 30, 2016. In addition to the changes in net loss attributable to shareholders noted above, Adjusted Net Loss was increased by acquisition and transaction expenses incurred for potential acquisition opportunities less cash payments for income taxes.

Adjusted Net Loss was $35,779 in the nine months ended September 30, 2017, increasing by $13,904, as compared to the nine months ended September 30, 2016. In addition to the changes in net loss attributable to shareholders noted above, Adjusted Net Loss was increased by the loss on extinguishment of debt, acquisition and transaction expenses incurred for potential acquisition opportunities less cash payments for income taxes.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA was $(7,210) for the three months ended September 30, 2017, increasing $138 compared to the same period in 2016. In addition to the changes in net loss attributable to shareholders noted above, Adjusted EBITDA was increased by acquisition and transaction expenses incurred for potential acquisition opportunities and interest expense of $6,023 related to the Senior Notes issued in March 2017.

Adjusted EBITDA was $(22,144) for the nine months ended September 30, 2017, decreasing $268 compared to the same period in 2016. In addition to the changes in net loss attributable to shareholders noted above, Adjusted EBITDA includes the impact of interest expense of $12,682 related to the Senior Notes issued in March 2017, $2,456 of a loss on extinguishment of debt and acquisition and transaction expenses incurred for potential acquisition opportunities.

Liquidity and Capital Resources

Our principal uses of liquidity have been and continue to be (i) acquisitions of transportation infrastructure and equipment, (ii) distributions to our shareholders, (iii) expenses associated with our operating activities, and (iv) debt service obligations associated with our investments (all dollar amounts are expressed in thousands).

- In the nine months ended September 30, 2017 and 2016, cash used for the purpose of making investments was $392,177 and $177,323, respectively.
- In the nine months ended September 30, 2017 and 2016, distributions to shareholders were $75,041 and $75,017, respectively, and no distributions were made to non-controlling interests.
- Uses of liquidity associated with our operating expenses are captured on a net basis in our cash flows from operating activities. Uses of liquidity associated with our debt obligations are captured in our cash flows from financing activities.

Our principal sources of liquidity to fund these uses have been and continue to be (i) revenues from our transportation infrastructure and equipment assets (including finance lease collections and maintenance reserve collections) net of operating expenses, (ii) proceeds from borrowings or the issuance of debt securities, (iii) distributions received from unconsolidated investees, (iv) proceeds from asset sales and (v) proceeds from the issuance of common shares.

- During the nine months ended September 30, 2017 and 2016, cash flows from operating activities, plus the principal collections on finance leases and maintenance reserve collections were $71,574 and $28,874, respectively.
- During the nine months ended September 30, 2017, additional borrowings were obtained in connection with the Term Loan of $97,163, net of deferred financing costs, the Revolving Credit Facility of $60,000, the CMQR Credit Agreement of $20,030 and the Senior Notes of $239,998, net of deferred financing costs and repayment of the Term Loan. We made total principal repayments of $22,623, primarily relating to the FTAI Pride Credit Agreement and the CMQR Credit Agreement. During nine months ended September 30, 2016, additional borrowings were obtained in connection with the Series 2016 Bonds of $99,858 and the CMQR Credit Agreement of $10,800. We made total principal repayments of $157,603 primarily related to the termination of the Jefferson Terminal Credit Agreement, and the pay down of loans associated with the sale of our shipping container portfolios in Q1 2016.
- During the nine months ended September 30, 2017 and 2016, we received $0 and $462 in cash distributions from our unconsolidated investees, respectively, of which $0, and $30 was included in cash flows from operating activities, respectively.
- During the nine months ended September 30, 2017 and 2016, proceeds from the sale of assets were $87,144 and $87,030, respectively.
- During the nine months ended September 30, 2017 and 2016, there were no capital contributions from shareholders and capital contributions from non-controlling interests were $0 and $7,433, respectively.

Our net cash provided by operating activities has been less than the amount of distributions to our shareholders. Our board of directors takes this and other factors into account as part of any decision to pay a dividend, and the timing and amount of any future dividend is subject to change at the discretion of our board of directors.

The Company is currently evaluating several potential Infrastructure and Equipment Leasing transactions, which could occur within the next 12 months. However, as of the date of this filing, none of these pipeline transactions or negotiations are definitive or included within the planned liquidity needs of the Company. We cannot assure you if or when any such transaction will be consummated or the terms of any such transaction.

The Company has a dividend reinvestment plan in place which allows shareholders to automatically reinvest dividends in the Company’s common shares. The plan became effective on February 24, 2017.

Historical Cash Flow

Comparison of the nine months ended September 30, 2017 and September 30, 2016

The following table compares the historical cash flow for the nine months ended September 30, 2017 and September 30, 2016:

	Nine Months Ended	
(Dollar amounts in thousands)	**September 30, 2017**	**September 30, 2016**
Cash Flow Data:		
Net cash provided by operating activities	**$ 52,443**	$ 15,662
Net cash used in investing activities	**$ (275,703)**	$ (88,004)
Net cash provided by (used in) financing activities	**$ 331,562**	$ (111,487)

Net cash provided by operating activities was $52,443 in the nine months ended September 30, 2017 as compared to $15,662 in the nine months ended September 30, 2016, representing a $36,781 increase. Net loss was $16,692 for the nine months ended September 30, 2017, compared $34,779 for the nine months ended September 30, 2016, an increase in net income of $18,087. The increase was also attributable to adjustments to reconcile net income which include an increase of (i) $4,513 of equity based compensation, (ii) $19,088 relating to depreciation and amortization, and (iii) $3,419 of gains on the sale of leasing equipment, offset by a decrease of $7,450 of asset impairment charges. The increase also includes the impact of the change in other assets of $14,665 due to cash receipts in the nine months ended September 30, 2017 for a maintenance right asset that was settled upon the redelivery of an aircraft and other receivables, offset by a decrease in other liabilities of $6,922 due to a decrease in deferred revenue.

Net cash used in investing activities was $275,703 in the nine months ended September 30, 2017 as compared to $88,004 in the nine months ended September 30, 2016, representing a $187,699 increase. Cash used in investing activities increased due to the acquisition of leasing equipment and lease intangibles of $154,210 in the Aviation Leasing segment, cash used for investments of $23,149, and the acquisition of property, plant and equipment of $39,001 mainly due to the acquisition of Hannibal, offset by an increase in proceeds from the sale of leasing equipment of $71,188 and change in restricted cash of $29,782 in nine months ended September 30, 2017 as compared to the nine months ended September 30, 2016. Additionally, cash used in investing activities increased due to a decrease in cash received for the sale of two finance leases, resulting in proceeds of $71,000 in the nine months ended September 30, 2016, as compared to the nine months ended September 30, 2017.

Net cash provided by financing activities was $331,562 in the nine months ended September 30, 2017 as compared to cash used in financing activities of $111,487 in the nine months ended September 30, 2016, representing a $443,049 increase. Such increase was attributable to (i) proceeds from borrowings under the Term Loan of $97,163, net of deferred financing costs, the Revolving Credit Facility of $60,000, the CMQR Credit Agreement of $20,030 and the Senior Notes of $239,998, net of deferred financing costs and repayment of the Term Loan, (ii) a decrease in the repayment of debt related to the termination of the Jefferson Terminal Credit Agreement and loans associated with the sale of our shipping containers in the nine months ended September 30, 2016, and (iii) an increase in receipt of maintenance deposits of $7,978, offset by a decrease in cash contributions from non-controlling interests of $7,433.

Funds Available for Distribution (Non-GAAP)

The Company uses Funds Available for Distribution (“FAD”) in evaluating its ability to meet its stated dividend policy. FAD is not a financial measure in accordance with GAAP. The GAAP measure most directly comparable to FAD is net cash provided by operating activities. The Company believes FAD is a useful metric for investors and analysts for similar purposes.

The Company defines FAD as: net cash provided by operating activities plus principal collections on finance leases, proceeds from sale of assets, and return of capital distributions from unconsolidated entities, less required payments on debt obligations and capital distributions to non-controlling interest, and excluding changes in working capital. The following table sets forth a reconciliation of Net Cash Provided by Operating Activities to FAD:

(Dollar amounts in thousands)	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Net Cash Provided by Operating Activities	**$ 52,443**	$ 15,662
Add: Principal Collections on Finance Leases	**347**	2,406
Add: Proceeds from sale of assets [(1)]	**87,144**	87,530
Add: Return of Capital Distributions from Unconsolidated Entities	**—**	432
Less: Required Payments on Debt Obligations [(2)]	**(8,368)**	(52,105)
Less: Capital Distributions to Non-Controlling Interest	**—**	—
Exclude: Changes in Working Capital	**(1,563)**	2,370
Funds Available for Distribution (FAD)	**$ 130,003**	$ 56,295

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[(1)] Proceeds from sale of assets for the nine months ended September 30, 2016 includes $500 received in December 2015 for a deposit on the sale of a commercial jet engine, which was completed in the nine months ended September 30, 2016.

[(2)] Required payments on debt obligations for the nine months ended September 30, 2017 excludes $100,000 repayment of the Term Loan and $14,255 repayment of the CMQR loan, and for the nine months ended September 30, 2016 excludes $98,750 repayment upon the termination of the Jefferson Terminal Credit Agreement and $6,748 repayment under the CMQR Credit Agreement, which were voluntary refinancings as repayment of these amounts were not required at such time.

Limitations

FAD is subject to a number of limitations and assumptions and there can be no assurance that the Company will generate FAD sufficient to meet its intended dividends. FAD has material limitations as a liquidity measure of the Company because such measure excludes items that are required elements of the Company's net cash provided by operating activities as described below. FAD should not be considered in isolation nor as a substitute for analysis of the Company's results of operations under GAAP, and it is not the only metric that should be considered in evaluating the Company's ability to meet its stated dividend policy. Specifically:

- FAD does not include equity capital called from the Company's existing limited partners, proceeds from any debt issuance or future equity offering, historical cash and cash equivalents and expected investments in the Company's operations.
- FAD does not give pro forma effect to prior acquisitions, certain of which cannot be quantified.
- While FAD reflects the cash inflows from sale of certain assets, FAD does not reflect the cash outflows to acquire assets as the Company relies on alternative sources of liquidity to fund such purchases.
- FAD does not reflect expenditures related to capital expenditures, acquisitions and other investments as the Company has multiple sources of liquidity and intends to fund these expenditures with future incurrences of indebtedness, additional capital contributions and/or future issuances of equity.
- FAD does not reflect any maintenance capital expenditures necessary to maintain the same level of cash generation from our capital investments.
- FAD does not reflect changes in working capital balances as management believes that changes in working capital are primarily driven by short term timing differences, which are not meaningful to the Company's distribution decisions.
- Management has significant discretion to make distributions, and the Company is not bound by any contractual provision that requires it to use cash for distributions.

If such factors were included in FAD, there can be no assurance that the results would be consistent with the Company's presentation of FAD.

Debt Obligations

Refer to Note 8 of the Consolidated Financial Statements for detail.

Contractual Obligations

The following table summarizes our future obligations, by period due, as of September 30, 2017, under our various contractual obligations and commitments. We had no off-balance sheet arrangements as of September 30, 2017.

(in thousands)	2017	2018	2019	2020	2021	Thereafter	Total
FTAI Pride Credit Agreement	$ —	$ 6,250	$ 47,743	$ —	$ —	$ —	$ 53,993
CMQR Credit Agreement	—	—	18,400	—	—	—	18,400
Revolving Credit Facility	—	—	60,000	—	—	—	60,000
Jefferson Bonds Payable	—	1,545	1,670	146,010	1,960	35,780	186,965
Senior Notes	—	—	—	—	—	350,000	350,000
Note payable to non-controlling interest	—	—	—	—	—	—	—
Total principal payments on loans and bonds payable	—	7,795	127,813	146,010	1,960	385,780	669,358
Total estimated interest payments [(1)]	16,035	23,741	32,707	30,518	21,215	22,063	146,279
Obligation to third-party (Repauno)	—	5,500	—	—	—	—	5,500
Operating lease obligations	1,950	6,616	6,200	5,186	4,061	73,318	97,331
Capital lease obligations	97	309	314	298	105	12	1,135
	2,047	6,925	6,514	5,484	4,166	73,330	98,466
Total contractual obligations	**$ 18,082**	**$ 43,961**	**$ 167,034**	**$ 182,012**	**$ 27,341**	**$ 481,173**	**$ 919,603**

[(1)] Estimated interest payments based on rates as of September 30, 2017.

We expect to meet our future short-term liquidity requirements through cash on hand and net cash provided by our current operations. We expect that our operating subsidiaries will generate sufficient cash flow to cover operating expenses and the payment of principal and interest on our indebtedness as they become due. We may elect to meet certain long-term liquidity requirements or to continue to pursue strategic opportunities through utilizing cash on hand, cash generated from our current operations and the issuance of securities in the future. Management believes adequate capital and borrowings are available from various sources to fund our commitments to the extent required.

Application of Critical Accounting Policies

Goodwill—The following is an update to the Company's Application of Critical Accounting Policies disclosure relating to goodwill which was presented in the Company's Form 10-K for the year ended December 31, 2016. This update should be read in conjunction with the disclosures made in that aforementioned Form 10-K, and relates to the Company's Jefferson Terminal.

Goodwill includes the excess of the purchase price over the fair value of the net tangible and intangible assets associated with the acquisitions of CMQR and Jefferson Terminal. The carrying amount of goodwill is approximately $116,584 as of September 30, 2017 and December 31, 2016.

The Company reviews the carrying values of goodwill at least annually to assess impairment since these assets are not amortized. An annual impairment review is conducted as of October 1st of each year. Additionally, the Company reviews the carrying value of goodwill whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The determination of fair value involves significant management judgment.

For an annual goodwill impairment assessment, an optional qualitative analysis may be performed. If the option is not elected or if it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then a two-step goodwill impairment test is performed to identify potential goodwill impairment and measure an impairment loss. A qualitative analysis was not elected for the years ended December 31, 2016 or December 31, 2015.

The first step of an impairment assessment compares the fair value of a respective reporting unit with its carrying amount, including goodwill. The estimate of fair value of the respective reporting unit is based on the best information available as of the date of assessment, which primarily incorporates certain factors including the Company's assumptions about operating results, business plans, income projections, anticipated future cash flows and market data. If the estimated fair value of the reporting unit is less than the carrying amount, a second step must be completed in order to determine the amount of goodwill impairment that should be recorded, if any.

For the purpose of performing the annual analysis, the Company's two reporting units subject to the test are the Jefferson Terminal and Railroad reporting units. The Company estimates the fair value of the reporting units using an income approach, specifically a discounted cash flow analysis. This analysis requires the Company to make significant assumptions and estimates about the extent and timing of future cash flows, discount rates and growth rates. The estimates and assumptions used consider historical performance if indicative of future performance, and are consistent with the assumptions used in determining future profit plans for the reporting units. The Company also utilizes valuation models and other financial ratios, which require the Company to make certain assumptions and estimates regarding the applicability of those models to its assets and businesses.

Although the Company believes the estimates of fair value are reasonable, the determination of certain valuation inputs is subject to management's judgment. Changes in these inputs, including as a result of events beyond our control, could materially affect the results of the impairment review. If the forecasted cash flows of the Jefferson Terminal and Railroad reporting units or other key inputs are negatively revised in the future, the estimated fair value of the Jefferson Terminal and Railroad reporting units could be adversely impacted, potentially leading to an impairment in the future that could materially affect the Company's operating results. Specifically, as it relates to the Jefferson Terminal segment, forecasted revenue is dependent on ramp-up of volumes under current contracts and the acquisition of additional storage contracts for both the heavy and light crude and refined products during 2018. The expansion of refineries in the Beaumont/Port Arthur area, as well as growing crude oil production in the U.S. and Canada, are expected to result in increased demand for storage on the U.S. Gulf Coast. Other assumptions that are significant in determination of the fair value of the reporting unit include the discount rate utilized in our discounted cash flow analysis of 15% and our terminal value growth rate of 3%.

For the year~~s~~ ended December 31, 2016, the Company's estimated fair value exceeded carrying value by approximately 10%, and there was no impairment of goodwill. We expect the Jefferson Terminal segment to generate positive Adjusted EBITDA during the first half of 2018. Furthermore, changes in any of the significant assumptions used, including the Company's timeline or ability to achieve its operating plan or adverse effects of market-driven factors, could materially affect the expected cash flows and may result in a material impairment charge.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of changes in value of a financial instrument, caused by fluctuations in interest rates and foreign exchange rates. Changes in these factors could cause fluctuations in our results of operations and cash flows. We are exposed to the market risks described below.

Interest Rate Risk

Interest rate risk is the exposure to loss resulting from changes in the level of interest rates and the spread between different interest rates. Interest rate risk is highly sensitive to many factors, including the U.S. government's monetary and tax policies, global economic factors and other factors beyond our control. We are exposed to changes in the level of interest rates and to changes in the relationship or spread between interest rates. Our primary interest rate exposure relates to our term loan arrangements.

Our borrowing agreements generally require payments based on a variable interest rate index, such as LIBOR. Therefore, to the extent our borrowing costs are not fixed, increases in interest rates may reduce our net income by increasing the cost of our debt without any corresponding increase in rents or cash flow from our finance leases. We manage our exposure to interest rate movements through the use of interest rate derivatives (interest rate swaps and caps). As a result, when market rates of interest change, there is generally not a material impact on our interest expense, future earnings or cash flows.

The following discussion about the potential effects of changes in interest rates is based on a sensitivity analysis, which models the effects of hypothetical interest rate shifts on our financial condition and results of operations. Although we believe a sensitivity analysis provides the most meaningful analysis permitted by the rules and regulations of the SEC, it is constrained by several factors, including the necessity to conduct the analysis based on a single point in time and by the inability to include the extraordinarily complex market reactions that normally would arise from the market shifts modeled. Although the following results of a sensitivity analysis for changes in interest rates may have some limited use as a benchmark, they should not be viewed as a forecast. This forward-looking disclosure also is selective in nature and addresses only the potential interest expense impacts on our financial instruments and, in particular, does not address the mark-to-market impact on our interest rate derivatives. It also does not include a variety of other potential factors that could affect our business as a result of changes in interest rates.

As of September 30, 2017, assuming we do not hedge our exposure to interest rate fluctuations related to our outstanding floating rate debt, a hypothetical 100-basis point increase/decrease in our variable interest rate on our borrowings would result in an interest expense increase/(decrease) of approximately $705 and $(690), respectively, over the next 12 months before the impact of interest rate derivatives.

Foreign Currency Exchange Risk

Our functional currency is U.S. dollars. All of our leasing arrangements are denominated in U.S. dollars. Currently, the majority of freight rail revenue is also denominated in U.S. dollars, but a portion is denominated in Canadian dollars. Although foreign exchange risk could arise from our operations in multiple jurisdictions, we do not have significant exposure to foreign currency risk as our leasing arrangements are denominated in U.S. dollars. All of our purchase agreements are negotiated in U.S. dollars, and we currently receive the majority of revenue in U.S. dollars. We pay substantially all of our expenses in U.S. dollars; however we pay some expenses in Canadian dollars. Because we currently receive the majority of our revenues in U.S. dollars and pay substantially all of our expenses in U.S. dollars, we do not expect a change in foreign exchange rates would have a significant impact on our results of operations or cash flows.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this report, an evaluation was carried out under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of its disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective as of and for the period covered by this report.

Internal Control over Financial Reporting

In addition, no change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during its most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

We are and may become involved in legal proceedings, including but not limited to regulatory investigations and inquiries, in the ordinary course of our business. Although we are unable to predict with certainty the eventual outcome of any litigation, regulatory investigation or inquiry, in the opinion of management, we do not expect our current and any threatened legal proceedings to have a material adverse effect on our business, financial position or results of operations. Given the inherent unpredictability of these types of proceedings, however, it is possible that future adverse outcomes could have a material adverse effect on our financial results.

Item 1A. Risk Factors

You should carefully consider the following risks and other information in this Form 10-Q in evaluating us and our common shares. Any of the following risks, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, could materially and adversely affect our results of operations or financial condition. The risk factors generally have been separated into the following categories: risks related to our business, risks related to our Manager, risks related to taxation and risks related to our common shares. However, these categories do overlap and should not be considered exclusive.

Risks Related to Our Business

Uncertainty relating to macroeconomic conditions may reduce the demand for our assets, result in non-performance of contracts by our lessees or charterers, limit our ability to obtain additional capital to finance new investments, or have other unforeseen negative effects.

Uncertainty and negative trends in general economic conditions in the United States and abroad, including significant tightening of credit markets and commodity price volatility, historically have created difficult operating environments for owners and operators in the transportation industry. Many factors, including factors that are beyond our control, may impact our operating results or financial condition and/or affect the lessees and charterers that form our customer base. For some years, the world has experienced weakened economic conditions and volatility following adverse changes in global capital markets. More recently, excess supply in oil and gas markets has put significant downward pressure on prices for these commodities, and may affect demand for assets used in production, refining and transportation of oil and gas. In particular, the significant decline in oil prices during 2016 has resulted in lower offshore exploration and production budgets worldwide, with industry experts predicting that offshore exploration and production spending will decrease by approximately 9% in 2017, as compared to 2016. These conditions have resulted in significant contraction, de-leveraging and reduced liquidity in the credit markets. A number of governments have implemented, or are considering implementing, a broad variety of governmental actions or new regulations for the financial markets. In addition, limitations on the availability of capital, higher costs of capital for financing expenditures or the desire to preserve liquidity, may cause our current or prospective customers to make reductions in future capital budgets and spending.

Further, demand for our assets is related to passenger and cargo traffic growth, which in turn is dependent on general business and economic conditions. Global economic downturns could have an adverse impact on passenger and cargo traffic levels and consequently our lessees' and charterers' business, which may in turn result in a significant reduction in revenues, earnings and cash flows, difficulties accessing capital and a deterioration in the value of our assets. We may also become exposed to increased credit risk from our customers and third parties who have obligations to us, which could result in increased non-performance of contracts by our lessees or charterers and adversely impact our business, prospects, financial condition, results of operations and cash flows.

The industries in which we operate have experienced periods of oversupply during which lease rates and asset values have declined, particularly during the recent economic downturn, and any future oversupply could materially adversely affect our results of operations and cash flows.

The oversupply of a specific asset is likely to depress the lease or charter rates for and the value of that type of asset and result in decreased utilization of our assets, and the industries in which we operate have experienced periods of oversupply during which rates and asset values have declined, particularly during the recent economic downturn. Factors that could lead to such oversupply include, without limitation:

- general demand for the type of assets that we purchase;
- general macroeconomic conditions, including market prices for commodities that our assets may serve;
- geopolitical events, including war, prolonged armed conflict and acts of terrorism;
- outbreaks of communicable diseases and natural disasters;
- governmental regulation;
- interest rates;
- the availability of credit;
- restructurings and bankruptcies of companies in the industries in which we operate, including our customers;
- manufacturer production levels and technological innovation;
- manufacturers merging or exiting the industry or ceasing to produce certain asset types;
- retirement and obsolescence of the assets that we own;
- our railroad infrastructure may be damaged, including by flooding and railroad derailments;
- increases in supply levels of assets in the market due to the sale or merging of operating lessors; and
- reintroduction of previously unused or dormant assets into the industries in which we operate.

These and other related factors are generally outside of our control and could lead to persistence of, or increase in, the oversupply of the types of assets that we acquire or decreased utilization of our assets, either of which could materially adversely affect our results of operations and cash flow. In addition, lessees may redeliver our assets to locations where there is oversupply, which may lead to additional repositioning costs for us if we move them to areas with higher demand. Positioning expenses vary depending on geographic location, distance, freight rates and other factors, and may not be fully covered by drop-off charges collected from the last lessees of the equipment or pick-up charges paid by the new lessees. Positioning expenses can be significant if a large portion of our assets are returned to locations with weak demand, which could materially adversely affect our business, prospects, financial condition, results of operations and cash flow.

There can be no assurance that any target returns will be achieved.

Our target returns for assets are targets only and are not forecasts of future profits. We develop target returns based on our Manager’s assessment of appropriate expectations for returns on assets and the ability of our Manager to enhance the return generated by those assets through active management. There can be no assurance that these assessments and expectations will be achieved and failure to achieve any or all of them may materially adversely impact our ability to achieve any target return with respect to any or all of our assets.

In addition, our target returns are based on estimates and assumptions regarding a number of other factors, including, without limitation, holding periods, the absence of material adverse events affecting specific investments (which could include, without limitation, natural disasters, terrorism, social unrest or civil disturbances), general and local economic and market conditions, changes in law, taxation, regulation or governmental policies and changes in the political approach to transportation investment, either generally or in specific countries in which we may invest or seek to invest. Many of these factors, as well as the other risks described elsewhere in this report, are beyond our control and all could adversely affect our ability to achieve a target return with respect to an asset. Further, target returns are targets for the return generated by specific assets and not by us. Numerous factors could prevent us from achieving similar returns, notwithstanding the performance of individual assets, including, without limitation, taxation and fees payable by us or our operating subsidiaries, including fees and incentive allocation payable to our Manager.

There can be no assurance that the returns generated by any of our assets will meet our target returns, or any other level of return, or that we will achieve or successfully implement our asset acquisition objectives, and failure to achieve the target return in respect of any of our assets could, among other things, have a material adverse effect on our business, prospects, financial condition, results of operations and cash flow. Further, even if the returns generated by individual assets meet target returns, there can be no assurance that the returns generated by other existing or future assets would do so, and the historical performance of the assets in our existing portfolio should not be considered as indicative of future results with respect to any assets.

Contractual defaults may adversely affect our business, prospects, financial condition, results of operations and cash flows by decreasing revenues and increasing storage, positioning, collection, recovery and lost equipment expenses.

The success of our business depends in large part on the success of the operators in the sectors in which we participate. Cash flows from our assets are substantially impacted by our ability to collect compensation and other amounts to be paid in respect of such assets from the customers with which we enter into leases, charters or other contractual arrangements. Inherent in the nature of the leases, charters and other arrangements for the use of such assets is the risk that we may not receive, or may experience delay in realizing, such amounts to be paid. While we target the entry into contracts with credit-worthy counterparties, no assurance can be given that such counterparties will perform their obligations during the term of the leases, charters or other contractual arrangements. In addition, when counterparties default, we may fail to recover all of our assets, and the assets we do recover may be returned in damaged condition or to locations where we will not be able to efficiently lease, charter or sell them. In most cases, we maintain, or require our lessees to maintain, certain insurances to cover the risk of damages or loss of our assets. However, these insurance policies may not be sufficient to protect us against a loss.

Depending on the specific sector, the risk of contractual defaults may be elevated due to excess capacity as a result of oversupply during the recent economic downturn. We lease assets to our customers pursuant to fixed-price contracts, and our customers then seek to utilize those assets to transport goods and provide services. If the price at which our customers receive for their transportation services decreases as a result of an oversupply in the marketplace, then our customers may be forced to reduce their prices in order to attract business (which may have an adverse effect on their ability to meet their contractual lease obligations to us), or may seek to renegotiate or terminate their contractual lease arrangements with us to pursue a lower-priced opportunity with another lessor, which may have a direct, adverse effect on us. See "-The industries in which we operate have experienced periods of oversupply during which lease rates and asset values have declined, particularly during the financial crisis, and any future oversupply could materially adversely affect our results of operations and cash flows." Any default by a material customer would have a significant impact on our profitability at the time the customer defaulted, which could materially adversely affect our operating results and growth prospects. In addition, some of our counterparties may reside in jurisdictions with legal and regulatory regimes that make it difficult and costly to enforce such counterparties' obligations.

We may not be able to renew or obtain new or favorable charters or leases, which could adversely affect our business, prospects, financial condition, results of operations and cash flows.

Our operating leases are subject to greater residual risk than direct finance leases because we will own the assets at the expiration of an operating lease term and we may be unable to renew existing charters or leases at favorable rates, or at all, or sell the leased or chartered assets, and the residual value of the asset may be lower than anticipated. In addition, our ability to renew existing charters or leases or obtain new charters or leases will also depend on prevailing market conditions, and upon expiration of the contracts governing the leasing or charter of the applicable assets, we may be exposed to increased volatility in terms of rates and contract provisions. For example, we do not currently have long-term charters for our construction support vessel and our ROV support vessel. Likewise, our customers may reduce their activity levels or seek to terminate or renegotiate their charters or leases with us. If we are not able to renew or obtain new charters or leases in direct continuation, or if new charters or leases are entered into at rates substantially below the existing rates or on terms otherwise less favorable compared to existing contractual terms, or if we are unable to sell assets for which we are unable to obtain new contracts or leases, our business, prospects, financial condition, results of operations and cash flows could be materially adversely affected.

If we acquire a high concentration of a particular type of asset, or concentrate our investments in a particular sector, our business, prospects, financial condition, results of operations and cash flows could be adversely affected by changes in market demand or problems specific to that asset or sector.

If we acquire a high concentration of a particular asset, or concentrate our investments in a particular sector, our business and financial results could be adversely affected by sector-specific or asset-specific factors. For example, if a particular sector experiences difficulties such as increased competition or oversupply, the operators we rely on as a lessor may be adversely affected and consequently our business and financial results may be similarly affected. If we acquire a high concentration of a particular asset and the market demand for a particular asset declines, it is redesigned or replaced by its manufacturer or it experiences design or technical problems, the value and rates relating to such asset may decline, and we may be unable to lease or charter such asset on favorable terms, if at all. Any decrease in the value and rates of our assets may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

We operate in highly competitive markets.

The business of acquiring transportation and transportation-related infrastructure assets is highly competitive. Market competition for opportunities includes traditional transportation and infrastructure companies, commercial and investment banks, as well as a growing number of non-traditional participants, such as hedge funds, private equity funds and other private investors, including Fortress-related entities. Some of these competitors may have access to greater amounts of capital and/or to capital that may be committed for longer periods of time or may have different return thresholds than us, and thus these competitors may have certain advantages not shared by us. In addition, competitors may have incurred, or may in the future incur, leverage to finance their debt investments at levels or on terms more favorable than those available to us. Strong competition for investment opportunities could result in fewer such opportunities for us, as certain of these competitors have established and are establishing investment vehicles that target the same types of assets that we intend to purchase.

In addition, some of our competitors may have longer operating histories, greater financial resources and lower costs of capital than us, and consequently, may be able to compete more effectively in one or more of our target markets. We likely will not always be able to compete successfully with our competitors and competitive pressures or other factors may also result in significant price competition, particularly during industry downturns, which could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Litigation to enforce our contracts and recover our assets has inherent uncertainties that are increased by the location of our assets in jurisdictions that have less developed legal systems.

While some of our contractual arrangements are governed by New York law and provide for the non-exclusive jurisdiction of the courts located in the state of New York, our ability to enforce our counterparties' obligations under such contractual arrangements is subject to applicable laws in the jurisdiction in which enforcement is sought. While some of our existing assets are used in specific jurisdictions, transportation and transportation-related infrastructure assets by their nature generally move throughout multiple jurisdictions in the ordinary course of business. As a result, it is not possible to predict, with any degree of certainty, the jurisdictions in which enforcement proceedings may be commenced. Litigation and enforcement proceedings have inherent uncertainties in any jurisdiction and are expensive. These uncertainties are enhanced in countries that have less developed legal systems where the interpretation of laws and regulations is not consistent, may be influenced by factors other than legal merits and may be cumbersome, time-consuming and even more expensive. For example, repossession from defaulting lessees may be difficult and more expensive in jurisdictions whose laws do not confer the same security interests and rights to creditors and lessors as those in the United States and where the legal system is not as well developed. As a result, the remedies available and the relative success and expedience of collection and enforcement proceedings with respect to the owned assets in various jurisdictions cannot be predicted. To the extent more of our business shifts to areas outside of the United States and Europe, such as China and Malaysia, it may become more difficult and expensive to enforce our rights and recover our assets.

Certain liens may arise on our assets.

Certain of our assets are currently subject to liens under separate financing arrangements entered into by certain subsidiaries in connection with acquisitions of assets. In the event of a default under such arrangements by the applicable subsidiary, the lenders thereunder would be permitted to take possession of or sell such assets. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources." In addition, our currently owned assets and assets that we purchase in the future may be subject to other liens based on the industry practices relating to such assets. Until they are discharged, these liens could impair our ability to repossess, re-lease or sell our assets, and to the extent our lessees or charterers do not comply with their obligations to discharge any liens on the applicable assets, we may find it necessary to pay the claims secured by such liens in order to repossess such assets. Such payments could materially adversely affect our operating results and growth prospects.

The values of the assets that we purchase may fluctuate due to various factors.

The fair market values of our assets may decrease or increase depending on a number of factors, including the prevailing level of charter or lease rates from time to time, general economic and market conditions affecting our target markets, type and age of assets, supply and demand for assets, competition, new governmental or other regulations and technological advances, all of which could impact our profitability and our ability to lease, charter, develop, operate, or sell such assets. In addition, our assets depreciate as they age and may generate lower revenues and cash flows. We must be able to replace such older, depreciated assets with newer assets, or our ability to maintain or increase our revenues and cash flows will decline. In addition, if we dispose of an asset for a price that is less than the depreciated book value of the asset on our balance sheet or if we determine that an asset's value has been impaired, we will recognize a related charge in our consolidated statement of operations and such charge could be material.

Our use of joint ventures or partnerships, and our Manager’s outsourcing of certain functions, may present unforeseen obstacles or costs.

We have acquired and may in the future acquire interests in certain assets in cooperation with third-party partners or co-investors through jointly-owned acquisition vehicles, joint ventures or other structures. In these co-investment situations, our ability to control the management of such assets depends upon the nature and terms of the joint arrangements with such partners and our relative ownership stake in the asset, each of which will be determined by negotiation at the time of the investment and the determination of which is subject to the discretion of our Manager. Depending on our Manager’s perception of the relative risks and rewards of a particular asset, our Manager may elect to acquire interests in structures that afford relatively little or no operational and/or management control to us. Such arrangements present risks not present with wholly-owned assets, such as the possibility that a co-investor becomes bankrupt, develops business interests or goals that conflict with our interests and goals in respect of the assets, all of which could materially adversely affect our business, prospects, financial condition, results of operations and cash flows.

In addition, our Manager expects to utilize third party contractors to perform services and functions related to the operation and leasing of our assets. These functions may include billing, collections, recovery and asset monitoring. Because we and our Manager do not directly control these third parties, there can be no assurance that the services they provide will be delivered at a level commensurate with our expectations, or at all. The failure of any such third party contractors to perform in accordance with our expectations could materially adversely affect our business, prospects, financial condition, results of operations and cash flows.

We are subject to the risks and costs of obsolescence of our assets.

Technological and other improvements expose us to the risk that certain of our assets may become technologically or commercially obsolete. For example, in our Aviation Leasing segment, as manufacturers introduce technological innovations and new types of aircraft, some of our assets could become less desirable to potential lessees. Such technological innovations may increase the rate of obsolescence of existing aircraft faster than currently anticipated by us. In addition, the imposition of increased regulation regarding stringent noise or emissions restrictions may make some of our aircraft less desirable and less valuable in the marketplace. In our Offshore Energy segment, development and construction of new, sophisticated, high-specification assets could cause our assets to become less desirable to potential charterers, and insurance rates may also increase with the age of a vessel, making older vessels less desirable to potential charterers. Any of these risks may adversely affect our ability to lease, charter or sell our assets on favorable terms, if at all, which could materially adversely affect our operating results and growth prospects.

The North American rail sector is a highly regulated industry and increased costs of compliance with, or liability for violation of, existing or future laws, regulations and other requirements could significantly increase our costs of doing business, thereby adversely affecting our profitability.

The rail sector is subject to extensive laws, regulations and other requirements including, but not limited to, those relating to the environment, safety, rates and charges, service obligations, employment, labor, immigration, minimum wages and overtime pay, health care and benefits, working conditions, public accessibility and other requirements. These laws and regulations are enforced by U.S. and Canadian federal agencies including the U.S. and Canadian Environmental Protection Agencies, the U.S. and Canadian Departments of Transportation (USDOT or Transport Canada), the Occupational Safety and Health Act (OSHA or Canadian provincial equivalents), the U.S. Federal Railroad Administration, or FRA, and the U.S. Surface Transportation Board, or STB, as well as numerous other state, provincial, local and federal agencies. Ongoing compliance with, or a violation of, these laws, regulations and other requirements could have a material adverse effect on our business, financial condition and results of operations.

We believe that our rail operations are in substantial compliance with applicable laws and regulations. However, these laws and regulations, and the interpretation or enforcement thereof, are subject to frequent change and varying interpretation by regulatory authorities, and we are unable to predict the ongoing cost to us of complying with these laws and regulations or the future impact of these laws and regulations on our operations. In addition, from time to time we are subject to inspections and investigations by various regulators. Violation of environmental or other laws, regulations and permits can result in the imposition of significant administrative, civil and criminal penalties, injunctions and construction bans or delays.

Legislation passed by the U.S. Congress or Canadian Parliament or new regulations issued by federal agencies can significantly affect the revenues, costs and profitability of our business. For instance, in December 2009, a proposed bill called the “Surface Transportation Board Reauthorization Act of 2009” was introduced in the Senate but not advanced. In addition, more recently proposed bills such as the “Rail Shipper Fairness Act of 2015,” if adopted, could increase government involvement in railroad pricing, service and operations and significantly change the federal regulatory framework of the railroad industry. Several of the changes under consideration could have a significant negative impact on FTAI’s ability to determine prices for rail services, meet service standards and could force a reduction in capital spending. Statutes imposing price constraints or affecting rail-to-rail competition could adversely affect FTAI’s profitability.

Under various U.S. and Canadian federal, state, provincial and local environmental requirements, as the owner or operator of terminals or other facilities, we may be liable for the costs of removal or remediation of contamination at or from our existing locations, whether we knew of, or were responsible for, the presence of such contamination. The failure to timely report and properly remediate contamination may subject us to liability to third parties and may adversely affect our ability to sell or rent our property or to borrow money using our property as collateral. Additionally, we may be liable for the costs of remediating third-party sites where hazardous substances from our operations have been transported for treatment or disposal, regardless of whether we own or operate that site. In the future, we may incur substantial expenditures for investigation or remediation of contamination that has not yet been discovered at our current or former locations or locations that we may acquire.

A discharge of hydrocarbons or hazardous substances into the environment associated with operating our rail assets could subject us to substantial expense, including the cost to recover the materials spilled, restore the affected natural resources, pay fines and penalties, and natural resource damages and claims made by employees, neighboring landowners, government authorities and other third parties, including for personal injury and property damage. We may experience future catastrophic sudden or gradual releases into the environment from our facilities or discover historical releases that were previously unidentified or not assessed. Although our inspection and testing programs are designed to prevent, detect and address any such releases promptly, the liabilities incurred due to any future releases into the environment from our assets, have the potential to substantially affect our business. Such events could also subject us to media and public scrutiny that could have a negative effect on our operations and also on the value of our common shares.

Our business could be adversely affected if service on the railroads is interrupted or if more stringent regulations are adopted regarding railcar design or the transportation of crude oil by rail.

As a result of hydraulic fracturing and other improvements in extraction technologies, there has been a substantial increase in the volume of crude oil and liquid hydrocarbons produced and transported in North America, and a geographic shift in that production versus historical production. The increase in volume and shift in geography has resulted in a growing percentage of crude oil being transported by rail. High-profile accidents involving crude-oil-carrying trains in Quebec, North Dakota and Virginia, and more recently in West Virginia and Illinois, have raised concerns about the environmental and safety risks associated with crude oil transport by rail and the associated risks arising from railcar design.

In May 2015, the DOT issued new production standards and operational controls for rail tank cars used in “High-Hazard Flammable Trains” (i.e., trains carrying commodities such as ethanol, crude oil and other flammable liquids). Similar standards have been adopted in Canada. The new standard applies for all cars manufactured after October 1, 2015, and existing tank cars must be retrofitted within the next three to eight years. The applicable operational controls include reduced speed restrictions, and maximum lengths on trains carrying these materials. Retrofitting our tank cars will be required under these new standards. While we may be able to pass some of these costs on to our customers, there may be costs that we cannot pass on to them. We continue to monitor the railcar regulatory landscape and remain in close contact with railcar suppliers and other industry stakeholders to stay informed of railcar regulation rulemaking developments. It is unclear how these regulations will impact the crude-by-rail industry, and any such impact would depend on a number of factors that are outside of our control. If, for example, overall volume of crude-by-rail decreases, or if we do not have access to a sufficient number of compliant cars to transport required volumes under our existing contracts, our operations may be negatively affected. This may lead to a decrease in revenues and other consequences.

The adoption of additional federal, state, provincial or local laws or regulations, including any voluntary measures by the rail industry regarding railcar design or crude oil and liquid hydrocarbon rail transport activities, or efforts by local communities to restrict or limit rail traffic involving crude oil, could affect our business by increasing compliance costs and decreasing demand for our services, which could adversely affect our financial position and cash flows. Moreover, any disruptions in the operations of railroads, including those due to shortages of railcars, weather-related problems, flooding, drought, accidents, mechanical difficulties, strikes, lockouts or bottlenecks, could adversely impact our customers’ ability to move their product and, as a result, could affect our business.

Our assets are exposed to unplanned interruptions caused by catastrophic events outside of our control which may disrupt our business and cause damage or losses that may not be adequately covered by insurance.

The operations of transportation and infrastructure projects are exposed to unplanned interruptions caused by significant catastrophic events, such as cyclones, earthquakes, landslides, floods, explosions, fires, major plant breakdowns, pipeline or electricity line ruptures or other disasters. Operational disruption, as well as supply disruption, could adversely impact the cash flows available from these assets. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged interruption may result in temporary or permanent loss of customers, substantial litigation or penalties for regulatory or contractual non-compliance, and any loss from such events may not be recoverable under relevant insurance policies. Although we believe that we are adequately insured against these types of events, either indirectly through our lessees or charterers or through our own insurance policies, no assurance can be given that the occurrence of any such event will not materially adversely affect us. In addition, if a lessee or charterer is not obligated to maintain sufficient insurance, we may incur the costs of additional insurance coverage during the related lease or charter. We can give no assurance that such insurance will be available at commercially reasonable rates, if at all.

Our assets generally require routine maintenance, and we may be exposed to unforeseen maintenance costs.

We may be exposed to unforeseen maintenance costs for our assets associated with a lessee's or charterer's failure to properly maintain the asset. We enter into leases and charters with respect to some of our assets pursuant to which the lessees are primarily responsible for many obligations, which generally include complying with all governmental requirements applicable to the lessee or charterer, including operational, maintenance, government agency oversight, registration requirements and other applicable directives. Failure of a lessee or charterer to perform required maintenance during the term of a lease or charter could result in a decrease in value of an asset, an inability to re-lease or charter an asset at favorable rates, if at all, or a potential inability to utilize an asset. Maintenance failures would also likely require us to incur maintenance and modification costs upon the termination of the applicable lease or charter; such costs to restore the asset to an acceptable condition prior to re-leasing, charter or sale could be substantial. Any failure by our lessees or charterers to meet their obligations to perform required scheduled maintenance or our inability to maintain our assets could materially adversely affect our business, prospects, financial condition, results of operations and cash flows.

Some of our customers operate in highly regulated industries and changes in laws or regulations, including laws with respect to international trade, may adversely affect our ability to lease, charter or sell our assets.

Some of our customers operate in highly regulated industries such as aviation and offshore energy. A number of our contractual arrangements-for example, our leasing aircraft engines or offshore energy equipment to third-party operators-require the operator (our customer) to obtain specific governmental or regulatory licenses, consents or approvals. These include consents for certain payments under such arrangements and for the export, import or re-export of the related assets. Failure by our customers or, in certain circumstances, by us, to obtain certain licenses and approvals could negatively affect our ability to conduct our business. In addition, the shipment of goods, services and technology across international borders subjects the operation of our assets to international trade laws and regulations. Moreover, many countries, including the United States, control the export and re-export of certain goods, services and technology and impose related export recordkeeping and reporting obligations. Governments also may impose economic sanctions against certain countries, persons and other entities that may restrict or prohibit transactions involving such countries, persons and entities. If any such regulations or sanctions affect the asset operators that are our customers, our business, prospects, financial condition, results of operations and cash flows may be materially adversely affected.

It is impossible to predict whether third parties will allege liability related to our purchase of the Montreal, Maine and Atlantic Railway ("MM&A") assets out of bankruptcy, including possible claims related to the July 6, 2013 train derailment near Lac-Mégantic, Quebec.

On July 6, 2013, prior to our ownership, a train carrying crude oil on the MM&A line derailed near Lac-Mégantic, Quebec which resulted in fires that claimed the lives of 47 individuals (the "Incident"). Approximately two million gallons of crude oil were either burned or released into the environment, including into the nearby Chaudière River. Prior to our acquisition of the MM&A assets in May and June 2014, we received written assurance from the Quebec Ministry of Sustainable Development, Environment, Wildlife and Parks that it would take full responsibility for the environmental clean-up and that it would not hold CMQR liable for any environmental damages or costs relating to clean-up or restoration of the affected area as a result of the Incident. While we don't anticipate any liability relating to the Incident, including liability for claims alleging personal injury, property damage or natural resource damages, there can be no assurance that such claims relating to the Incident will not arise in the future. No claims have been made or threatened against us as of September 30, 2017 and we do not anticipate any expenditures relating to environmental clean-up (including impacts to the Chaudière River) as a result of the Incident.

Certain of our assets are subject to purchase options held by the charterer or lessee of the asset which, if exercised, could reduce the size of our asset base and our future revenues.

We have granted purchase options to the charterers and lessees of certain of our assets. The market values of these assets may change from time to time depending on a number of factors, such as general economic and market conditions affecting the industries in which we operate, competition, cost of construction, governmental or other regulations, technological changes and prevailing levels of charter or lease rates from time to time. The purchase price under a purchase option may be less than the asset's market value at the time the option may be exercised. In addition, we may not be able to obtain a replacement asset for the price at which the asset is sold. In such cases, our business, prospects, financial condition, results of operations and cash flows may be materially adversely affected.

The profitability of our Offshore Energy segment may be impacted by the profitability of the offshore oil and gas industry generally, which is significantly affected by, among other things, volatile oil and gas prices.

Demand for assets in the Offshore Energy segment and our ability to secure charter contracts for our assets at favorable charter rates following expiry or termination of existing charters will depend, among other things, on the level of activity in the offshore oil and gas industry. The offshore oil and gas industry is cyclical and volatile, and demand for oil-service assets depends on, among other things, the level of development and activity in oil and gas exploration, as well as the identification and development of oil and gas reserves and production in offshore areas worldwide. The availability of high quality oil and gas prospects, exploration success, relative production costs, the stage of reservoir development, political concerns and regulatory requirements all affect the level of activity for charterers of oil-service vessels. Accordingly, oil and gas prices and market expectations of potential changes in these prices significantly affect the level of activity and demand for oil-service assets. Oil and gas prices can be extremely volatile (and have declined significantly in the last year) and are affected by numerous factors beyond the Company's control, such as: worldwide demand for oil and gas; costs of exploring, developing, producing and delivering oil and gas; expectations regarding future energy prices; the ability of the Organization of Petroleum Exporting Countries ("OPEC") to set and maintain production levels and impact pricing; the level of production in non-OPEC countries; governmental regulations and policies regarding development of oil and gas reserves; local and international political, economic and weather conditions; domestic and foreign tax policies; political and military conflicts in oil-producing and other countries; and the development and exploration of alternative fuels. Any reduction in the demand for our assets due to these or other factors could materially adversely affect our operating results and growth prospects.

Our Shipping Containers segment is affected by the lack of an international title registry for containers, which increases the risk of ownership disputes.

Although the Bureau International des Containers registers and allocates a unique four letter prefix to every container in accordance with International Standardization Organization ("ISO") standard 6346 (Freight container coding, identification and marking) there is no internationally recognized system of recordation or filing to evidence our title to containers nor is there an internationally recognized system for filing security interest in containers. While this has not historically had a material impact on our intermodal assets, the lack of a title recordation system with respect to containers could result in disputes with lessees, end-users, or third parties, such as creditors of end-users, who may improperly claim ownership of the containers, especially in countries with less developed legal systems.

Our international operations involve additional risks, which could adversely affect our business, prospects, financial condition, results of operations and cash flows.

We and our customers operate in various regions throughout the world. As a result, we may, directly or indirectly, be exposed to political and other uncertainties, including risks of:

- terrorist acts, armed hostilities, war and civil disturbances;
- acts of piracy;
- significant governmental influence over many aspects of local economies;
- seizure, nationalization or expropriation of property or equipment;
- repudiation, nullification, modification or renegotiation of contracts;
- limitations on insurance coverage, such as war risk coverage, in certain areas;
- political unrest;
- foreign and U.S. monetary policy and foreign currency fluctuations and devaluations;

- the inability to repatriate income or capital;
- complications associated with repairing and replacing equipment in remote locations;
- import-export quotas, wage and price controls, imposition of trade barriers;
- U.S. and foreign sanctions or trade embargoes;
- restrictions on the transfer of funds into or out of countries in which we operate;
- compliance with U.S. Treasury sanctions regulations restricting doing business with certain nations or specially designated nationals;
- regulatory or financial requirements to comply with foreign bureaucratic actions;
- compliance with applicable anti-corruption laws and regulations;
- changing taxation policies, including confiscatory taxation;
- other forms of government regulation and economic conditions that are beyond our control; and
- governmental corruption.

Any of these or other risks could adversely impact our customers' international operations which could materially adversely impact our operating results and growth opportunities.

We may make acquisitions in emerging markets throughout the world, and investments in emerging markets are subject to greater risks than developed markets and could adversely affect our business, prospects, financial condition, results of operations and cash flows.

To the extent that we acquire assets in emerging markets-which we may do throughout the world-additional risks may be encountered that could adversely affect our business. Emerging market countries have less developed economies and infrastructure and are often more vulnerable to economic and geopolitical challenges and may experience significant fluctuations in gross domestic product, interest rates and currency exchange rates, as well as civil disturbances, government instability, nationalization and expropriation of private assets and the imposition of taxes or other charges by government authorities. In addition, the currencies in which investments are denominated may be unstable, may be subject to significant depreciation and may not be freely convertible or may be subject to the imposition of other monetary or fiscal controls and restrictions.

Emerging markets are still in relatively early stages of their development and accordingly may not be highly or efficiently regulated. Moreover, emerging markets tend to be shallower and less liquid than more established markets which may adversely affect our ability to realize profits from our assets in emerging markets when we desire to do so or receive what we perceive to be their fair value in the event of a realization. In some cases, a market for realizing profits from an investment may not exist locally. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in more developed countries, thereby potentially increasing the risk of fraud and other deceptive practices. Settlement of transactions may be subject to greater delay and administrative uncertainties than in developed markets and less complete and reliable financial and other information may be available to investors in emerging markets than in developed markets. In addition, economic instability in emerging markets could adversely affect the value of our assets subject to leases or charters in such countries, or the ability of our lessees or charters, which operate in these markets, to meet their contractual obligations. As a result, lessees or charterers that operate in emerging market countries may be more likely to default under their contractual obligations than those that operate in developed countries. Liquidity and volatility limitations in these markets may also adversely affect our ability to dispose of our assets at the best price available or in a timely manner.

As we have and may continue to acquire assets located in emerging markets throughout the world, we may be exposed to any one or a combination of these risks, which could adversely affect our operating results.

We are actively evaluating acquisitions of assets and operating companies in other transportation and infrastructure sectors which could result in additional risks and uncertainties for our business and unexpected regulatory compliance costs.

While our existing portfolio consists of assets in the aviation, energy, intermodal transport and rail sectors, we are actively evaluating acquisitions of assets and operating companies in other sectors of the transportation and transportation-related infrastructure and equipment markets and we plan to be flexible as other attractive opportunities arise over time. To the extent we make acquisitions in other sectors, we will face numerous risks and uncertainties, including risks associated with the required investment of capital and other resources and with combining or integrating operational and management systems and controls. Entry into certain lines of business may subject us to new laws and regulations and may lead to increased litigation and regulatory risk. Many types of transportation assets, including certain rail, airport and seaport assets, are subject to registration requirements by U.S. governmental agencies, as well as foreign governments if such assets are to be used outside of the United States. Failing to register the assets, or losing such registration, could result in substantial penalties, forced liquidation of the assets and/or the inability to operate and, if applicable, lease the assets. We may need to incur significant costs to comply with the laws and regulations applicable to any such new acquisition. The failure to comply with these laws and regulations could cause us to incur significant costs, fines or penalties or require the assets to be removed from service for a period of time resulting in reduced income from these assets. In addition, if our acquisitions in other sectors produce insufficient revenues, or produce investment losses, or if we are unable to efficiently manage our expanded operations, our results of operations will be adversely affected, and our reputation and business may be harmed.

We may acquire operating businesses, including businesses whose operations are not fully matured and stabilized. These businesses may be subject to significant operating and development risks, including increased competition, cost overruns and delays, and difficulties in obtaining approvals or financing. These factors could materially affect our business, financial condition, liquidity and results of operations.

We have acquired, and may in the future acquire, operating businesses including businesses whose operations are not fully matured and stabilized (such as Jefferson Terminal). While we have deep experience in the construction and operation of these companies, we are nevertheless subject to significant risks and contingencies of an operating business, and these risks are greater where the operations of such businesses are not fully matured and stabilized. Key factors that may affect our operating businesses include, but are not limited to:

- competition from market participants;
- general economic and/or industry trends, including pricing for the products or services offered by our operating businesses;
- the issuance and/or continued availability of necessary permits, licenses, approvals and agreements from governmental agencies and third parties as are required to construct and operate such businesses;
- changes or deficiencies in the design or construction of development projects;
- unforeseen engineering, environmental or geological problems;
- potential increases in construction and operating costs due to changes in the cost and availability of fuel, power, materials and supplies;
- the availability and cost of skilled labor and equipment;
- our ability to enter into additional satisfactory agreements with contractors and to maintain good relationships with these contractors in order to construct development projects within our expected cost parameters and time frame, and the ability of those contractors to perform their obligations under the contracts and to maintain their creditworthiness;
- potential liability for injury or casualty losses which are not covered by insurance;
- potential opposition from non-governmental organizations, environmental groups, local or other groups which may delay or prevent development activities;
- local and economic conditions;
- changes in legal requirements; and
- force majeure events, including catastrophes and adverse weather conditions.

Any of these factors could materially affect our business, financial condition, liquidity and results of operations.

The agreements governing our indebtedness place restrictions on us and our subsidiaries, reducing operational flexibility and creating default risks.

The agreements governing our indebtedness, including the indenture governing our Senior Notes, contain covenants that place restrictions on us and our subsidiaries. The indenture governing our Senior Notes restricts, among other things, our and certain of our subsidiaries' ability to:

- merge, consolidate or transfer all, or substantially all, of our assets;
- incur additional debt or issue preferred stock;
- make certain investments or acquisitions;
- create liens on our or our subsidiaries' assets;
- sell assets;
- make distributions on or repurchase our stock;
- enter into transactions with affiliates; and
- create dividend restrictions and other payment restrictions that affect our subsidiaries.

These covenants could impair our ability to grow our business, take advantage of attractive business opportunities or successfully compete. A breach of any of these covenants could result in an event of default. Cross-default provisions in our debt agreements could cause an event of default under one debt agreement to trigger an event of default under our other debt agreements. Upon the occurrence of an event of default under any of our debt agreements, the lenders or holders thereof could elect to declare all outstanding debt under such agreements to be immediately due and payable.

Terrorist attacks could negatively impact our operations and our profitability and may expose us to liability and reputational damage.

Terrorist attacks may negatively affect our operations. Such attacks have contributed to economic instability in the United States and elsewhere, and further acts of terrorism, violence or war could similarly affect world trade and the industries in which we and our customers operate. In addition, terrorist attacks or hostilities may directly impact airports or aircraft, ports where our containers and vessels travel, or our physical facilities or those of our customers. In addition, it is also possible that our assets could be involved in a terrorist attack. The consequences of any terrorist attacks or hostilities are unpredictable, and we may not be able to foresee events that could have a material adverse effect on our operations. Although our lease and charter agreements generally require the counterparties to indemnify us against all damages arising out of the use of our assets, and we carry insurance to potentially offset any costs in the event that our customer indemnifications prove to be insufficient, our insurance does not cover certain types of terrorist attacks, and we may not be fully protected from liability or the reputational damage that could arise from a terrorist attack which utilizes our assets.

Because we are a recently formed company with a limited operating history, our historical financial and operating data may not be representative of our future results.

We are a recently formed limited liability company with a limited operating history. Our results of operations, financial condition and cash flows reflected in our consolidated financial statements may not be indicative of the results we would have achieved if we were a public company or results that may be achieved in future periods. Consequently, there can be no assurance that we will be able to generate sufficient income to pay our operating expenses and make satisfactory distributions to our shareholders, or any distributions at all. Further, we only make acquisitions identified by our Manager. As a result of this concentration of assets, our financial performance depends on the performance of our Manager in identifying target assets, the availability of opportunities falling within our asset acquisition strategy and the performance of those underlying assets.

Our leases and charters require payments in U.S. dollars, but many of our customers operate in other currencies; if foreign currencies devalue against the U.S. dollar, our lessees or charterers may be unable to meet their payment obligations to us in a timely manner.

Our current leases and charters require that payments be made in U.S. dollars. If the currency that our lessees or charterers typically use in operating their businesses devalues against the U.S. dollar, our lessees or charterers could encounter difficulties in making payments to us in U.S. dollars. Furthermore, many foreign countries have currency and exchange laws regulating international payments that may impede or prevent payments from being paid to us in U.S. dollars. Future leases or charters may provide for payments to be made in euros or other foreign currencies. Any change in the currency exchange rate that reduces the amount of U.S. dollars obtained by us upon conversion of future lease payments denominated in euros or other foreign currencies, may, if not appropriately hedged by us, have a material adverse effect on us and increase the volatility of our earnings.

Our inability to obtain sufficient capital would constrain our ability to grow our portfolio and to increase our revenues.

Our business is capital intensive, and we have used and may continue to employ leverage to finance our operations. Accordingly, our ability to successfully execute our business strategy and maintain our operations depends on the availability and cost of debt and equity capital. Additionally, our ability to borrow against our assets is dependent, in part, on the appraised value of such assets. If the appraised value of such assets declines, we may be required to reduce the principal outstanding under our debt facilities or otherwise be unable to incur new borrowings.

We can give no assurance that the capital we need will be available to us on favorable terms, or at all. Our inability to obtain sufficient capital, or to renew or expand our credit facilities, could result in increased funding costs and would limit our ability to:

- meet the terms and maturities of our existing and future debt facilities;
- purchase new assets or refinance existing assets;
- fund our working capital needs and maintain adequate liquidity; and
- finance other growth initiatives.

In addition, we conduct our operations so that neither we nor any of our subsidiaries are required to register as an investment company under the Investment Company Act of 1940 (the "Investment Company Act"). As such, certain forms of financing such as finance leases may not be available to us. Please see "- If we are deemed an investment company under the Investment Company Act, it could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows."

The effects of various environmental regulations may negatively affect the industries in which we operate which could have a material adverse effect on our financial condition, results of operations and cash flows.

We are subject to federal, state, local and foreign laws and regulations relating to the protection of the environment, including those governing the discharge of pollutants to air and water, the management and disposal of hazardous substances and wastes, the cleanup of contaminated sites and noise and emission levels. Under some environmental laws in the United States and certain other countries, strict liability may be imposed on the owners or operators of assets, which could render us liable for environmental and natural resource damages without regard to negligence or fault on our part. We could incur substantial costs, including cleanup costs, fines and third-party claims for property or natural resource damage and personal injury, as a result of violations of or liabilities under environmental laws and regulations in connection with our or our lessee's or charterer's current or historical operations, any of which could have a material adverse effect on our results of operations and financial condition. While we typically maintain liability insurance coverage and typically require our lessees to provide us with indemnity against certain losses, the insurance coverage is subject to large deductibles, limits on maximum coverage and significant exclusions and may not be sufficient or available to protect against any or all liabilities and such indemnities may not cover or be sufficient to protect us against losses arising from environmental damage. In addition, changes to environmental standards or regulations in the industries in which we operate could limit the economic life of the assets we acquire or reduce their value, and also require us to make significant additional investments in order to maintain compliance, which would negatively impact our cash flows and results of operations.

Our Repauno site and Hannibal property are subject to environmental laws and regulations that may expose us to significant costs and liabilities.

Our Repauno site is subject to on-going environmental investigation and remediation by the former owner of the property related to historic industrial operations. The former owner is responsible for completion of this work, and we benefit from a related indemnity and insurance policy. If the former owner fails to fulfill its investigation and remediation, or indemnity obligations and the related insurance, which are subject to limits and conditions, fail to cover our costs, we could incur losses. Redevelopment of the property in those areas undergoing investigation and remediation must await state environmental agency confirmation that no further investigation or remediation is required before redevelopment activities can occur in such areas of the property. Therefore, any delay in the former owner's completion of the environmental work or receipt of related approvals in an area of the property could delay our redevelopment activities. In addition, once received, permits and approvals may be subject to litigation, and projects may be delayed or approvals reversed or modified in litigation. If there is a delay in obtaining any required regulatory approval, it could delay projects and cause us to incur costs.

In connection with our acquisition of Hannibal, the former owner of the property is obligated to perform certain post-closing demolition activities, remove specified containers, equipment and structures and conduct investigation, removal, cleanup and decontamination related thereto. In addition, the former owner is responsible for on-going environmental remediation related to historic industrial operations on and off Hannibal. Pursuant to an order issued by the Ohio Environmental Protection Agency ("Ohio EPA"), the former owner is responsible for completing the removal and off-site disposal of electrolytic pots associated with the former use of Hannibal as an aluminum reduction plant. In addition, Hannibal is located adjacent to the former Ormet Corporation Superfund site (the "Ormet site"), which is owned and operated by the former owner of Hannibal. Pursuant to an order with the United States Environmental Protection Agency ("US EPA"), the former owner is obligated to pump groundwater that has been impacted by the adjacent Ormet site beneath our site and discharge it to the Ohio River and monitor the groundwater annually. Hannibal is also subject to an environmental covenant related to the adjacent Ormet site that, inter alia, restricts the use of groundwater beneath our site and requires US EPA consent for activities on Hannibal that could disrupt the groundwater monitoring or pumping. The former owner is contractually obligated to complete its regulatory obligations on Hannibal and we benefit from a related indemnity and insurance policy. If the former owner fails to fulfill its demolition, removal, investigation, remediation or monitoring obligations, or indemnity obligations and the related insurance, which are subject to limits and conditions, fail to cover our costs, we could incur losses. Redevelopment of the property in those areas undergoing investigation and remediation pursuant to the Ohio EPA order must await state environmental agency confirmation that no further investigation or remediation is required before redevelopment activities can occur in such area of the property. Therefore, any delay in the former owner's completion of the environmental work or receipt of related approvals or consents from Ohio EPA or US EPA could delay our redevelopment activities.

In addition, a portion of Hannibal is proposed for redevelopment as a combined cycle gas-fired electric generating facility. Although environmental investigations in that portion of the property have not identified material impacts to soils or groundwater that reasonably would be expected to prevent or delay redevelopment, impacted materials could be encountered during construction that require special handling and/or result in delays to the project. In addition, the construction of an electric generating plant will require environmental permits and approvals from federal, state and local environmental agencies. Once received, permits and approvals may be subject to litigation, and projects may be delayed or approvals reversed or modified in litigation. If there is a delay in obtaining any required regulatory approval, it could delay projects and cause us to incur costs.

Moreover, new, stricter environmental laws, regulations or enforcement policies, including those imposed in response to climate change, could be implemented that significantly increase our compliance costs, or require us to adopt more costly methods of operation. If we are not able to transform Repauno or Hannibal into hubs for industrial and energy development in a timely manner, their future prospects could be materially and adversely affected, which may have a material adverse effect on our business, operating results and financial condition.

If we are deemed an "investment company" under the Investment Company Act, it could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

We conduct our operations so that neither we nor any of our subsidiaries are required to register as an investment company under the Investment Company Act. Section 3(a)(1)(A) of the Investment Company Act defines an investment company as any issuer that is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the Investment Company Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. Excluded from the term "investment securities," among other things, are U.S. government securities and securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company for certain privately-offered investment vehicles set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

We are a holding company that is not an investment company because we are engaged in the business of holding securities of our wholly-owned and majority-owned subsidiaries, which are engaged in transportation and related businesses which lease assets pursuant to operating leases and finance leases. The Investment Company Act may limit our and our subsidiaries' ability to enter into financing leases and engage in other types of financial activity because less than 40% of the value of our and our subsidiaries' total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis can consist of "investment securities."

If we or any of our subsidiaries were required to register as an investment company under the Investment Company Act, the registered entity would become subject to substantial regulation that would significantly change our operations, and we would not be able to conduct our business as described in this report. We have not obtained a formal determination from the SEC as to our status under the Investment Company Act and, consequently, any violation of the Investment Company Act would subject us to material adverse consequences.

Risks Related to Our Manager

We are dependent on our Manager and other key personnel at Fortress and may not find suitable replacements if our Manager terminates the Management Agreement or if other key personnel depart.

Our officers and other individuals who perform services for us (other than Jefferson and CMQR employees) are employees of our Manager or other Fortress entities. We are completely reliant on our Manager, which has significant discretion as to the implementation of our operating policies and strategies, to conduct our business. We are subject to the risk that our Manager will terminate the Management Agreement and that we will not be able to find a suitable replacement for our Manager in a timely manner, at a reasonable cost, or at all. Furthermore, we are dependent on the services of certain key employees of our Manager and certain key employees of Fortress entities whose compensation is partially or entirely dependent upon the amount of management fees earned by our Manager or the incentive allocations distributed to the General Partner and whose continued service is not guaranteed, and the loss of such personnel or services could materially adversely affect our operations. We do not have key man insurance for any of the personnel of the Manager or other Fortress entities that are key to us. An inability to find a suitable replacement for any departing employee of our Manager or Fortress entities on a timely basis could materially adversely affect our ability to operate and grow our business.

In addition, our Manager may assign our Management Agreement to an entity whose business and operations are managed or supervised by Mr. Wesley R. Edens, who is a principal and a Co-Chairman of the board of directors of Fortress, an affiliate of our Manager, and a member of the management committee of Fortress since co-founding Fortress in May 1998. In the event of any such assignment to a non-affiliate of Fortress, the functions currently performed by our Manager's current personnel may be performed by others. We can give you no assurance that such personnel would manage our operations in the same manner as our Manager currently does, and the failure by the personnel of any such entity to acquire assets generating attractive risk-adjusted returns could have a material adverse effect on our business, financial condition, results of operations and cash flows.

On February 14, 2017, Fortress announced that it had entered into the Merger Agreement with SoftBank Parent and an affiliate of SoftBank, and SoftBank Merger Sub, pursuant to which SoftBank Merger Sub will merge with and into Fortress, with Fortress surviving as a wholly owned subsidiary of SoftBank Parent. While Fortress's senior investment professionals are expected to remain in place, including those individuals who perform services for us, there can be no assurance that the SoftBank merger will not have an impact on us or our relationship with the Manager.

There are conflicts of interest in our relationship with our Manager.

Our Management Agreement, the Partnership Agreement and our operating agreement were negotiated prior to our IPO and among affiliated parties, and their terms, including fees payable, may not be as favorable to us as if they had been negotiated after our IPO with an unaffiliated third-party.

There are conflicts of interest inherent in our relationship with our Manager insofar as our Manager and its affiliates - including investment funds, private investment funds, or businesses managed by our Manager, including Seacastle Ships Holdings Inc., Trac Intermodal and Florida East Coast Railway, L.L.C. - invest in transportation and transportation-related infrastructure assets and whose investment objectives overlap with our asset acquisition objectives. Certain opportunities appropriate for us may also be appropriate for one or more of these other investment vehicles. Certain members of our board of directors and employees of our Manager who are our officers also serve as officers and/or directors of these other entities. For example, we have some of the same directors and officers as Seacastle Ships Holdings Inc. and Trac Intermodal. Although we have the same Manager, we may compete with entities affiliated with our Manager or Fortress, including Seacastle Ships Holdings Inc. and Trac Intermodal, for certain target assets. From time to time, affiliates of Fortress focus on investments in assets with a similar profile as our target assets that we may seek to acquire. These affiliates may have meaningful purchasing capacity, which may change over time depending upon a variety of factors, including, but not limited to, available equity capital and debt financing, market conditions and cash on hand. Fortress has multiple existing and planned funds focused on investing in one or more of our target sectors, each with significant current or expected capital commitments. We may co-invest with these funds in transportation and transportation-related infrastructure assets. Fortress funds generally have a fee structure similar to ours, but the fees actually paid will vary depending on the size, terms and performance of each fund.

Our Management Agreement generally does not limit or restrict our Manager or its affiliates from engaging in any business or managing other pooled investment vehicles that invest in assets that meet our asset acquisition objectives. Our Manager intends to engage in additional transportation and infrastructure related management and transportation, infrastructure and other investment opportunities in the future, which may compete with us for investments or result in a change in our current investment strategy. In addition, our operating agreement provides that if Fortress or an affiliate or any of their officers, directors or employees acquire knowledge of a potential transaction that could be a corporate opportunity, they have no duty, to the fullest extent permitted by law, to offer such corporate opportunity to us, our shareholders or our affiliates. In the event that any of our directors and officers who is also a director, officer or employee of Fortress or its affiliates acquires knowledge of a corporate opportunity or is offered a corporate opportunity, provided that this knowledge was not acquired solely in such person's capacity as a director or officer of FTAI and such person acts in good faith, then to the fullest extent permitted by law such person is deemed to have fully satisfied such person's fiduciary duties owed to us and is not liable to us if Fortress or its affiliates pursues or acquires the corporate opportunity or if such person did not present the corporate opportunity to us.

The ability of our Manager and its officers and employees to engage in other business activities, subject to the terms of our Management Agreement, may reduce the amount of time our Manager, its officers or other employees spend managing us. In addition, we may engage (subject to our strategy) in material transactions with our Manager or another entity managed by our Manager or one of its affiliates, including Seacastle Ships Holdings Inc., Trac Intermodal and Florida East Coast Railway, L.L.C., which may include, but are not limited to, certain acquisitions, financing arrangements, purchases of debt, co-investments, consumer loans, servicing advances and other assets that present an actual, potential or perceived conflict of interest. Our board of directors adopted a policy regarding the approval of any "related person transactions" pursuant to which certain of the material transactions described above may require disclosure to, and approval by, the independent members of our board of directors. Actual, potential or perceived conflicts have given, and may in the future give, rise to investor dissatisfaction, litigation or regulatory inquiries or enforcement actions. Appropriately dealing with conflicts of interest is complex and difficult, and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with one or more potential, actual or perceived conflicts of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on our reputation, which could materially adversely affect our business in a number of ways, including causing an inability to raise additional funds, a reluctance of counterparties to do business with us, a decrease in the prices of our equity securities and a resulting increased risk of litigation and regulatory enforcement actions.

The structure of our Manager's and the General Partner's compensation arrangements may have unintended consequences for us. We have agreed to pay our Manager a management fee and the General Partner is entitled to receive incentive allocations from Holdco that are each based on different measures of performance. Consequently, there may be conflicts in the incentives of our Manager to generate attractive risk-adjusted returns for us. In addition, because the General Partner and our Manager are both affiliates of Fortress, the Income Incentive Allocation paid to the General Partner may cause our Manager to place undue emphasis on the maximization of earnings, including through the use of leverage, at the expense of other objectives, such as preservation of capital, to achieve higher incentive allocations. Investments with higher yield potential are generally riskier or more speculative than investments with lower yield potential. This could result in increased risk to the value of our portfolio of assets and our common shares.

Our directors have approved a broad asset acquisition strategy for our Manager and do not approve each acquisition we make at the direction of our Manager. In addition, we may change our strategy without a shareholder vote, which may result in our acquiring assets that are different, riskier or less profitable than our current assets.

Our Manager is authorized to follow a broad asset acquisition strategy. We may pursue other types of acquisitions as market conditions evolve. Our Manager makes decisions about our investments in accordance with broad investment guidelines adopted by our board of directors. Accordingly, we may, without a shareholder vote, change our target sectors and acquire a variety of assets that differ from, and are possibly riskier than, our current asset portfolio. Consequently, our Manager has great latitude in determining the types and categories of assets it may decide are proper investments for us, including the latitude to invest in types and categories of assets that may differ from those in our existing portfolio. Our directors will periodically review our strategy and our portfolio of assets. However, our board does not review or pre-approve each proposed acquisition or our related financing arrangements. In addition, in conducting periodic reviews, the directors rely primarily on information provided to them by our Manager. Furthermore, transactions entered into by our Manager may be difficult or impossible to reverse by the time they are reviewed by the directors even if the transactions contravene the terms of the Management Agreement. In addition, we may change our asset acquisition strategy, including our target asset classes, without a shareholder vote.

Our asset acquisition strategy may evolve in light of existing market conditions and investment opportunities, and this evolution may involve additional risks depending upon the nature of the assets we target and our ability to finance such assets on a short or long-term basis. Opportunities that present unattractive risk-return profiles relative to other available opportunities under particular market conditions may become relatively attractive under changed market conditions and changes in market conditions may therefore result in changes in the assets we target. Decisions to make acquisitions in new asset categories present risks that may be difficult for us to adequately assess and could therefore reduce or eliminate our ability to pay dividends on our common shares or have adverse effects on our liquidity or financial condition. A change in our asset acquisition strategy may also increase our exposure to interest rate, foreign currency or credit market fluctuations. In addition, a change in our asset acquisition strategy may increase our use of non-match-funded financing, increase the guarantee obligations we agree to incur or increase the number of transactions we enter into with affiliates. Our failure to accurately assess the risks inherent in new asset categories or the financing risks associated with such assets could adversely affect our results of operations and our financial condition.

Our Manager will not be liable to us for any acts or omissions performed in accordance with the Management Agreement, including with respect to the performance of our assets.

Pursuant to our Management Agreement, our Manager will not assume any responsibility other than to render the services called for thereunder in good faith and will not be responsible for any action of our board of directors in following or declining to follow its advice or recommendations. Our Manager, its members, managers, officers, employees, sub-advisers and any other person controlling or Manager, will not be liable to us or any of our subsidiaries, to our board of directors, or our or any subsidiary's shareholders or partners for any acts or omissions by our Manager, its members, managers, officers, employees, sub-advisers and any other person controlling or Manager, except liability to the Company, our shareholders, directors, officers and employees and persons controlling us, by reason of acts constituting bad faith, willful misconduct, gross negligence or reckless disregard of our Manager's duties under our Management Agreement. We will, to the full extent lawful, reimburse, indemnify and hold our Manager, its members, managers, officers and employees, sub-advisers and each other person, if any, controlling our Manager harmless of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including attorneys' fees) in respect of or arising from any acts or omissions of an indemnified party made in good faith in the performance of our Manager's duties under our Management Agreement and not constituting such indemnified party's bad faith, willful misconduct, gross negligence or reckless disregard of our Manager's duties under our Management Agreement.

Our Manager's due diligence of potential asset acquisitions or other transactions may not identify all pertinent risks, which could materially affect our business, financial condition, liquidity and results of operations.

Our Manager intends to conduct due diligence with respect to each asset acquisition opportunity or other transaction it pursues. It is possible, however, that our Manager's due diligence processes will not uncover all relevant facts, particularly with respect to any assets we acquire from third parties. In these cases, our Manager may be given limited access to information about the asset and will rely on information provided by the seller of the asset. In addition, if asset acquisition opportunities are scarce, the process for selecting bidders is competitive, or the timeframe in which we are required to complete diligence is short, our ability to conduct a due diligence investigation may be limited, and we would be required to make decisions based upon a less thorough diligence process than would otherwise be the case. Accordingly, transactions that initially appear to be viable may prove not to be over time, due to the limitations of the due diligence process or other factors.

Risks Related to Taxation

Shareholders may be subject to U.S. federal income tax on their share of our taxable income, regardless of whether they receive any cash dividends from us.

So long as we would not be required to register as an investment company under the Investment Company Act of 1940 if we were a U.S. Corporation and 90% of our gross income for each taxable year constitutes "qualifying income" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), on a continuing basis, FTAI will be treated, for U.S. federal income tax purposes, as a partnership and not as an association or publicly traded partnership taxable as a corporation. Shareholders may be subject to U.S. federal, state, local and possibly, in some cases, non-U.S. income taxation on their allocable share of our items of income, gain, loss, deduction and credit (including our allocable share of those items of Holdco or any other entity in which we invest that is treated as a partnership or is otherwise subject to tax on a flow through basis) for each of our taxable years ending with or within their taxable year, regardless of whether they receive cash dividends from us. Shareholders may not receive cash dividends equal to their allocable share of our net taxable income or even the tax liability that results from that income.

In addition, certain of our holdings, including holdings, if any, in a Controlled Foreign Corporation ("CFC") or a Passive Foreign Investment Company ("PFIC"), may produce taxable income prior to our receipt of cash relating to such income, and shareholders subject to U.S. federal income tax will be required to take such income into account in determining their taxable income.

Under our operating agreement, in the event of an inadvertent partnership termination in which the Internal Revenue Service ("IRS") has granted us limited relief, each shareholder also is obligated to make such adjustments as are required by the IRS to maintain our status as a partnership. Such adjustments may require shareholders to recognize additional amounts in income during the years in which they have held common shares. We may also be required to make payments to the IRS.

Tax gain or loss on a sale or other disposition of our common shares could be more or less than expected.

If a sale of our common shares by a shareholder is taxable in the United States, the shareholder will recognize gain or loss equal to the difference between the amount realized by such shareholder on such sale and such shareholder's adjusted tax basis in those shares. Prior distributions to such shareholder in excess of the total net taxable income allocated to such shareholder, which will have decreased such shareholder's adjusted tax basis in its shares, will effectively increase any gain recognized by such shareholder if the shares are sold at a price greater than such shareholder's adjusted tax basis in those shares, even if the price is less than their original cost to such shareholder. A portion of the amount realized, whether or not representing gain, may be treated as ordinary income to such shareholder.

Our ability to make distributions depends on our receiving sufficient cash distributions from our subsidiaries, and we cannot assure our shareholders that we will be able to make cash distributions to them in amounts that are sufficient to fund their tax liabilities.

Our subsidiaries may be subject to local taxes in each of the relevant territories and jurisdictions in which they operate, including taxes on income, profits or gains and withholding taxes. As a result, our funds available for distribution is indirectly reduced by such taxes, and the post-tax return to our shareholders is similarly reduced by such taxes.

In general, a shareholder that is subject to U.S. federal income tax must include in income its allocable share of FTAI's items of income, gain, loss, deduction, and credit (including, so long as FTAI is treated as a partnership for tax purposes, FTAI's allocable share of those items of Holdco and any pass-through subsidiaries of Holdco) for each of our taxable years ending with or within such shareholder's taxable year. However, the cash distributed to a shareholder may not be sufficient to pay the full amount of such shareholder's tax liability in respect of its investment in us, because each shareholder's tax liability depends on such shareholder's particular tax situation and the tax treatment of our underlying activities or assets.

If we are treated as a corporation for U.S. federal income tax purposes, the value of the shares could be adversely affected.

We have not requested, and do not plan to request, a ruling from the IRS on our treatment as a partnership for U.S. federal income tax purposes, or on any other matter affecting us. As of the date of the consummation of our initial public offering, under then current law and assuming full compliance with the terms of our operating agreement (and other relevant documents) and based upon factual statements and representations made by us, our outside counsel opined that we will be treated as a partnership, and not as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. However, opinions of counsel are not binding upon the IRS or any court, and the IRS may challenge this conclusion and a court may sustain such a challenge. The factual representations made by us upon which our outside counsel relied relate to our organization, operation, assets, activities, income, and present and future conduct of our operations. In general, if an entity that would otherwise be classified as a partnership for U.S. federal income tax purposes is a "publicly traded partnership" (as defined in the Code) it will be nonetheless treated as a corporation for U.S. federal income tax purposes, unless the exception described below, and upon which we intend to rely, applies. A publicly traded partnership will, however, be treated as a partnership, and not as a corporation for U.S. federal income tax purposes, so long as 90% or more of its gross income for each taxable year constitutes "qualifying income" within the meaning of the Code and it is not required to register as an investment company under the Investment Company Act of 1940. We refer to this exception as the "Qualifying Income Exception."

Qualifying income generally includes dividends, interest, capital gains from the sale or other disposition of stocks and securities and certain other forms of investment income. We currently expect that a substantial portion of our income will constitute either "Subpart F" income (defined below) derived from CFCs or QEF Inclusions (as defined below). While we believe that such income constitutes qualifying income, no assurance can be given that the IRS will agree with such position. We also believe that our return from investments will include interest, dividends, capital gains and other types of qualifying income, but no assurance can be given as to the types of income that will be earned in any given year.

If we fail to satisfy the Qualifying Income Exception, we would be required to pay U.S. federal income tax at regular corporate rates on our worldwide income. In addition, we would likely be liable for state and local income and/or franchise taxes on such income. Dividends to shareholders would constitute ordinary dividend income taxable to such shareholders to the extent of our earnings and profits, and the payment of these dividends would not be deductible by us. Taxation of us as a publicly traded partnership taxable as a corporation could result in a material adverse effect on our cash flow and the after-tax returns for shareholders and thus could result in a substantial reduction in the value of our common shares.

Non-U.S. Holders (defined below) should anticipate being required to file U.S. tax returns and may be required to pay U.S. tax solely on account of owning and disposing of our common shares.

In light of our intended investment activities, we may be, or may become, engaged in a U.S. trade or business for U.S. federal income tax purposes, in which case some portion of our income would be treated as effectively connected income with respect to Non-U.S. Holders. Moreover, we anticipate that, in the future, we will sell interests in U.S. real holding property corporations (each a "USRPHC") and therefore be deemed to be engaged in a U.S. trade or business for that reason at such time. If we were to realize gain from the sale or other disposition of a U.S. real property interest (including a USRPHC) or were otherwise engaged in a U.S. trade or business, Non-U.S. Holders generally would be required to file U.S. federal income tax returns and would be subject to U.S. federal withholding tax on their allocable share of the effectively connected income on gain at the highest marginal U.S. federal income tax rates applicable to ordinary income. Non-U.S. holders that are corporations may also be subject to a branch profits tax on their allocable share of such income. In addition, if we were treated as being engaged in a U.S. trade or business, a portion of any gain recognized by a Non-U.S. Holder on the sale or exchange of its common shares could be treated for U.S. federal income tax purposes as effectively connected income, and hence such Non-U.S. Holder could be subject to U.S. federal income tax on the sale or exchange. Accordingly, Non-U.S. Holders should anticipate being required to file U.S. tax returns and may be required to pay U.S. tax solely on account of owning our common shares.

Non-U.S. Holders that hold (or are deemed to hold) more than 5% of our common shares (or held, or were deemed to hold, more than 5% of our common shares) may be subject to U.S. federal income tax upon the disposition of some or all their common shares.

If a Non-U.S. Holder held more than 5% of our common shares at any time during the 5 year period preceding such Non-U.S. Holder's disposition of our common shares, and we were considered a USRPHC (determined as if we were a U.S. corporation) at any time during such 5 year period because of our current or previous ownership of U.S. real property interests above a certain threshold, such Non-U.S. Holder may be subject to U.S. tax on such disposition of our common shares (and may have a U.S. tax return filing obligation).

Tax-exempt shareholders may face certain adverse U.S. tax consequences from owning our common shares.

We are not required to manage our operations in a manner that would minimize the likelihood of generating income that would constitute "unrelated business taxable income" ("UBTI") to the extent allocated to a tax-exempt shareholder. Although we expect to invest through subsidiaries that are treated as corporations for U.S. federal income tax purposes and such corporate investments would generally not result in an allocation of UBTI to a shareholder on account of the activities of those subsidiaries, we may not invest through corporate subsidiaries in all cases. Moreover, UBTI includes income attributable to debt-financed property and we are not prohibited from debt financing our investments, including investments in subsidiaries. Furthermore, we are not prohibited from being (or causing a subsidiary to be) a guarantor of loans made to a subsidiary. If we (or certain of our subsidiaries) were treated as the borrower for U.S. tax purposes on account of those guarantees, some or all of our investments could be considered debt-financed property. The potential for income to be characterized as UBTI could make our common shares an unsuitable investment for a tax-exempt entity. Tax-exempt shareholders are urged to consult their tax advisors regarding the tax consequences of an investment in common shares.

We may hold or acquire certain investments through an entity classified as a PFIC or CFC for U.S. federal income tax purposes.

Certain of our investments may be in non-U.S. corporations or may be acquired through a non-U.S. subsidiary that would be classified as a corporation for U.S. federal income tax purposes. Such an entity may be a PFIC or a CFC for U.S. federal income tax purposes. U.S. Holders indirectly owning an interest in a PFIC or a CFC may experience adverse U.S. tax consequences.

If substantially all of the U.S. source rental income derived from aircraft or ships used to transport passengers or cargo in international traffic ("U.S. source international transport rental income") of any of our non-U.S. corporate subsidiaries is attributable to activities of personnel based in the United States, such subsidiary could be subject to U.S. federal income tax on a net income basis at regular tax rates, rather than at a rate of 4% on gross income, which would adversely affect our business and result in decreased funds available for distribution to our shareholders.

We expect that the U.S. source international transport rental income of our non-U.S. subsidiaries generally will be subject to U.S. federal income tax, on a gross income basis, at a rate of not in excess of 4% as provided in Section 887 of the Code. If, contrary to expectations, any of our non-U.S. subsidiaries that is treated as a corporation for U.S. federal income tax purposes did not comply with certain administrative guidelines of the IRS, such that 90% or more of such subsidiary's U.S. source international transport rental income were attributable to the activities of personnel based in the United States (in the case of bareboat leases) or from "regularly scheduled transportation" as defined is such administrative guidelines (in the case of time-charter leases), such subsidiary's U.S. source rental income would be treated as income effectively connected with a trade or business in the United States. In such case, such subsidiary's U.S. source international transport rental income would be subject to U.S. federal income tax at a maximum rate of 35%. In addition, such subsidiary would be subject to the U.S. federal branch profits tax on its effectively connected earnings and profits at a rate of 30%. The imposition of such taxes would adversely affect our business and would result in decreased funds available for distribution to our shareholders.

Our subsidiaries may become subject to unanticipated tax liabilities that may have a material adverse effect on our results of operations.

Our subsidiaries may be subject to income, withholding or other taxes in certain non-U.S. jurisdictions by reason of their activities and operations, where their assets are used, or where the lessees of their assets (or others in possession of their assets) are located, and it is also possible that taxing authorities in any such jurisdictions could assert that our subsidiaries are subject to greater taxation than we currently anticipate. For example, a portion of certain of our non-U.S. corporate subsidiaries' income is treated as effectively connected with a U.S. trade or business, and is accordingly subject to U.S. federal income tax. It is possible that the IRS could assert that a greater portion of any such non-U.S. subsidiaries' income is effectively connected income that should be subject to U.S. federal income tax.

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

The U.S. federal income tax treatment of our shareholders depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. Prospective investors should be aware that the U.S. federal income tax rules are constantly under review by persons involved in the legislative process, the IRS, and the U.S. Treasury Department, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. The IRS pays close attention to the proper application of tax laws to partnerships. The present U.S. federal income tax treatment of an investment in our common shares may be modified by administrative, legislative or judicial interpretation at any time, possibly on a retroactive basis, and any such action may affect our investments and commitments that were previously made, and could adversely affect the value of our shares or cause us to change the way we conduct our business.

Our organizational documents and agreements permit the board of directors to modify our operating agreement from time to time, without the consent of shareholders, in order to address certain changes in Treasury regulations, legislation or interpretation. In some circumstances, such revisions could have a material adverse impact on some or all shareholders. Moreover, we will apply certain assumptions and conventions in an attempt to comply with applicable rules and to report income, gain, deduction, loss and credit to shareholders in a manner that reflects such shareholders' beneficial ownership of partnership items, taking into account variation in ownership interests during each taxable year because of trading activity. However, these assumptions and conventions may not be in compliance with all aspects of applicable tax requirements. It is possible that the IRS will assert successfully that the conventions and assumptions used by us do not satisfy the technical requirements of the Code and/or Treasury regulations and could require that items of income, gain, deduction, loss or credit, including interest deductions, be adjusted, reallocated, or disallowed, in a manner that adversely affects shareholders.

We could incur a significant tax liability if the IRS successfully asserts that the "anti-stapling" rules apply to our investments in our non-U.S. and U.S. subsidiaries, which would adversely affect our business and result in decreased funds available for distribution to our shareholders.

If we were subject to the "anti-stapling" rules of Section 269B of the Code, we would incur a significant tax liability as a result of owning more than 50% of the value of both U.S. and non-U.S. corporate subsidiaries, whose equity interests constitute "stapled interests" that may only be transferred together. If the "anti-stapling" rules applied, our non-U.S. corporate subsidiaries that are treated as corporations for U.S. federal income tax purposes would be treated as U.S. corporations, which would cause those entities to be subject to U.S. federal corporate income tax on their worldwide income. Because we intend to separately manage and operate our non-U.S. and U.S. corporate subsidiaries and structure their business activities in a manner that would allow us to dispose of such subsidiaries separately, we do not expect that the "anti-stapling" rules will apply. However, there can be no assurance that the IRS would not successfully assert a contrary position, which would adversely affect our business and result in decreased funds available for distribution to our shareholders.

We cannot match transferors and transferees of our shares, and we have therefore adopted certain income tax accounting positions that may not conform with all aspects of applicable tax requirements. The IRS may challenge this treatment, which could adversely affect the value of our shares.

Because we cannot match transferors and transferees of our shares, we have adopted depreciation, amortization and other tax accounting positions that may not conform with all aspects of existing Treasury regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to our shareholders. It also could affect the timing of these tax benefits or the amount of gain on the sale of our common shares and could have a negative impact on the value of our common shares or result in audits of and adjustments to our shareholders' tax returns.

We may allocate items of income, gain, loss, and deduction using a monthly or other convention, whereby any such items we recognize in a given month are allocated to our shareholders as of a specified date of such month. As a result, if a shareholder transfers its common shares, it might be allocated income, gain, loss, and deduction realized by us after the date of the transfer. Similarly, if a shareholder acquires additional common shares, it might be allocated income, gain, loss, and deduction realized by us prior to its ownership of such common shares. Consequently, our shareholders may recognize income in excess of cash distributions received from us, and any income so included by a shareholder would increase the basis such shareholder has in it common shares and would offset any gain (or increase the amount of loss) realized by such shareholder on a subsequent disposition of its common shares.

The sale or exchange of 50% or more of our common shares within a 12-month period will result in our termination for U.S. federal income tax purposes.

We will be considered to have terminated as a partnership for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of our common shares within a 12-month period. Our termination would, among other things, result in the closing of our taxable year for all shareholders and could result in a deferral of depreciation and amortization deductions allowable in computing our taxable income.

Recently enacted legislation regarding U.S. federal income tax liability arising from IRS audits could adversely affect our shareholders.

For taxable years beginning on or after January 1, 2018, we will be liable for U.S. federal income tax liability arising from an IRS audit, unless certain alternative methods are available and we elect to use them. Under the new rules, it is possible that certain shareholders or we may be liable for taxes attributable to adjustments to our taxable income with respect to tax years that closed before such shareholders owned our shares. Accordingly, this new legislation may adversely affect certain shareholders in certain cases. This differs from the existing rules, which generally provide that tax adjustments only affect the persons who were shareholders in the tax year in which the item was reported on our tax return. The changes created by the new legislation are uncertain and in many respects depend on the promulgation of future regulations or other guidance by the U.S. Treasury Department or the IRS.

Risks Related to Our Common Shares

The market price and trading volume of our common shares may be volatile, which could result in rapid and substantial losses for our shareholders.

The market price of our common shares may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our common shares may fluctuate and cause significant price variations to occur. If the market price of our common shares declines significantly, you may be unable to resell your shares at or above your purchase price, if at all. The market price of our common shares may fluctuate or decline significantly in the future. Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our common shares include:

- a shift in our investor base;
- our quarterly or annual earnings, or those of other comparable companies;
- actual or anticipated fluctuations in our operating results;
- changes in accounting standards, policies, guidance, interpretations or principles;
- announcements by us or our competitors of significant investments, acquisitions or dispositions;
- the failure of securities analysts to cover our common shares;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and share price performance of other comparable companies;
- overall market fluctuations;
- general economic conditions; and
- developments in the markets and market sectors in which we participate.

Stock markets in the United States have experienced extreme price and volume fluctuations. Market fluctuations, as well as general political and economic conditions such as acts of terrorism, prolonged economic uncertainty, a recession or interest rate or currency rate fluctuations, could adversely affect the market price of our common shares.

We are an emerging growth company within the meaning of the JOBS Act, and due to our taking advantage of certain exemptions from various reporting requirements applicable to emerging growth companies, our common shares could be less attractive to investors.

We are an "emerging growth company" as defined in the JOBS Act. As such, we have taken advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. As a result, our shareholders may not have access to certain information they may deem important. We will remain an emerging growth company until the earliest of (a) the last day of the first fiscal year in which our annual gross revenues exceed $1.07 billion, (b) the last day of the fiscal year following the fifth anniversary of our initial public offering, (c) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common shares that are held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter or (d) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three-year period. Because we have taken advantage of each of these exemptions, investors may find our common shares less attractive as a result. The result may be a less active trading market for our common shares and our share price may be more volatile.

We are required by Section 404 of the Sarbanes-Oxley Act to evaluate the effectiveness of our internal controls, and the outcome of that effort may adversely affect our results of operations, financial condition and liquidity.

As a public company, we are required to comply with Section 404 of the Sarbanes-Oxley Act (the timing of when to comply with the auditor attestation requirements will be determined based on whether we take advantage of certain JOBS Act provisions applicable to emerging growth companies). Section 404 requires that we evaluate our internal control over financial reporting to enable management to report on the effectiveness of those controls. We have undertaken a review of our internal controls and procedures. The outcome of our review may adversely affect our results of operations, financial condition and liquidity. During the course of our review, we may identify control deficiencies of varying degrees of severity, and we may incur significant costs to remediate those deficiencies or otherwise improve our internal controls. As a public company, we are required to report control deficiencies that constitute a “material weakness” in our internal control over financial reporting. Furthermore, if we discover a material weakness, our share price could decline and our ability to raise capital could be impaired.

Your percentage ownership in us may be diluted in the future.

Your percentage ownership in FTAI may be diluted in the future because of equity awards that may be granted to our Manager pursuant to our Management Agreement. Upon the successful completion of an offering of our common shares or other equity securities (including securities issued as consideration in an acquisition), we will grant our Manager options to purchase common shares in an amount equal to 10% of the number of common shares being sold in such offering (or if the issuance relates to equity securities other than our common shares, options to purchase a number of common shares equal to 10% of the gross capital raised in the equity issuance divided by the fair market value of a common share as of the date of the issuance), with an exercise price equal to the offering price per share paid by the public or other ultimate purchaser or attributed to such securities in connection with an acquisition (or the fair market value of a common share as of the date of the equity issuance if it relates to equity securities other than our common shares), and any such offering or the exercise of the option in connection with such offering would cause dilution.

Our board of directors has adopted the Fortress Transportation and Infrastructure Investors Nonqualified Stock Option and Incentive Award Plan (the “Incentive Plan”) which provides for the grant of equity-based awards, including restricted stock, stock options, stock appreciation rights, performance awards, restricted stock units, tandem awards and other equity-based and non-equity based awards, in each case to our Manager, to the directors, officers, employees, service providers, consultants and advisors of our Manager who perform services for us, and to our directors, officers, employees, service providers, consultants and advisors. We have initially reserved 30,000,000 common shares for issuance under the Incentive Plan; on the date of any equity issuance by the Company during the ten-year term of the Incentive Plan (including in respect of securities issued as consideration in an acquisition), the maximum number of shares available for issuance under the Plan will be increased to include an additional number of common shares equal to ten percent (10%) of either (i) the total number of common shares newly issued by the Company in such equity issuance or (ii) if such equity issuance relates to equity securities other than our common shares, a number of our common shares equal to 10% of (i) the gross capital raised in an equity issuance of equity securities other than common shares during the ten-year term of the Incentive Plan, divided by (ii) the fair market value of a common share as of the date of such equity issuance.

Sales or issuances of shares of our common shares could adversely affect the market price of our common shares.

Sales of substantial amounts of shares of our common shares in the public market, or the perception that such sales might occur, could adversely affect the market price of our common shares. The issuance of our common shares in connection with property, portfolio or business acquisitions or the exercise of outstanding options or otherwise could also have an adverse effect on the market price of our common shares.

The incurrence or issuance of debt, which ranks senior to our common shares upon our liquidation, and future issuances of equity or equity-related securities, which would dilute the holdings of our existing common shareholders and may be senior to our common shares for the purposes of making distributions, periodically or upon liquidation, may negatively affect the market price of our common shares.

We have incurred and may in the future incur or issue debt or issue equity or equity-related securities to finance our operations. Upon our liquidation, lenders and holders of our debt and holders of our preferred shares (if any) would receive a distribution of our available assets before common shareholders. Any future incurrence or issuance of debt would increase our interest cost and could adversely affect our results of operations and cash flows. We are not required to offer any additional equity securities to existing common shareholders on a preemptive basis. Therefore, additional issuances of common shares, directly or through convertible or exchangeable securities (including limited partnership interests in our operating partnership), warrants or options, will dilute the holdings of our existing common shareholders and such issuances, or the perception of such issuances, may reduce the market price of our common shares. Any preferred shares issued by us would likely have a preference on distribution payments, periodically or upon liquidation, which could eliminate or otherwise limit our ability to make distributions to common shareholders. Because our decision to incur or issue debt or issue equity or equity-related securities in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, nature or success of our future capital raising efforts. Thus, common shareholders bear the risk that our future incurrence or issuance of debt or issuance of equity or equity-related securities will adversely affect the market price of our common shares.

Our determination of how much leverage to use to finance our acquisitions may adversely affect our return on our assets and may reduce funds available for distribution.

We utilize leverage to finance many of our asset acquisitions, which entitles certain lenders to cash flows prior to retaining a return on our assets. While our Manager targets using only what we believe to be reasonable leverage, our strategy does not limit the amount of leverage we may incur with respect to any specific asset. The return we are able to earn on our assets and funds available for distribution to our shareholders may be significantly reduced due to changes in market conditions, which may cause the cost of our financing to increase relative to the income that can be derived from our assets.

While we currently intend to pay regular quarterly dividends to our shareholders, we may change our dividend policy at any time.

Although we currently intend to pay regular quarterly dividends to holders of our common shares, we may change our dividend policy at any time. Our net cash provided by operating activities has been less than the amount of distributions to our shareholders. The declaration and payment of dividends to holders of our common shares will be at the discretion of our board of directors in accordance with applicable law after taking into account various factors, including actual results of operations, liquidity and financial condition, net cash provided by operating activities, restrictions imposed by applicable law, our taxable income, our operating expenses and other factors our board of directors deem relevant. Our long term goal is to maintain a payout ratio of between 50-60% of funds available for distribution, with remaining amounts used primarily to fund our future acquisitions and opportunities. There can be no assurance that we will continue to pay dividends in amounts or on a basis consistent with prior distributions to our investors, if at all. Because we are a holding company and have no direct operations, we will only be able to pay dividends from our available cash on hand and any funds we receive from our subsidiaries and our ability to receive distributions from our subsidiaries may be limited by the financing agreements to which they are subject. In addition, pursuant to the Partnership Agreement, the General Partner will be entitled to receive incentive allocations before any amounts are distributed by the Company based both on our consolidated net income and capital gains income in each fiscal quarter and for each fiscal year, respectively.

Anti-takeover provisions in our operating agreement and Delaware law could delay or prevent a change in control.

Provisions in our operating agreement may make it more difficult and expensive for a third party to acquire control of us even if a change of control would be beneficial to the interests of our shareholders. For example, our operating agreement provides for a staggered board, requires advance notice for proposals by shareholders and nominations, places limitations on convening shareholder meetings, and authorizes the issuance of preferred shares that could be issued by our board of directors to thwart a takeover attempt. In addition, certain provisions of Delaware law may delay or prevent a transaction that could cause a change in our control. The market price of our shares could be adversely affected to the extent that provisions of our operating agreement discourage potential takeover attempts that our shareholders may favor.

There are certain provisions in our operating agreement regarding exculpation and indemnification of our officers and directors that differ from the Delaware General Corporation Law (the "DGCL") in a manner that may be less protective of the interests of our shareholders.

Our operating agreement provides that to the fullest extent permitted by applicable law our directors or officers will not be liable to us. Under the DGCL, a director or officer would be liable to us for (i) breach of duty of loyalty to us or our shareholders, (ii) intentional misconduct or knowing violations of the law that are not done in good faith, (iii) improper redemption of shares or declaration of dividend, or (iv) a transaction from which the director derived an improper personal benefit. In addition, our operating agreement provides that we indemnify our directors and officers for acts or omissions to the fullest extent provided by law. Under the DGCL, a corporation can only indemnify directors and officers for acts or omissions if the director or officer acted in good faith, in a manner he reasonably believed to be in the best interests of the corporation, and, in criminal action, if the officer or director had no reasonable cause to believe his conduct was unlawful. Accordingly, our operating agreement may be less protective of the interests of our shareholders, when compared to the DGCL, insofar as it relates to the exculpation and indemnification of our officers and directors.

As a public company, we will incur additional costs and face increased demands on our management.

As a relatively new public company with shares listed on the NYSE, we need to comply with an extensive body of regulations that did not apply to us previously, including certain provisions of the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, regulations of the SEC and requirements of the NYSE. We expect these rules and regulations will increase our legal and financial compliance costs and make some activities to our board of directors more time-consuming and costly. For example, as a result of becoming a public company, we have independent directors and board committees. In addition, we may incur additional costs associated with our public company reporting requirements and maintaining directors' and officers' liability insurance. We are currently evaluating and monitoring developments with respect to these rules, which may impose additional costs on us and have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

If securities or industry analysts do not publish research or reports about our business, or if they downgrade their recommendations regarding our common shares, our share price and trading volume could decline.

The trading market for our common shares are influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who cover us downgrades our common units or publishes inaccurate or unfavorable research about our business, our common share price may decline. If analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our common share price or trading volume to decline and our common shares to be less liquid.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

See Index to Exhibits immediately following the signature page of this Form 10-Q.

SIGNATURES

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

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

By:	/s/ Joseph P. Adams, Jr.	Date:	November 3, 2017
	Joseph P. Adams, Jr. Chairman and Chief Executive Officer		
By:	/s/ Scott Christopher	Date:	November 3, 2017
	Scott Christopher Chief Financial Officer and Chief Accounting Officer		

INDEX TO EXHIBITS

	Exhibit No.	Description
	3.1	Certificate of Formation (incorporated by reference to Exhibit 3.1 of Amendment No. 4 to the Company's Registration Statement on Form S-1, filed on April 30, 2015).
	3.2	Amended and Restated Limited Liability Company Agreement of Fortress Transportation and Infrastructure Investors LLC (incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K, filed on May 21, 2015).
	3.3	First Amendment to Amended and Restated Limited Liability Company Agreement of Fortress Transportation and Infrastructure Investors LLC (incorporated by reference to Exhibit 3.3 of the Company's Annual Report on Form 10-K, filed on March 10, 2016).
	4.1	Indenture, dated March 15, 2017, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.75% senior unsecured notes due 2022 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on March 15, 2017).
	4.2	Form of global note representing the Company's 6.75% senior unsecured notes due 2022 (included in Exhibit 4.1).
	4.3	Second Supplemental Indenture, dated August 23, 2017, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.75% senior unsecured notes due 2022 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on August 23, 2017).
	10.1	Fourth Amended and Restated Partnership Agreement of Fortress Worldwide Transportation and Infrastructure General Partnership (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed on May 21, 2015).
†	10.2	Management and Advisory Agreement, dated as of May 20, 2015, between Fortress Transportation and Infrastructure Investors LLC and FIG LLC (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, filed on May 21, 2015).
†	10.3	Registration Rights Agreement, dated as of May 20, 2015, among Fortress Transportation and Infrastructure Investors LLC, FIG LLC and Fortress Transportation and Infrastructure Master GP LLC (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K, filed on May 21, 2015).
	10.4	Fortress Transportation and Infrastructure Investors LLC Nonqualified Stock Option and Incentive Award Plan (incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K, filed on May 21, 2015).
	10.5	Form of director and officer indemnification agreement of Fortress Transportation and Infrastructure Investors LLC (incorporated by reference to Exhibit 10.5 of Amendment No. 4 to the Company's Registration Statement on Form S-1, filed April 30, 2015).
	10.6	Credit Agreement, dated as of August 27, 2014, among Morgan Stanley Senior Funding, Inc., as administrative agent, Jefferson Gulf Coast Energy Partners LLC and the other lenders party thereto (incorporated by reference to Exhibit 10.6 of Amendment No. 4 to the Company's Registration Statement on Form S-1, filed April 30, 2015).
	10.7	Trust Indenture and Security Agreement between the District and The Bank of New York Mellon Trust Company, National Association, dated as of February 1, 2016 (incorporated by reference to Exhibit 10.7 of the Company's Annual Report on Form 10-K, filed on March 10, 2016).
	10.8	Standby Bond Purchase Agreement among the Port of Beaumont Navigation District of Jefferson County, Texas, The Bank of New York Mellon Trust Company, National Association, Jefferson Railport Terminal II Holdings LLC and Jefferson Railport Terminal II LLC dated as of February 1, 2016 (incorporated by reference to Exhibit 10.8 of the Company's Annual Report on Form 10-K, filed on March 10, 2016).
	10.9	Capital Call Agreement, by and among Fortress Transportation and Infrastructure Investors LLC, FTAI Energy Holdings LLC, FTAI Partner Holdings LLC, FTAI Midstream GP Holdings LLC, FTAI Midstream GP LLC, FTAI Midstream Holdings LLC, FTAI Energy Partners LLC and Jefferson Railport Terminal II Holdings LLC, dated as of February 1, 2016 (incorporated by reference to Exhibit 10.9 of the Company's Annual Report on Form 10-K, filed on March 10, 2016).
	10.10	Fee and Support Agreement, among FTAI Energy Holdings LLC, FEP Terminal Holdings LLC, FTAI Energy Partners LLC and Jefferson Railport Terminal II LLC, dated as of March 7, 2016 (incorporated by reference to Exhibit 10.10 of the Company's Amended Annual Report on Form 10-K/A, filed on April 29, 2016).
	10.11	Lease and Development Agreement (Facilities Lease), dated as of February 1, 2016, by and between the Port of Beaumont Navigation District of Jefferson County, Texas and Jefferson Railport Terminal II LLC (incorporated by reference to Exhibit 10.11 of the Company's Annual Report on Form 10-K, filed on March 10, 2016).
	10.12	Deed of Trust of Jefferson Railport Terminal II LLC, dated as of February 1, 2016 (incorporated by reference to Exhibit 10.12 of the Company's Annual Report on Form 10-K, filed on March 10, 2016).
	10.13	Credit Agreement, dated January 23, 2017, among Fortress Transportation and Infrastructure Investors LLC, as holdings, Fortress Worldwide Transportation and Infrastructure General Partnership, as IntermediateCo, WWTAI Finance Ltd., as Borrower, the Subsidiary Guarantors from time to time party thereto, the lenders from time to time party thereto and Morgan Stanley Senior Funding, Inc., as Administrative Agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed on January 27, 2017).
	10.14	Credit Agreement, dated June 16, 2017, among Fortress Transportation and Infrastructure Investors LLC, as Borrower, the lenders and issuing banks from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed on June 22, 2017).
	31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
	31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
	32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
	32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
	101.INS	XBRL Instance Document.
	101.SCH	XBRL Taxonomy Extension Schema Document.

101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

† *Management contracts and compensatory plans or arrangements.*

EXHIBIT 31.1

SECTION 302 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Joseph P. Adams. Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fortress Transportation and Infrastructure Investors LLC (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

November 3, 2017
(Date)

/s/ Joseph P. Adams, Jr.
Joseph P. Adams, Jr.
Chief Executive Officer

EXHIBIT 31.2

SECTION 302 CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Scott Christopher, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fortress Transportation and Infrastructure Investors LLC (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 3, 2017	/s/ Scott Christopher
(Date)	Scott Christopher
	Chief Financial Officer

EXHIBIT 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Fortress Transportation and Infrastructure Investors LLC (the "Company") for the quarterly period ended September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Joseph P. Adams, Jr., as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joseph P. Adams, Jr.

Joseph P. Adams, Jr.
Chief Executive Officer
November 3, 2017

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Fortress Transportation and Infrastructure Investors LLC (the “Company”) for the quarterly period ended September 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Scott Christopher, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Scott Christopher

Scott Christopher

Chief Financial Officer

November 3, 2017

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.