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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Fortress Transportation and Infrastructure Investors LLC First Quarter 2017 Earnings Conference Call. (Operator Instructions) As a reminder, this conference call is being recorded.

I would now like to introduce your host for today's conference, Mr. Alan Andreini. Sir, you may begin.

Alan Andreini

Thank you. I would like to welcome you to the Fortress Transportation and Infrastructure First Quarter 2017 Earnings Call. Joining me here today are Joe Adams, our Chief Executive Officer; and Scott Christopher, our Chief Financial Officer.

We have posted an investor presentation in our press release on our website, which we encourage you to download if you have not already done so. Also, please note that this call is open to the public in listen-only mode and is being webcast.

In addition, we will be discussing some non-GAAP financial measures during the call today. The reconciliation of those measures to the most directly comparable GAAP measures can be found in the earnings supplement.

Before I turn the call over to Joe, I would like to point out that certain statements made today will be forward-looking statements. These statements, by their nature, are uncertain and may differ materially from actual results. We encourage you to review the disclaimers in our press release and investor presentation regarding forward-looking statements and to review the risk factors contained in our quarterly report filed with the SEC.

Now I would like to turn the call over to Joe.

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

Thanks, Alan. To start, I'm pleased to announce our 8th dividend as a public company and our 23rd consecutive dividend since our inception. The dividend of $0.33 per share will be paid on May 26, based on a shareholder record date of May 18.

Let's start now with the numbers for the quarter. The key metrics for us are adjusted EBITDA and FAD, or funds available for distribution. Adjusted EBITDA for Q1 2017 was $22.1 million compared to Q4 of 2016 of $22.4 million and Q1 of 2016 of $12.3 million. FAD was $21.7 million in Q1 versus $20.5 million in Q4 of 2016 and $32.9 million in Q1 of 2016, when we had a one-time increase in FAD of $24.9 million from the sale of a container finance lease portfolio.

During the first quarter, the $21.7 million FAD number was comprised of $35.8 million from our equipment leasing portfolio, a negative $3.7 million from our infrastructure business and negative $10.4 million from corporate. $9.8 million of the $35.8 million for the equipment FAD was the result of a sale of 1 aircraft and 1 engine for a gain of $2.0 million.

Most important takeaway from the normalized Q1 FAD and adjusted EBITDA numbers is that our ability to generate adjusted EBITDA and FAD continues to strengthen, and I see that growth continuing and accelerating.

Let's turn to aviation, first, our largest business segment. Aviation had a very good quarter, in fact, our best quarter ever. Aviation FAD was $40.5 million, which included $9.8 million from sale proceeds that I mentioned. Excluding the asset sales, Q1 aviation FAD and EBITDA was $30.7 million or $122.8 million annualized. The portfolio is performing as well or better-than-expected, and we had a very active quarter for investing. We closed on $73 million in new asset acquisitions consisting of 6 aircraft and 12 engines. Our annualized adjusted EBITDA and net income without gains as a percentage of average equity were 21.3% and 11.7%, respectively, slightly less than last quarter and our targets of 25% and 15%, respectively. We expect to get back to our target return levels quickly as 5 of the aircraft that we purchased off lease as part of the China deal that we referenced on our last call will be on lease by the end of Q2 of this year.

At the end of Q1, we had letters of intent, or LOIs, covering $220 million in additional assets, our highest LOI count since we started the aviation business. Of the $220 million in LOIs at quarter-end, we have since closed $68.5 million of those to date, and once the remaining equipment under LOI are purchased, we expect run rate aviation FAD to be over $200 million per annum, up from $160 million we discussed last quarter.

With respect to lease terms, let me update you on that as well. We have been running an average lease term on our engine portfolio of approximately 1 year. We don't see that changing, and it's right where we would like it to be. It's in a sweet spot that gives airlines the flexibility they desire, and it gives us the returns that we want. As to the aircraft lease term duration, those are changing and lengthening. Last call, I outlined for you an 11 plane deals that we were awarded in China. We have already acquired 5 of those planes, and they will be out of maintenance shortly. During May and June, the 5 newly acquired aircraft will go on 6-year leases. 2 of the airframes will be sold to be scrapped and the other 4 planes will go into maintenance shortly. And we expect those last 4 aircraft to be flying in Q3 and are already contracted for 6-year leases as well. Also 3 other planes, which we recently acquired have just had leases extended. And when all of this is complete, our average remaining lease term will lengthen from approximately 32 months today to approximately 46 months after.

Before I leave aviation, let me make 2 important points. First, our reputation in franchise in the industry is increasing. If there is a deal anywhere in the world for 12- to 20-year-old commercial aircraft, we're almost always on a shortlist and are often the first call. We've built a brand with a reputation for speed and certainty with the ability to commit capital in complex situations. The result is high quality and expanding deal flow in our growing market segment.

Second, increased deal flow allows us to be even more focused on what we do, while maintaining our return standards. The yield compression, which is manifesting itself in the more standard new aircraft leasing market, is not being seen in our market.

Now let me turn to offshore next. Offshore remained weak for us in Q1 with 2 of our 3 vessels mostly off hire. We also had some reflagging and repositioning charges, which contributed to the poor performance. I'm glad to have Q1 behind us. And as of today, all 3 of our vessels are now on charter. One of the most important indicators in this space is Subsea Tree Awards, and we are seeing evidence that the subsea market is turning up. After falling consistently and rapidly since 2013, orders for 2017 are up and the projected orders for '18 are even higher.

One of the good things about the type of vessel that we own is that, owners and operators of subsea installations can't put off maintenance forever. The Pioneer, one of our vessels, is now on a 6-month lease in the Middle East, and The Pride is currently working in Malaysia and will be starting a new 5-month job in June. As a result, we expect every quarter for the balance of the year in this segment to be EBITDA positive. Having said that, at the end of the year, we'll make an assessment as to our long-term plans in this area.

Let's turn now to infrastructure in Jefferson. Construction is on schedule for all 3 of our announced projects and expenditures are tracking at or below budget. As such, our expected $15 million to $20 million annual run rate EBITDA number for Jefferson for Q4 remains in place.

Turning to crude apportionment, which occurs when crude supply exceeds pipeline takeaway capacity, has started in the Canadian pipeline market and is on everyone's radar. We do not have a deal to announce yet in the heavy Canadian crude space, but the number of opportunities we are vetting and the urgency on the part of our counterparties has never been higher. The demand for refined products to Mexico continues to grow, and we expect this revenue stream to commence late Q3. Since our last call, we now have a long-term contract in place with one of the major refineries to load and transport both gasoline and diesel to Mexico by rail. We expect that operation to start late Q3 of this year, also.

Demand for ethanol, especially in the international markets, is growing beyond what we and Green Plains had originally envisioned. If this demand continues to manifest itself, we and Green Plains may expand our already expanded plans once again. And we will commence our ethanol operation in July of this year. Three macros are providing significant tailwind and increased activity and support for the value of our Jefferson investment. One, major investment in an expansion of Gulf Coast refineries is happening, which will drive greater demand for all terminal services in the area. Second, growth in export activity of both crude and refined products from the Gulf, following the lifting of the export ban, is generating meaningful additional demand for storage and port facilities in the Beaumont-Port Arthur area. And third, the deregulation of the Mexican energy market, which is one of the largest and fastest growing refined product import markets in the world, is presenting a major growth opportunity to Gulf Coast refiners and terminal operators.

These favorable macros, combined with Jefferson's unique rail capabilities, multiple deepwater docks and connectivity and proximity to one of the largest and most vibrant refinery complexes in the world, presents us with dramatically more upside than we ever envisioned.

Turning now to the Central Maine & Québec railroad. Railroad continues to perform on plan. Q1 revenue was up 5% versus Q1 2016. We expect 2017 EBITDA for the year to be approximately $5 million versus $3.6 million in 2016. We are involved in multiple industrial development projects along the railroad, which should add several million in annual EBITDA.

Longer term, over the next 2 to 3 years, with an excellent service that we have today, a diversified customer base and connectivity to ports, the Central Maine & Québec railroad should consistently generate $35 million to $40 million in annual revenue and $10 million to $12 million in annual EBITDA, which is in line with many top tier U.S. short lines. As to the overall short line railroad space, we continue to look for acquisition opportunities, but available assets are trading at levels that we feel are very rich.

Turning now to Repauno. We expect that butane storage cavern to be completed and operating in June of this year and to generate annual EBITDA of at least $2 million. We're exploring and discussing larger opportunities to store and distribute natural gas liquids, NGLs, coming from the Marcellus, Utica region and products used or generated by the Philadelphia area refineries. Given the significant growth in production in the Marcellus combined with our geographic advantage, Repauno is in a great spot to capitalize on this growing trade. The auto import-export terminal discussion is progressing as planned, and we hope to have something concluded by Q3 of this year. As in the case of Jefferson, I think Repauno is -- we're in the right place at the right time with the right asset.

Hannibal next. I'm pleased to announce that we have agreed to all the subs of business points and expect to execute a purchase agreement very soon, and hopefully, close later this month. The site is currently generating just over $1 million in annual EBITDA from frac sand, pipe, industrial storage tenants for the oil and gas industry. Our main focus for this investment at this time is the power plant. We have filed our application formerly with the Ohio Power Siting Board, and we expect to have all the necessary permits for the construction of the 485-megawatt gas-fired combined cycle power plant by Q3 of this year. We would anticipate construction to begin in Q4 of 2017 and to be completed in late 2019 or early 2020. Once completed, the plan should generate approximately $70 million in annual EBITDA. The investment in the plant will total approximately $500 million, and we're currently reviewing multiple financing and partnering opportunities. More on that on the next call.

Let me spend a couple minutes on financing. We're putting in place a new $75 million revolver at the corporate level. And we're also finalizing a $20 million revolver at Repauno. We completed our inaugural high-yield bond offering in February with a $250 million 5-year note offering, and those bonds are trading well, and we now have access to that market at any time. In short, as our growth accelerates, we have multiple financing options available, which is a good spot to be in.

As a conclusion, as I look at FTAI today, this is what I see. The growth in our aviation business is accelerating. We're maintaining our return targets and performance in the macros that drive global passenger traffic remain very strong. It has taken us 5 years to build this brand, and we couldn't be in a better position than we are today.

The offshore market is seeing an uptick. And due to the sizable amount of deferred maintenance on existing installations and a pickup in subsea tree orders, we are seeing growth in charter opportunities, which is good news.

All of our infrastructure assets are now performing as we had hoped. In the second half of 2017, we expect Jefferson to become a meaningful EBITDA contributor. In 2018, we expect to see Repauno become a meaningful EBITDA contributor. And in late 2019 and early '20, we expect Hannibal to contribute. As these infrastructure assets become significant EBITDA producers, we have in essence created our own dropdown pipeline.

In short, the plan that we set out for FTAI years ago is now in full swing. Growth in all of our sectors is accelerating, multiple macro events are playing into the strengths of our assets, and our financing options have never been better. So as a company, we are in our strongest position ever.

With that, I will turn it back over to Alan.

Alan Andreini

Thanks, Joe. Operator, you may now open the call to Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Devin Ryan with JMP Securities.

Devin Patrick Ryan - *JMP Securities LLC, Research Division - MD and Senior Research Analyst*

First question here just on Beaumont, and just thinking about the $20 billion of investment by Exxon, largely in the region according to the press. I'm just curious, if you're seeing a flurry of activity there already? Or just help us frame kind of the orders of magnitude of how big that type of investment can be for the region. And so that's kind of part one. And part two is, just on the Canadian crude opportunity. I know, you can't really say too much until you have a contract signed, but just any flavor for how those conversations are going, whether those are large potential contracts or large potential companies, anything else you can provide there?

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

Sure. With respect to the Beaumont, I mean, Exxon has taken steps to set themselves up to expand their refinery and -- by filing for certain permits and tax abatements. And Darren Woods did announce that the $20 billion was going to be invested in the Gulf and the bulk of that would be in the Beaumont area and cited a potential expansion of the refinery. So it's not formally committed, but it seems it's made significant steps forward, and they've publicly acknowledged they intend to that. And so an expansion of that, given the proximity to our terminal, means that there still be additional demand for more storage of really everything going in and everything going out. So it's almost -- has a multiplier effect in a way. And then you also have different units, which have requirements to have storage available in case of when they have downtime or maintenance events as well. So all of that is in theory is very good for terminal operators, because demand goes up and supply is constrained. And certainly, there is nobody closer than we are. So we feel that that's a significant positive as well as other refineries making investments in the area as well. And Motiva is now formally part of Saudi Aramco, and they are separated from Shell, so that is -- today, that's the largest refinery in North America, that's 15 miles away down the river. So that's another positive development. So all-in-all, I mean, the Gulf is in a very good position. And as a terminal operator, you want to make sure your customers are investing and vibrant, and I don't think it could be any better. With respect to the crude, the crude opportunity is really -- the buzz is all about a apportionment, and Canadian production is -- continues to go up somewhere in the neighborhood of 400,000 barrels a day increase, and there won't be any new pipelines in that market until 2020 at the earliest and that seems optimistic. So really the focus is on -- everybody is focusing on how are you going to get the product out? And rail is clearly a very active discussion and almost -- by definition, almost every deal, when you deal with the Gulf Coast refineries in that market, they are large. It's -- they have to be in order to move the needle for people. So it's really about lining up the logistics and the pricing and the mechanics that is what we're very focused on right now. But as I've said before, it's not -- it isn't a deal until it's a deal. So we're -- but we're very -- we feel very good about the dynamic.

Devin Patrick Ryan - *JMP Securities LLC, Research Division - MD and Senior Research Analyst*

Okay, terrific. That's great color. And the second question here, I don't want to put words in your mouth, but it seems if I take all your comments from the call and put them all together around the China aviation assets and some I suspect continued investment since quarter-end, it would seem that you're essentially covering the dividend today. And so I just want to see if I'm kind of reading that right. And then, how are you thinking about kind of the trajectory of the dividend? I don't want to put the cart before the horse here. But is there still an objective to think about growing the dividend from here over time? And how are you thinking about that from a timing perspective?

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

Well, with run rate EBITDA of $200 million, which we feel very good about, we essentially do cover the dividend. So the -- and that should be largely -- as the deliveries occur over the next few months, that should be largely in place by the end of Q3. So we feel very good about that. In terms of increasing the dividend, I don't think -- it's something we think about, but I don't think anything would happen on that until the end of the year at the earliest.

Operator

Our next question comes from the line of Chris Wetherbee with Citi Group.

Christian F. Wetherbee - *Citigroup Inc, Research Division - VP*

Wanted to ask you -- let's stay on the aviation topic for a minute. So you got some incremental duration to the assets in this last quarter. And -- I guess, I just wanted to get a sense of how sustainable increased duration on those lease terms might be as we move through the rest of the year? As you noted with the run rate that you're producing there, you're essentially covering the distribution. But I think, from an investor perspective, you want to see longer duration to give more credit for that coverage. So just kind of curious how you guys are thinking about that? What the market looks like?

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

Well, the market for the assets that we are investing in is pretty strong, and we're going to push duration anywhere we can on aircraft. So -- and one of the reasons I think I've mentioned before that the duration on our existing portfolio was short is that we often bought assets that were either off-lease or had very short stub leases, because they tend to be cheaper than assets that have long leases. It's really -- if you have a long-term lease and cash flow in place today, there are a lot of buyers that will put those in the securitizations, and so the prices of those assets in our opinion are inflated. So that's one of the reasons. And as those aircraft come up for renewal, because of the strength in the market, we're able to get longer extensions, and we will continue to do that whenever we can.

Christian F. Wetherbee - *Citigroup Inc, Research Division - VP*

Okay. So you (inaudible) that duration. So we should be assuming that duration probably goes up, I guess, but new purchases will keep it somewhat muted?

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

Yes, I think that's fair.

Christian F. Wetherbee - *Citigroup Inc, Research Division - VP*

Okay. That's helpful. And then, I guess, in terms of the crude by rail opportunity and in terms of sort of contract timing and thinking about that. So hearing everything you're saying about the opportunity for Canadian heavy coming out, we've heard very mixed sort of responses from players in the industry about willingness to commit, because of sort of the last cycle of crude by rail. I'm just trying to get a sense of, maybe, how far off you think you are from a contract? And so what are the things that need to happen in order to get that locked in?

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

It's a very hard thing to predict, because it's a specific discussion and negotiation. So it's very hard to project when that will happen. But as I said in the remarks, the -- one of the big drivers is that, when people can't get their product out through a pipe or other means, then they get very serious because not being able to ship it is a very bad event for a producer. So that I think is very real and very current in the market. As I mentioned, it's going to -- it will last at least until 2020, I think, because production's increasing and pipeline -- there are no new pipelines that can come on before that.

Christian F. Wetherbee - *Citigroup Inc, Research Division - VP*

Do you think that there will be a desire to have sort of commitments in a market where the sense we get is people want to try to play it from a spread perspective. I mean, I guess, I'm just trying to make sure I understand the dynamic there and how you manage that risk of sort of spread compression and expansion.

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

Well, it's really supply and demand. People will -- if they could do -- it they could get the availability without committing, they would choose to do that. It's a question of the availability though. And so that's what will force people to commit to term is that they need a predictable supply, and there is no other means for them to be sure to get it. And then, the spread is really just -- we're going to price it in a way that we lock in the spread to the best degree we can without taking commodity risk.

Operator

Our next question comes from the line of Justin Long with Stephens.

Justin Trennon Long - *Stephens Inc., Research Division - Research Analyst*

So you've talked about the aviation business historically, getting to around $1 billion longer-term. But I'm curious that, that target could change just given the ramp we've seen since the IPO, the strength that you've talked about today in the pipeline. Do have a new longer-term growth target for this business?

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

Well, I mean, the $1 billion were somewhat arbitrary when we developed it. We sort of thought about the size of the market that we were looking at and picked a number that felt very achievable that we could achieve without compromising our returns. And -- but -- and I didn't really talk today about the 737-800 and A320 market, which I always love to talk about, because it is so big that -- and probably one of the best opportunities in our investing lifetime that we'll see. So I do think the number could go higher, but again, on an investment businesses, it's not a great idea to always set a target of assets, because you can always achieve that, it's the returns that you have to be careful you don't lower your thresholds. But I do think the number could go higher.

Justin Trennon Long - *Stephens Inc., Research Division - Research Analyst*

Okay. And secondly, I was wondering if you could talk about the buying capacity. You feel like you have over the remainder of the year, now that you've done the debt raise and it sounds like, you'll be pulling on it a couple revolvers as well. How much additional capital would you be willing to deploy in 2017 for the right opportunities? And then, as we think about that going forward, what's the best way to think about the average annual run rate for capital deployment?

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

Well, on the latter question, that we felt like $200 million to $250 million in aviation was a very achievable investment objective per annum, and we'll exceed that this year probably by a good deal. And I do feel -- I feel like we're in a good position from availability of capital to invest and take advantage of opportunities if they present themselves. So I feel like we have a substantial amount of runway so to speak with respected investing on -- for the balance of this year. So we feel like we're in a good spot with availability of deals and availability of capital, and if the 2 sort of come together, we'll take advantage of it. The -- and so I think, I don't know, does that answer your question?

Justin Trennon Long - *Stephens Inc., Research Division - Research Analyst*

Yes, that helps. And maybe, just thinking about the LOIs in the backlog for aviation, do you expect to close all of those in the next quarter or 2? Or is there any color you can give around the timing of that?

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

I think, pretty much all should be closed by the end of Q3.

Justin Trennon Long - *Stephens Inc., Research Division - Research Analyst*

Okay, perfect. That's helpful. And maybe lastly, I wanted to ask about the corporate FAD going forward. This quarter, if you look at the annual run rate, it's around $40 million. I know that doesn't have a full quarter of interest expense from the recent debt offering. So I'm just curious, how are you thinking about the kind of annual run rate for that corporate FAD number as we move forward?

Scott Christopher - *Fortress Transportation and Infrastructure Investors LLC - Interim CFO and CAO*

Justin, it's Scott Christopher here. I think, it's probably going to be right around in the $35 million range.

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

Without interest.

Scott Christopher - *Fortress Transportation and Infrastructure Investors LLC - Interim CFO and CAO*

Right.

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

Excluding the interest, so the interest would be in addition to that. So that hasn't changed.

Operator

Our next question comes from the line of Ari Rosa with Bank of America Merrill Lynch.

Ariel Luis Rosa - *BofA Merrill Lynch, Research Division - Associate*

First of all, congratulations on just having so many positive developments here. Guys, I was hoping you could discuss (inaudible) assumptions you're making for the aviation portfolio when you talk about the $200 million FAD target?

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

You were breaking up a little bit. Was your question utilization?

Ariel Luis Rosa - *BofA Merrill Lynch, Research Division - Associate*

Yes. That's right. On the -- a substance around utilization on the FAD target for the aviation portfolio.

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

Sure. So the -- on the engine side, we've always targeted 50% to 75% utilization for the overall engine portfolio. And the numbers that we're assuming in that is consistent with that range. No change, sort of -- it fluctuates a little bit, but right in that same area. And then on the aviation side or the aircraft side, ultimately in the 90s. I would say probably somewhere mid-90s is a decent -- is a reasonable assumption for us.

Ariel Luis Rosa - *BofA Merrill Lynch, Research Division - Associate*

Okay, great. That's helpful. And then just turning to the balance sheet side of things. Obviously, $220 million is a pretty big bite to take off there. Sounds like you have a number of different financing options. But is there any point at which you're looking at these opportunities and you maybe say, you have to slow down a little bit in terms of the rate of acquisitions just for the sake of kind of cash management? Or is that not really on the radar right now in terms of the financing options that you have available to you?

Scott Christopher - *Fortress Transportation and Infrastructure Investors LLC - Interim CFO and CAO*

Yes, I don't think that's on the radar right now. I think we feel like we have access -- good access to capital and the rates are attractive. And so if the deals make sense, we're not going to slow down.

Ariel Luis Rosa - *BofA Merrill Lynch, Research Division - Associate*

Okay. And then just quickly if you could speculate (inaudible) the downturn. And maybe, this is a follow-up on the utilization question. But if you could speculate on [economic] downturn, what is the aviation -- I guess, what's the floor look like for FAD on aviation if there is an economic downturn? Obviously, it's difficult to gauge what the severity might be. But kind of a standard garden-variety recession, have you thought about what the floor might look like for FAD from that portfolio?

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

Well, I mean, my experience in going through -- we went through a couple of -- in '08 or '09, in the aviation business, you could see rents sometimes will drop 10% to 20%. But the good news is, you don't have all of your leases expiring at the same time. So the actual effect of that on a portfolio was pretty well mitigated and not very severe. So that I feel pretty good about in terms of the resilience, and particularly, as we extend -- as we talked about extending the lease term out that helps on that front as well. So -- and the engines are really more of a -- engines are needed when airplanes are flying. So as long as the planes are flying, you're going to have people that need those, and they're not that rate sensitive. So I'm sure there is some scenario on a recession and flying levels decrease or you have some event in aviation. But oftentimes, it's fairly short and it doesn't have a big effect because you don't reprice all of your assets at once.

Operator

Our next question comes from the line of Robert Dodd with Raymond James.

Robert James Dodd - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Given the -- just the sheer numbers of opportunities you have in aviation, Jefferson, et cetera, which as you say, with your dropdown pipeline in (inaudible) and Hannibal as well, I mean, the outlook looks very, very positive. The one that you did mention that does stand out, obviously, is offshore, right? Looks pretty good for the rest of this year. But its returns are clearly lagging. Can you give us some color on what you would need to see towards the end of the year when you said you'd be reviewing its strategic value and it does tie up a decent chunk of equity? What would you need to see from that business in order to want to keep it as part of the portfolio?

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

Sure. I mean, that's a very good question. And I think, 2 things. One, we'd have to see the prospect of good returns on existing and potential new investments. We have made some investments opportunistically. There's some true distress in that space. So if things -- if you talk about buying things at $0.25 on the $1, that's the type of opportunities that can't present themselves. And the second thing is, we feel like -- we need to feel like we have some value-added competitive advantage in that space. And that's what we were still working on and trying to develop and talking with various people and partnering. So it's an open question. I clearly feel as you can tell that aviation, we have a competitive advantage, we have a game plan that we can clearly execute on and returns that are very, very attractive. So that's kind of my benchmark for comparison.

Operator

And our next question comes from the line of Brandon Oglenski with Barclays.

Van Patrick Kegel - *Barclays PLC, Research Division - Research Analyst*

This is Van Kegel on for Brandon. I guess, putting all the guidance together, do you have a target run rate EBITDA for the consolidated company in 2017 that you'd be willing to put out there?

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

Well, I think we've-- when you add it up, you took EBITDA at aviation of $200 million in Q4, and we've said, $15 million to $20 million for Jefferson in Q4. Those are the 2 items, and probably, the other numbers this year aren't material.

Brandon Robert Oglenski - *Barclays PLC, Research Division - VP and Senior Equity Analyst*

Okay. And on infrastructure, you talked about where you see the CMQR in 2 to 3 years from a revenue and EBITDA perspective, which I think is helpful as we look out. Do you have any sort of guidance? Or could you size the opportunity at Jefferson Terminal and Repauno as we look out a couple of years?

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

I don't have a number for Repauno at this point. It's early in terms of the development. We have 2 projects, natural gas liquids and auto import-export, which over the next few months, I hope, we can size for people. And Jefferson, given the scope of what we're looking at, the opportunity has to be in excess of $100 million a year in EBITDA, and how high that goes, I don't know.

Operator

(Operator Instructions) Our next question comes from the line of Nicholas Chen with Alembic Global.

Nicholas Chen - *Alembic Global Advisors - Equity Research Associate*

Regarding CMQR, few quarters ago, you guys have talked about possible expansion opportunities there. I think one of them would have been servicing a port where they export biofuel to Europe. Can you just give us an update on how that's progressing?

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

Sure. Yes, support of Searsport in Maine, and we have active discussions ongoing with people who -- it's woodchips -- wood pellets and woodchips being exported for power plants, so it's a biomass energy play. And there are several possibilities on that, that are ongoing. And that market is still vibrant and some -- there is some increases in various parts of the world that people are -- additional demand for more wood pellets. So it's something that's definitely on the radar, and if it did happen, it would be a meaningful addition to that railroad.

Van Patrick Kegel - *Barclays PLC, Research Division - Research Analyst*

That's great. And then this is just more of a housekeeping item. Obviously, you guys have been winding down the shipping container portfolio. I was hoping if you could just give us an update there?

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

Yes, it's a very small remaining position. The -- but the market for containers has come roaring back. So it's -- the price of a new box increased from about 14 -- $1,300, $1,400 for 20-foot container up to $2,000, I heard, $2,400 this week. So steel prices are up and demand is up, and there is a lot of storages now, because the production was curtailed last year. So -- and that ultimately then drives the secondary market, because people are scrambling to get any box they can. So I wish we owned more right now, but that -- but we don't. But it's -- the good thing about the container market has always been that the supply can shut off fairly quickly, and it's all in China and it's pretty disciplined. So when that happens, you end up with a rebalancing that can occur pretty quickly as you could see from this recent shift. 2016 was a very slow year and 2017 is actually starting out very strong for that.

Nicholas Chen - *Alembic Global Advisors - Equity Research Associate*

Okay, great. I'm sorry, just to clarify then, does that mean that you're opportunistically trying to divest them right now while the prices are high? Or it's the business that you want to keep your remaining share in?

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

No, we would sell them. It's not -- I think, our book value is $4 million, $3 million?

Scott Christopher - *Fortress Transportation and Infrastructure Investors LLC - Interim CFO and CAO*

Yes.

Joseph P. Adams - *Fortress Transportation and Infrastructure Investors LLC - Chairman and CEO*

$3 million, $4 million. It's not a huge number, but most of what's happening is, as those leases expire the boxes are returned and then we sell them. So I don't think it's something that we probably sell in total. I think, we're just -- it's just running off by itself.

Operator

And I'm showing no further questions at this time. I'd like to turn the call back to Mr. Andreini for closing remarks.

Alan Andreini

Thank you all for participating in today's conference call. We look forward to updating you after Q2.

Operator

Ladies and gentlemen, thank you for participating in today's call. This does conclude the program, and you may all disconnect. Everyone have a wonderful day.
