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

FORM 10-K

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

For the fiscal year ended **December 31, 2019**

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, 45th Floor **New York** **NY**	**10105**
(Address of principal executive offices)	(Zip Code)

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

(Former name, former address and former fiscal year, if changed since last report) **N/A**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Trading Symbol:	Name of exchange on which registered:
Class A common shares, $0.01 par value per share	FTAI	New York Stock Exchange
8.25% Fixed-to-Floating Rate Series A Cumulative Perpetual Redeemable Preferred Shares	FTAI PR A	New York Stock Exchange
8.00% Fixed-to-Floating Rate Series B Cumulative Perpetual Redeemable Preferred Shares	FTAI PR B	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 every Interactive Data File required to be submitted 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 such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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 ☑

The aggregate market value of the voting and non-voting common equity of Fortress Transportation and Infrastructure Investors LLC held by non-affiliates as of the close of business as of June 30, 2019 was approximately $1.3 billion.

There were 84,992,977 common shares representing limited liability company interests outstanding at February 27, 2020.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the registrant's 2020 annual meeting, to be filed within 120 days after the close of the registrant's fiscal year, are incorporated by reference into Part III of this Annual Report on Form 10-K.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
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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 us. 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 enter into new 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 and intermodal transport 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 merger of Fortress Investment Group LLC with affiliates of SoftBank Group Corp.;
- volatility in the market price of our 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.

PART I

Item 1. Business

Our Company

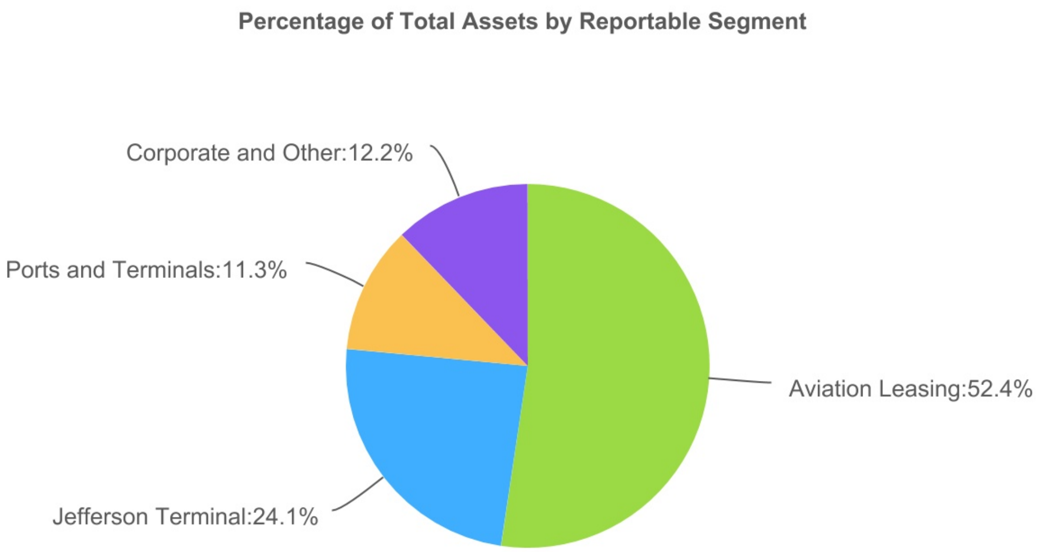
Fortress Transportation and Infrastructure Investors LLC, a Delaware limited liability company, was formed on February 19, 2014. Except as otherwise specified, “FTAI”, “we”, “us”, “our”, or “the Company” refer to us and our consolidated subsidiaries, including Fortress Worldwide Transportation and Infrastructure General Partnership (“Holdco”). Our business has been, and will continue to be, conducted through Holdco for the purpose of acquiring, managing and disposing of transportation and transportation-related infrastructure and equipment assets. Fortress Worldwide Transportation and Infrastructure Master GP LLC (the “Master GP”), owns approximately 0.05% of Holdco and is the general partner of Holdco, which was formed on May 9, 2011 and commenced operations on June 23, 2011.

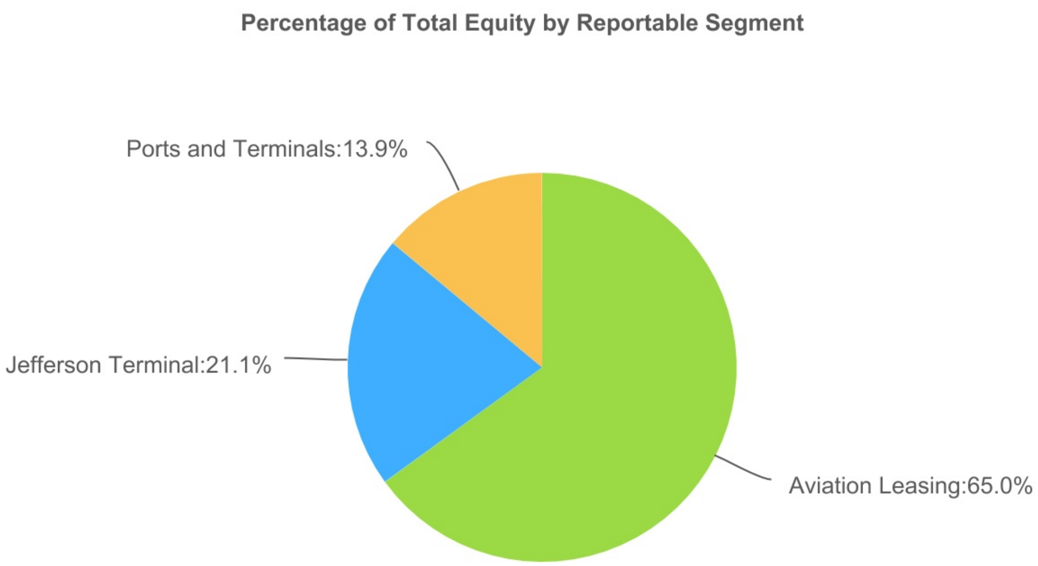
We are externally managed by FIG LLC (the “Manager”), an affiliate of Fortress Investment Group LLC (“Fortress”), which has a dedicated team of experienced professionals focused on the acquisition of transportation and infrastructure assets since 2002. On December 27, 2017, SoftBank Group Corp. (“SoftBank”) announced that it completed its previously announced acquisition of Fortress (the “SoftBank Merger”). In connection with the SoftBank Merger, Fortress operates within SoftBank as an independent business headquartered in New York.

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. As of December 31, 2019, we had total consolidated assets of $3.2 billion and total equity of $1.3 billion.

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. We target or develop 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. 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.

The charts below illustrate our existing assets, and our equity deployed in acquiring these assets separated by reporting segment as of December 31, 2019:





Note:

- Jefferson Terminal and Ports and Terminals are included in our Infrastructure Business; Aviation Leasing is included in our Equipment Leasing Business.

Our Strategy

We invest across a number of major sectors within the transportation industry, including aviation, energy, intermodal transport and ports and terminals, and we may pursue acquisitions in other areas as and when they arise in the future. In general, we seek to own a diverse mix of high quality infrastructure and equipment within our target sectors that generate predictable cash flows, in markets that we believe provide the potential for strong long-term growth and attractive returns on deployed capital. We believe that by investing in a diverse mix of assets across sectors, we can select from among the best risk-adjusted investment opportunities, while avoiding overconcentration in any one segment, further adding to the stability of our business.

We take a proactive investment approach by identifying key secular trends as they emerge within our target sectors and then pursuing what we believe are the most compelling opportunities within those sectors. We look for unique investments, including assets that are distressed or undervalued, or where we believe that we can add value through active management. We consider investments across the size spectrum, including smaller opportunities often overlooked by other investors, particularly where we believe we may be able to grow the investment over time. We believe one of our strengths is our ability to create attractive follow-on investment opportunities and deploy incremental capital within our existing portfolio.

Within each sector, we consider investments in operating infrastructure as well as in equipment that we lease to operators. We believe that as owners of both infrastructure and equipment assets, we have access to more opportunities and can be a more attractive counterparty to the users of our assets. Our Manager has significant prior experience in all of our target sectors, as well as a network of industry relationships, that we believe positions us well to make successful acquisitions and to actively manage and improve operations and cash flow of our existing and newly-acquired assets. These relationships include senior executives at lessors and operators, end users of transportation and infrastructure assets, as well as banks, lenders and other asset owners.

Asset Acquisition Process

Our strategy is to acquire assets that are essential to the transportation of goods and people globally. We acquire assets that are used by major operators of transportation and infrastructure networks. We seek to acquire assets and businesses that we believe operate in sectors with long-term macroeconomic growth opportunities and that have significant cash flow and upside potential from earnings growth and asset appreciation.

We approach markets and opportunities by first developing an asset acquisition strategy with our Manager and then pursuing optimal opportunities within that strategy. In addition to relying on our own experience, we source new opportunities through our Manager’s network of industry relationships in order to find, structure and execute attractive acquisitions. These relationships include senior executives at industry leading operators, end users of the assets as well as banks, lenders and other asset owners. We believe that sourcing assets both globally and through multiple channels will enable us to find the most attractive opportunities. We are selective in the assets we pursue and efficient in the manner in which we pursue them.

Once attractive opportunities are identified, our Manager performs detailed due diligence on each of our potential acquisitions. Due diligence on each of our assets always includes a comprehensive review of the asset itself as well as the industry and market dynamics, competitive positioning, and financial and operational performance. Where appropriate, our Manager conducts physical inspections, a review of the credit quality of each of our counterparties, the regulatory environment, and a review of all material documentation. In some cases, third-party specialists are hired to physically inspect and/or value the target assets.

We and our Manager also spend a significant amount of time on structuring our acquisitions to minimize risks while also optimizing expected returns. We employ what we believe to be reasonable amounts of leverage in connection with our acquisitions. In determining the amount of leverage for each acquisition, we consider a number of characteristics, including, but not limited to, the existing cash flow, the length of the lease or contract term, and the specific counterparty. While leverage on any individual asset may vary, we target overall leverage for our assets on a consolidated basis of no greater than 50% of total capital.

Management Agreement

In May 2015, in connection with our initial public offering (“IPO”), we entered into a new management agreement with the Manager (the “Management Agreement”), an affiliate of Fortress, pursuant to which the Manager is paid annual fees in exchange for advising us on various aspects of our business, formulating our investment strategies, arranging for the acquisition and disposition of assets, arranging for financing, monitoring performance, and managing our day-to-day operations, inclusive of all costs incidental thereto.

Please refer to Note 16 of our consolidated financial statements included in Item 8 in this Annual Report on Form 10-K for further details regarding our Management Agreement.

Our Portfolio

We own and acquire high quality infrastructure and equipment that is essential for the transportation of goods and people globally. We currently invest across four market sectors: aviation, energy, intermodal transport and ports and terminals. We target assets that, on a combined basis, generate strong and stable cash flows with the potential for earnings growth and asset appreciation.

Leasing Equipment

Aviation

As of December 31, 2019, in our Aviation Leasing segment, we own and manage 238 aviation assets, including 74 aircraft and 164 commercial engines.

As of December 31, 2019, 69 of our commercial aircraft and 108 of our 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 80% utilized as of December 31, 2019, 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 29 months, and our engines currently on-lease have an average remaining lease term of 10 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, 2019	**14**	**56**	**70**
Purchases	4	27	31
Sales	(1)	(4)	(5)
Transfers	(3)	(19)	(22)
Assets at December 31, 2019	**14**	**60**	**74**
Engines			
Assets at January 1, 2019	**78**	**64**	**142**
Purchases	23	8	31
Sales	(19)	(39)	(58)
Transfers	10	39	49
Assets at December 31, 2019	**92**	**72**	**164**

Infrastructure

Jefferson Terminal

In August 2014, we and certain other Fortress affiliates purchased substantially all of the assets and assumed certain liabilities of Jefferson Terminal (“Jefferson”), a Texas-based group of companies developing crude oil and refined products logistics assets. As of December 31, 2019, Jefferson is wholly owned by us and certain Fortress affiliates.

Jefferson Terminal is located on approximately 250 acres of land at the Port of Beaumont, Texas (the “Port”). Today, Jefferson leases 185 acres from the Port. As part of the lease, Jefferson was granted the concession to operate as the sole handler of liquid hydrocarbons at the Port. Jefferson does not own any land at Jefferson Terminal, but does own certain equipment and leasehold improvements carried out as part of the Jefferson Terminal build-out.

Jefferson Terminal is developing a large multi-modal crude oil and refined products handling terminal at the Port and also owns several other assets for the transportation and processing of crude oil and related products. Jefferson Terminal has a unique combination of direct rail service from three Class I railroads, barge docks and deep water ship loading capacity, capabilities to handle multiple types of products including refined products and both free-flowing crude oil and bitumen, and a prime location close to Port Arthur and Lake Charles, which are home to refineries with over 2.3 million barrels per day of capacity. Today, Jefferson Terminal has approximately 4.4(1) million barrels of storage tanks in operation. As we secure new storage/handling contracts, we expect to expand storage capacity and/or develop new assets. The timing of the ultimate development of Jefferson Terminal will be dependent, in part, on the pace at which contracts are executed as well as the amount of volume subject to such contracts.

Jefferson Terminal's prime location and excellent optionality make it well suited to provide logistics solutions to regional and global refineries, including blending, storage and delivery of crude oil and refined products. Heavy crude oil from Western Canada is in high demand on the Gulf Coast because most refineries in the area are configured to handle heavier crudes (previously sourced predominately from Mexico and Venezuela) than those in other parts of the United States. Canadian conventionally produced heavy crude is well suited for transport by rail rather than pipeline because of its high viscosity. Jefferson Terminal is one of only a few terminals on the Gulf Coast that has heated unloading system capabilities to handle this type of heavy crude. As the production of Western Canadian crude oil grows in excess of existing pipeline capacity, demand for crude-by-rail to the Gulf Coast is expected to increase. Refined products opportunities for storage and logistics are expected to continue to be positively impacted by Mexico deregulating its imports of both gasoline and diesel.

Jefferson Terminal operates an unheated crude oil unloading system, which has the capacity to discharge a unit train of up to 114 cars, and a heated crude oil unloading system which has the capacity to unload a unit train of up to 128 cars of high viscosity crude oil. Jefferson Terminal has storage tanks with capacity to hold approximately 3.7[1] million barrels configured for crude oil in service. Of the 3.7[1] million barrels, 0.8[1] million and 1.4[1] million barrels were brought online in 2019, in April and October, respectively.

Mexican demand for U.S.-sourced refined products continues to increase, however Mexico lacks the infrastructure required to efficiently import, store and distribute large volumes of gasoline and diesel. This has spurred the rapid build-out of new Mexican transloading rail terminals, as well as storage capacity on both sides of the U.S.-Mexico border. To meet such increased demand, Jefferson operates a refined products system which receives three grades of products by inland tank barge via the barge dock, stores the cargo in six tanks with a combined capacity of approximately 0.7[1] million barrels, and operates a 20 spot rail car loading system with the capacity to load approximately 40,000 barrels per day. This system may be further expanded to meet additional market demand.

Expansion projects currently under various stages of construction include: (1) three pipeline projects with diameters of 10” to 24” being built to move crude and other refined products to and from customers outside the Jefferson Terminal; (2) an electrical substation and a pump station to support pipeline operations; (3) conversion of rail track previously used for ethanol service to crude oil service; and (4) a rail expansion of approximately 24,850 feet of new track to maximize Jefferson Terminal's Class I rail services. As of early 2020, the rail expansion and ethanol unloading rack conversion projects are substantially complete. The majority of the pipeline expansions are expected to be completed in 2020. Completion of construction is subject to a number of factors, some of which are beyond our control, and there can be no assurance that we will not experience delays.

In addition to the Jefferson Terminal, Jefferson owns several other energy and transportation-related assets, including 300 tank railcars which are leased to third parties; a gas processing and condensate stabilization plant; pipeline rights-of-way; and a private inland marine terminal property all of which can be developed. These assets can be deployed or developed in the future to meet market demands for transportation and hydrocarbon processing, and if successfully deployed or developed, may represent additional opportunities to generate stable, recurring cash flow. As we secure customer contracts, we expect to invest equity capital to fund working capital needs and future construction, which may be required.

[1] All storage tank capacities refer to shell-tank capacity.

Long Ridge Energy Terminal

During 2017, through Ohio River Partners Shareholder LLC (“ORP”), a consolidated subsidiary, we purchased 100% of the interests in the assets of Long Ridge which consisted primarily of land, buildings, railroad track, docks, water rights, site improvements and other rights. In December 2019, ORP contributed its equity interests in Long Ridge into Long Ridge Terminal LLC and sold a 49.9% interest for $150 million in cash, plus an earn out. We no longer have a controlling interest in Long Ridge but still maintain significant influence through our retained interest and, therefore, now account for this investment in accordance with the equity method.

Repauno

During 2016, through Delaware River Partners LLC (“DRP”), a consolidated subsidiary, we purchased the assets of Repauno, which consisted primarily of land, a storage cavern, and riparian rights for the acquired land, site improvements and rights. Currently there are no operational processes that could be applied to these assets that would result in outputs without significant green field development. We currently hold an approximately 98% economic interest, which includes the additional 8% economic interest we purchased from non-controlling interest holders in DRP for $4.5 million in April 2019, and a 100% voting interest in DRP. DRP is solely reliant on us to finance its activities and therefore is a variable interest entity (“VIE”). We concluded that we are the primary beneficiary and, accordingly, DRP has been presented on a consolidated basis in the accompanying financial statements.

Corporate and Other

In addition to the above investments, our Corporate and Other segment includes (i) offshore energy related assets which consist of vessels and equipment that support offshore oil and gas activities and are typically subject to long-term operating leases, (ii) an investment in an unconsolidated entity engaged in the leasing of shipping containers on both an operating lease and finance lease basis and (iii) railroad assets retained after the December 2019 sale of our railroad business, which consists of equipment that support a railcar cleaning business.

Asset Management

Our Manager actively manages and monitors our portfolios of assets on an ongoing basis, and in some cases engages third parties to assist with the management of those assets. Invoices from each of our customers are typically issued and collected on a monthly basis. Our Manager frequently reviews the status of all of our assets, and in the case that any are returning from lease or undergoing repair, outlines our options, which may include the re-lease or sale of that asset. In the case of operating infrastructure, our Manager plays a central role in developing and executing operational, finance and business development strategies. On a periodic basis, our Manager discusses the status of our acquired assets with our board of directors.

In some situations, we may acquire assets through a joint venture entity or own a minority position in an investment entity. In such circumstances, we will seek to protect our interests through appropriate levels of board representation, minority protections and other structural enhancements.

We and our Manager maintain relationships with operators worldwide and, through these relationships, hold direct conversations as to leasing needs and opportunities. Where helpful, we reach out to third parties who assist in leasing our assets. As an example, we often partner with MRO facilities in the aviation sector to lease these engines and support airlines' fleet management needs.

While we expect to hold our assets for extended periods of time, we and our Manager continually review our assets to assess whether we should sell or otherwise monetize them. Aspects that will factor into this process include relevant market conditions, the asset's age, lease profile, relative concentration or remaining expected useful life.

Credit Process

We and our Manager monitor the credit quality of our various lessees on an ongoing basis. This monitoring includes interacting with our customers regularly to monitor collections, review periodic financial statements and discuss their operating performance. Most of our lease agreements are written with conditions that require reporting on the part of our lessees, and we actively reach out to our lessees to maintain contact and monitor their liquidity positions. Furthermore, many of our leases and contractual arrangements include credit enhancement elements that provide us with additional collateral or credit support to strengthen our credit position.

We are subject to concentrations of credit risk with respect to amounts due from customers on our direct finance leases and operating leases. We attempt to limit credit risk by performing ongoing credit evaluations. See "-Customers."

Customers

Our customers consist of global operators of transportation and infrastructure networks, including airlines, offshore energy service providers and major shipping lines. We maintain ongoing relationships and discussions with our customers and seek to have consistent dialogue. In addition to helping us monitor the needs and quality of our customers, we believe these relationships help source additional opportunities and gain insight into attractive opportunities in the transportation and infrastructure sector. Given our limited operating history, a substantial portion of our revenue has historically been derived from a small number of customers. For the year ended December 31, 2019, we earned approximately 19% of our revenue from our largest customer. We derive a significant percentage of our revenue within specific sectors from a limited number of customers. However, we do not think that we are dependent upon any particular customer, or that the loss of one or more of them would have a material adverse effect on our business or the relevant segment, because of our ability to release assets at similar terms following the loss of any such customer. See "Risk Factors-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."

Competition

The business of acquiring, managing and marketing transportation and transportation-related infrastructure assets is highly competitive. Market competition for acquisition 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.

Additionally, the markets for our products and services are competitive, and we face competition from a number of sources. These competitors include engine and aircraft parts manufacturers, aircraft and aircraft engine lessors, airline and aircraft services and repair companies, aircraft spare parts distributors, offshore services providers, maritime equipment lessors, shipping container lessors, container shipping lines, and other transportation and infrastructure equipment lessors and operators.

We compete with other market participants on the basis of industry knowledge, availability of capital, and deal structuring experience and flexibility, among other things. We believe our Manager's experience in the transportation and the transportation-related infrastructure industry and our access to capital, in addition to our focus on diverse asset classes and customers, provides a competitive advantage versus competitors that maintain a single sector focus.

Environmental Regulations

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. 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.

Employees

Our Manager provides a management team and other professionals who are responsible for implementing our business strategy and performing certain services for us, subject to oversight by our board of directors, and as a result, as of December 31, 2019, we have no employees other than 70 individuals employed by Jefferson, three individuals employed by the Offshore Energy segment and ten individuals employed by Repauno. From time to time, certain of our officers may enter into written agreements with us that memorialize the provision of certain services; these agreements do not provide for the payment of any cash compensation to such officers from us. The employees of our Manager are not a party to any collective bargaining agreement. In addition, our Manager expects to utilize third party contractors to perform services and functions related to the operation and leasing of our assets such as aircraft, jet engines and shipping containers. These functions may include billing, collections, recovery and asset monitoring.

Insurance

Our leases generally require that our customers carry physical damage and liability insurance providing primary insurance coverage for loss and damage to our assets as well as for related cargo and third parties while the assets are on lease. In addition, in certain cases, we maintain contingent liability coverage for any claims or losses on our assets while they are on hire or otherwise in the possession of a third-party. Finally, we procure insurance for our assets when they are not on hire or are otherwise under our control.

Conflicts of Interest

Although we have established certain policies and procedures designed to mitigate conflicts of interest, there can be no assurance that these policies and procedures will be effective in doing so. It is possible that actual, potential or perceived conflicts of interest could give rise to investor dissatisfaction, litigation or regulatory enforcement actions.

One or more of our officers and directors have responsibilities and commitments to entities other than us. In addition, we do not have a policy that expressly prohibits our directors, officers, security holders or affiliates from engaging in business activities of the types conducted by us for their own account. See "Risk Factors-Risks Related to Our Manager-There are conflicts of interest in our relationship with our Manager."

Our key agreements, including our Management Agreement, the Partnership Agreement, and our operating agreement were negotiated among related parties, and their respective terms, including fees and other amounts payable, may not be as favorable to us as terms negotiated on an arm's-length basis with unaffiliated parties. Our independent directors may not vigorously enforce the provisions of our Management Agreement against our Manager. For example, our independent directors may refrain from terminating our Manager because doing so could result in the loss of key personnel.

We may compete with entities affiliated with our Manager or Fortress for certain target assets. From time to time, affiliates of Fortress may 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 the sectors in which we acquire assets, each with significant current or expected capital commitments. We may co-invest with these funds in certain target 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 Manager may determine, in its discretion, to make a particular acquisition through an investment vehicle other than us. Investment allocation decisions will reflect a variety of factors, such as a particular vehicle's availability of capital (including financing), investment objectives and concentration limits, legal, regulatory, tax and other similar considerations, the source of the opportunity and other factors that the Manager, in its discretion, deems appropriate. Our Manager does not have an obligation to offer us the opportunity to participate in any particular investment, even if it meets our asset acquisition objectives. In addition, employees of Fortress or certain of its affiliates—including personnel providing services to or on behalf of our Manager—may perform services for Fortress affiliates that may acquire or seek to acquire transportation and infrastructure-related assets.

Where Readers Can Find Additional Information

Fortress Transportation and Infrastructure Investors LLC is a Delaware limited liability company. Our principal executive offices are located at 1345 Avenue of the Americas, New York, New York 10105. Fortress Transportation and Infrastructure Investors LLC files annual, quarterly and current reports, proxy statements and other information required by the Exchange Act, with the SEC. Our SEC filings are available to the public from the SEC's internet site at http://www.sec.gov.

Our Internet site is http://www.ftandi.com. We will make available free of charge through our internet site our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and Forms 3, 4 and 5 filed on behalf of directors and executive officers and any amendments to those reports filed or furnished pursuant to the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Also posted on our website in the ‘‘Investor Center - Corporate Governance'' section are charters for our Audit Committee, Compensation Committee, Nominating Committee, as well as our Corporate Governance Guidelines, Code of Ethics for our officers, and our Code of Business Conduct and Ethics governing our directors, officers and employees. Information on, or accessible through, our website is not a part of, and is not incorporated into, this report.

Item 1A. Risk Factors

You should carefully consider the following risks and other information in this Form 10-K in evaluating us and our 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. Excess supply in oil and gas markets can 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 the past, a significant decline in oil prices has led to lower offshore exploration and production budgets worldwide. These conditions have resulted in significant contraction, deleveraging 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 most 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 most 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;
- 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 whom 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 most 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 most recent economic downturn, 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.

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.

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 our assets 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.

We may not generate a sufficient amount of cash or generate sufficient free cash flow to fund our operations or repay our indebtedness.

Our ability to make payments on our indebtedness as required depends on our ability to generate cash flow in the future. This ability, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we do not generate sufficient free cash flow to satisfy our debt obligations, including interest payments and the payment of principal at maturity, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot provide assurance that any refinancing would be possible, that any assets could be sold, or, if sold, of the timeliness and amount of proceeds realized from those sales, that additional financing could be obtained on acceptable terms, if at all, or that additional financing would be permitted under the terms of our various debt instruments then in effect. Furthermore, our ability to refinance would depend upon the condition of the finance and credit markets. Our inability to generate sufficient free cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms or on a timely basis, would materially affect our business, financial condition and results of operations.

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 (including, but not limited to, our businesses within the Jefferson Terminal and Ports and Terminals segments). 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.

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 business, 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 operational 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. federal agencies including the U.S. Environmental Protection Agency, the U.S. Department of Transportation (DOT), the Occupational Safety and Health Act (OSHA), the U.S. Federal Railroad Administration (FRA), and the U.S. Surface Transportation Board (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, more recently proposed bills such as the “Rail Shipper Fairness Act of 2017,” or competitive access proposals under consideration by the STB, 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 increased pipeline congestion and a corresponding growth in crude oil being transported by rail from Canada and across the U.S. High-profile accidents involving crude-oil-carrying trains in Quebec, North Dakota and Virginia, and more recently in Saskatchewan, West Virginia and Illinois, have raised concerns about derailments and the environmental and safety risks associated with crude oil transport by rail and the associated risks arising from railcar design. In Canada, the transport of hazardous products is receiving greater scrutiny which could impact our customers and our business.

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 to the extent we elect to move certain flammable liquids in the future. 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 hurricanes, cyclones, earthquakes, landslides, floods, explosions, fires, derailments, major plant breakdowns, pipeline or electricity line ruptures or other disasters. Operational disruption, as well as supply disruption, and increased government oversight 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.

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 assets 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 business 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 are affected by numerous factors beyond our 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 or trade 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.

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.

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 Asia and the Middle East, it may become more difficult and expensive to enforce our rights and recover our assets.

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;
- potential cybersecurity attacks;
- 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 potential 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 potential 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.

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, but not limited to, the indenture governing our Senior Notes and the revolving credit facility entered into on June 16, 2017 (“Revolving Credit Facility”), contain covenants that place restrictions on us and our subsidiaries. The indentures governing our Senior Notes and the Revolving Credit Facility restrict 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 shares;
- make certain investments or acquisitions;
- create liens on our or our subsidiaries’ assets;
- sell assets;
- make distributions on or repurchase our shares;
- 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 have a limited operating history, our historical financial and operating data may not be representative of our future results.

We are a 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 Long Ridge property are subject to environmental laws and regulations that may expose us to significant costs and liabilities.

Our Repauno site is subject to ongoing 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 Long Ridge, 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 ongoing environmental remediation related to historic industrial operations on and off Long Ridge. 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 Long Ridge as an aluminum reduction plant. In addition, Long Ridge is located adjacent to the former Ormet Corporation Superfund site (the "Ormet site"), which is owned and operated by the former owner of Long Ridge. Pursuant to an order with the United States Environmental Protection Agency ("U.S. 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. Long Ridge 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 U.S. EPA consent for activities on Long Ridge that could disrupt the groundwater monitoring or pumping. The former owner is contractually obligated to complete its regulatory obligations on Long Ridge and we benefit from a related indemnity and insurance policy. If the former owner fails to fulfill its demolition, removal, investigation, remediation, monitoring, or indemnity obligations, and if the related insurance, which is subject to limits and conditions, fails 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 U.S. EPA could delay our redevelopment activities.

In addition, a portion of Long Ridge 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 Long Ridge 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.

The expected discontinuation of the LIBOR benchmark interest rate may have an impact on our business.

On July 27, 2017, the U.K. Financial Conduct Authority (the "FCA"), which regulates LIBOR, announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR rates after 2021. As a result, LIBOR may be discontinued after 2021. The FCA and the submitting LIBOR banks have indicated they will support the LIBOR indices through 2021 to allow for an orderly transition to an alternative reference rate. Financial services regulators and industry groups are evaluating the phase-out of LIBOR and the development of alternate reference rate indices or reference rates.

In the United States, the Alternative Reference Rate Committee ("ARRC"), a group of diverse private-market participants assembled by the Federal Reserve Board and the Federal Reserve Bank of New York, was tasked with identifying alternative reference rates to replace LIBOR. The Secured Overnight Finance Rate ("SOFR") has emerged as the ARRC's preferred alternative rate for LIBOR. SOFR is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities in the repurchase agreement market. At this time, it is not possible to predict how markets will respond to SOFR or other alternative reference rates as the transition away from LIBOR is anticipated to be gradual over the coming years.

As of December 31, 2019, we had $111.0 million of total debt outstanding under facilities with interest rates based on floating-rate indices. We cannot predict what reference rate would be agreed upon or what the impact of any such replacement rate would be to our interest expense. Potential changes to the underlying floating-rate indices and reference rates may have an adverse impact on our agreements indexed to LIBOR and could have a negative impact on our profitability and cash flows.

A cyberattack that bypasses our information technology, or IT, security systems or the IT security systems of our third-party providers, causing an IT security breach, may lead to a disruption of our IT systems and the loss of business information which may hinder our ability to conduct our business effectively and may result in lost revenues and additional costs.

Parts of our business depend on the secure operation of our IT systems and the IT systems of our third-party providers to manage, process, store, and transmit information associated with aircraft leasing. We have, from time to time, experienced threats to our data and systems, including malware and computer virus attacks. A cyberattack that bypasses our IT security systems or the IT security systems of our third-party providers, causing an IT security breach, could adversely impact our daily operations and lead to the loss of sensitive information, including our own proprietary information and that of our customers, suppliers and employees. Such losses could harm our reputation and result in competitive disadvantages, litigation, regulatory enforcement actions, lost revenues, additional costs and liabilities. While we devote substantial resources to maintaining adequate levels of cyber-security, our resources and technical sophistication may not be adequate to prevent all types of cyberattacks.

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, Repauno and Long Ridge 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, Co-Chief Executive Officer and a member 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 December 27, 2017, SoftBank announced that it completed the SoftBank Merger. In connection with the SoftBank Merger, Fortress operates within SoftBank as an independent business headquartered in New York. 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 Inc., Trac Intermodal and Florida East Coast Industries - 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 Inc. and Trac Intermodal. Although we have the same Manager, we may compete with entities affiliated with our Manager or Fortress, including Seacastle 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 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 Inc., Trac Intermodal and Florida East Coast Industries, 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 us, 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. Holders of our common shares 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. Such 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.

We may hold or acquire certain investments through entities classified as CFCs or PFICs for U.S. federal income tax purposes.

Many of our investments are in non-U.S. corporations or are held through non-U.S. subsidiaries that are classified as corporations for U.S. federal income tax purposes. Some of these foreign entities may be classified as controlled foreign corporations (“CFCs”) or passive foreign investment companies (“PFICs”) (each as defined in the Code). Shareholders subject to U.S. federal income tax may experience adverse U.S. federal income tax consequences related to the indirect ownership of CFC or PFIC shares. For example, such shareholders may be required to take into account U.S. taxable income with respect to such CFCs or PFICs without a corresponding receipt of cash from us. In addition, under the CFC rules, certain capital gains are treated as ordinary dividend income and shareholders could be subject to income inclusions in respect of the "global intangible low-taxed income" of the CFC. Treasury regulations have been proposed that, if finalized, will generally have the effect of limiting certain adverse consequences of the CFC rules to shareholders treated for U.S. federal income tax purposes as owning indirectly or constructively (including through other partnerships) stock possessing 10% or more of the voting power or value of such CFCs. Taxpayers are permitted to rely, and we intend to rely, on such proposed regulations.

Under the PFIC rules, indirect ownership of PFIC shares by U.S. persons generally gives rise to materially adverse U.S. federal income tax consequences, which may be mitigated by electing to treat the PFIC as a qualified electing fund (“QEF”). We currently anticipate using commercially reasonable efforts to make such an election (a “QEF Election”) with respect to each PFIC in which we hold a material interest, directly or indirectly, in the first year during which we hold shares in such entity. As a result, U.S. holders of our common shares will generally be subject to tax on a current basis on their respective shares of each such PFIC’s undistributed ordinary earnings and net capital gains for each year in which the entity is a PFIC, regardless of whether such holders receive a corresponding distribution of cash from us. In certain cases, however, we may be unable to make a QEF Election with respect to a PFIC because, for example, we are unable to obtain the necessary information. In such event, U.S. holders of our common shares will be subject to imputed interest charges and other disadvantageous tax treatment with respect to certain “excess distributions” from the PFIC and gain realized upon the direct or indirect sale of the PFIC (including through the sale our common shares).

Prospective investors should consult their tax advisors regarding the potential impact of the rules regarding CFCs and PFICs before investing in our shares.

Certain tax consequences of the ownership of our preferred shares, including treatment of distributions as guaranteed payments for the use of capital, are uncertain.

The tax treatment of distributions on our preferred shares is uncertain. We intend to treat the holders of our preferred shares as partners for tax purposes and we intend to treat distributions on the shares as guaranteed payments for the use of capital that will generally be taxable to the holders of our preferred shares as ordinary income. Although a holder of our preferred shares will recognize taxable income from the accrual of such a guaranteed payment (even in the absence of a contemporaneous cash distribution), we anticipate accruing and making the guaranteed payment distributions quarterly. Except in the case of any loss recognized in connection with our liquidation, holders of our preferred shares are generally not anticipated to share in our items of income, gain, loss or deduction, nor are they anticipated to be allocated any share of our nonrecourse liabilities. If our preferred shares were treated as indebtedness for tax purposes, rather than as guaranteed payments for the use of capital, distributions likely would be treated as payments of interest by us to the holders of our preferred shares. Finally, if holders of our preferred shares were entitled to an allocation of income from FTAI, the risk factors applicable to holders of common shares would generally apply.

U.S. tax reform could adversely affect us and our shareholders.

The Tax Cuts and Jobs Act” (the “TCJA”), which is generally effective for taxable years beginning after December 31, 2017, amended the Code in a manner that significantly changed the taxation of individuals and business entities, including with respect to the taxation of offshore earnings and the deductibility of interest. In some cases, there is uncertainty around the scope and application of the new legislation that may be addressed in future guidance issued by the U.S. Department of Treasury and the IRS. Some of the changes could adversely affect our business and financial condition and the value of our shares.

Prospective investors should consult their tax advisors about the TCJA and its potential impact before investing in our shares.

Under the TCJA, shareholders that are not U.S. persons could be subject to U.S. federal income tax, including a 10% withholding tax, on the disposition of our shares.

If the Internal Revenue Service (the "IRS") were to determine that we, Holdco, or any other entity in which we invest that is subject to tax on a flow-through basis, is engaged in a U.S. trade or business for U.S. federal income tax purposes, any gain recognized by a foreign transferor on the sale, exchange or other disposition of our shares would generally be treated as "effectively connected" with such trade or business to the extent it does not exceed the effectively connected gain that would be allocable to the transferor if we sold all of our assets at their fair market value as of the date of the transferor's disposition. Under the TCJA, any such gain that is treated as effectively connected will generally be subject to U.S. federal income tax. In addition, the transferee of the shares or the applicable withholding agent would be required to deduct and withhold a tax equal to 10% of the amount realized by the transferor on the disposition, which would include an allocable portion of our liabilities and would therefore generally exceed the amount of transferred cash received by transferor in the disposition, unless the transferor provides an IRS Form W-9 or an affidavit stating the transferor's taxpayer identification number and that the transferor is not a foreign person. If the transferee fails to properly withhold such tax, we would be required to deduct and withhold from distributions to the transferee a tax in an amount equal to the amount the transferee failed to withhold, plus interest. Although we do not believe that we are currently engaged in a U.S. trade or business (directly or indirectly through pass-through subsidiaries), we are not required to manage our operations in a manner that is intended to avoid the conduct of a U.S. trade or business.

The withholding requirements with respect to the disposition of an interest in a publicly traded partnership are currently suspended and will remain suspended until Treasury regulations are promulgated or other relevant authoritative guidance is issued. Future guidance on the implementation of these requirements will be applicable on a prospective basis.

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 in the sale and such shareholder's adjusted tax basis in those shares. A shareholder's adjusted tax basis in the shares at the time of sale will generally be lower than the shareholder's original tax basis in the shares to the extent that prior distributions to such shareholder exceed the total taxable income allocated to such shareholder. A shareholder may therefore recognize a gain in a sale of our common shares if the shares are sold at a price that is less than their original cost. 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 are 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 U.S. federal income 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 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 income. Although the TCJA reduced regular corporate rates from 35% to 21%, our failure to qualify as a partnership for U.S. federal income tax purposes could nevertheless adversely affect our business, operating results and financial condition. In addition, we would likely be liable for state and local income and/or franchise taxes on our income. Finally, distributions of cash to shareholders would constitute qualified dividend income taxable to such shareholders to the extent of our earnings and profits and 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 shares.

Shareholders that are not U.S. persons should also anticipate being required to file U.S. tax returns and may be required to pay U.S. tax solely on account of owning our 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 (directly or indirectly through pass-through subsidiaries), in which case some portion of our income would be treated as effectively connected income with respect to non-U.S. persons. 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 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. persons holding our common shares 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. Likewise, non-U.S. persons holding our preferred shares, by virtue of receiving guaranteed payments, may be required to file U.S. federal income tax returns and may be subject to U.S. federal withholding tax on their guaranteed payments, irrespective of our operations or investments. In both cases, non-U.S. persons that are corporations may also be subject to a branch profits tax on their allocable share of such income. Non-U.S. persons 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 shares. Non-U.S. shareholders are urged to consult their tax advisors regarding the tax consequences of an investment in our shares.

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

If a non-U.S. person held more than 5% of any class of our shares at any time during the 5-year period preceding such non-U.S. person's disposition of such 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. person may be subject to U.S. tax on such disposition of such 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 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 also includes income attributable to debt-financed property and we are not prohibited from incurring debt to finance 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. In addition, the treatment of guaranteed payments for the use of capital to tax-exempt investors is not certain, and so distributions on our preferred shares may be treated as UBTI for federal income tax purposes, irrespective of our operations or the structure of our investments. The potential for income to be characterized as UBTI could make our 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 our shares.

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 believe 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 not in excess of 4%. If 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 in 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 21% for taxable years beginning after December 31, 2017. 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.

The ability of our corporate subsidiaries to utilize net operating losses ("NOLs") to offset their future taxable income may become limited.

Certain of our corporate subsidiaries have significant NOLs, and any limitation on their use could materially affect our profitability. Such a limitation could occur if our corporate subsidiaries were to experience an "ownership change" as defined under Section 382 of the Code. The rules for determining ownership changes are complex, and changes in the ownership of our shares could cause an ownership change in one or more of our corporate subsidiaries. Sales of our shares by our shareholders, as well as future issuances of our shares, could contribute to a potential ownership change in our corporate subsidiaries.

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

Some of our subsidiaries are subject to income, withholding or other taxes in certain non-U.S. jurisdictions by reason of their jurisdiction of incorporation, 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. Further, the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ("BEPS") recently entered into force among the jurisdictions that ratified it. The implementation of BEPS prevention measures could result in a higher effective tax rate on our worldwide earnings by, for example, reducing the tax deductions or otherwise increasing the taxable income of our subsidiaries. In addition, 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. The U.S. federal income tax treatment of our shareholders may also 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.

Because we cannot match transferors and transferees of our shares, 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 generally 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 its 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.

Rules 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. 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, these rules may adversely affect certain shareholders in certain cases. This differs from the rules that apply for taxable years beginning before January 1, 2018, 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 manner in which these rules apply is uncertain and in many respects depends on the promulgation of future regulations or other guidance by the U.S. Treasury Department or the IRS.

Risks Related to Our Shares

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

The market price of our common and preferred shares may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our common and preferred shares may fluctuate and cause significant price variations to occur. If the market price of our common or preferred 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 and preferred 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 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;
- prevailing interest rates or rates of return being paid by other comparable companies and the market for securities similar to our preferred shares;

- additional issuances of preferred shares;
- whether we we declare distributions on our preferred shares;
- 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 and preferred shares.

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. Because we are no longer an emerging growth company, we are subject to heightened disclosure obligations, which may impact our share price.

As a public company, we are required to comply with Section 404 ("Section 404") of the Sarbanes-Oxley Act. Section 404 requires that we evaluate the effectiveness of our internal control over financial reporting at the end of each fiscal year and to include a management report assessing the effectiveness of our internal controls over financial reporting in our Annual Report on Form 10-K for that fiscal year. Section 404 also requires an independent registered public accounting firm to attest to, and report on, management's assessment of our internal controls over financial reporting. Because we ceased to be an emerging growth company at the end of 2017, we were required to have our independent registered public accounting firm attest to the effectiveness of our internal controls in our Annual Reports on Form 10-K for the fiscal years ended December 31, 2019 and December 31, 2018, and will be required to do so going forward. The outcome of our review and the report of our independent registered public accounting firm 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. If we discover a material weakness in our internal control over financial reporting, 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 granted and may be granted to our Manager pursuant to the Management Agreement and the Incentive Plan. Since 2015, we granted our Manager an option to acquire 2,088,704 common shares in connection with equity offerings. In the future, upon the successful completion of additional offerings of our common shares or other equity securities (including securities issued as consideration in an acquisition), we will grant to our Manager options to purchase common shares in an amount equal to 10% of the number of common shares being sold in such offerings (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 Incentive Plan, which provides for the grant of equity-based awards, including restricted shares, stock options, stock appreciation rights, performance awards, restricted share 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. As of December 31, 2019, rights relating to 2,113,704 of our common shares were outstanding under the Incentive Plan. In the future on the date of any equity issuance by us 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 us 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 (A) 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 (B) the fair market value of a common share as of the date of such equity issuance.

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

Sales of substantial amounts 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, acquisitions or investments. 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 us based both on our consolidated net income and capital gains income in each fiscal quarter and for each fiscal year, respectively. Furthermore, the terms of our Series A preferred shares generally prevent us from declaring or paying dividends on or repurchasing our common shares or other junior capital unless all accrued distributions on such preferred shares have been paid in full.

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. These rules and regulations increase our legal and financial compliance costs and make some activities 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 continue to incur additional costs associated with maintaining directors' and officers' liability insurance and with the termination of our status as an emerging growth company as of the end of 2017. Because we are no longer an emerging growth company, we are subject to the independent auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and enhanced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. 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 1B. Unresolved Staff Comments

We have no unresolved staff comments.

Item 2. Properties

An affiliate of our Manager leases principal executive offices at 1345 Avenue of the Americas, New York, NY 10105. We also lease office space from an affiliate of our Manager in Ireland and Dubai. Our Jefferson Terminal operating segment leases approximately 200 acres of property for its terminal facilities and leases approximately 12,300 square feet of office space in Texas and 300 square feet in Canada. We are redeveloping Repauno, located in New Jersey, which includes over 1,600 acres of land, riparian rights, rail tracks and a 186,000 barrel underground storage cavern, to be a multi-purpose, multi-modal deepwater port. Additionally, our aviation leasing business, railcar cleaning business and offshore energy business lease office space in Florida, Maine, and Singapore, respectively. We believe that our office facilities and properties are suitable and adequate for our business as it is contemplated to be conducted.

Item 3. 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 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common shares began trading on the NYSE under the symbol "FTAI" on May 15, 2015, the date of the IPO. As of February 25, 2020, there were approximately twelve record holders of our common shares. This figure does not reflect the beneficial ownership of shares held in nominee name.

Although we currently intend to continue to pay regular quarterly dividends to holders of our common shares, we may change our dividend policy at any time and no assurances can be given that any future dividends will be paid or, if paid, as to the amounts or timing. 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.

On February 27, 2020, our Board of Directors declared a cash dividend on our common shares of $0.33 per share for the quarter ended December 31, 2019, payable on March 24, 2020 to the holders of record on March 13, 2020.

Nonqualified Stock Option and Incentive Award Plan

In 2015, in connection with the IPO, we 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 us, each as determined by the Compensation Committee of the Board of Directors. As of December 31, 2019, the Incentive Plan provides for the issuance of up to 29.9 million shares.

The following table summarizes the total number of outstanding securities in the Incentive Plan and the number of securities remaining for future issuance, as well as the weighted average strike price of all outstanding securities as of December 31, 2019.

	Equity Compensation Plan Information		
Plan category	**Number of securities to be issued upon exercise of outstanding options, warrants, and rights**	**Weighted-average exercise price of outstanding options, warrants, and rights**	**Number of securities remaining available for future issuance under equity compensation plans [1]**
Equity compensation plans approved by security holders	2,113,704	$ 16.85	29,879,592
Equity compensation plans not approved by security holders	—	—	—
Total	**2,113,704**		**29,879,592**

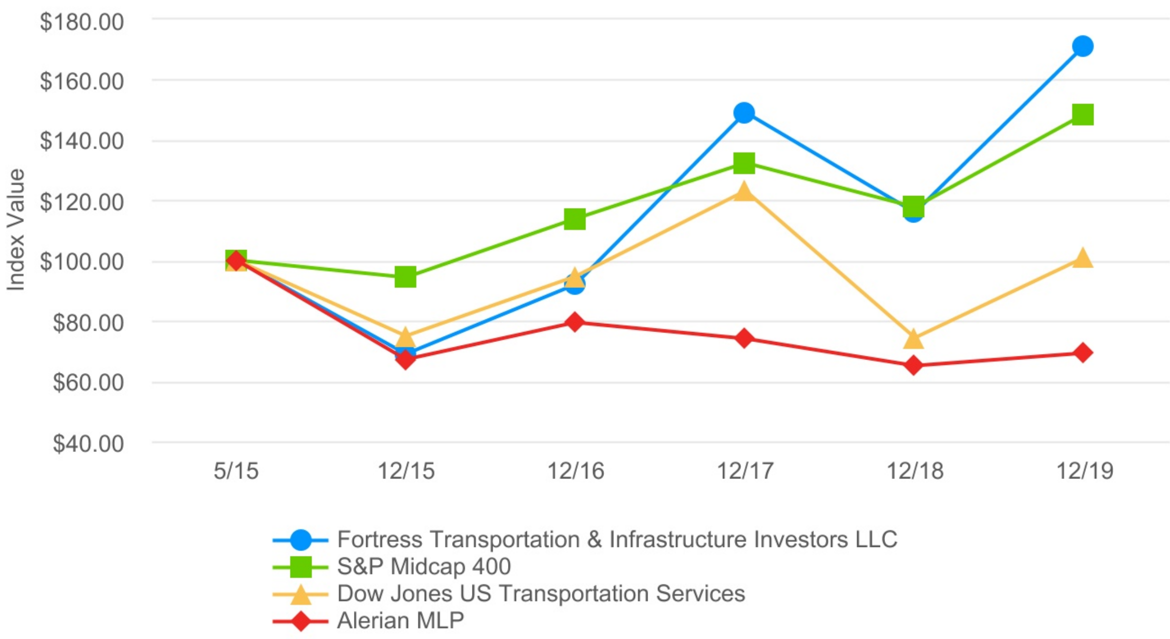
[1] Excludes 25,000 stock options and 95,408 common shares issued to directors as compensation.

Performance Graph

The following graph compares the cumulative total return for our common shares (stock price change plus reinvested dividends) with the comparable return of three indices: S&P Mid Cap 400, Dow Jones US Transportation Services, and Alerian MLP. The graph assumes an investment of $100 in our common shares and in each of the indices on May 14, 2015, and that all dividends were reinvested. The past performance of our shares is not an indication of future performance.

COMPARISON OF CUMULATIVE TOTAL RETURN*

Among Fortress Transportation & Infrastructure Investors LLC, the S&P Midcap 400 Index, the Dow Jones US Transportation Services Index and Alerian MLP



*$100 each invested on 5/14/15 in stock and index, including reinvestment of dividends. Fiscal year ending December 31.

(in whole dollars)	**May 14,**	**December 31,**				
Index	**2015**	**2015**	**2016**	**2017**	**2018**	**2019**
Fortress Transportation & Infrastructure Investors LLC	$ 100.00	$ 68.91	$ 91.78	$ 148.90	$ 115.86	$ 171.32
S&P Midcap 400	100.00	94.29	113.85	132.34	117.68	148.51
Dow Jones US Transportation Services	100.00	74.79	94.62	122.87	74.33	100.79
Alerian MLP	100.00	66.99	79.25	74.08	64.88	69.14

Item 6. Selected Financial Data

The selected historical financial information set forth below as of and for the years ended December 31, 2019, 2018, 2017, 2016 and 2015 has been derived from our audited historical consolidated financial statements.

We completed our IPO on May 20, 2015 in which Fortress Worldwide Transportation and Infrastructure Investors LP, Fortress Worldwide Transportation and Infrastructure Offshore LP, and Fortress Worldwide Transportation and Infrastructure Master GP LLP (collectively the "Initial Shareholders"), immediately prior to the consummation of the IPO, received shares in proportion to their respective ownership percentages. As a result, we have retrospectively presented the shares outstanding for all prior periods presented.

The information below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in Item 7 and the consolidated financial statements and notes thereto included in Item 8 in this Annual Report on Form 10-K.

	As of and for the year ended December 31,				
(in thousands except share and per share data)	**2019**	**2018**	**2017**	**2016**	**2015**
Revenues					
Equipment leasing revenues	**$ 349,322**	$ 253,039	$ 170,000	$ 101,949	$ 92,743
Infrastructure revenues	**229,452**	89,073	15,052	15,934	18,275
Total revenues	**578,774**	342,112	185,052	117,883	111,018
Total expenses	**626,767**	367,143	223,898	150,053	131,389
Total other income (expense)	**200,125**	7,374	18,297	(8,765)	(3,497)
Income (loss) from continuing operations before income taxes	**152,132**	(17,657)	(20,549)	(40,935)	(23,868)
Provision for income taxes	**17,810**	2,449	1,954	268	586
Net income (loss) from continuing operations	**134,322**	(20,106)	(22,503)	(41,203)	(24,454)
Net income (loss) from discontinued operations, net of income taxes	**73,462**	4,402	(737)	605	(4,177)
Net income (loss)	**207,784**	(15,704)	(23,240)	(40,598)	(28,631)
Less: Net (loss) income attributable to non-controlling interest in consolidated subsidiaries:					
Continuing operations	**(17,571)**	(21,925)	(23,304)	(20,557)	(16,684)
Discontinued operations	**247**	339	(70)	23	(121)
Dividends on preferred shares	**1,838**	—	—	—	—
Net income (loss) attributable to shareholders	**$ 223,270**	$ 5,882	$ 134	$ (20,064)	$ (11,826)
Earnings (loss) per share:					
Basic					
Continuing operations	**$ 1.74**	$ 0.02	$ 0.01	$ (0.27)	$ (0.12)
Discontinued operations	**$ 0.85**	$ 0.05	$ (0.01)	$ 0.01	$ (0.06)
Diluted					
Continuing operations	**$ 1.74**	$ 0.02	$ 0.01	$ (0.27)	$ (0.12)
Discontinued operations	**$ 0.85**	$ 0.05	$ (0.01)	$ 0.01	$ (0.06)
Weighted average shares outstanding:					
Basic	**85,992,019**	83,654,068	75,766,811	75,738,698	67,039,439
Diluted	**86,029,363**	83,664,833	75,766,811	75,738,698	67,039,439
Dividends declared per share of common stock	**$ 1.32**	$ 1.32	$ 1.32	$ 1.32	$ 0.48

(in thousands except share and per share data)	As of and for the year ended December 31, 2019	2018	2017	2016	2015
Balance Sheet data:					
Total assets	**$ 3,236,922**	$ 2,638,778	$ 1,955,806	$ 1,547,312	$ 1,644,805
Debt, net	**1,420,928**	1,215,108	680,751	247,357	257,289
Total liabilities	**1,898,065**	1,584,996	920,731	381,632	354,119
Total equity	**1,338,857**	1,053,782	1,035,075	1,165,680	1,290,686
Cash Flow data:					
Net cash provided by (used in):					
Operating activities	**$ 151,043**	$ 133,697	$ 68,497	$ 30,903	$ 23,528
Investing activities	**(495,236)**	(703,533)	(472,265)	(210,749)	(239,921)
Financing activities	**465,873**	597,867	363,078	(89,971)	575,971

Item 7. 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. Our MD&A should be read in conjunction with our consolidated financial statements and the accompanying notes, and with Part I, Item 1A, “Risk Factors” and “Forward-Looking Statements” included elsewhere in this Annual Report on Form 10-K.

A discussion of our results of operations for 2018 compared to 2017 is included in our Annual Report on Form 10-K for the year ended December 31, 2018, under Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

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 the Manager, an affiliate of Fortress, which has a dedicated team of experienced professionals focused on the acquisition of transportation and infrastructure assets since 2002. As of December 31, 2019, we had total consolidated assets of $3.2 billion and total equity of $1.3 billion.

While our strategy permits us to acquire a broad array of transportation-related assets, we are currently active in four sectors where we believe there are meaningful opportunities to deploy capital to achieve attractive risk adjusted returns: aviation, energy, intermodal transport and ports and terminals.

- Commercial air travel and air freight activity have historically been long-term growth sectors and are tied to the underlying demand for passenger and freight movement. We continue to see strong demand for aviation related assets.
- Offshore energy service equipment refers to vessels supporting the extraction, processing and transportation of oil and natural gas from deposits located beneath the sea floor, as well as the ongoing inspection, repair, maintenance and ultimate abandonment of subsea wells and associated infrastructure. The prolonged oil price decline has led to oil and gas companies reducing and deferring spending decisions, creating an oversupply of offshore energy assets, and in turn, lower day-rates, utilization and earnings for offshore service companies. These rates, however, have partially rebounded over the course of 2018 and 2019.
- The intermodal transport market includes the efficient movement of goods throughout multiple modes of transportation, making it possible to move cargo from a point of origin to a final destination without repeated unpacking and repacking. Over the last year, new container prices have decreased slightly, but remain above the lows reached in 2015.
- Land-based infrastructure refers to facilities that enable the storage, unloading, loading and movement of crude oil and refined products from producers to end users, such as refineries. Customers of land-based infrastructure typically purchase capacity on a take-or-pay basis, and the economics of these assets directly relate to the volume of throughput.

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. We target or develop 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 the following three reportable segments: (i) Aviation Leasing, which is within the Equipment Leasing Business, and (ii) Jefferson Terminal and (iii) 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 Jefferson Terminal segment consists of a multi-modal crude and refined products terminal and other related assets which were acquired in 2014. The Ports and Terminals segment consists of Repauno, acquired in 2016, a 1,630 acre deep-water port located along the Delaware River with an underground storage cavern and multiple industrial development opportunities. Additionally, Ports and Terminals includes an equity method investment ("Long Ridge"), which is a 1,660 acre multi-modal port located along the Ohio River with rail, dock, and multiple industrial development opportunities, including a power plant under construction.

In December 2019, we completed the sale of substantially all of our railroad business, which was formerly reported as our Railroad segment. Under ASC 205-20, this disposition met the criteria to be reported as discontinued operations and the assets, liabilities and results of operations have been presented as discontinued operations for all periods presented.

Corporate and Other primarily consists of debt, unallocated corporate general and administrative expenses, and management fees. Additionally, Corporate and Other includes (i) offshore energy related assets which consist of vessels and equipment that support offshore oil and gas activities and are typically subject to long-term operating leases, (ii) an investment in an unconsolidated entity engaged in the leasing of shipping containers on both an operating lease and finance lease basis and (iii) railroad assets retained after the December 2019 sale, which consists of equipment that support a railcar cleaning business.

During 2019, we updated our segment performance measure from Adjusted Net Income to Adjusted EBITDA (see definition below) as this is the primary performance measure that our Chief Operating Decision Maker ("CODM") utilizes to assess operational performance, as well as make resource and allocation decisions. In connection with the change in our performance measure, in accordance with ASC 280, we also assessed our reportable segments. We determined that our Offshore Energy and Shipping Containers segments no longer met the requirement as reportable segments. In addition, with the December 2019 sale of substantially all of our railroad business, the Railroad segment no longer met the requirement as a reportable segment. Accordingly, we have presented these operating segments, along with Corporate results, within Corporate and Other effective in 2019. All prior periods have been restated for historical comparison across segments.

Our 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 Note 2 to the consolidated financial statements; however, financial information presented by segment includes the impact of intercompany eliminations.

Results of Operations

Adjusted EBITDA (non-GAAP)

The CODM utilizes Adjusted EBITDA 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 EBITDA is defined as net income attributable to shareholders from continuing operations, adjusted (a) to exclude the impact of provision for (benefit from) 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 (losses) of unconsolidated entities and the non-controlling share of Adjusted EBITDA.

The following table presents our consolidated results of operations:

(in thousands)	Year Ended December 31, 2019	2018	2017	Change '19 vs '18	'18 vs '17
Revenues					
Equipment leasing revenues					
Lease income	**$ 207,101**	$ 157,190	$ 99,536	$ 49,911	$ 57,654
Maintenance revenue	**134,914**	89,870	65,651	45,044	24,219
Finance lease income	**2,648**	3,349	1,536	(701)	1,813
Other revenue	**4,659**	2,630	3,277	2,029	(647)
Total equipment leasing revenues	**349,322**	253,039	170,000	96,283	83,039
Infrastructure revenues					
Lease income	**3,362**	1,734	1,111	1,628	623
Terminal services revenues	**42,965**	10,108	10,229	32,857	(121)
Crude marketing revenues	**166,134**	60,518	—	105,616	60,518
Other revenue	**16,991**	16,713	3,712	278	13,001
Total infrastructure revenues	**229,452**	89,073	15,052	140,379	74,021
Total revenues	**578,774**	342,112	185,052	236,662	157,060
Expenses					
Operating expenses	**288,036**	136,570	62,419	151,466	74,151
General and administrative	**20,441**	17,126	14,570	3,315	2,556
Acquisition and transaction expenses	**17,623**	6,968	7,306	10,655	(338)
Management fees and incentive allocation to affiliate	**36,059**	15,726	15,732	20,333	(6)
Depreciation and amortization	**169,023**	133,908	86,073	35,115	47,835
Interest expense	**95,585**	56,845	37,798	38,740	19,047
Total expenses	**626,767**	367,143	223,898	259,624	143,245
Other income (expense)					
Equity in losses of unconsolidated entities	**(2,375)**	(1,008)	(1,601)	(1,367)	593
Gain on sale of assets, net	**203,250**	3,911	18,593	199,339	(14,682)
Loss on extinguishment of debt	**—**	—	(2,456)	—	2,456
Asset impairment	**(4,726)**	—	—	(4,726)	—
Interest income	**531**	488	688	43	(200)
Other income	**3,445**	3,983	3,073	(538)	910
Total other income	**200,125**	7,374	18,297	192,751	(10,923)
Income (loss) from continuing operations before income taxes	**152,132**	(17,657)	(20,549)	169,789	2,892
Provision for income taxes	**17,810**	2,449	1,954	15,361	495
Net income (loss) from continuing operations	**134,322**	(20,106)	(22,503)	154,428	2,397
Net income (loss) from discontinued operations, net of income taxes	**73,462**	4,402	(737)	69,060	5,139
Net income (loss)	**207,784**	(15,704)	(23,240)	223,488	7,536
Less: Net (loss) income attributable to non-controlling interest in consolidated subsidiaries:					
Continuing operations	**(17,571)**	(21,925)	(23,304)	4,354	1,379
Discontinued operations	**247**	339	(70)	(92)	409
Dividends on preferred shares	**1,838**	—	—	1,838	—
Net income attributable to shareholders	**$ 223,270**	$ 5,882	$ 134	$ 217,388	$ 5,748

The following table sets forth a reconciliation of net income attributable to shareholders from continuing operations to Adjusted EBITDA:

	Year Ended December 31,			Change	
(in thousands)	2019	2018	2017	'19 vs '18	'18 vs '17
Net income attributable to shareholders from continuing operations	**$ 150,055**	$ 1,819	$ 801	$ 148,236	$ 1,018
Add: Provision for income taxes	**17,810**	2,449	1,954	15,361	495
Add: Equity-based compensation expense	**1,509**	717	613	792	104
Add: Acquisition and transaction expenses	**17,623**	6,968	7,306	10,655	(338)
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	**4,555**	(5,523)	(1,022)	10,078	(4,501)
Add: Asset impairment charges	**4,726**	—	—	4,726	—
Add: Incentive allocations	**21,231**	407	514	20,824	(107)
Add: Depreciation & amortization expense [(1)]	**199,185**	160,567	94,380	38,618	66,187
Add: Interest expense	**95,585**	56,845	37,798	38,740	19,047
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities [(2)]	**(1,387)**	359	(243)	(1,746)	602
Less: Equity in losses of unconsolidated entities	**2,375**	1,008	1,601	1,367	(593)
Less: Non-controlling share of Adjusted EBITDA [(3)]	**(9,859)**	(9,744)	(12,535)	(115)	2,791
Adjusted EBITDA (non-GAAP)	**$ 503,408**	$ 215,872	$ 133,623	$ 287,536	$ 82,249

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(1) Includes the following items for the years ended December 31, 2019, 2018 and 2017: (i) depreciation and amortization expense of $169,023, $133,908 and $86,073, (ii) lease intangible amortization of $7,181, $8,588 and $4,716 and (iii) amortization for lease incentives of $22,981, $18,071 and $3,591, respectively.
(2) Includes the following items for the years ended December 31, 2019, 2018 and 2017: (i) net loss of $(2,563), $(1,196) and $(1,786), (ii) interest expense of $131, $477 and $785 and (iii) depreciation and amortization expense of $1,045, $1,078 and $758, respectively.
(3) Includes the following items for the years ended December 31, 2019, 2018 and 2017: (i) equity based compensation of $230, $113 and $125, (ii) provision for income taxes of $60, $57 and $16, (iii) interest expense of $3,400, $4,624 and $4,968, (iv) depreciation and amortization expense of $4,833, $6,049 and $7,022 and (v) changes in fair value of non-hedge derivative instruments of $1,336, $(1,099) and $404, respectively.

Comparison of the year ended December 31, 2019 to the year ended December 31, 2018

Revenues

Total revenues increased $236.7 million primarily due to higher revenues in the Aviation Leasing, Jefferson Terminal and Ports and Terminals segments.

Equipment Leasing

- Lease income increased $49.9 million primarily driven by an increase in assets on lease in the Aviation Leasing segment.
- Maintenance revenue increased by $45.0 million as we increased the number of aircraft and engines subject to leases with maintenance arrangements.

Infrastructure

- Crude marketing revenues increased $105.6 million primarily due to the Jefferson Terminal segment. During the third quarter of 2018, Jefferson initiated a strategy in Canada sourcing crude from producers, arranging logistics to Jefferson Terminal and marketing crude to third parties. Jefferson exited this strategy in the fourth quarter of 2019.
- Terminal services revenue increased $32.9 million which primarily reflects increases of approximately (i) $25.8 million due to increased storage capacity and activity at Jefferson Terminal and (ii) $7.1 million due to increased activity at Long Ridge.

Expenses

Total expenses increased $259.6 million primarily due to increases in (i) operating expenses, (ii) interest expense, (iii) depreciation and amortization and (iv) management fees and incentive allocation to affiliate.

Operating expenses increased $151.5 million primarily due to increases in:

- cost of sales of $125.6 million primarily due to costs associated with crude marketing in the Jefferson Terminal segment;
- facility operations of $16.0 million primarily in the Jefferson Terminal and Ports and Terminals segments due to higher volume associated with crude marketing and increased activity at Jefferson Terminal and an increase in transloading volumes at Long Ridge; and
- compensation and benefits of $7.6 million primarily due to an increase in headcount in the Jefferson Terminal and Ports and Terminals segments.

Interest expense increased $38.7 million primarily due to an increase in our average outstanding debt of approximately $623.9 million, which primarily consists of increases in the (i) senior unsecured notes due 2025 (“2025 Notes”) of $400.0 million, (ii) Long Ridge Generation LLC (“LREG”) Credit Agreement of $73.4 million, (iii) senior unsecured notes due 2022 (“2022 Notes”) of $65.8 million, (iv) Revolving Credit Facility of $48.8 million, (v) our subsidiary's revolving credit facility (“Jefferson Revolver”) of $25.1 million and (vi) our subsidiary’s revolving credit facility (“DRP Revolver”) of $18.9 million.

Depreciation and amortization increased $35.1 million primarily due to additional assets acquired in the Aviation Leasing segment and assets placed into service in the Jefferson Terminal and Ports and Terminals segments.

Management fees and incentive allocation to affiliate increased $20.3 million primarily due to incentive fees paid to the Manager related to gains on sale recognized during the period.

Other income

Total other income increased $192.8 million which primarily reflects (i) a gain on sale of $116.7 million due to the sale of a 49.9% interest in Long Ridge (the “Long Ridge Transaction”), (ii) an increase in gains on sale of $78.0 million due to asset sales in the Aviation Leasing segment, partially offset by (iii) an impairment of $4.7 million at Long Ridge due to the expiration of unused gas leases.

Provision for income taxes

The provision for income taxes increased $15.4 million which primarily reflects deferred tax expense in the Ports and Terminals segment due to the gain on sale for the Long Ridge Transaction.

Net income from continuing operations

Net income from continuing operations increased $154.4 million primarily due to the changes discussed above.

Net income from discontinued operations, net of income taxes

Net income from discontinued operations, net of income taxes increased $69.1 million due to the sale of our railroad business in December 2019.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA increased $287.5 million primarily due to the changes noted above.

Aviation Leasing Segment

As of December 31, 2019, in our Aviation Leasing segment, we own and manage 238 aviation assets, including 74 aircraft and 164 commercial engines.

As of December 31, 2019, 69 of our commercial aircraft and 108 of our 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 80% utilized as of December 31, 2019, 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 29 months, and our engines currently on-lease have an average remaining lease term of 10 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, 2019	**14**	**56**	**70**
Purchases	4	27	31
Sales	(1)	(4)	(5)
Transfers	(3)	(19)	(22)
Assets at December 31, 2019	**14**	**60**	**74**
Engines			
Assets at January 1, 2019	**78**	**64**	**142**
Purchases	23	8	31
Sales	(19)	(39)	(58)
Transfers	10	39	49
Assets at December 31, 2019	**92**	**72**	**164**

The following table presents our results of operations:

	Year Ended December 31,			Change	
(in thousands)	**2019**	**2018**	**2017**	**'19 vs '18**	**'18 vs '17**
Equipment leasing revenues					
Lease income	**$ 197,305**	$ 151,531	$ 91,103	$ 45,774	$ 60,428
Maintenance revenue	**134,914**	89,870	65,651	45,044	24,219
Finance lease income	**2,648**	1,895	—	753	1,895
Other revenue	**1,808**	974	39	834	935
Total revenues	**336,675**	244,270	156,793	92,405	87,477
Expenses					
Operating expenses	**14,132**	9,149	6,247	4,983	2,902
Acquisition and transaction expenses	**518**	315	441	203	(126)
Depreciation and amortization	**128,990**	102,419	61,795	26,571	40,624
Total expenses	**143,640**	111,883	68,483	31,757	43,400
Other income					
Equity in losses of unconsolidated entities	**(1,829)**	(743)	(1,276)	(1,086)	533
Gain on sale of assets, net	**81,954**	3,911	7,188	78,043	(3,277)
Interest income	**104**	202	297	(98)	(95)
Total other income	**80,229**	3,370	6,209	76,859	(2,839)
Income before income taxes	**273,264**	135,757	94,519	137,507	41,238
Provision for income taxes	**2,826**	2,280	1,966	546	314
Net income	**270,438**	133,477	92,553	136,961	40,924
Less: Net (loss) income attributable to non-controlling interest in consolidated subsidiaries	**—**	(24)	697	24	(721)
Net income attributable to shareholders	**$ 270,438**	$ 133,501	$ 91,856	$ 136,937	$ 41,645

The following table sets forth a reconciliation of net income attributable to shareholders to Adjusted EBITDA:

	Year Ended December 31,			Change	
(in thousands)	2019	2018	2017	'19 vs '18	'18 vs '17
Net income attributable to shareholders	**$ 270,438**	$ 133,501	$ 91,856	$ 136,937	$ 41,645
Add: Provision for income taxes	**2,826**	2,280	1,966	546	314
Add: Equity-based compensation expense	**—**	—	—	—	—
Add: Acquisition and transaction expenses	**518**	315	441	203	(126)
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 [1]	**159,152**	129,078	70,102	30,074	58,976
Add: Interest expense	**—**	—	—	—	—
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities [2]	**(1,829)**	(743)	(1,276)	(1,086)	533
Less: Equity in losses of unconsolidated entities	**1,829**	743	1,276	1,086	(533)
Less: Non-controlling share of Adjusted EBITDA [3]	**—**	(172)	(537)	172	365
Adjusted EBITDA (non-GAAP)	**$ 432,934**	$ 265,002	$ 163,828	$ 167,932	$ 101,174

[1] Includes the following items for the years ended December 31, 2019, 2018 and 2017: (i) depreciation expense of $128,990 and $102,419 and $61,795, (ii) lease intangible amortization of $7,181, $8,588 and $4,716 and (iii) amortization for lease incentives of $22,981, $18,071 and $3,591, respectively.

[2] Includes the proportionate share of the unconsolidated entities' net income adjusted for the excluded and included items detailed in the table, for which there were no adjustments.

[3] Includes depreciation and amortization expense of $0, $172 and $537 for the years ended December 31, 2019, 2018 and 2017, respectively.

Comparison of the year ended December 31, 2019 to the year ended December 31, 2018

Revenues

Total revenues increased $92.4 million driven by higher lease income and maintenance revenue.

- Lease income increased $45.8 million mainly due to an increase in (i) aircraft lease income of $35.1 million primarily driven by the addition of 14 aircraft on lease and (ii) engine lease income of $10.7 million primarily driven by an additional 15 revenue generating engines in 2019 compared to 2018.
- Maintenance revenue increased $45.0 million due to an increase in (i) the number of aircraft and engines on lease and (ii) end-of-lease maintenance compensation for four aircraft.

Expenses

Total expenses increased $31.8 million primarily due to an increase in depreciation and amortization expense and operating expenses.

- Depreciation and amortization expense increased $26.6 million driven by additional aircraft and engines owned and on lease in 2019 compared to 2018.
- Operating expenses increased $5.0 million primarily as a result of increases in (i) shipping and storage fees of $1.6 million due to the positioning of our assets for lease, (ii) bad debt expense of $1.5 million related to an engine loss receivable deemed uncollectible due to bankruptcy, (iii) repairs and maintenance expenses of $0.6 million, (iv) professional fee expenses of $0.5 million and (v) other operating expenses of $0.8 million.

Other income

Total other income increased $76.9 million primarily due to an increase of $78.0 million in gain on the sale of leasing equipment in 2019 partially offset due to a decrease of $1.1 million in Aviation Leasing’s proportionate share of the unconsolidated entities’ net income.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA increased $167.9 million primarily due to the changes in net income attributable to shareholders noted above, and higher depreciation and amortization expense for the additional aircraft and engines owned and on lease.

Jefferson Terminal Segment

The following table presents our results of operations:

	Year Ended December 31,			Change	
(in thousands)	**2019**	**2018**	**2017**	**'19 vs '18**	**'18 vs '17**
Infrastructure revenues					
Lease income	**$ 2,306**	$ 272	$ —	$ 2,034	$ 272
Terminal services revenues	**35,908**	10,108	10,229	25,800	(121)
Crude marketing revenues	**166,134**	60,518	—	105,616	60,518
Other revenue	**—**	87	—	(87)	87
Total revenues	**204,348**	70,985	10,229	133,363	60,756
Expenses					
Operating expenses	**231,506**	94,622	31,213	136,884	63,409
Depreciation and amortization	**22,873**	19,745	16,193	3,128	3,552
Interest expense	**16,189**	15,513	13,568	676	1,945
Total expenses	**270,568**	129,880	60,974	140,688	68,906
Other income (expense)					
Equity in losses of unconsolidated entities	**(292)**	(574)	(321)	282	(253)
Gain on sale of assets, net	**4,636**	—	—	4,636	—
Interest income	**118**	270	376	(152)	(106)
Other income	**634**	3,983	1,980	(3,349)	2,003
Total other income	**5,096**	3,679	2,035	1,417	1,644
Loss before income taxes	**(61,124)**	(55,216)	(48,710)	(5,908)	(6,506)
Provision for income taxes	**284**	261	42	23	219
Net loss	**(61,408)**	(55,477)	(48,752)	(5,931)	(6,725)
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**(17,356)**	(21,801)	(22,991)	4,445	1,190
Net loss attributable to shareholders	**$ (44,052)**	$ (33,676)	$ (25,761)	$ (10,376)	$ (7,915)

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

	Year Ended December 31,			Change	
(in thousands)	**2019**	**2018**	**2017**	**'19 vs '18**	**'18 vs '17**
Net loss attributable to shareholders	**$ (44,052)**	$ (33,676)	$ (25,761)	$ (10,376)	$ (7,915)
Add: Provision for income taxes	**284**	261	42	23	219
Add: Equity-based compensation expense	**1,054**	359	318	695	41
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	**6,364**	(5,523)	(1,022)	11,887	(4,501)
Add: Asset impairment charges	**—**	—	—	—	—
Add: Incentive allocations	—	—	—	—	—
Add: Depreciation and amortization expense	**22,873**	19,745	16,193	3,128	3,552
Add: Interest expense	**16,189**	15,513	13,568	676	1,945
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities [(1)]	**656**	478	(321)	178	799
Less: Equity in losses of unconsolidated entities	**292**	574	321	(282)	253
Less: Non-controlling share of Adjusted EBITDA [(2)]	**(9,820)**	(9,376)	(11,751)	(444)	2,375
Adjusted EBITDA (non-GAAP)	**$ (6,160)**	$ (11,645)	$ (8,413)	$ 5,485	$ (3,232)

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[(1)] Includes the following items for the years ended December 31, 2019, 2018 and 2017: (i) net loss of $(349), $(574) and $(321) and (ii) depreciation and amortization expense of $1,005, $1,052 and $0, respectively.
[(2)] Includes the following items for the years ended December 31, 2019, 2018 and 2017: (i) equity-based compensation of $221, $106 and $125, (ii) provision for income taxes of $60, $57 and $16, (iii) interest expense of $3,400, $4,465 and $4,886, (iv) changes in fair value of non-hedge derivative instruments of $1,336, $(1,099) and $404 and (v) depreciation and amortization expense of $4,803, $5,847 and $6,320, respectively.

Comparison of the year ended December 31, 2019 to the year ended December 31, 2018

Revenues

Total revenues increased $133.4 million primarily due to an increase in crude marketing revenue of $105.6 million. During the third quarter of 2018, Jefferson initiated a strategy in Canada sourcing crude from producers, arranging logistics to Jefferson Terminal and marketing crude to third parties. Jefferson exited this strategy in the fourth quarter of 2019. Additionally, terminal services revenue increased $25.8 million primarily due to increased storage capacity and activity.

Expenses

Total expenses increased $140.7 million primarily reflecting higher operating expenses of $136.9 million. The increase in operating expenses reflected higher:

- cost of sales of $125.7 million, resulting from costs associated with crude marketing;
- facility operations expense of $9.2 million due to higher volume associated with crude marketing and increased activity at the terminal; and
- compensation and benefits expense of $4.1 million resulting from an increase in headcount.

Additionally, the increase in expense reflected higher depreciation expense of $3.1 million due to additional assets placed into service.

Other income

Total other income increased $1.4 million primarily due to a gain on sale of $4.6 million, partially offset by a decrease in other income of $3.3 million due to lower gains on our derivatives in 2019.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA increased $5.5 million primarily due to an increase in the changes in non-hedge derivative instruments offset with the changes in net loss attributable to shareholders as described above.

Ports and Terminals

The following table presents our results of operations:

	Year Ended December 31,			Change	
(in thousands)	**2019**	**2018**	**2017**	**'19 vs '18**	**'18 vs '17**
Infrastructure revenues					
Lease income	**$ 1,056**	$ 1,462	$ 1,111	$ (406)	$ 351
Terminal services revenues	**7,057**	—	—	7,057	—
Other revenue	**14,074**	15,982	3,712	(1,908)	12,270
Total revenues	**22,187**	17,444	4,823	4,743	12,621
Expenses					
Operating expenses	**24,854**	18,312	9,117	6,542	9,195
Acquisition and transaction expenses	**5,008**	—	—	5,008	—
Depreciation and amortization	**9,849**	5,139	1,658	4,710	3,481
Interest expense	**1,712**	649	1,088	1,063	(439)
Total expenses	**41,423**	24,100	11,863	17,323	12,237
Other income					
Equity in losses of unconsolidated entities	**(192)**	—	—	(192)	—
Gain on sale of assets, net	**116,660**	—	—	116,660	—
Asset impairment	**(4,726)**	—	—	(4,726)	—
Interest income	**289**	—	—	289	—
Other income	**1,809**	—	—	1,809	—
Total other income	**113,840**	—	—	113,840	—
Income (loss) before income taxes	**94,604**	(6,656)	(7,040)	101,260	384
Provision for income taxes	**14,700**	1	—	14,699	1
Net income (loss)	**79,904**	(6,657)	(7,040)	86,561	383
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**(215)**	(100)	(484)	(115)	384
Net income (loss) attributable to shareholders	**$ 80,119**	$ (6,557)	$ (6,556)	$ 86,676	$ (1)

The following table sets forth a reconciliation of net income (loss) attributable to shareholders to Adjusted EBITDA:

	Year Ended December 31,			Change	
(in thousands)	**2019**	**2018**	**2017**	**'19 vs '18**	**'18 vs '17**
Net income (loss) attributable to shareholders	**$ 80,119**	$ (6,557)	$ (6,556)	$ 86,676	$ (1)
Add: Provision for income taxes	**14,700**	1	—	14,699	1
Add: Equity-based compensation expense	**455**	349	295	106	54
Add: Acquisition and transaction expenses	**5,008**	—	—	5,008	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	**(1,809)**	—	—	(1,809)	—
Add: Asset impairment charges	**4,726**	—	—	4,726	—
Add: Incentive allocations	—	—	—	—	—
Add: Depreciation and amortization expense	**9,849**	5,139	1,658	4,710	3,481
Add: Interest expense	**1,712**	649	1,088	1,063	(439)
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities (1)	**(153)**	—	—	(153)	—
Less: Equity in earnings of unconsolidated entities	**192**	—	—	192	—
Less: Non-controlling share of Adjusted EBITDA (2)	**(39)**	(196)	—	157	(196)
Adjusted EBITDA (non-GAAP)	**$ 114,760**	$ (615)	$ (3,515)	$ 115,375	$ 2,900

(1) Includes (i) net loss of $(193) and (ii) depreciation expense of $40 for the year ended December 31, 2019.
(2) Includes the following items for the years ended December 31, 2019 and 2018: (i) equity-based compensation of $9 and $7, (ii) interest expense of $0 and $159 and (iii) depreciation expense of $30 and $30, respectively.

Comparison of the year ended December 31, 2019 to the year ended December 31, 2018

Revenues

Total revenues increased $4.7 million, primarily due to additional trans-loading revenue of $2.5 million and revenue related to oil and gas activities of $1.7 million at Long Ridge. The increase was accompanied by an additional $0.5 million from Repauno relating to butane sales.

Expenses

Total expenses increased $17.3 million primarily due to increases in (i) operating expenses of $6.5 million (ii) acquisition and transaction expense of $5.0 million and (iii) depreciation expense of $4.7 million related to property, plant and equipment.

The increase in operating expenses was primarily driven by higher:

- operating expenses to operate proved developed natural gas wells of $1.4 million;
- compensation and benefits of $1.8 million due to increased headcount;
- facility operations of $1.7 million related to an increase in transloading volumes at Long Ridge;
- repair and maintenance cost of $0.7 million;
- cost of sales of $0.6 million related to the sale of butane; and
- bad debt expense of $0.3 million.

Acquisition and transaction expense increased due to transaction costs associated with the Long Ridge Transaction.

Depreciation expense increased due to a larger asset base as a result of assets placed into service during the year, the depletion of gas reserves and a revision to total proved reserve volumes at Long Ridge.

Other income

Total other income increased $113.8 million which primarily reflects (i) a gain on sale of $116.7 million from the Long Ridge Transaction, partially offset by (ii) an impairment of $4.7 million at Long Ridge due to the expiration of unproved gas leases.

Provision for income taxes

The provision for income taxes increased $14.7 million which primarily reflects deferred tax expense due to the gain on sale for the Long Ridge Transaction.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA increased $115.4 million primarily due to the changes in net income (loss) attributable to shareholders noted above.

Corporate and Other

The following table presents our results of operations:

	Year Ended December 31,			Change	
(in thousands)	**2019**	**2018**	**2017**	**'19 vs '18**	**'18 vs '17**
Equipment leasing revenues					
Lease income	**$ 9,796**	$ 5,659	$ 8,433	$ 4,137	$ (2,774)
Finance lease income	**—**	1,454	1,536	(1,454)	(82)
Other revenue	**2,851**	1,656	3,238	1,195	(1,582)
Total equipment leasing revenues	**12,647**	8,769	13,207	3,878	(4,438)
Infrastructure revenues					
Other revenue	**2,917**	644	—	2,273	644
Total infrastructure revenues	**2,917**	644	—	2,273	644
Total revenues	**15,564**	9,413	13,207	6,151	(3,794)
Expenses					
Operating expenses	**17,544**	14,487	15,842	3,057	(1,355)
General and administrative	**20,441**	17,126	14,570	3,315	2,556
Acquisition and transaction expenses	**12,097**	6,653	6,865	5,444	(212)
Management fees and incentive allocation to affiliate	**36,059**	15,726	15,732	20,333	(6)
Depreciation and amortization	**7,311**	6,605	6,427	706	178
Interest expense	**77,684**	40,683	23,142	37,001	17,541
Total expenses	**171,136**	101,280	82,578	69,856	18,702
Other expense					
Equity in (losses) earnings of unconsolidated entities	**(62)**	309	(4)	(371)	313
Gain on sale of assets, net	**—**	—	11,405	—	(11,405)
Loss on extinguishment of debt	**—**	—	(2,456)	—	2,456
Interest income	**20**	16	15	4	1
Other income	**1,002**	—	1,093	1,002	(1,093)
Total other income	**960**	325	10,053	635	(9,728)
Loss before income taxes	**(154,612)**	(91,542)	(59,318)	(63,070)	(32,224)
Benefit from income taxes	**—**	(93)	(54)	93	(39)
Net loss	**(154,612)**	(91,449)	(59,264)	(63,163)	(32,185)
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**—**	—	(526)	—	526
Dividends on preferred shares	**1,838**	—	—	1,838	—
Net loss attributable to shareholders	**$ (156,450)**	$ (91,449)	$ (58,738)	$ (65,001)	$ (32,711)

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

	Year Ended December 31,			Change	
(in thousands)	**2019**	**2018**	**2017**	**'19 vs '18**	**'18 vs '17**
Net loss attributable to shareholders	**$ (156,450)**	$ (91,449)	$ (58,738)	$ (65,001)	$ (32,711)
Add: Benefit from income taxes	**—**	(93)	(54)	93	(39)
Add: Equity-based compensation expense	**—**	9	—	(9)	9
Add: Acquisition and transaction expenses	**12,097**	6,653	6,865	5,444	(212)
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	**21,231**	407	514	20,824	(107)
Add: Depreciation and amortization expense	**7,311**	6,605	6,427	706	178
Add: Interest expense	**77,684**	40,683	23,142	37,001	17,541
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities (1)	**(61)**	624	1,354	(685)	(730)
Less: Equity in earnings of unconsolidated entities	**62**	(309)	4	371	(313)
Less: Non-controlling share of Adjusted EBITDA (2)	**—**	—	(247)	—	247
Adjusted EBITDA (non-GAAP)	**$ (38,126)**	$ (36,870)	$ (18,277)	$ (1,256)	$ (18,593)

(1) Includes the following items for the years ended December 31, 2019, 2018 and 2017: (i) net (loss) income of $(192), $121 and $(189), (ii) interest expense of $131, $477 and $785 and (iii) depreciation expense of $0, $26 and $758, respectively.
(2) Includes (i) interest expense of $82 and (ii) depreciation expense of $165 for the year ended December 31, 2017.

Comparison of the year ended December 31, 2019 to the year ended December 31, 2018

Revenues

Equipment Leasing

- Equipment leasing revenues increased $3.9 million due to (i) an increase in lease income of $4.1 million due to our vessels being on-hire for longer in 2019 compared to 2018, (ii) an increase in other revenue of $1.2 million due to higher victualling income as our vessels were on-hire for longer in 2019 compared to 2018, partially offset by (iii) a decrease in finance lease income of $1.5 million as one of our vessels was on nonaccrual status due to a casualty event.

Infrastructure

- Other revenue increased $2.3 million due to the railcar cleaning business being operational for all of 2019 compared to the second half of 2018.

Expenses

Total expenses increased $69.9 million primarily due to increases in:

- interest expense of $37.0 million which reflects an increase in the average outstanding debt of approximately $507.8 million, which primarily consists of the 2025 Notes of $400.0 million, 2022 Notes of $65.8 million and Revolving Credit Facility of $48.8 million;
- management fees and incentive allocation to affiliate of $20.3 million due to incentive fees paid to the Manager related to gains on sale recognized during the period;
- acquisition and transaction expenses of $5.4 million primarily due to a higher volume of transactions in 2019.

Adjusted EBITDA (non-GAAP)

Adjusted EBITDA decreased $1.3 million primarily due to the changes noted above.

Transactions with Affiliates and Affiliated Entities

We are managed by the Manager, an affiliate of Fortress, pursuant to the Management Agreement which provides for us to bear obligations for management fees and expense reimbursements payable to the Manager. Our Management Agreement requires our Manager to manage our business affairs in conformity with a broad asset acquisition strategy adopted and monitored by our board of directors. From time to time, 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 or other affiliates of Fortress, which may include, but are not limited to, certain financing arrangements, acquisition of assets, acquisition of debt obligations, debt, co-investments, and other assets that present an actual, potential or perceived conflict of interest. Please see Note 16 to our consolidated financial statements included elsewhere in this filing for more information.

Geographic Information

Please refer to Note 17 of our consolidated financial statements included in Item 8 in this Annual Report on Form 10-K for a report, by geographic area for each segment, of revenues from our external customers, for the years ended December 31, 2019, 2018 and 2017, as well as a report, by geographic area for each segment, of our total property, plant and equipment and equipment held for lease as of December 31, 2019 and 2018.

Liquidity and Capital Resources

Our principal uses of liquidity have been and continue to be (i) acquisitions or expansion 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.

- Cash used for the purpose of making investments was $942.5 million, $751.5 million, and $594.6 million during the years ended December 31, 2019, 2018, and 2017, respectively.
- Distributions to shareholders, including cash dividends, were $115.4 million, $110.6 million and $100.1 million during the years ended December 31, 2019, 2018 and 2017, respectively.
- 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 securities and (iii) proceeds from asset sales.

- Cash flows from operating activities, plus the principal collections on finance leases and maintenance reserve collections were $229.7 million, $189.3 million and $96.0 million during the years ended December 31, 2019, 2018, and 2017, respectively.
- During the year ended December 31, 2019, additional borrowings were obtained in connection with (i) the Revolving Credit Facility of $250.0 million, (ii) LREG Credit Agreement of $173.5 million, (iii) the 2025 Notes of $148.7 million, (iv) the 2022 Notes of $147.8 million, (v) the DRP Revolver of $25.0 million, (vi) the Jefferson Revolver of $23.2 million and (vii) CMQR Credit Agreement of $20.9 million. We made principal payments of $405.1 million primarily related to the Revolving Credit Facility, Jefferson Revolver and CMQR Credit Agreement.

  During the year ended December 31, 2018, additional borrowings were obtained in connection with (i) the 2025 Notes of $291.0 million, (ii) the Revolving Credit Facility of $275.0 million, (iii) the 2022 Notes of $100.0 million, (iv) the Jefferson Revolver of $49.5 million and (v) the CMQR Credit Agreement of $35.5 million. We made principal payments of $218.8 million primarily related to the Revolving Credit Facility and the CMQR Credit Agreement.

  During the year ended December 31, 2017, additional borrowings were obtained in connection with (i) the Term Loan of $97.2 million, net of deferred financing costs, (ii) the Revolving Credit Facility of $95.0 million, (iii) the CMQR Credit Agreement of $32.0 million and (iv) the Senior Notes of $343.0 million, net of deferred financing costs and repayment of the Term Loan. We made principal repayments of $125.2 million, primarily related to the FTAI Pride Credit Agreement, the Revolving Credit Facility and the CMQR Credit Agreement.
- Proceeds from the sale of subsidiaries and assets were $432.3 million, $44.1 million and $121.4 million during the years ended December 31, 2019, 2018, and 2017, respectively.
- Proceeds from the issuance of common shares were $148.3 million, net of issuance costs of $0.8 million, during the year ended December 31, 2018. There were no issuances of common shares in 2019.
- Proceeds from the issuance of preferred shares, net of underwriters discount and issuance costs, were $194.0 million during the year ended December 31, 2019.

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.

We are 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 our planned liquidity needs. We cannot assure if or when any such transaction will be consummated or the terms of any such transaction.

We have a dividend reinvestment plan in place which allows shareholders to automatically reinvest dividends in our common shares. The plan became effective on February 24, 2017.

Historical Cash Flow

The following table presents our historical cash flow:

	Year Ended December 31,		
(in thousands)	**2019**	**2018**	**2017**
Cash flow data:			
Net cash provided by operating activities	**$ 151,043**	$ 133,697	$ 68,497
Net cash used in investing activities	**(495,236)**	(703,533)	(472,265)
Net cash provided by financing activities	**465,873**	597,867	363,078

Comparison of the years ended December 31, 2019 and 2018

Net cash provided by operating activities increased $17.3 million primarily due to an increase in net income of $223.5 million and adjustments to reconcile net income which includes (i) an increase in depreciation and amortization of $34.9 million, (ii) a change in current and deferred income taxes of $13.8 million and (iii) a change in fair value of non-hedge derivatives of $10.1 million. These increases were partially offset by (iv) a change in gain on sale of subsidiaries and assets of $276.8 million.

Net cash used in investing activities decreased $208.3 million primarily due to (i) proceeds from the sale of subsidiaries of $183.8 million and (ii) an increase in proceeds from the sale of leasing equipment of $204.4 million. These increases were partially offset by (iii) an increase in acquisitions of property, plant and equipment of $101.2 million, (iv) an increase in acquisitions of leasing equipment of $70.6 million and (v) the acquisition of the remaining interest in a JV investment of $28.8 million.

Net cash provided by financing activities decreased $132.0 million primarily due to (i) an increase in repayments of debt of $186.3 million, (ii) a decrease in proceeds from the issuance of common shares, net of $147.5 million and (iii) an increase in payment of deferred financing costs of $31.2 million. These decreases were partially offset by (iv) proceeds from the issuance of preferred shares, net of $194.0 million and (v) an increase in proceeds from debt of $37.8 million .

Comparison of the years ended December 31, 2018 and 2017

Net cash provided by operating activities increased $65.2 million primarily due to an increase in net income of $7.5 million and adjustments to reconcile net income which include increases in (i) depreciation and amortization of $48.2 million, (ii) amortization of lease intangibles and incentives of $18.4 million and (iii) a change in gain on sale of equipment of $14.4 million. These increases were partially offset by security deposits and maintenance claims included in earnings of $6.3 million and a change in fair value of non-hedge derivatives of $4.5 million. Also contributing to the offset were the changes in accounts receivable, other assets, and other liabilities due to the continued expansion of operations across all business segments.

Net cash used in investing activities increased $231.3 million primarily due to (i) the acquisition of property, plant and equipment of $113.9 million, (ii) the acquisition of leasing equipment and lease intangibles of $73.5 million in the Aviation Leasing segment and (iii) lower proceeds from the sale of leasing equipment and available-for-sale securities of $47.1 million and $30.2 million, respectively. Partially offsetting this increase was a change in cash used for investments of $30.4 million.

Net cash provided by financing activities increased $234.8 million primarily due to proceeds from borrowings under (i) the 2025 Notes of $291.0 million, (ii) a net increase in the Revolving Credit Facility of $180.0 million and (iii) the Jefferson Revolver of $49.5 million. Additionally, we received proceeds from the issuance of common shares, net of issuance costs of $147.5 million. Partially offsetting these increases were (i) a net decrease in proceeds from borrowings under the 2022 Notes of $340.2 million and (ii) a net increase in repayments of the Revolving Credit Facility and the CMQR Credit Agreement of $80.0 million and $14.2 million, respectively.

Funds Available for Distribution (non-GAAP)

We use Funds Available for Distribution (“FAD”) in evaluating our ability to meet our stated dividend policy. FAD is not a financial measure in accordance with U.S. generally accepted accounting principles (“GAAP”). The GAAP measure most directly comparable to FAD is net cash provided by operating activities. We believe FAD is a useful metric for investors and analysts for similar purposes.

We define 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:

	Year Ended December 31,		
(in thousands)	2019	2018	2017
Net cash provided by operating activities	**$ 151,043**	$ 133,697	$ 68,497
Add: Principal collections on finance leases	**13,398**	1,981	473
Add: Proceeds from sale of assets	**432,273**	44,085	121,419
Add: Return of capital distributions from unconsolidated entities	**1,555**	2,085	—
Less: Required payments on debt obligations [1]	**(36,559)**	(7,793)	(8,368)
Less: Capital distributions to non-controlling interest	**—**	—	(254)
Exclude: Changes in working capital	**4,726**	7,610	(4,515)
Funds Available for Distribution (FAD)	**$ 566,436**	$ 181,665	$ 177,252

[1] Required payments on debt obligations for the year ended December 31, 2019 exclude repayments of $350,000 for the Revolving Credit Facility and $18,572 for the CMQR Credit Agreement, and for the year ended December 31, 2018 exclude repayments of $175,000 for the Revolving Credit Facility and $36,026 for the CMQR Credit Agreement, and for the year ended December 31, 2017 exclude repayments of $100,000 for a certain tern loan, $95,000 for the Revolving Credit Facility and $21,855 for the CMQR Credit Agreement, all of which were voluntary refinancings as repayments 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 we will generate FAD sufficient to meet our intended dividends. FAD has material limitations as a liquidity measure because such measure excludes items that are required elements of our net cash provided by operating activities as described below. FAD should not be considered in isolation nor as a substitute for analysis of our results of operations under GAAP, and it is not the only metric that should be considered in evaluating our ability to meet our stated dividend policy. Specifically:

- FAD does not include equity capital called from our existing limited partners, proceeds from any debt issuance or future equity offering, historical cash and cash equivalents and expected investments in our 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 we rely on alternative sources of liquidity to fund such purchases.
- FAD does not reflect expenditures related to capital expenditures, acquisitions and other investments as we have multiple sources of liquidity and intend 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 our distribution decisions.
- Management has significant discretion to make distributions, and we are not bound by any contractual provision that requires us to use cash for distributions.

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

Debt Obligations

See Note 8 to the Consolidated Financial Statements for information related to our debt obligations.

Contractual Obligations

The following table summarizes our future obligations, by period due, as of December 31, 2019, under our various contractual obligations and commitments. We had no off-balance sheet arrangements as of December 31, 2019.

	Payments Due by Period						
(in thousands)	Total	2020	2021	2022	2023	2024	Thereafter
FTAI Pride Credit Agreement	$ 36,009	$ 36,009	$ —	$ —	$ —	$ —	$ —
Jefferson Revolver [(1)]	50,000	—	50,000	—	—	—	—
DRP Revolver	25,000	—	25,000	—	—	—	—
Revolving Credit Facility	—	—	—	—	—	—	—
Series 2012 Bonds [(1)]	39,550	1,810	1,960	2,120	2,295	2,485	28,880
Series 2016 Bonds [(1)]	144,200	144,200	—	—	—	—	—
Senior Notes due 2022	700,000	—	—	700,000	—	—	—
Senior Notes due 2025	450,000	—	—	—	—	—	450,000
Total principal payments on loans and bonds payable	**1,444,759**	**182,019**	**76,960**	**702,120**	**2,295**	**2,485**	**478,880**
Total estimated interest payments [(2)]	302,915	85,304	80,427	41,958	31,932	31,735	31,559
Operating lease obligations	121,848	3,308	3,379	3,250	3,194	2,963	105,754
	424,763	88,612	83,806	45,208	35,126	34,698	137,313
Total contractual obligations	**$ 1,869,522**	**$ 270,631**	**$ 160,766**	**$ 747,328**	**$ 37,421**	**$ 37,183**	**$ 616,193**

(1) In February 2020, we refinanced the Series 2012 Bonds and Series 2016 Bonds which extended the earliest maturity date to 2025 and also paid off the Jefferson Revolver. See Note 21 to the consolidated financial statements for additional details.

(2) Estimated interest payments based on rates as of December 31, 2019.

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

Operating Leases—We lease equipment pursuant to net operating leases. Operating leases with fixed rentals and step rentals are recognized on a straight-line basis over the term of the lease, assuming no renewals. Revenue is not recognized when collection is not reasonably assured. When collectability is not reasonably assured, the customer is placed on non-accrual status and revenue is recognized when cash payments are received.

Generally, under our aircraft lease and engine agreements, the lessee is required to make periodic maintenance payments calculated based on the lessee's utilization of the leased asset. Typically, under our aircraft lease agreements, the lessee is responsible for maintenance, repairs and other operating expenses throughout the term of the lease. These periodic maintenance payments accumulate over the term of the lease to fund major maintenance events, and we are contractually obligated to return maintenance payments to the lessee up to the amount paid by the lessee. In the event the total cost of maintenance events over the term of a lease is less than the cumulative maintenance payments, we are not required to return any unused or excess maintenance payments to the lessee.

Maintenance payments received for which we expect to repay to the lessee are presented as Maintenance Deposits in our Consolidated Balance Sheets. All excess maintenance payments received that we do not expect to repay to the lessee are recorded as Maintenance revenues. Estimates in recognizing revenue include mean time between removal, projected costs for engine maintenance and forecasted utilization of aircraft which are affected by historical usage patterns and overall industry, market and economic conditions. Significant changes to these estimates could have a material effect on the amount of revenue recognized in the period.

Finance Leases—From time to time we enter into finance lease arrangements that include a lessee obligation to purchase the leased equipment at the end of the lease term, include a bargain purchase option, or provides for minimum lease payments with a present value of 90% or more of the fair value of the leased equipment at the date of lease inception. Net investment in finance lease represents the minimum lease payments due from lessee, net of unearned income. The lease payments are segregated into principal and interest components similar to a loan. Unearned income is recognized on an effective interest method over the lease term and is recorded as finance lease income. The principal component of the lease payment is reflected as a reduction to the net investment in finance leases.

Variable Interest Entities—The assessment of whether an entity is a 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.

Maintenance Payments—Typically, under an operating lease of aircraft, the lessee is responsible for performing all maintenance and is generally required to make maintenance payments to us for heavy maintenance, overhaul or replacement of certain high-value components of the aircraft or engine. These maintenance payments are based on hours or cycles of utilization or on calendar time, depending on the component, and are generally required to be made monthly in arrears. If a lessee is making monthly maintenance payments, we would typically be obligated to reimburse the lessee for costs they incur for heavy maintenance, overhaul or replacement of certain high-value components to the extent of maintenance payments received in respect of the specific maintenance event, usually shortly following the completion of the relevant work.

We record the portion of maintenance payments paid by the lessee that are expected to be reimbursed as maintenance deposit liabilities on the Consolidated Balance Sheet. Reimbursements made to the lessee upon the receipt of evidence of qualifying maintenance work are recorded against the maintenance deposit liability.

In certain leases, we or the lessee may be obligated to make a payment to the other party at lease termination based on redelivery conditions stipulated at the inception of the lease. When the lessee is required to return the aircraft in an improved maintenance condition, we record a maintenance right asset, as a component of other assets, for the estimated value of the end-of-life maintenance payment at acquisition. We recognize payments received as end-of-lease compensation adjustments, within lease revenue or as a reduction to the maintenance right asset, when payment is received or collectability is assured. In the event we are required to make payments at the end of the lease for redelivery conditions, amounts are accrued as additional maintenance liability when we are obligated and can reasonably estimate such payment.

Property, Plant and Equipment, Leasing Equipment and Depreciation—Property, plant and equipment and leasing equipment are stated at cost (inclusive of capitalized acquisition costs, where applicable) and depreciated using the straight-line method, over estimated useful lives, to estimated residual values which are summarized as follows:

Asset	Range of Estimated Useful Lives	Residual Value Estimates
Aircraft	25 years from date of manufacture	Generally not to exceed 15% of manufacturer’s list price when new
Aircraft engines	2 - 6 years, based on maintenance adjusted service life	Sum of engine core salvage value plus the estimated fair value of life limited parts
Offshore energy vessels	25 years from date of manufacture	10% of new build cost
Railcars	40 - 50 years from date of manufacture	Scrap value at end of useful life
Track and track related assets	15 - 50 years from date of manufacture	Scrap value at end of useful life
Buildings and site improvements	20 - 30 years	Scrap value at end of useful life
Railroad equipment	3 - 15 years from date of manufacture	Scrap value at end of useful life
Terminal machinery and equipment	15 - 25 years from date of manufacture	Scrap value at end of useful life
Vehicles	5 - 7 years from date of manufacture	Scrap value at end of useful life
Furniture and fixtures	3 - 6 years from date of purchase	None
Computer hardware and software	3 - 5 years from date of purchase	None

Impairment of Long-Lived Assets—We perform a recoverability assessment of each of our long-lived assets whenever events or changes in circumstances, or indicators, indicate that the carrying amount or net book value of an asset may not be recoverable. Indicators may include, but are not limited to, a significant lease restructuring or early lease termination; significant traffic decline; or the introduction of newer technology aircraft, vessels, engines or railcars. When performing a recoverability assessment, we measure whether the estimated future undiscounted net cash flows expected to be generated by the asset exceeds its net book value. The undiscounted cash flows consist of cash flows from currently contracted leases and terminal services contracts, future projected leases, terminal service and freight rail rates, transition costs, estimated down time and estimated residual or scrap values. In the event that an asset does not meet the recoverability test, the carrying value of the asset will be adjusted to fair value resulting in an impairment charge.

Management develops the assumptions used in the recoverability analysis based on its knowledge of active contracts, current and future expectations of the global demand for a particular asset and historical experience in the leasing markets, as well as information received from third party industry sources. The factors considered in estimating the undiscounted cash flows are impacted by changes in future periods due to changes in contracted lease rates, terminal service, and freight rail rates, residual values, economic conditions, technology, demand for a particular asset type and other factors. With respect to our offshore segment, although we expect current market conditions to improve, if such conditions persist for an extended period of time, this could result in the impairment of some of our offshore vessels.

Goodwill—Goodwill includes the excess of the purchase price over the fair value of the net tangible and intangible assets associated with the acquisition of Jefferson Terminal. The carrying amount of goodwill was approximately $122.6 million and $116.0 million as of December 31, 2019 and 2018, respectively. The increase relates to our purchase of the remaining 50% interest in JGP Energy Partners LLC. See Note 7 to the consolidated financial statements for additional details.

We review 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, we review 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, 2019 or 2018.

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 our 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.

We estimate the fair value of the reporting units using an income approach, specifically a discounted cash flow analysis. This analysis requires us to make significant assumptions and estimates about the extent and timing of future cash flows (including forecasted revenue growth rates and EBITDA margins), capital expenditures and discount 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. We also utilize market valuation models and other financial ratios, which require us to make certain assumptions and estimates regarding the applicability of those models to our assets and businesses.

Although we believe 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 our operating results. Specifically, as it relates to the Jefferson Terminal segment, forecasted revenue is dependent on the ramp up of volumes under current contracts and the acquisition of additional storage contracts for the heavy and light crude and refined products during 2020 subject to obtaining rail capacity for crude, permits for pipeline and movements in future oil spreads. Jefferson Terminal was designed to reach a storage capacity of 21.7 million barrels, and 4.4 million of storage, or approximately 20.3% of capacity, is currently operational. If the Company strategy changes from planned capacity downward due to an inability to source contracts or expand volumes, the fair value of the reporting units would be negatively affected, which could lead to an impairment. 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 utilized in our annual impairment analysis 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 13.5% and our terminal growth rate of 2%.

Furthermore, development of both inbound and outbound pipelines to and from the Jefferson Terminal over the next year to two to years will affect our forecasted growth and therefore our estimated fair value. We continue to expect the Jefferson Terminal segment to generate positive Adjusted EBITDA during 2020. Although certain of our anticipated contracts or expected volumes from existing contracts for Jefferson Terminal have been delayed, we continue to believe our projected revenues are achievable and have not yet modified those projections based on ongoing negotiations with our customers and discussions with major pipeline companies. Further delays in executing these contracts or achieving our projections could adversely affect the fair value of the reporting unit. However, strengthening macroeconomic conditions such as increased oil prices and the increasing spread between Western Canadian Crude and Western Texas Intermediate are better than we anticipated, and we remain positive for the outlook of Jefferson Terminal's earnings potential.

For the years ended December 31, 2019, 2018, and 2017 there was no impairment of goodwill.

Income Taxes—A portion of our income earned by our corporate subsidiaries is subject to U.S. federal and state income taxation, taxed at prevailing rates. The remainder of our income is allocated directly to our partners and is not subject to a corporate level of taxation. Certain subsidiaries of ours are subject to income tax in the foreign countries in which they conduct business.

We account for these taxes using the asset and liability method under which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is established when management believes it is more likely than not that a deferred tax asset will not be realized.

Recent Accounting Pronouncements

Please see Note 2 to our consolidated financial statements included elsewhere in this filing for recent accounting pronouncements.

Item 7A. 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 December 31, 2019, 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 $1.0 million over the next 12 months.

Item 8. Financial Statements and Supplementary Data

Index to Financial Statements:

Consolidated Financial Statements of Fortress Transportation and Infrastructure Investors LLC:

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Fortress Transportation and Infrastructure Investors LLC

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Fortress Transportation and Infrastructure Investors LLC ("the Company") as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 28, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

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

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

Critical Audit Matters

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

Valuation of Goodwill-Jefferson Terminal Reporting Unit

Description of the Matter	At December 31, 2019, the Company’s goodwill was $122.6 million for the Jefferson Terminal reporting unit. As discussed in Note 2 of the financial statements, goodwill is tested for impairment at least annually at the reporting unit level. Auditing management’s annual goodwill impairment test was complex and highly judgmental due to the significant estimation required in determining the fair value of the Jefferson Terminal reporting unit. In particular, the fair value estimate was sensitive to significant assumptions such as the extent and timing of future cash flows (including forecasted revenue growth rates and EBITDA margins), capital expenditures and discount rates, which are affected by expectations about the Company’s ability to secure additional contracts and increase volumes from existing contracts as well as expectations about the overall industry, market and economic conditions.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s goodwill impairment review process, including management’s review of valuation methodology and significant assumptions described above. To test the estimated fair value of the Company’s Jefferson Terminal reporting unit for use in the goodwill impairment assessment, we performed audit procedures that included, among others, assessing the valuation methodology used and testing the significant assumptions described above and the completeness and accuracy of the underlying data used by the Company in its analysis. For example, we compared the significant assumptions used by management to current industry, market and economic trends; to the historical results of the reporting unit and other guideline companies within the same industry; and evaluated whether changes to the Company’s business model, customer base or product mix and other relevant factors would affect the significant assumptions. We also assessed the historical accuracy of management’s estimates and performed sensitivity analyses of significant assumptions to evaluate the changes in the fair value of the Jefferson Terminal reporting unit that would result from changes in the assumptions. We also involved our valuation specialists to assist in our evaluation of the Company's valuation methodology and certain significant assumptions.

Recognition of Maintenance Revenue for Aircraft Leases

Description of the Matter	As described in Note 2 to the financial statements, the Company recognizes maintenance revenue for aircraft leases related to the portion of maintenance payments received from lessees that are not expected to be reimbursed for maintenance events. Revenue related to maintenance on leased aircraft is recorded as a component of Maintenance revenue and, as disclosed in Note 12, totaled $134.9 million for the year ended December 31, 2019. Auditing maintenance revenue related to aircraft leases was complex and highly judgmental due to the significant estimation involved in projecting the timing and cost of future major maintenance events. In particular, such estimates are sensitive to significant assumptions such as the mean time between removal (MTBR), the projected cost for the engine maintenance and forecasted utilization of the aircraft which are affected by historical usage patterns and overall industry, market and economic conditions. Changes to these significant assumptions could have a material effect on the amount of revenue recognized in the period.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s maintenance revenue recognition process, including controls over management’s review of the significant assumptions used in the determining the estimated timing and projected costs of major maintenance events described above. To test maintenance revenue for aircraft leases, we performed audit procedures that included, among others, assessing the Company’s revenue recognition methodology and testing the significant assumptions described above and the completeness and accuracy of the underlying data used by the Company in its analysis. For example, we compared the significant assumptions used by management to the underlying customer lease agreements, historical utilization and third party estimates for MTBR and cost for engine maintenance, when available. We tested management’s retrospective review of timing and cost of estimated maintenance events to actual results to assess the historical accuracy of significant assumptions and contrary evidence, if any. We also performed a sensitivity analysis on utilization of the aircraft to evaluate the changes in the timing of the maintenance event from changes in utilization assumptions and the impact, if any, on maintenance revenue recognized in the period.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2016.

New York, New York

February 28, 2020

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share and per share data)

	Notes	December 31, 2019	December 31, 2018
Assets			
Cash and cash equivalents	2	**$ 226,512**	$ 99,601
Restricted cash	2	**16,005**	21,236
Accounts receivable, net		**49,470**	46,414
Leasing equipment, net	4	**1,707,059**	1,432,210
Operating lease right-of-use assets, net	13	**37,466**	—
Finance leases, net	5	**8,315**	18,623
Property, plant, and equipment, net	6	**732,109**	662,019
Investments	7	**180,550**	40,560
Intangible assets, net	8	**27,692**	38,498
Goodwill		**122,639**	115,990
Other assets	2	**129,105**	106,883
Assets of discontinued operations	3	**—**	56,744
Total assets		**$ 3,236,922**	$ 2,638,778
Liabilities			
Accounts payable and accrued liabilities		**$ 144,855**	$ 100,668
Debt, net	9	**1,420,928**	1,215,108
Maintenance deposits	2	**208,944**	158,163
Security deposits	2	**45,252**	38,539
Operating lease liabilities	13	**36,968**	—
Other liabilities		**41,118**	37,055
Liabilities of discontinued operations	3	**—**	35,463
Total liabilities		**$ 1,898,065**	$ 1,584,996
Commitments and contingencies	19		
Equity			
Common shares ($0.01 par value per share; 2,000,000,000 shares authorized; 84,917,448 and 84,050,889 shares issued and outstanding as of December 31, 2019 and 2018, respectively)		**$ 849**	$ 840
Preferred shares ($0.01 par value per share; 200,000,000 shares authorized; 8,050,000 and 0 shares issued and outstanding as of December 31, 2019 and 2018, respectively)		**81**	—
Additional paid in capital		**1,110,122**	1,029,376
Retained earnings (accumulated deficit)		**190,453**	(32,817)
Accumulated other comprehensive income		**372**	—
Shareholders' equity		**1,301,877**	997,399
Non-controlling interest in equity of consolidated subsidiaries		**36,980**	56,383
Total equity		**$ 1,338,857**	$ 1,053,782
Total liabilities and equity		**$ 3,236,922**	$ 2,638,778

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except share and per share data)

		Year Ended December 31,		
	Notes	2019	2018	2017
Revenues				
Equipment leasing revenues		$ 349,322	$ 253,039	$ 170,000
Infrastructure revenues		229,452	89,073	15,052
Total revenues	12	578,774	342,112	185,052
Expenses				
Operating expenses		288,036	136,570	62,419
General and administrative		20,441	17,126	14,570
Acquisition and transaction expenses		17,623	6,968	7,306
Management fees and incentive allocation to affiliate	16	36,059	15,726	15,732
Depreciation and amortization	4, 6, 8	169,023	133,908	86,073
Interest expense		95,585	56,845	37,798
Total expenses		626,767	367,143	223,898
Other income (expense)				
Equity in losses of unconsolidated entities	7	(2,375)	(1,008)	(1,601)
Gain on sale of assets, net		203,250	3,911	18,593
Loss on extinguishment of debt		—	—	(2,456)
Asset impairment		(4,726)	—	—
Interest income		531	488	688
Other income		3,445	3,983	3,073
Total other income		200,125	7,374	18,297
Income (loss) from continuing operations before income taxes		152,132	(17,657)	(20,549)
Provision for income taxes	15	17,810	2,449	1,954
Net income (loss) from continuing operations		134,322	(20,106)	(22,503)
Net income (loss) from discontinued operations, net of income taxes	3	73,462	4,402	(737)
Net income (loss)		207,784	(15,704)	(23,240)
Less: Net income (loss) attributable to non-controlling interests in consolidated subsidiaries:				
Continuing operations		(17,571)	(21,925)	(23,304)
Discontinued operations	3	247	339	(70)
Dividends on preferred shares		1,838	—	—
Net income attributable to shareholders		$ 223,270	$ 5,882	$ 134
Earnings (loss) per share:				
Basic	18			
Continuing operations		$ 1.74	$ 0.02	$ 0.01
Discontinued operations		$ 0.85	$ 0.05	$ (0.01)
Diluted	18			
Continuing operations		$ 1.74	$ 0.02	$ 0.01
Discontinued operations		$ 0.85	$ 0.05	$ (0.01)
Weighted average shares outstanding:				
Basic		85,992,019	83,654,068	75,766,811
Diluted		86,029,363	83,664,833	75,766,811

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in thousands)

	Year Ended December 31,		
	2019	**2018**	**2017**
Net income (loss)	**$ 207,784**	$ (15,704)	$ (23,240)
Other comprehensive income (loss):			
Other comprehensive income related to equity method investees, net [1]	**372**	—	—
Available-for-sale securities:			
Unrealized gain in available-for-sale securities	**—**	—	4,276
Reclassification of gains included in net income	**—**	—	(11,406)
Comprehensive income (loss)	**208,156**	(15,704)	(30,370)
Comprehensive (loss) income attributable to non-controlling interest:			
Continuing operations	**(17,571)**	(21,925)	(23,304)
Discontinued operations	**247**	339	(70)
Comprehensive income (loss) attributable to shareholders	**$ 225,480**	$ 5,882	$ (6,996)

[1] Net of deferred tax expense of $99 for the year ended December 31, 2019.

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Dollars in thousands)

	Common Shares	Preferred Shares	Additional Paid In Capital	(Accumulated Deficit) Retained Earnings	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**
Net income (loss)				134		(23,374)	(23,240)
Other comprehensive loss				—	(7,130)	—	(7,130)
Total comprehensive income (loss)				134	(7,130)	(23,374)	(30,370)
Capital contributions						1,296	1,296
Capital distributions						(254)	(254)
Transfer of non-controlling interest						(2,798)	(2,798)
Settlement of equity-based compensation						(74)	(74)
Issuance of common shares	—		310			—	310
Dividends declared - common shares			(100,058)			—	(100,058)
Equity-based compensation			—			1,343	1,343
Equity - December 31, 2017	**$ 758**	**$ —**	**$ 985,009**	**$ (38,699)**	**$ —**	**$ 88,007**	**$ 1,035,075**
Net income (loss)				5,882		(21,586)	(15,704)
Other comprehensive income				—	—	—	—
Total comprehensive income (loss)				5,882	—	(21,586)	(15,704)
Purchase of non-controlling interest			7,225			(10,930)	(3,705)
Issuance of common shares	82		147,717			—	147,799
Dividends declared - common shares			(110,584)			—	(110,584)
Equity-based compensation			9			892	901
Equity - December 31, 2018	**$ 840**	**$ —**	**$ 1,029,376**	**$ (32,817)**	**$ —**	**$ 56,383**	**$ 1,053,782**
Net income (loss)				**225,108**		**(17,324)**	**207,784**
Other comprehensive income				**—**	**372**	**—**	**372**
Total comprehensive income (loss)				**225,108**	**372**	**(17,324)**	**208,156**
Settlement of equity based compensation						**(10,483)**	**(10,483)**
Issuance of common shares	**9**		**384**				**393**
Conversion of participating securities			**(8)**				**(8)**
Dividends declared - common shares			**(113,541)**				**(113,541)**
Issuance of preferred shares		**81**	**193,911**				**193,992**
Dividends declared - preferred shares				**(1,838)**			**(1,838)**
Equity-based compensation			**—**			**8,404**	**8,404**
Equity - December 31, 2019	**$ 849**	**$ 81**	**$ 1,110,122**	**$ 190,453**	**$ 372**	**$ 36,980**	**$ 1,338,857**

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Year Ended December 31,		
	2019	**2018**	**2017**
Cash flows from operating activities:			
Net income (loss)	**$ 207,784**	$ (15,704)	$ (23,240)
Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Equity in losses of unconsolidated entities	**2,375**	1,008	1,601
Gain on sale of subsidiaries	**(198,764)**	—	—
Gain on sale of assets, net	**(81,954)**	(3,911)	(18,281)
Security deposits and maintenance claims included in earnings	**(20,385)**	(6,323)	(60)
Loss on extinguishment of debt	**—**	—	2,456
Equity-based compensation	**8,404**	901	1,343
Depreciation and amortization	**171,225**	136,354	88,110
Gain on settlement of liabilities	**—**	—	(1,093)
Asset impairment	**4,726**	—	—
Change in current and deferred income taxes	**14,495**	649	227
Change in fair value of non-hedge derivatives	**4,555**	(5,523)	(1,022)
Amortization of lease intangibles and incentives	**30,162**	26,659	8,306
Amortization of deferred financing costs	**8,333**	5,430	4,202
Bad debt expense	**3,986**	1,771	701
Other	**827**	(4)	732
Change in:			
Accounts receivable	**(22,622)**	(23,340)	(12,001)
Other assets	**(17,890)**	(26,212)	6,475
Accounts payable and accrued liabilities	**31,543**	30,471	10,266
Management fees payable to affiliate	**19,080**	1,820	899
Other liabilities	**(14,837)**	9,651	(1,124)
Net cash provided by operating activities	**151,043**	133,697	68,497
Cash flows from investing activities:			
Investment in notes receivable	**—**	(912)	—
Investment in unconsolidated entities and available for sale securities	**(13,500)**	(1,115)	(30,309)
Principal collections on finance leases	**13,398**	1,981	473
Acquisition of leasing equipment	**(568,569)**	(497,988)	(425,769)
Acquisition of property, plant and equipment	**(331,171)**	(229,963)	(116,031)
Acquisition of lease intangibles	**606**	(11,396)	(10,149)
Acquisition of remaining interest in JV investment	**(28,828)**	—	—
Purchase deposit for aircraft and aircraft engines	**(1,000)**	(10,150)	(12,299)
Proceeds from sale of subsidiaries	**183,819**	—	—
Proceeds from sale of leasing equipment	**248,454**	44,062	91,130
Proceeds from sale of available-for-sale securities	**—**	—	30,238
Proceeds from sale of property, plant and equipment	**—**	23	51
Proceeds from deposit on sale of leasing equipment	**—**	240	400
Return of deposit on sale of leasing equipment	**—**	(400)	—
Return of capital distributions from unconsolidated entities	**1,555**	2,085	—
Net cash used in investing activities	**$ (495,236)**	$ (703,533)	$ (472,265)

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Year Ended December 31,		
	2019	**2018**	**2017**
Cash flows from financing activities:			
Proceeds from debt	**$ 788,829**	$ 750,980	$ 567,191
Repayment of debt	**(405,131)**	(218,819)	(125,223)
Payment of deferred financing costs	**(34,218)**	(3,055)	(3,377)
Receipt of security deposits	**7,887**	9,264	7,290
Return of security deposits	**(368)**	(1,775)	(3,231)
Receipt of maintenance deposits	**65,279**	53,645	27,049
Release of maintenance deposits	**(26,940)**	(25,582)	(6,270)
Proceeds from issuance of common shares, net of underwriter's discount	**—**	148,318	—
Common shares issuance costs	**—**	(820)	—
Proceeds from issuance of preferred shares, net of underwriter's discount and issuance costs	**193,992**	—	—
Capital contributions from non-controlling interests	**—**	—	35
Capital distributions to non-controlling interests	**—**	—	(254)
Settlement of equity-based compensation	**(8,078)**	—	(74)
Purchase of non-controlling interest shares	**—**	(3,705)	—
Cash dividends - common shares	**(113,541)**	(110,584)	(100,058)
Cash dividends - preferred shares	**(1,838)**	—	—
Net cash provided by financing activities	**465,873**	597,867	363,078
Net increase (decrease) in cash and cash equivalents and restricted cash	**121,680**	28,031	(40,690)
Cash and cash equivalents and restricted cash, beginning of period	**120,837**	92,806	133,496
Cash and cash equivalents and restricted cash, end of period	**$ 242,517**	$ 120,837	$ 92,806
Supplemental disclosure of cash flow information:			
Cash paid for interest, net of capitalized interest	**$ 83,164**	$ 43,636	$ 25,068
Cash paid for taxes	**1,072**	721	1,726
Supplemental disclosure of non-cash investing and financing activities:			
Proceeds from borrowings of debt	**$ —**	$ 511	$ 108,339
Repayment and settlement of debt	**(24,250)**	—	(102,352)
Acquisition of leasing equipment	**(24,530)**	(14,263)	(35,332)
Acquisition of property, plant and equipment	**(47,520)**	(17,587)	(37,281)
Investment in Long Ridge JV	**155,589**	—	—
Settled and assumed security deposits	**(239)**	3,793	3,312
Settlement of equity based compensation	**(2,405)**	—	—
Billed, assumed and settled maintenance deposits	**15,117**	24,518	37,292
Deferred financing costs	**(1,161)**	(4,500)	(8,802)
Non-cash contribution of non-controlling interest	**—**	—	1,261
Equity compensation to non-controlling interest	**—**	892	1,343
Change in fair value of cash flow hedge	**372**	—	—
Transfer of non-controlling interest	**—**	7,225	(2,798)
Issuance of common shares	**385**	301	—

See accompanying notes to consolidated financial statements.

1. ORGANIZATION

Fortress Transportation and Infrastructure Investors LLC ("we", "us", "our" or the "Company") is a Delaware limited liability company which, through its subsidiary, Fortress Worldwide Transportation and Infrastructure General Partnership (the "Partnership"), owns and leases aviation equipment and also owns and operates (i) a multi-modal crude oil and refined products terminal in Beaumont, Texas ("Jefferson Terminal"), (ii) a deep-water port located along the Delaware River with an underground storage cavern and multiple industrial development opportunities ("Repauno") and (iii) an equity method investment in a multi-modal terminal located along the Ohio River with multiple industrial development opportunities, including a power plant under construction ("Long Ridge"). Additionally, we own and lease offshore energy equipment and shipping containers. We have three reportable segments, (i) Aviation Leasing, (ii) Jefferson Terminal and (iii) Ports and Terminals, which operate in two primary businesses, Equipment Leasing and Infrastructure (see Note 17).

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 both our accounts and those of our subsidiaries.

Principles of Consolidation—We consolidate all entities in which we have a controlling interest and in which we have control over significant operating decisions, as well as variable interest entities ("VIEs") in which we are the primary beneficiary. All significant intercompany transactions and balances have been eliminated. All adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The ownership interest of other investors in consolidated subsidiaries is recorded as non-controlling interest.

We use the equity method of accounting for investments in entities in which we exercise significant influence but which do not meet the requirements for consolidation. Under the equity method, we record our 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, we encounter 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 we operate which could adversely impact the pricing of our services 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 our leasing equipment or operating assets. Capital market risk is the risk that we are unable to obtain capital at reasonable rates to fund the growth of our business or to refinance existing debt facilities. Through our subsidiaries, we also conduct operations outside of the United States; such international operations are subject to the same risks as those associated with our 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. We do not have significant exposure to foreign currency risk as all of our 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 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.

Delaware River Partners LLC

During 2016, through Delaware River Partners LLC ("DRP"), a consolidated subsidiary, we purchased the assets of Repauno, which consisted primarily of land, a storage cavern, and riparian rights for the acquired land, site improvements and rights. Currently there are no operational processes that could be applied to these assets that would result in outputs without significant green field development. We currently hold an approximately 98% economic interest, which includes the additional 8% economic interest we purchased from non-controlling interest holders in DRP for $4.5 million in April 2019, and a 100% voting interest in DRP. DRP is solely reliant on us to finance its activities and therefore is a VIE. We concluded that we are the primary beneficiary and, accordingly, DRP has been presented on a consolidated basis in the accompanying financial statements.

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

(Dollars in tables in thousands, unless otherwise noted)

Restricted Cash—Restricted cash consists of prepaid interest and principal pursuant to the requirements of certain of our debt agreements (see Note 9) and other qualifying constructions projects at Jefferson Terminal.

Available-For-Sale Securities—We consider 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. Our 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. We realized a gain of $11.4 million on the sale of available-for-sale securities during the year ended December 31, 2017, recorded in Gain on sale of assets, net in our Consolidated Statements of Operations. We did not hold any available-for-sale securities as of December 31, 2019 or 2018.

Inventory—Commodities inventory is carried at the lower of cost or net realizable value on our balance sheet. Commodities are removed from inventory based on the average cost at the time of sale. We had commodities inventory of $5.6 million and $10.4 million as of December 31, 2019 and 2018, respectively. We record our inventory as a component of Other assets in the Consolidated Balance Sheets.

Property, Plant and Equipment, Leasing Equipment and Depreciation—Property, plant and equipment and leasing equipment are stated at cost (inclusive of capitalized acquisition costs, where applicable) and depreciated using the straight-line method, over estimated useful lives, to estimated residual values which are summarized as follows:

Asset	Range of Estimated Useful Lives	Residual Value Estimates
Aircraft	25 years from date of manufacture	Generally not to exceed 15% of manufacturer’s list price when new
Aircraft engines	2 - 6 years, based on maintenance adjusted service life	Sum of engine core salvage value plus the estimated fair value of life limited parts
Offshore energy vessels	25 years from date of manufacture	10% of new build cost
Railcars	40 - 50 years from date of manufacture	Scrap value at end of useful life
Track and track related assets	15 - 50 years from date of manufacture	Scrap value at end of useful life
Buildings and site improvements	20 - 30 years	Scrap value at end of useful life
Railroad equipment	3 - 15 years from date of manufacture	Scrap value at end of useful life
Terminal machinery and equipment	15 - 25 years from date of manufacture	Scrap value at end of useful life
Vehicles	5 - 7 years from date of manufacture	Scrap value at end of useful life
Furniture and fixtures	3 - 6 years from date of purchase	None
Computer hardware and software	3 - 5 years from date of purchase	None

Major improvements and modifications incurred in connection with the acquisition of property, plant and equipment and leasing equipment that are required to get the asset ready for initial service are capitalized and depreciated over the remaining life of the asset. Costs of major additions and betterments are capitalized and depreciation commences once it is placed into service. Interest costs directly related to and incurred during the construction period of property, plant and equipment are capitalized. Significant spare parts are depreciated in conjunction with the underlying property, plant and equipment asset when placed in service.

We review our depreciation policies on a regular basis to determine whether changes have taken place that would suggest that a change in our depreciation policies, useful lives of our equipment or the assigned residual values is warranted.

For planned major maintenance or component overhaul activities for aviation equipment off lease, the cost of such major maintenance or component overhaul event is capitalized and depreciated on a straight-line basis over the period until the next maintenance or component overhaul event is required.

Our offshore energy vessels are required to be drydocked periodically for recertifications or major repairs and maintenance that cannot be performed while the vessels are operating. Normal repairs and maintenance are expensed as incurred. We capitalize the costs associated with the drydockings and amortize them on a straight-line basis over the period between drydockings, usually between 30 and 60 months.

In accounting for leasing equipment, we make estimates about the expected useful lives, residual values and the fair value of acquired in-place leases and acquired maintenance liabilities (for aviation equipment). In making these estimates, we rely upon observable market data for the same or similar types of equipment and, in the case of aviation equipment, our own estimates with respect to a lessee’s anticipated utilization of the aircraft or engine. When we acquire leasing equipment subject to an in-place lease, determining the fair value of the in-place lease requires us to make assumptions regarding the current fair values of leases for identical or similar equipment, in order to determine if the in-place lease is within a fair value range of current lease rates. If a lease is below or above the range of current lease rates, the resulting lease discount or premium is recognized as a lease intangible and amortized into lease income over the remaining term of the lease.

We have a working interest in various natural gas reserves located in southeastern Ohio. Our interest in this natural gas joint venture is consolidated on a proportionate basis in accordance with Accounting Standards Codification ("ASC") Topic 932 Extractive Activities – Oil and Gas. We follow the successful efforts method of accounting for costs incurred in oil and gas producing activities. Capitalized costs are amortized using the unit-of-production method based on total proved reserves.

Capitalized Interest—The interest cost associated with major development, construction projects and tax exempt bonds is capitalized and included in the cost of the project. Interest capitalization ceases once a project is substantially complete or no longer undergoing construction activities to prepare it for its intended use. We capitalized interest of $11.9 million, $10.7 million and $2.6 million during the years ended December 31, 2019, 2018 and 2017, respectively.

Repairs and Maintenance—Repair and maintenance costs that do not extend the lives of the assets are expensed as incurred. Our repairs and maintenance expense was $5.0 million, $8.3 million and $4.7 million during the years ended December 31, 2019, 2018 and 2017, respectively, and are included in Operating expenses in the Consolidated Statements of Operations.

Impairment of Long-Lived Assets—We perform a recoverability assessment of each of our long-lived assets whenever events or changes in circumstances, or indicators, indicate that the carrying amount or net book value of an asset may not be recoverable. Indicators may include, but are not limited to, a significant lease restructuring or early lease termination; significant traffic decline; or the introduction of newer technology aircraft, vessels, engines or railcars. When performing a recoverability assessment, we measure whether the estimated future undiscounted net cash flows expected to be generated by the asset exceeds its net book value. The undiscounted cash flows consist of cash flows from currently contracted leases and terminal services contracts, future projected leases, terminal service and freight rail rates, transition costs, estimated down time and estimated residual or scrap values. In the event that an asset does not meet the recoverability test, the carrying value of the asset will be adjusted to fair value resulting in an impairment charge.

Management develops the assumptions used in the recoverability analysis based on its knowledge of active contracts, current and future expectations of the global demand for a particular asset and historical experience in the leasing markets, as well as information received from third party industry sources. The factors considered in estimating the undiscounted cash flows are impacted by changes in future periods due to changes in contracted lease rates, terminal service, and freight rail rates, residual values, economic conditions, technology, demand for a particular asset type and other factors.

Security Deposits—Our operating leases generally require the lessee to pay a security deposit or provide a letter of credit. Security deposits are held until specified return dates stipulated in the lease or lease expiration.

Maintenance Payments—Typically, under an operating lease of aircraft, the lessee is responsible for performing all maintenance and is generally required to make maintenance payments to us for heavy maintenance, overhaul or replacement of certain high-value components of the aircraft or engine. These maintenance payments are based on hours or cycles of utilization or on calendar time, depending on the component, and are generally required to be made monthly in arrears. If a lessee is making monthly maintenance payments, we would typically be obligated to reimburse the lessee for costs they incur for heavy maintenance, overhaul or replacement of certain high-value components to the extent of maintenance payments received in respect of the specific maintenance event, usually shortly following the completion of the relevant work.

We record the portion of maintenance payments paid by the lessee that are expected to be reimbursed as maintenance deposit liabilities in the Consolidated Balance Sheets. Reimbursements made to the lessee upon the receipt of evidence of qualifying maintenance work are recorded against the maintenance deposit liability.

In certain acquired leases, we or the lessee may be obligated to make a payment to the other party at lease termination based on redelivery conditions stipulated at the inception of the lease. When the lessee is required to return the aircraft in an improved maintenance condition, we record a maintenance right asset, as a component of other assets, for the estimated value of the end-of-life maintenance payment at acquisition. We recognize payments received as end-of-lease compensation adjustments, within lease revenue or as a reduction to the maintenance right asset, when payment is received or collectability is assured. In the event we are required to make payments at the end of the lease for redelivery conditions, amounts are accrued as additional maintenance liability and expensed when we are obligated and can reasonably estimate such payment.

Lease Incentives and Amortization—Lease incentives, which include lease acquisition costs related to reconfiguration of the aircraft cabin, other lessee specific modifications and other direct costs, are capitalized and amortized as a reduction of lease income over the primary term of the lease, assuming no lease renewals.

Goodwill—Goodwill includes the excess of the purchase price over the fair value of the net tangible and intangible assets associated with the acquisition of Jefferson Terminal. The carrying amount of goodwill was approximately $122.6 million and $116.0 million as of December 31, 2019 and 2018, respectively. The increase relates to our purchase of the remaining 50% interest in JGP Energy Partners LLC ("JGP"). See Note 7 for additional details.

We review 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, we review 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, 2019 or 2018.

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 our 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.

We estimate the fair value of the reporting units using an income approach, specifically a discounted cash flow analysis. This analysis requires us to make significant assumptions and estimates about the extent and timing of future cash flows (including forecasted revenue growth rates and EBITDA margins), capital expenditures and discount 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. We also utilize market valuation models and other financial ratios, which require us to make certain assumptions and estimates regarding the applicability of those models to our assets and businesses.

Although we believe 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 our operating results. Specifically, as it relates to the Jefferson Terminal segment, forecasted revenue is dependent on the ramp up of volumes under current contracts and the acquisition of additional storage contracts for the heavy and light crude and refined products during 2020 subject to obtaining rail capacity for crude, permits for pipeline and movements in future oil spreads. Jefferson Terminal was designed to reach a storage capacity of 21.7 million barrels, and 4.4 million of storage, or approximately 20.3% of capacity, is currently operational. If our strategy changes from planned capacity downward due to an inability to source contracts or expand volumes, the fair value of the reporting units would be negatively affected, which could lead to an impairment. 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 utilized in our annual impairment analysis 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 13.5% and our terminal growth rate of 2%.

Furthermore, development of both inbound and outbound pipelines to and from the Jefferson Terminal over the next year to two years will affect our forecasted growth and therefore our estimated fair value. We continue to expect the Jefferson Terminal segment to generate positive Adjusted EBITDA during 2020. Although certain of our anticipated contracts or expected volumes from existing contracts for Jefferson Terminal have been delayed, we continue to believe our projected revenues are achievable and have not yet modified those projections based on ongoing negotiations with our customers and discussions with major pipeline companies. Further delays in executing these contracts or achieving our projections could adversely affect the fair value of the reporting unit. However, due to strengthening macroeconomic conditions such as increased oil prices and projected increasing spreads between Western Canadian Crude and Western Texas Intermediate, we remain positive for the outlook of Jefferson Terminal's earnings potential.

There were no impairments of goodwill for the years ended December 31, 2019, 2018, and 2017.

Intangibles and amortization—Intangibles include the value of acquired favorable and unfavorable leases and existing customer relationships acquired in connection with the acquisition of Jefferson Terminal.

In accounting for acquired leasing equipment, we make estimates about the fair value of the acquired leases. In determining the fair value of these leases, we make assumptions regarding the current fair values of leases for identical or similar equipment in order to determine if the acquired lease is within a fair value range of current lease rates. If a lease is below or above the range of current lease rates, the resulting lease discount or premium is recognized as a lease intangible and amortized into rental income over the remaining term of the lease. Acquired lease intangibles are amortized on a straight-line basis over the remaining lease terms, which collectively had a weighted-average remaining amortization period of approximately 24 months as of December 31, 2019, and are recorded as a component of equipment leasing revenues in the accompanying Consolidated Statements of Operations.

Customer relationship intangible assets are amortized on a straight-line basis over their useful lives as the pattern in which the asset's economic benefits are consumed cannot reliably be determined. Customer relationship intangible assets have useful lives ranging from 5 to 10 years, no estimated residual value, and amortization is recorded as a component of Depreciation and amortization in the Consolidated Statements of Operations. The weighted-average remaining amortization period was approximately 56 months as of December 31, 2019.

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 $18.1 million and $14.5 million as of December 31, 2019 and 2018, respectively, are included in Debt, net in the Consolidated Balance Sheets.

We also have unamortized deferred revolver fees related to our revolving debt of $1.7 million and $1.5 million as of December 31, 2019 and 2018, respectively, which are included in Other assets in the Consolidated Balance Sheets.

Amortization expense was $8.1 million, $5.1 million and $3.9 million for the years ended December 31, 2019, 2018 and 2017, respectively, and is included in Interest expense in the Consolidated Statements of Operations.

Discontinued Operations—A disposal of an entity or component of an entity is reported in discontinued operations if the disposal represents a strategic shift that has or will have a material impact on our operations and financial results. See Note 3 for additional information related to our discontinued operations.

Equipment Leasing Revenues

Operating Leases—We lease equipment pursuant to net operating leases. Operating leases with fixed rentals and step rentals are recognized on a straight-line basis over the term of the lease, assuming no renewals. Revenue is not recognized when collection is not reasonably assured. When collectability is not reasonably assured, the customer is placed on non-accrual status and revenue is recognized when cash payments are received.

Generally, under our aircraft lease and engine agreements, the lessee is required to make periodic maintenance payments calculated based on the lessee's utilization of the leased asset. Typically, under our aircraft lease agreements, the lessee is responsible for maintenance, repairs and other operating expenses throughout the term of the lease. These periodic maintenance payments accumulate over the term of the lease to fund major maintenance events, and we are contractually obligated to return maintenance payments to the lessee up to the amount paid by the lessee. In the event the total cost of maintenance events over the term of a lease is less than the cumulative maintenance payments, we are not required to return any unused or excess maintenance payments to the lessee.

Maintenance payments received for which we expect to repay to the lessee are presented as Maintenance Deposits in our Consolidated Balance Sheets. All excess maintenance payments received that we do not expect to repay to the lessee are recorded as Maintenance revenues. Estimates in recognizing revenue include mean time between removal, projected costs for engine maintenance and forecasted utilization of aircraft which are affected by historical usage patterns and overall industry, market and economic conditions. Significant changes to these estimates could have a material effect on the amount of revenue recognized in the period.

Finance Leases—From time to time we enter into finance lease arrangements that include a lessee obligation to purchase the leased equipment at the end of the lease term, include a bargain purchase option, or provides for minimum lease payments with a present value that equals or exceeds substantially all of the fair value of the leased equipment at the date of lease inception. Net investment in finance lease represents the minimum lease payments due from lessee, net of unearned income. The lease payments are segregated into principal and interest components similar to a loan. Unearned income is recognized on an effective interest method over the lease term and is recorded as finance lease income. The principal component of the lease payment is reflected as a reduction to the net investment in finance leases. Revenue is not recognized when collection is not reasonably assured. When collectability is not reasonably assured, the customer is placed on non-accrual status and revenue is recognized when cash payments are received.

Infrastructure Revenues

Terminal Services Revenues—Terminal services are provided to customers for the receipt and redelivery of various commodities. These revenues are recognized over time, i.e., as the services are rendered and the customer simultaneously receives and consumes the benefit over time.

Lease Income—Lease income consists of rental income from tenants for storage space. Lease income is recognized on a straight-line basis over the terms of the relevant lease agreement.

Crude Marketing Revenues—Crude marketing revenues consist of marketing revenue related to Canadian crude oil. The revenues are recognized over time, i.e., as the services are rendered and the customer simultaneously receives and consumes the benefit over time.

Other Revenue—Other revenue primarily consists of revenue related to the handling, storage and sale of raw materials. Other revenue consists of two performance obligations: handling and storage of raw materials. The revenues are recognized over time, i.e., as the services are rendered and the customer simultaneously receives and consumes the benefit over time.

Payment terms for Infrastructure Revenues are generally short term in nature.

Leasing Arrangements—At contract inception, we evaluate whether an arrangement is or contains a lease for which we are the lessee (that is, arrangements which provide us with the right to control a physical asset for a period of time). Operating lease right-of-use ("ROU") assets and lease liabilities are recognized in Operating lease right-of-use assets, net and Operating lease liabilities in our Consolidated Balance Sheets, respectively. Finance lease ROU assets are recognized in Property, plant and equipment, net and lease liabilities are recognized in Other liabilities in our Consolidated Balance Sheets.

All lease liabilities are measured at the present value of the unpaid lease payments, discounted using our incremental borrowing rate based on the information available at commencement date of the lease. ROU assets, for both operating and finance leases, are initially measured based on the lease liability, adjusted for prepaid rent and lease incentives. ROU assets are subsequently measured at the carrying amount of the lease liability adjusted for prepaid or accrued lease payments and lease incentives. The finance lease ROU assets are subsequently amortized using the straight-line method.

Operating lease expenses are recognized on a straight-line basis over the lease term. With respect to finance leases, amortization of the ROU asset is presented separately from interest expense related to the finance lease liability. Variable lease payments, which are primarily based on usage, are recognized when the associated activity occurs.

We have elected to combine lease and non-lease components for all lease contracts where we are the lessee. Additionally, for arrangements with lease terms of 12 months or less, we do not recognize ROU assets, and lease liabilities and lease payments are recognized on a straight-line basis over the lease term with variable lease payments recognized in the period in which the obligation is incurred.

Concentration of Credit Risk—We are subject to concentrations of credit risk with respect to amounts due from customers on our finance leases and operating leases. We attempt to limit our credit risk by performing ongoing credit evaluations. We earned approximately 19% and 16% of our revenue from one customer in the Jefferson Terminal segment during the years ended December 31, 2019 and 2018, respectively. There were no customers that accounted for 10% of our revenue during the year ended December 31, 2017.

Accounts receivable from one customer in the Jefferson Terminal segment represented 16% of total accounts receivable, net as of December 31, 2019. Accounts receivable from two customers in the Jefferson Terminal segment each represented 17% and 15% of total accounts receivable, net as of December 31, 2018.

We maintain cash and restricted cash balances, which generally exceed federally insured limits, and subject us to credit risk, in high credit quality financial institutions. We monitor the financial condition of these institutions and have not experienced any losses associated with these accounts.

Provision for Doubtful Accounts—We determine the provision for doubtful accounts based on our assessment of the collectability of our receivables on a customer-by-customer basis. The provision for doubtful accounts was $1.3 million and $1.1 million as of December 31, 2019 and 2018, respectively. Bad debt expense was $3.8 million, $1.6 million and $0.6 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Expense Recognition—Expenses are recognized on an accrual basis as incurred.

Acquisition and Transaction expenses—Acquisition and transaction expense is comprised of costs related to completed business combinations, dispositions and terminated deal costs related to abandoned pursuits, including advisory, legal, accounting, valuation and other professional or consulting fees.

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. Our 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 other comprehensive income related to our equity method investees.

Derivative Financial Instruments

Electricity Derivatives**—**Through our equity method investment in Long Ridge, we enter into derivative contracts as part of a risk management program to mitigate price risk associated with certain electricity price exposures. We primarily use swap derivative contracts, which are agreements to buy or sell a quantity of electricity at a predetermined future date and at a predetermined price.

Cash Flow Hedges

Certain of these derivative instruments are designated and qualify as cash flow hedges. The derivative's gain or loss is reported as Other comprehensive income related to equity method investees in our Consolidated Statements of Comprehensive Income (Loss) and recorded in Accumulated other comprehensive income in our Consolidated Balance Sheets. The gain or loss is subsequently reclassified into the income statement line item that is impacted by the forecasted transaction when the forecasted transaction affects net earnings in our equity method investment.

Derivatives Not Designated as Hedging Instruments

Certain of these derivative instruments are not designated as hedging instruments for accounting purposes. The change in fair value of these contracts is recognized in Other income (expense) in the Consolidated Statements of Operations. The cash flow impact of derivative contracts that are not designated as hedging instruments is recognized in Change in fair value of non-hedge derivatives in our Consolidated Statements of Cash Flows.

Commodity Derivatives**—**We also enter into short-term and long-term crude forward contracts. Gains and losses related to our crude sales and purchase derivatives are recorded on a gross basis and are included in Crude marketing revenues and Operating expenses, respectively, in our Consolidated Statements of Operations. See Note 11 for additional details. The cash flow impact of these derivatives is recognized in Change in fair value of non-hedge derivatives in our Consolidated Statements of Cash Flows.

All of our outstanding derivatives are not used for speculative purposes. We record all derivative assets and liabilities on a gross basis at fair value and are included in Other assets and Other liabilities, respectively, in our Consolidated Balance Sheets.

Foreign Currency—Our functional and reporting currency is the U.S. dollar. Purchases and sales of assets and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. Net realized foreign currency gains or losses relating to the differences between these recorded amounts and the U.S. dollar equivalent actually received or paid are reported as a component of operating expenses within the Consolidated Statement of Operations.

Income Taxes—A portion of our income earned by our corporate subsidiaries is subject to U.S. federal and state income taxation, taxed at prevailing rates. The remainder of our income is allocated directly to our partners and is not subject to a corporate level of taxation. Certain subsidiaries of ours are subject to income tax in the foreign countries in which they conduct business.

We account for these taxes using the asset and liability method under which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is established when management believes it is more likely than not that a deferred tax asset will not be realized.

We file income tax returns in the U.S. federal jurisdiction, various state jurisdictions and in certain foreign jurisdictions. The income tax returns filed by us and our subsidiaries are subject to examination by the U.S. federal, state and foreign tax authorities. We recognize tax benefits for uncertain tax positions only if it is more likely than not that the position is sustainable based on its technical merits. Interest and penalties on uncertain tax positions are included as a component of the provision for income taxes in the Consolidated Statements of Operations.

Other Assets**—**Other assets is primarily comprised of commodities inventory of $5.6 million and $10.4 million, purchase deposits for acquisitions of $1.2 million and $10.2 million, lease incentives of $45.3 million and $51.0 million, prepaid expenses of $4.1 million and $8.2 million, derivative assets of $0.2 million and $7.5 million, maintenance right assets of $24.5 million and $1.2 million and spare parts of $9.6 million and $7.0 million as of December 31, 2019 and 2018, respectively.

Dividends**—**Dividends are recorded if and when declared by the Board of Directors. In both the fourth quarters ended December 31, 2019 and 2018, the Board of Directors declared a cash dividend of $0.33 per common share, for a total of $1.32 per common share for each of the years ended December 31, 2019 and 2018.

Additionally, in the fourth quarter ended December 31, 2019, the Board of Directors declared a cash dividend on the Series A Preferred Shares of $0.53 per share.

Recent Accounting Pronouncements—In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, Leases (and subsequently issued ASU 2018-01, ASU 2018-10, ASU 2018-11, ASU 2018-20 and ASU 2019-01, collectively, “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.

On January 1, 2019, we adopted ASU 2016-02 using the modified retrospective approach. We utilized the effective date transition method and accordingly are not required to adjust our comparative period financial information for effects of ASU 2016-02. We adopted the package of practical expedients which permits us not to reassess under the new standard our prior conclusions about lease identification (including land easements), lease classification and initial direct costs.

The adoption of ASU 2016-02 resulted in the recognition of ROU assets and lease liabilities of approximately $46 million in our Consolidated Balance Sheets as of January 1, 2019.

In August 2017, the FASB issued ASU 2017-12, Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities, which improves the financial reporting of hedging relationships to better represent the economic results of an entity’s risk management activities in its financial statements and make certain improvements to simplify the application of the hedge accounting guidance. The amendments will make more financial and nonfinancial hedging strategies eligible for hedge accounting, amend the presentation and disclosure requirements and change how entities assess effectiveness. Entities are required to apply the amendments as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period after adoption. On January 1, 2019, we adopted this standard and it did not have an impact on our consolidated financial statements as we did not have any hedging relationships prior to adoption.

In June 2018, the FASB, issued ASU 2018-07, Improvements to Nonemployee Share-Based Payment Accounting to simplify the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. The new guidance expands the scope of ASC 718 to include share-based payments granted to nonemployees in exchange for goods or services used or consumed in an entity's own operations and supersedes the guidance in ASC 505-50. On January 1, 2019, we adopted this standard and it did not have an impact on our consolidated financial statements.

Unadopted Accounting Pronouncements—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. We do not expect adoption to have a material impact on our 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. We do not expect adoption to have an impact on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU eliminates, adds and modifies certain disclosure requirements for fair value measurements as part of its disclosure framework project. The guidance is effective for all entities in fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, and early adoption is permitted. We do not expect adoption to have a material impact on our consolidated financial statements or disclosures.

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes (Topic 740)*. This standard simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in ASC 740 related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The standard also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020 and early adoption is permitted. We are currently assessing the impact this guidance will have on our consolidated financial statements.

3. DISCONTINUED OPERATIONS

In December 2019, we completed the sale of substantially all of our railroad business ("CMQR"), which was previously reported as our Railroad segment. Under ASC 205-20, this disposition met the criteria to be reported as discontinued operations. Accordingly, the assets, liabilities and results of operations of CMQR have been reported as discontinued operations for all periods presented. We sold CMQR for $130 million and recognized a gain on sale of approximately $77 million.

(Dollars in tables in thousands, unless otherwise noted)

The following table presents the carrying value of significant classes of assets and liabilities of discontinued operations as of December 31, 2018:

Assets		
Accounts receivable, net	$	7,375
Property, plant and equipment, net		46,834
Intangible assets, net		15
Goodwill		594
Other assets		1,926
Total assets	$	56,744
Liabilities		
Accounts payable and accrued liabilities	$	11,520
Debt, net		22,239
Other liabilities		1,704
Total liabilities	$	35,463

The following table presents the significant components of net income (loss) from discontinued operations:

	Year Ended December 31,		
	2019	**2018**	**2017**
Revenues			
Total revenues	$ 39,071	$ 37,766	$ 32,607
Expenses			
Operating expense	32,815	30,944	29,966
Acquisition and transaction expenses	5,526	—	—
Depreciation and amortization	2,202	2,446	2,037
Interest expense	1,458	1,009	1,029
Total expenses	42,001	34,399	33,032
Gain (loss) on sale of assets, net	77,468	—	(312)
Other expense	—	(42)	—
Other income (expense)	77,468	(42)	(312)
Income (loss) before income taxes	74,538	3,325	(737)
Provision for (benefit from) income taxes	1,076	(1,077)	—
Net income (loss)	73,462	4,402	(737)
Less: Net income (loss) attributable to non-controlling interests in consolidated subsidiaries	247	339	(70)
Net income (loss) attributable to shareholders	$ 73,215	$ 4,063	$ (667)

The following table presents the significant non-cash items and capital expenditures from discontinued operations:

	Year Ended December 31,		
	2019	**2018**	**2017**
Operating activities:			
Depreciation and amortization	$ 2,202	$ 2,446	$ 2,037
Amortization of deferred financing costs	256	282	275
Share-based compensation expense	3,114	184	730
Investing activities:			
Purchases of property, plant and equipment	$ (6,949)	$ (8,461)	$ (12,060)

(Dollars in tables in thousands, unless otherwise noted)

4. LEASING EQUIPMENT, NET

Leasing equipment, net is summarized as follows:

	December 31,	
	2019	2018
Leasing equipment	**$ 2,019,773**	$ 1,672,156
Less: Accumulated depreciation	**(312,714)**	(239,946)
Leasing equipment, net	**$ 1,707,059**	$ 1,432,210

The following table presents information related to our acquisitions and dispositions of aviation leasing equipment:

	Year Ended December 31,		
	2019	2018	2017
Acquisitions:			
Aircraft	**31**	29	25
Engines	**31**	34	58
Dispositions:			
Aircraft	**5**	1	3
Engines	**58**	13	14
Gain on sale of leasing equipment	**$ 81,954**	$ 3,911	$ 7,188

Depreciation expense for leasing equipment is summarized as follows:

	Year Ended December 31,		
	2019	2018	2017
Depreciation expense for leasing equipment	**$ 137,004**	$ 110,012	$ 69,331

5. FINANCE LEASES, NET

Finance leases, net are summarized as follows:

	December 31,	
	2019	2018
Finance leases	**$ 12,388**	$ 28,476
Unearned revenue	**(4,073)**	(9,853)
Finance leases, net	**$ 8,315**	$ 18,623

During 2019, sales-type leases expired for three of our airframes. Additionally, we received insurance proceeds for one of our vessels which was on nonaccrual status due to a casualty event. The insurance proceeds were in excess of the book value of the finance lease, which was written down to zero, and we recognized a gain of approximately $1.0 million which is included in Other income in the Consolidated Statements of Operations.

(Dollars in tables in thousands, unless otherwise noted)

6. PROPERTY, PLANT AND EQUIPMENT, NET

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

	December 31,	
	2019	2018
Land, site improvements and rights	$ 51,901	$ 69,352
Construction in progress [(1)]	211,110	253,176
Buildings and improvements	3,783	9,209
Terminal machinery and equipment	519,603	349,227
Proved oil and gas properties	—	20,099
Track and track related assets	2,208	5,214
Railroad equipment	4,823	4,111
Computer hardware and software	4,325	3,639
Furniture and fixtures	2,322	456
Vehicles	450	649
	800,525	715,132
Less: Accumulated depreciation	(69,935)	(54,632)
Spare parts	1,519	1,519
Property, plant and equipment, net	$ 732,109	$ 662,019

[(1)] Includes unproved oil and gas properties of $0 (net of the Long Ridge Transaction, as defined in Note 7) and $59,930 as of December 31, 2019 and 2018, respectively.

We added property, plant and equipment of $85.4 million (net of the Long Ridge Transaction, as defined in Note 7) and $232.9 million during the years ended December 31, 2019 and 2018, respectively, which primarily consists of terminal machinery and equipment placed in service or under development at Jefferson Terminal and Repauno.

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

	Year Ended December 31,		
	2019	2018	2017
Depreciation expense for property, plant and equipment:			
Continuing operations	$ 28,466	$ 20,343	$ 13,189
Discontinued operations	2,187	2,401	1,992
Total	$ 30,653	$ 22,744	$ 15,181

7. INVESTMENTS

The following table presents the ownership interests and carrying values of our investments:

			Carrying Value	
	Investment	Ownership Percentage	December 31, 2019	December 31, 2018
Advanced Engine Repair JV	Equity method	25%	$ 24,652	$ 12,981
JGP Energy Partners LLC	Equity method at December 31, 2018	100% and 50% as of December 31, 2019 and 2018, respectively	—	25,461
Intermodal Finance I, Ltd.	Equity method	51%	501	2,118
Long Ridge Terminal LLC	Equity method	50%	155,397	—
			$ 180,550	$ 40,560

We did not recognize any other-than-temporary impairments for the year ended December 31, 2019.

(Dollars in tables in thousands, unless otherwise noted)

Equity Method Investments

The following table presents our proportionate share of equity in earnings (losses):

	Year Ended December 31,		
	2019	2018	2017
Advanced Engine Repair JV	**$ (1,829)**	$ (743)	$ (1,276)
JGP Energy Partners LLC	**(292)**	(574)	(322)
Intermodal Finance I, Ltd.	**(62)**	309	(3)
Long Ridge Terminal LLC	**(192)**	—	—
Total	**$ (2,375)**	$ (1,008)	$ (1,601)

Long Ridge Terminal LLC

In December 2019, Ohio River Shareholder LLC (“ORP”) contributed its equity interests in Long Ridge into Long Ridge Terminal LLC and sold a 49.9% interest (the “Long Ridge Transaction”) for $150 million in cash, plus an earn out. We no longer have a controlling interest in Long Ridge but still maintain significant influence through our retained interest and, therefore, now account for this investment in accordance with the equity method. Following the sale we deconsolidated ORP, which held the assets of Long Ridge.

Advanced Engine Repair JV

In 2016, we invested $15.0 million for a 25% interest in an advanced engine repair joint venture. We focus on developing new costs savings programs for engine repairs. We exercise significant influence over this investment and account for this investment as an equity method investment.

In August 2019, we expanded the scope of our joint venture and invested an additional $13.5 million and maintained a 25% interest.

JGP Energy Partners LLC

In 2016, we initiated activities in a 50% non-controlling interest in JGP, a joint venture. JGP was governed by a designated operating committee selected by the members in proportion to their equity interests. JGP was solely reliant on its members to finance its activities and therefore was a VIE. Initially, we concluded that we were not the primary beneficiary of JGP as the members shared equally in the risks and rewards and decision making authority of the entity and, therefore, we did not consolidate JGP and instead accounted for this investment in accordance with the equity method.

In December 2019, we purchased the remaining 50% interest in JGP from the JV partner for a purchase price of approximately $30 million, consolidated JGP and no longer account for this as an equity method investment.

Intermodal Finance I, Ltd.

In 2012, we 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, we do not have unilateral rights over this investment and, therefore, we do not consolidate Intermodal but account for this investment in accordance with the equity method. We do not have a variable interest in this investment as none of the criteria of ASC 810-10-15-14 were met.

As of December 31, 2019, Intermodal owns a portfolio of approximately 3,000 shipping containers subject to multiple operating leases.

(Dollars in tables in thousands, unless otherwise noted)

The tables below present summarized financial information for our equity method investments:

	December 31,	
Balance Sheet	**2019**	**2018**
Assets		
Cash and cash equivalents	**$ 16,812**	$ 7,981
Restricted cash	**30,917**	46
Accounts receivable, net	**12,219**	1,044
Leasing equipment, net	**2,546**	3,483
Finance leases, net	**—**	1,479
Property, plant, and equipment, net	**390,416**	50,402
Intangible assets, net	**123,638**	45,000
Goodwill	**89,294**	—
Other assets	**6,667**	487
Total assets	**$ 672,509**	$ 109,922
Liabilities		
Accounts payable and accrued liabilities	**$ 37,437**	$ 2,529
Debt, net	**186,953**	14,364
Other liabilities	**530**	41
Total liabilities	**224,920**	16,934
Equity		
Shareholders' equity	**465,461**	102,959
Accumulated deficit	**(17,872)**	(9,971)
Total equity	**447,589**	92,988
Total liabilities and equity	**$ 672,509**	$ 109,922

	Year Ended December 31,		
Income Statement	**2019**	**2018**	**2017**
Revenue	**$ 8,887**	$ 9,435	$ 4,569
Total revenue	**8,887**	9,435	4,569
Expenses			
Research and development cost	**6,323**	2,134	4,073
Operating expenses	**7,669**	8,435	4,371
General and administrative	**1,550**	1,437	1,588
Management fees and incentive allocation to affiliate	**142**	400	1,022
Depreciation and amortization	**2,351**	2,158	2,099
Interest expense	**285**	937	1,261
Total expenses	**18,320**	15,501	14,414
Other income	**734**	2,070	3,667
Loss before income taxes	**(8,699)**	(3,996)	(6,178)
Provision for income taxes	**—**	—	—
Net loss	**$ (8,699)**	$ (3,996)	$ (6,178)

(Dollars in tables in thousands, unless otherwise noted)

8. INTANGIBLE ASSETS AND LIABILITIES, NET

Our intangible assets and liabilities, net are summarized as follows:

	December 31, 2019		
	Aviation Leasing	Jefferson Terminal	Total
Intangible assets			
Acquired favorable lease intangibles	$ 49,762	$ —	$ 49,762
Less: Accumulated amortization	(38,652)	—	(38,652)
Acquired favorable lease intangibles, net	11,110	—	11,110
Customer relationships	—	35,513	35,513
Less: Accumulated amortization	—	(18,931)	(18,931)
Acquired customer relationships, net	—	16,582	16,582
Total intangible assets, net	$ 11,110	$ 16,582	$ 27,692
Intangible liabilities			
Acquired unfavorable lease intangibles	$ 5,170	$ —	$ 5,170
Less: Accumulated amortization	(3,014)	—	(3,014)
Acquired unfavorable lease intangibles, net	$ 2,156	$ —	$ 2,156

	December 31, 2018		
	Aviation Leasing	Jefferson Terminal	Total
Intangible assets			
Acquired favorable lease intangibles	$ 48,143	$ —	$ 48,143
Less: Accumulated amortization	(29,780)	—	(29,780)
Acquired favorable lease intangibles, net	18,363	—	18,363
Customer relationships	—	35,513	35,513
Less: Accumulated amortization	—	(15,378)	(15,378)
Acquired customer relationships, net	—	20,135	20,135
Total intangible assets, net	$ 18,363	$ 20,135	$ 38,498
Intangible liabilities			
Acquired unfavorable lease intangibles	$ 3,736	$ —	$ 3,736
Less: Accumulated amortization	(2,114)	—	(2,114)
Acquired unfavorable lease intangibles, net	$ 1,622	$ —	$ 1,622

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 as follows:

	Classification in Consolidated Statements of Operations	Year Ended December 31,		
		2019	2018	2017
Lease intangibles	Equipment leasing revenues	$ 7,181	$ 8,588	$ 4,716
Customer relationships:	Depreciation and amortization			
Continuing operations		3,553	3,553	3,553
Discontinued operations		15	45	45
Total		$ 10,749	$ 12,186	$ 8,314

(Dollars in tables in thousands, unless otherwise noted)

As of December 31, 2019, estimated net annual amortization of intangibles is as follows:

2020	$ 7,982
2021	6,611
2022	4,833
2023	3,733
2024	2,377
Thereafter	—
Total	**$ 25,536**

9. DEBT, NET

Our debt, net is summarized as follows:

	December 31, 2019			December 31, 2018
	Outstanding Borrowings	Stated Interest Rate	Maturity Date	Outstanding Borrowings
Loans payable				
FTAI Pride Credit Agreement [1]	**$ 36,009**	LIBOR + 4.50%	9/16/2020	$ 47,743
Jefferson Revolver [2]	**50,000**	(i) Base Rate + 1.50%; or (ii) Base Rate + 2.50% (Eurodollar)	3/7/2021	49,805
DRP Revolver [3]	**25,000**	(i) Base Rate + 1.50%; or (ii) Base Rate + 2.50% (Eurodollar)	11/5/2021	—
Revolving Credit Facility [2]	**—**	(i) Base Rate + 2.00%; or (ii) Adjusted Eurodollar Rate + 3.00%	1/31/2022	100,000
Total loans payable	**111,009**			197,548
Bonds payable				
Series 2012 Bonds [4]	**41,059**	8.25%	7/1/2032	42,797
Series 2016 Bonds [5]	**144,200**	7.25%	2/1/2036	144,200
Senior Notes due 2022 [6]	**697,814**	6.75%	3/15/2022	549,405
Senior Notes due 2025 [7]	**444,957**	6.50%	10/1/2025	295,642
Total bonds payable	**1,328,030**			1,032,044
Debt	**1,439,039**			1,229,592
Less: Debt issuance costs	**(18,111)**			(14,484)
Total debt, net	**$ 1,420,928**			$ 1,215,108
Total debt due within one year	**$ 182,019**			$ 49,413

[1] Secured on a first priority basis by the offshore vessel.
[2] Requires a quarterly commitment fee at a rate of 0.50% on the average daily unused portion, as well as customary letter of credit fees and agency fees.
[3] Requires a quarterly commitment fee at a rate of 0.875% on the average daily unused portion, as well as customary letter of credit fees and agency fees.
[4] Includes unamortized premium of $1,509 and $1,577 as of December 31, 2019 and 2018, respectively.
[5] These bonds have a stated maturity of February 1, 2036 but are subject to mandatory tender for purchase at par, by our subsidiary, on February 13, 2020 if they have not been repurchased from proceeds of a remarketing of the bonds or redeemed prior to such date.
[6] Includes unamortized discount of $5,429 and $5,154, respectively, and an unamortized premium of $3,243 and $4,559, respectively, as of December 31, 2019 and 2018.
[7] Includes unamortized discount of $5,043 and $4,358 as of December 31, 2019 and 2018, respectively.

DRP Revolver—On November 5, 2018, our subsidiary entered into a revolving credit facility (the “DRP Revolver”) that provides for revolving loans in the aggregate amount of $25 million. The DRP Revolver is secured by the capital stock of certain of our direct subsidiaries as defined in the related credit agreement.

(Dollars in tables in thousands, unless otherwise noted)

In the event of a credit agreement default by our subsidiary, including bankruptcy or insolvency, financial covenant default, or the failure to make a capital call under the relevant agreement, we have agreed to contribute capital to satisfy up to 120% of the aggregate outstanding obligations.

Jefferson Revolver—On December 20, 2018, our subsidiary entered into an amendment to the Jefferson Revolver which temporarily increased the aggregate revolving commitments by $25 million from $50 million to $75 million. In July 2019, we repaid $23 million, and the aggregate revolving commitment reverted back to $50 million on August 1, 2019.

In the event of a credit agreement default by our subsidiary, including bankruptcy or insolvency, financial covenant default, or the failure to make a capital call under the relevant agreement, we have agreed to contribute capital to satisfy up to 120% of the aggregate outstanding obligations.

Senior Notes due 2022—On February 8, 2019, we issued an additional $150 million of Senior Notes (“2022 Notes”) at an offering price of 98.5% of the principal amount plus accrued interest from September 15, 2018.

Revolving Credit Facility—On February 8, 2019, we entered into an amendment to the Revolving Credit Facility which, among other things, (i) increased the aggregate revolving commitments by $125 million from $125 million to $250 million, (ii) extended the maturity date of the revolving loans and commitments to January 31, 2022 and (iii) made certain modifications to the financial covenants, including an increase in the maximum ratio of debt to total equity from 1.65:1.00 to 2.00:1.00.

On August 6, 2019, we entered into another amendment to the Revolving Credit Facility which, among other things, makes certain modifications to the financial covenants, including an increase in the maximum ratio of debt to total equity from 2.00:1.00 to 3.00:1.00.

LREG Credit Agreement—On February 15, 2019, Long Ridge Energy Generation LLC and two other subsidiaries (collectively, “Co-Borrowers”) entered into certain credit agreements establishing (i) a $445 million construction loan and term loan, (ii) a $154 million letter of credit facility and (iii) a $143 million construction loan and term loan, all of which will be used for the purposes of funding the development, construction and completion of the power plant at Long Ridge. The borrowings under these agreements are secured by the assets of the Co-Borrowers, are not guaranteed by the Company and are non-recourse to the Company. This debt was deconsolidated as a result of the Long Ridge Transaction. See Note 7 for additional detail.

Senior Notes due 2025—On May 21, 2019, we issued an additional $150 million of Senior Notes (“2025 Notes”) at an offering price of 99.125% of the principal amount plus accrued interest from April 1, 2019.

FTAI Pride Credit Agreement—On September 30, 2019, our subsidiary entered into an amendment to the FTAI Pride Credit Agreement which extended the maturity date to September 16, 2020.

We fully extinguished certain debt of $100.0 million and recognized a loss on extinguishment of debt of $2.5 million during the year ended December 31, 2017. We did not fully extinguish any debt in 2019 or 2018.

We were in compliance with all debt covenants as of December 31, 2019.

As of December 31, 2019, scheduled principal repayments under our debt agreements for the next five years and thereafter are summarized as follows:

	2020	2021	2022	2023	2024	Thereafter	Total
FTAI Pride Credit Agreement	$ 36,009	$ —	$ —	$ —	$ —	$ —	$ 36,009
Jefferson Revolver	—	50,000	—	—	—	—	50,000
DRP Revolver	—	25,000	—	—	—	—	25,000
Revolving Credit Facility	—	—	—	—	—	—	—
Series 2012 Bonds	1,810	1,960	2,120	2,295	2,485	28,880	39,550
Series 2016 Bonds	144,200	—	—	—	—	—	144,200
Senior Notes due 2022	—	—	700,000	—	—	—	700,000
Senior Notes due 2025	—	—	—	—	—	450,000	450,000
Total principal payments on loans and bonds payable	**$ 182,019**	**$ 76,960**	**$ 702,120**	**$ 2,295**	**$ 2,485**	**$ 478,880**	**$ 1,444,759**

(Dollars in tables in thousands, unless otherwise noted)

10. 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 us to develop our 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).

The following tables set forth our financial assets measured at fair value on a recurring basis 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 December 31, 2019	Fair Value Measurements Using Fair Value Hierarchy as of December 31, 2019			
	Total	Level 1	Level 2	Level 3	Valuation Technique
Assets					
Cash and cash equivalents	**$ 226,512**	**$ 226,512**	**$ —**	**$ —**	**Market**
Restricted cash	**16,005**	**16,005**	**—**	**—**	**Market**
Derivative assets	**181**	**—**	**—**	**181**	**Income**
Total assets	**$ 242,698**	**$ 242,517**	**$ —**	**$ 181**	

	Fair Value as of December 31, 2018	Fair Value Measurements Using Fair Value Hierarchy as of December 31, 2018			
	Total	Level 1	Level 2	Level 3	Valuation Technique
Assets					
Cash and cash equivalents	$ 99,601	$ 99,601	$ —	$ —	Market
Restricted cash	21,236	21,236	—	—	Market
Derivative assets	7,470	—	—	7,470	Income
Total assets	$ 128,307	$ 120,837	$ —	$ 7,470	
Liabilities					
Derivative liabilities	$ (925)	$ —	$ —	$ (925)	Income

Our 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.

Except as discussed below, our financial instruments other than cash and cash equivalents, restricted cash 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.

(Dollars in tables in thousands, unless otherwise noted)

The fair value of our bonds and notes payable reported as debt, net in the Consolidated Balance Sheets are presented in the table below:

	December 31,	
	2019	**2018**
Series 2012 Bonds [1]	**$ 41,450**	$ 42,633
Series 2016 Bonds [1]	**145,143**	149,582
Senior Notes due 2022	**731,451**	551,144
Senior Notes due 2025	**475,884**	283,965

[1] Fair value is based upon market prices for similar municipal securities.

The fair value 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.

We measure 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. We record 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 our assumptions as to future cash flows from operation of the underlying businesses and the leasing and eventual sale of assets.

11. DERIVATIVE FINANCIAL INSTRUMENTS

Commodity Derivatives

Depending on market conditions, we source crude oil from producers in Canada, arranging logistics to Jefferson Terminal and marketing crude oil to third parties. These crude oil forward purchase and sales contracts are not designated in hedging relationships.

The following table presents information related to our outstanding derivative contracts:

	Notional Amount	Fair Value of Assets [1]	Fair Value of Liabilities [1]	Term
December 31, 2019				
Crude oil forwards (BBL)	150	$ 181	$ —	1 to 2 months
December 31, 2018				
Crude oil forwards (BBL)	3,225	$ 7,470	$ (925)	1 to 12 months

[1] Included in Other assets and Other liabilities, respectively, in our Consolidated Balance Sheets.

The following table presents a summary of the changes in fair value for all Level 3 derivatives:

	Year Ended December 31,		
	2019	**2018**	**2017**
Beginning Balance	$ 6,545	$ 1,022	$ —
Net unrealized gains (losses) recognized in earnings	(6,364)	5,523	1,022
Purchases	314	8,473	1,011
Sales	(674)	(178)	(10)
Settlements	360	(8,295)	(1,001)
Ending Balance	$ 181	$ 6,545	$ 1,022

There were no transfers into or out of Level 3 during the periods presented.

(Dollars in tables in thousands, unless otherwise noted)

12. REVENUES

We disaggregate our revenue from contracts with customers by products and services provided for each of our segments, as we believe it best depicts the nature, amount, timing and uncertainty of our revenue. Revenues attributed to our Equipment Leasing business unit are within the scope of ASC 840 prior to January 1, 2019 and ASC 842 after January 1, 2019, while revenues attributed to our Infrastructure business unit are within the scope of ASC 606, unless otherwise noted. Under the provisions of ASC 842, we have elected to exclude sales and other similar taxes from lease payments in arrangements where we are a lessor.

	Year Ended December 31, 2019				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Equipment leasing revenues					
Lease income	$ 197,305	$ —	$ —	$ 9,796	$ 207,101
Maintenance revenue	134,914	—	—	—	134,914
Finance lease income	2,648	—	—	—	2,648
Other revenue	1,808	—	—	2,851	4,659
Total equipment leasing revenues	336,675	—	—	12,647	349,322
Infrastructure revenues					
Lease income	—	2,306	1,056	—	3,362
Terminal services revenues	—	35,908	7,057	—	42,965
Crude marketing revenues	—	166,134	—	—	166,134
Other revenue	—	—	14,074	2,917	16,991
Total infrastructure revenues	—	204,348	22,187	2,917	229,452
Total revenues	$ 336,675	$ 204,348	$ 22,187	$ 15,564	$ 578,774

	Year Ended December 31, 2018				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Equipment leasing revenues					
Lease income	$ 151,531	$ —	$ —	$ 5,659	$ 157,190
Maintenance revenue	89,870	—	—	—	89,870
Finance lease income	1,895	—	—	1,454	3,349
Other revenue	974	—	—	1,656	2,630
Total equipment leasing revenues	244,270	—	—	8,769	253,039
Infrastructure revenues					
Lease income	—	272	1,462	—	1,734
Terminal services revenues	—	10,108	—	—	10,108
Crude marketing revenues	—	60,518	—	—	60,518
Other revenue	—	87	15,982	644	16,713
Total infrastructure revenues	—	70,985	17,444	644	89,073
Total revenues	$ 244,270	$ 70,985	$ 17,444	$ 9,413	$ 342,112

(Dollars in tables in thousands, unless otherwise noted)

	Year Ended December 31, 2017				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Equipment leasing revenues					
Lease income	$ 91,103	$ —	$ —	$ 8,433	$ 99,536
Maintenance revenue	65,651	—	—	—	65,651
Finance lease income	—	—	—	1,536	1,536
Other revenue	39	—	—	3,238	3,277
Total equipment leasing revenues	156,793	—	—	13,207	170,000
Infrastructure revenues					
Lease income	—	—	1,111	—	1,111
Terminal services revenues	—	10,229	—	—	10,229
Other revenue	—	—	3,712	—	3,712
Total infrastructure revenues	—	10,229	4,823	—	15,052
Total revenues	$ 156,793	$ 10,229	$ 4,823	$ 13,207	$ 185,052

Presented below are the contracted minimum future annual revenues to be received under existing operating and finance leases across several market sectors as of December 31, 2019:

	Operating leases	Finance leases
2020	$ 183,004	$ 1,611
2021	121,447	1,291
2022	78,808	897
2023	48,705	274
2024	33,352	—
Thereafter	14,815	—
Total	**$ 480,131**	**$ 4,073**

13. LEASES

We have commitments as lessees under lease agreements primarily for real estate, equipment and vehicles. Our leases have remaining lease terms ranging from approximately 2 years to 46 years.

The following table presents lease related costs for the year ended December 31, 2019:

Operating lease expense	$ 5,857
Short-term lease expense	3,605
Variable lease expense	3,263
Sublease income	(1,032)
Lease expense from continuing operations	11,693
Finance lease expense	304
Operating lease expense	3,705
Lease expense from discontinued operations	4,009
Total lease expense	$ 15,702

(Dollars in tables in thousands, unless otherwise noted)

The following table presents information related to our operating leases as of and for the year ended December 31, 2019:

Right-of-use assets, net	$	37,466
Lease liabilities	$	36,968
Weighted average remaining lease term		41.9 years
Weighted average incremental borrowing rate		7.4 %
Cash paid for amounts included in the measurement of operating lease liabilities		
Continuing operations	$	4,882
Discontinued operations	$	3,595

The following table presents future minimum lease payments under non-cancellable operating leases as of December 31, 2019:

2020	$	3,308
2021		3,379
2022		3,250
2023		3,194
2024		2,963
Thereafter		105,754
Total undiscounted lease payments		121,848
Less: Imputed interest		84,880
Total lease liabilities	$	36,968

During the year ended December 31, 2019, we entered into lease agreements for real estate and office equipment that had a ROU asset value of approximately $3.5 million and lease terms ranging from 5 years to 46 years at commencement.

14. EQUITY-BASED COMPENSATION

In 2015, we 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 us, each as determined by the Compensation Committee of the Board of Directors.

As of December 31, 2019, the Incentive Plan provides for the issuance of up to 29.9 million shares. We account for equity-based compensation expense in accordance with ASC 718 *Compensation-Stock Compensation* and is reported within operating expenses and general and administrative in the Consolidated Statements of Operations.

The following table presents our stock-based compensation expense:

	Year Ended December 31,			Remaining Expense To Be Recognized, If All Vesting Conditions Are Met
	2019	**2018**	**2017**	
Stock options	**$ —**	$ 9	$ —	$ —
Restricted shares	**1,054**	359	318	1,088
Common units	**455**	349	295	754
Total - continuing operations	**$ 1,509**	$ 717	$ 613	$ 1,842
Common units - discontinued operations	**$ 3,114**	$ 184	$ 730	

The following tables present information for our stock options, restricted shares and common units:

	Stock Options		Restricted Shares		Common Units	
	Options	Weighted Average Exercise Price	Shares	Weighted Average Issuance Price	Units	Weighted Average Issuance Price
Outstanding as of December 31, 2018	851,342	$ 18.20	49,766	$ 19.87	1,009,598	$ 1.16
Granted	1,262,362	15.94	113,121	13.26	1,110,000	0.60
Less: exercised / vested	—		58,662	14.65	1,162,930	0.27
Less: forfeited and canceled	—		—		—	
Outstanding as of December 31, 2019	**2,113,704**		**104,225**		**956,668**	

	Stock Options	Restricted Shares	Common Units
As of December 31, 2019:			
Weighted average exercise / issuance price (per share)	**$ 16.85**	**$ 14.23**	**$ 1.18**
Aggregate intrinsic value (in thousands)	**$ 5,684**	**$ 1,483**	**$ 1,130**
Weighted average remaining contractual term (in years)	**9.1**	**0.9**	**0.9**

Stock Options

In connection with our equity offerings in 2019 and 2018 (see Note 18 for details), we granted options to the Manager related to common shares. The fair value of these options were recorded as an increase in equity with an offsetting reduction of capital proceeds received. The following table presents information related to the options issued in 2019 and 2018:

		November 2019	September 2019	December 2018	January 2018
Number of options		686,978	575,384	126,342	700,000
Fair value ($ millions)		$ 1.1	$ 0.7	$ 0.2	$ 1.9
Expected volatility	The expected stock volatility is based on an assessment of the volatility of our publicly traded common shares	21.89 %	21.45 %	18.71 %	27.73 %
Risk free interest rate	The risk-free rate is determined using the implied yield currently available on U.S. government bonds with a term consistent with the expected term on the date of grant.	1.67 %	1.45 %	2.98 %	2.52 %
Expected dividend yield	The expected dividend yield is based on management's current expected dividend rate.	6.58 %	8.02 %	6.81 %	5.45 %
Expected term	Expected term used represents the period of time the options granted are expected to be outstanding.	10 years	10 years	10 years	10 years

Restricted Shares

In June 2019, we issued 113,121 restricted shares of our subsidiary that had a grant date fair value of $1.5 million, of which 25,138 shares vested during the period of issuance. The remaining shares vest over three years, subject to continued employment, and the compensation expense is recognized ratably over the vesting periods.

In May 2017, we issued 31,340 restricted shares of our subsidiary that had a grant date fair value of $0.5 million. The shares vest over four years, subject to continued employment, and the compensation expense is recognized ratably over the vesting periods.

The fair value of the above awards was based on the fair value of the operating subsidiary on each grant date, which was estimated using a discounted cash flow analysis which 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.

(Dollars in tables in thousands, unless otherwise noted)

Common Units

We issued 1,110,000, 670,000 and 505,050 common units of our subsidiary during the years ended December 31, 2019, 2018 and 2017, respectively, that had grant date fair values of $3.4 million, $0.7 million and $0.5 million, respectively, and vest over three years. These awards are subject to continued employment and compensation expense is recognized ratably over the vesting periods. The fair value was based on the fair value of the operating subsidiary on the grant date, which is 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.

15. INCOME TAXES

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

	Year Ended December 31,		
	2019	**2018**	**2017**
Current:			
Federal	**$ 55**	$ 75	$ 1,551
State and local	**423**	250	145
Foreign	**188**	63	76
Total current provision	**666**	388	1,772
Deferred:			
Federal	**12,937**	1,528	215
State and local	**(638)**	621	5
Foreign	**4,845**	(88)	(38)
Total deferred provision	**17,144**	2,061	182
Provision for (benefit from) income taxes:			
Continuing operations	**17,810**	2,449	1,954
Discontinued operations	**1,076**	(1,077)	—
Total	**$ 18,886**	$ 1,372	$ 1,954

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

The difference between our reported total provision for income taxes and the U.S. federal statutory rate of 21% is as follows:

	Year Ended December 31,		
	2019	**2018**	**2017**
U.S. federal tax at statutory rate	**21.0 %**	21.0 %	35.0 %
Income not subject to tax at statutory rate	**(21.7)%**	121.9 %	98.2 %
State and local taxes	**(0.1)%**	(6.1)%	(0.5)%
Foreign taxes	**2.7 %**	7.7 %	(0.2)%
Branch profit tax	**— %**	(0.5)%	(2.6)%
Change in tax rates	**— %**	— %	(6.9)%
Other	**(0.6)%**	(0.2)%	1.0 %
Change in valuation allowance	**7.0 %**	(153.3)%	(133.2)%
Provision for income taxes	**8.3 %**	(9.5)%	(9.2)%

(Dollars in tables in thousands, unless otherwise noted)

Significant components of our deferred tax assets and liabilities are as follows:

	December 31,	
	2019	**2018**
Deferred tax assets:		
Net operating loss carryforwards	**$ 74,555**	$ 64,034
Accrued expenses	**1,252**	1,241
Interest expense	**25,306**	19,380
Operating lease liabilities	**6,104**	—
Other	**2,041**	1,233
Total deferred tax assets	**109,258**	85,888
Less valuation allowance	**(79,176)**	(68,294)
Net deferred tax assets	**30,082**	17,594
Deferred tax liabilities:		
Investment in partnerships	**(22,250)**	—
Fixed assets and goodwill	**(21,592)**	(19,117)
Operating lease right-of-use assets	**(6,032)**	—
Net deferred tax liabilities	**$ (19,792)**	$ (1,523)

Current and deferred tax assets and liabilities are reported net in Other assets or Other liabilities in the Consolidated Balance Sheets. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. We have analyzed our deferred tax assets and have determined, based on the weight of available evidence, that it is more likely than not that a significant portion will not be realized. Accordingly, valuation allowances have been recognized as of December 31, 2019 and 2018 of $79.2 million and $68.3 million, respectively, related to certain deductible temporary differences and net operating loss carryforwards.

A summary of the changes in the valuation allowance is as follows:

	December 31,	
	2019	**2018**
Valuation allowance at beginning of period	**$ 68,294**	$ 45,624
Change due to current year losses	**19,330**	22,670
Change due to current year releases	**(8,448)**	—
Valuation allowance at end of period	**$ 79,176**	$ 68,294

As of December 31, 2019, certain of our corporate subsidiaries had U.S. federal net operating loss carryforwards of approximately $295.0 million that are available to offset future taxable income. If not utilized, $169.0 million of these carryforwards will begin to expire in the year 2034, with $126.0 million of these carryforwards having no expiration date. As of December 31, 2019, we also had net operating loss carryforwards for Irish income tax purposes of $76.5 million, which can be carried forward indefinitely against future business income, and $0.9 million of net operating loss carryforwards for Malaysian income tax purposes, which will begin to expire in the year 2025. The utilization of the net operating loss carryforwards to reduce future income taxes will depend on the relevant corporate subsidiary's ability to generate sufficient taxable income prior to the expiration of the carryforward period, if any. In addition, the maximum annual use of net operating loss carryforwards may be limited after certain changes in stock ownership.

The TCJA significantly revises the U.S. corporate income tax regime by, among other things, lowering corporate income tax rates. We have accounted for the effects of the TCJA for the year ended December 31, 2017 which relates to the re-measurement of deferred tax assets and liabilities due to the reduction in the corporate income tax rate. Due to the significant portion of our income that is not subject to entity level tax and the presence of a significant valuation allowance, the effects of the TCJA have had a minimal impact on the income tax provision for the year ended December 31, 2017.

(Dollars in tables in thousands, unless otherwise noted)

As of and for the period ended December 31, 2019, we had not established a liability for uncertain tax positions as no such positions existed. In general, our tax returns and the tax returns of our corporate subsidiaries are subject to U.S. federal, state, local and foreign income tax examinations by tax authorities. Generally, we are not subject to examination by taxing authorities for tax years prior to 2016. We do 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.

16. MANAGEMENT AGREEMENT AND AFFILIATE TRANSACTIONS

The Manager is paid annual fees in exchange for advising us on various aspects of our business, formulating our investment strategies, arranging for the acquisition and disposition of assets, arranging for financing, monitoring performance, and managing our 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 our behalf, including the costs of legal, accounting and other administrative activities. In May 2015, in connection with our IPO, we entered into the Management Agreement which replaced our then-existing management agreement as a private fund. Additionally, we have entered into certain incentive allocation arrangements with Master GP, which owns approximately 0.05% of the Partnership and is the general partner of the Partnership.

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 post-IPO 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 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 our 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 our 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.

One of our subsidiaries 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 our 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.

Capital Gains Incentive Allocation is calculated and distributable in arrears as of the end of each calendar year and is equal to 10% of our pro rata share of cumulative realized gains from the date of the IPO through the end of the applicable calendar year, net of our 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.

The following table summarizes the management fees, income incentive allocation and capital gains incentive allocation:

	Year Ended December 31,		
	2019	**2018**	**2017**
Management fees	**$ 14,828**	$ 15,319	$ 15,218
Income incentive allocation	**—**	—	—
Capital gains incentive allocation	**21,231**	407	514
Total	**$ 36,059**	$ 15,726	$ 15,732

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

(Dollars in tables in thousands, unless otherwise noted)

We 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; we will not reimburse the Manager for these expenses.

The following table summarizes our reimbursements to the Manager:

	Year Ended December 31,		
	2019	**2018**	**2017**
Classification in the Consolidated Statements of Operations:			
General and administrative expenses	**$ 11,017**	$ 9,910	$ 8,064
Acquisition and transaction expenses	**3,399**	6,653	6,295
Total	**$ 14,416**	$ 16,563	$ 14,359

If we terminate the Management Agreement, we 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 our 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 our common shares or other equity securities (including securities issued as consideration in an acquisition), we 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 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 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.

The following table summarizes amounts due to the Manager, which are included within accounts payable and accrued liabilities in the Consolidated Balance Sheets:

	December 31,	
	2019	**2018**
Accrued management fees	**$ 1,410**	$ 1,263
Other payables	**21,992**	3,965

As of December 31, 2019 and 2018, no amounts were recorded as a receivable from the Manager.

Other Affiliate Transactions

As of December 31, 2019 and 2018, an affiliate of our 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 December 31, 2019 and 2018 was $33.7 million and $51.1 million, respectively.

The following table presents the amount of this non-controlling interest share of net loss:

	Year Ended December 31,		
	2019	**2018**	**2017**
Non-controlling interest share of net loss	**$ 17,357**	$ 13,436	$ 8,662

In connection with the Capital Call Agreement related to the Series 2016 Bonds, we entered into a Fee and Support Agreement with an affiliate of our Manager. 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 $1.7 million, which will be amortized as interest expense to the earlier of the redemption date or February 13, 2020.

On June 21, 2018, we, through a wholly owned subsidiary, completed a private offering with several third parties (the “Holders”) to tender their approximately 20% stake in Jefferson Terminal. We increased our majority interest in Jefferson Terminal in exchange for Class B Units of another wholly owned subsidiary, which provide the right to convert such Class B Units to a fixed amount of our shares, equivalent to approximately 1.9 million shares, at a Holder’s request. We have the option to satisfy any exchange request by delivering either common shares or cash. The Holders are entitled to receive distributions equivalent to the distributions paid to our shareholders. This transaction resulted in a purchase of non-controlling interest shares.

In the second quarter of 2018, we purchased all shares held by the non-controlling interest holder in our Aviation Leasing segment for a purchase price of $3.7 million.

17. SEGMENT INFORMATION

Our reportable segments represent strategic business units comprised of investments in different types of transportation and infrastructure assets. We have three reportable segments which operate in the Equipment Leasing and Infrastructure businesses across several market sectors. Our reportable segments are (i) Aviation Leasing, (ii) Jefferson Terminal and (iii) Ports and Terminals. The Aviation Leasing segment consists of aircraft and aircraft engines held for lease and are typically held long-term. The Jefferson Terminal segment consists of a multi-modal crude oil and refined products terminal and other related assets. The Ports and Terminals segment 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 an equity method investment in Long Ridge, which is a 1,660 acre multi-modal port located along the Ohio River with rail, dock, and multiple industrial development opportunities, including a power plant under construction.

In December 2019, we completed the sale of substantially all of our railroad business, which was formerly reported as our Railroad segment. Under ASC 205-20, this disposition met the criteria to be reported as discontinued operations and the assets, liabilities and results of operations have been presented as discontinued operations for all periods presented.

Corporate and Other primarily consists of debt, unallocated company level general and administrative expenses, and management fees. Additionally, Corporate and Other includes (i) offshore energy related assets, which consist of vessels and equipment that support offshore oil and gas drilling and production which are typically subject to long-term operating leases, (ii) an investment in an unconsolidated entity engaged in the acquisition and leasing of shipping containers (on both an operating lease and finance lease basis) and (iii) railroad assets retained after the December 2019 sale, which consists of equipment that support a railcar cleaning business.

During 2019, we updated our segment performance measure from Adjusted Net Income to Adjusted EBITDA (see definition below) as this is the primary performance measure that our Chief Operating Decision Maker (“CODM”) utilizes to assess operational performance, as well as make resource and allocation decisions. In connection with the change in our performance measure, in accordance with ASC 280, we also assessed our reportable segments. We determined that our Offshore Energy and Shipping Containers segments no longer met the requirement as reportable segments. In addition, with the December 2019 sale of substantially all of our railroad business, the Railroad segment no longer met the requirement as a reportable segment. Accordingly, we have presented these operating segments, along with Corporate results, within Corporate and Other effective in 2019. All prior periods have been restated for historical comparison across segments.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies (Note 2); however, financial information presented by segment includes the impact of intercompany eliminations. We evaluate investment performance for each reportable segment primarily based on net income attributable to shareholders and Adjusted EBITDA.

Adjusted EBITDA is defined as net income (loss) attributable to shareholders from continuing operations, adjusted (a) to exclude the impact of provision for (benefit from) 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 (losses) of unconsolidated entities and the non-controlling share of Adjusted EBITDA.

We believe that net income (loss) attributable to shareholders, as defined by GAAP, is the most appropriate earnings measurement with which to reconcile Adjusted EBITDA. Adjusted EBITDA should not be considered as an alternative to net income (loss) attributable to shareholders as determined in accordance with GAAP.

(Dollars in tables in thousands, unless otherwise noted)

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

I. For the Year Ended December 31, 2019

	Year Ended December 31, 2019				
	Equipment Leasing	**Infrastructure**			
	Aviation Leasing	**Jefferson Terminal**	**Ports and Terminals**	**Corporate and Other**	**Total**
Revenues					
Equipment leasing revenues	$ 336,675	$ —	$ —	$ 12,647	$ 349,322
Infrastructure revenues	—	204,348	22,187	2,917	229,452
Total revenues	336,675	204,348	22,187	15,564	578,774
Expenses					
Operating expenses	14,132	231,506	24,854	17,544	288,036
General and administrative	—	—	—	20,441	20,441
Acquisition and transaction expenses	518	—	5,008	12,097	17,623
Management fees and incentive allocation to affiliate	—	—	—	36,059	36,059
Depreciation and amortization	128,990	22,873	9,849	7,311	169,023
Interest expense	—	16,189	1,712	77,684	95,585
Total expenses	143,640	270,568	41,423	171,136	626,767
Other income (expense)					
Equity in losses of unconsolidated entities	(1,829)	(292)	(192)	(62)	(2,375)
Gain on sale of assets, net	81,954	4,636	116,660	—	203,250
Asset impairment	—	—	(4,726)	—	(4,726)
Interest income	104	118	289	20	531
Other income	—	634	1,809	1,002	3,445
Total other income	80,229	5,096	113,840	960	200,125
Income (loss) from continuing operations before income taxes	273,264	(61,124)	94,604	(154,612)	152,132
Provision for income taxes	2,826	284	14,700	—	17,810
Net income (loss) from continuing operations	270,438	(61,408)	79,904	(154,612)	134,322
Less: Net loss from continuing operations attributable to non-controlling interests in consolidated subsidiaries	—	(17,356)	(215)	—	(17,571)
Dividends on preferred shares	—	—	—	1,838	1,838
Net income (loss) attributable to shareholders from continuing operations	$ 270,438	$ (44,052)	$ 80,119	$ (156,450)	$ 150,055

(Dollars in tables in thousands, unless otherwise noted)

The following table sets forth a reconciliation of Adjusted EBITDA to net income attributable to shareholders from continuing operations:

	Year Ended December 31, 2019				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Adjusted EBITDA	$ 432,934	$ (6,160)	$ 114,760	$ (38,126)	$ 503,408
Add: Non-controlling share of Adjusted EBITDA					9,859
Add: Equity in losses of unconsolidated entities					(2,375)
Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities					1,387
Less: Interest expense					(95,585)
Less: Depreciation and amortization expense					(199,185)
Less: Incentive allocations					(21,231)
Less: Asset impairment charges					(4,726)
Less: Changes in fair value of non-hedge derivative instruments					(4,555)
Less: Losses on the modification or extinguishment of debt and capital lease obligations					—
Less: Acquisition and transaction expenses					(17,623)
Less: Equity-based compensation expense					(1,509)
Less: Provision for income taxes					(17,810)
Net income attributable to shareholders from continuing operations					$ 150,055

Summary information with respect to our geographic sources of revenue, based on location of customer, is as follows:

	Year Ended December 31, 2019				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Revenues					
Africa	$ 14,542	$ —	$ —	$ —	$ 14,542
Asia	119,289	—	—	12,647	131,936
Europe	157,942	—	—	—	157,942
North America	36,391	204,348	22,187	2,917	265,843
South America	8,511	—	—	—	8,511
Total revenues	$ 336,675	$ 204,348	$ 22,187	$ 15,564	$ 578,774

(Dollars in tables in thousands, unless otherwise noted)

II. For the Year Ended December 31, 2018

	Year Ended December 31, 2018				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Revenues					
Equipment leasing revenues	$ 244,270	$ —	$ —	$ 8,769	$ 253,039
Infrastructure revenues	—	70,985	17,444	644	89,073
Total revenues	244,270	70,985	17,444	9,413	342,112
Expenses					
Operating expenses	9,149	94,622	18,312	14,487	136,570
General and administrative	—	—	—	17,126	17,126
Acquisition and transaction expenses	315	—	—	6,653	6,968
Management fees and incentive allocation to affiliate	—	—	—	15,726	15,726
Depreciation and amortization	102,419	19,745	5,139	6,605	133,908
Interest expense	—	15,513	649	40,683	56,845
Total expenses	111,883	129,880	24,100	101,280	367,143
Other income (expense)					
Equity in (losses) earnings of unconsolidated entities	(743)	(574)	—	309	(1,008)
Gain on sale of assets, net	3,911	—	—	—	3,911
Interest income	202	270	—	16	488
Other income	—	3,983	—	—	3,983
Total other income	3,370	3,679	—	325	7,374
Income (loss) from continuing operations before income taxes	135,757	(55,216)	(6,656)	(91,542)	(17,657)
Provision for (benefit from) income taxes	2,280	261	1	(93)	2,449
Net income (loss) from continuing operations	133,477	(55,477)	(6,657)	(91,449)	(20,106)
Less: Net loss from continuing operations attributable to non-controlling interests in consolidated subsidiaries	(24)	(21,801)	(100)	—	(21,925)
Dividends on preferred shares	—	—	—	—	—
Net income (loss) attributable to shareholders from continuing operations	$ 133,501	$ (33,676)	$ (6,557)	$ (91,449)	$ 1,819

(Dollars in tables in thousands, unless otherwise noted)

The following table sets forth a reconciliation of Adjusted EBITDA to net income attributable to shareholders from continuing operations:

	Year Ended December 31, 2018				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Adjusted EBITDA	$ 265,002	$ (11,645)	$ (615)	$ (36,870)	$ 215,872
Add: Non-controlling share of Adjusted EBITDA					9,744
Add: Equity in losses of unconsolidated entities					(1,008)
Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities					(359)
Less: Interest expense					(56,845)
Less: Depreciation and amortization expense					(160,567)
Less: Incentive allocations					(407)
Less: Asset impairment charges					—
Less: Changes in fair value of non-hedge derivative instruments					5,523
Less: Losses on the modification or extinguishment of debt and capital lease obligations					—
Less: Acquisition and transaction expenses					(6,968)
Less: Equity-based compensation expense					(717)
Less: Provision for income taxes					(2,449)
Net income attributable to shareholders from continuing operations					$ 1,819

Summary information with respect to our geographic sources of revenue, based on location of customer, is as follows:

	Year Ended December 31, 2018				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Revenues					
Africa	$ 10,053	$ —	$ —	$ —	$ 10,053
Asia	78,374	—	—	7,315	85,689
Europe	121,546	—	—	—	121,546
North America	30,701	70,985	17,444	2,098	121,228
South America	3,596	—	—	—	3,596
Total revenues	$ 244,270	$ 70,985	$ 17,444	$ 9,413	$ 342,112

(Dollars in tables in thousands, unless otherwise noted)

III. For the Year Ended December 31, 2017

	Year Ended December 31, 2017				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Revenues					
Equipment leasing revenues	$ 156,793	$ —	$ —	$ 13,207	$ 170,000
Infrastructure revenues	—	10,229	4,823	—	15,052
Total revenues	156,793	10,229	4,823	13,207	185,052
Expenses					
Operating expenses	6,247	31,213	9,117	15,842	62,419
General and administrative	—	—	—	14,570	14,570
Acquisition and transaction expenses	441	—	—	6,865	7,306
Management fees and incentive allocation to affiliate	—	—	—	15,732	15,732
Depreciation and amortization	61,795	16,193	1,658	6,427	86,073
Interest expense	—	13,568	1,088	23,142	37,798
Total expenses	68,483	60,974	11,863	82,578	223,898
Other income (expense)					
Equity in losses of unconsolidated entities	(1,276)	(321)	—	(4)	(1,601)
Gain on sale of assets, net	7,188	—	—	11,405	18,593
Loss on extinguishment of debt	—	—	—	(2,456)	(2,456)
Interest income	297	376	—	15	688
Other income	—	1,980	—	1,093	3,073
Total other income	6,209	2,035	—	10,053	18,297
Income (loss) from continuing operations before income taxes	94,519	(48,710)	(7,040)	(59,318)	(20,549)
Provision for (benefit from) income taxes	1,966	42	—	(54)	1,954
Net income (loss) from continuing operations	92,553	(48,752)	(7,040)	(59,264)	(22,503)
Less: Net income (loss) from continuing operations attributable to non-controlling interests in consolidated subsidiaries	697	(22,991)	(484)	(526)	(23,304)
Dividends on preferred shares	—	—	—	—	—
Net income (loss) attributable to shareholders from continuing operations	$ 91,856	$ (25,761)	$ (6,556)	$ (58,738)	$ 801

(Dollars in tables in thousands, unless otherwise noted)

The following table sets forth a reconciliation of Adjusted EBITDA to net income attributable to shareholders from continuing operations:

	Year Ended December 31, 2017				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Adjusted EBITDA	$ 163,828	$ (8,413)	$ (3,515)	$ (18,277)	$ 133,623
Add: Non-controlling share of Adjusted EBITDA					12,535
Add: Equity in losses of unconsolidated entities					(1,601)
Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities					243
Less: Interest expense					(37,798)
Less: Depreciation and amortization expense					(94,380)
Less: Incentive allocations					(514)
Less: Asset impairment charges					—
Less: Changes in fair value of non-hedge derivative instruments					1,022
Less: Losses on the modification or extinguishment of debt and capital lease obligations					(2,456)
Less: Acquisition and transaction expenses					(7,306)
Less: Equity-based compensation expense					(613)
Less: Provision for income taxes					(1,954)
Net income attributable to shareholders from continuing operations					$ 801

Summary information with respect to our geographic sources of revenue, based on location of customer, is as follows:

	Year Ended December 31, 2017				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Revenues					
Africa	$ 9,993	$ —	$ —	$ —	$ 9,993
Asia	45,794	—	—	6,074	51,868
Europe	84,023	—	—	5,597	89,620
North America	16,278	10,229	4,823	1,536	32,866
South America	705	—	—	—	705
Total revenues	$ 156,793	$ 10,229	$ 4,823	$ 13,207	$ 185,052

(Dollars in tables in thousands, unless otherwise noted)

IV. 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:

	December 31, 2019				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Total assets	$ 1,694,837	$ 781,422	$ 366,402	$ 394,261	$ 3,236,922
Debt, net	—	233,077	25,000	1,162,851	1,420,928
Total liabilities	285,099	324,509	63,930	1,224,527	1,898,065
Non-controlling interests in equity of consolidated subsidiaries	—	35,671	785	524	36,980
Total equity	1,409,738	456,913	302,472	(830,266)	1,338,857
Total liabilities and equity	$ 1,694,837	$ 781,422	$ 366,402	$ 394,261	$ 3,236,922

	December 31, 2019				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Property, plant and equipment and leasing equipment, net					
Africa	$ 43,348	$ —	$ —	$ —	$ 43,348
Asia	487,913	—	—	37,548	525,461
Europe	647,029	—	—	—	647,029
North America	311,185	560,059	200,319	123,067	1,194,630
South America	28,700	—	—	—	28,700
Total property, plant and equipment and leasing equipment, net	$ 1,518,175	$ 560,059	$ 200,319	$ 160,615	$ 2,439,168

(Dollars in tables in thousands, unless otherwise noted)

	December 31, 2018				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total [1]
Total assets	$ 1,367,074	$ 670,682	$ 277,160	$ 267,118	$ 2,582,034
Debt, net	—	234,862	—	980,246	1,215,108
Total liabilities	234,449	288,256	16,615	1,010,213	1,549,533
Non-controlling interests in equity of consolidated subsidiaries	—	52,058	544	523	53,125
Total equity	1,132,625	382,426	260,545	(743,095)	1,032,501
Total liabilities and equity	$ 1,367,074	$ 670,682	$ 277,160	$ 267,118	$ 2,582,034

[1] Excludes assets, liabilities and equity from discontinued operations.

	December 31, 2018				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Property, plant and equipment and leasing equipment, net					
Africa	$ 47,353	$ —	$ —	$ —	$ 47,353
Asia	383,648	—	—	34,667	418,315
Europe	592,670	—	—	121,950	714,620
North America	177,962	433,404	263,747	4,323	879,436
South America	34,505	—	—	—	34,505
Total property, plant and equipment and leasing equipment, net	$ 1,236,138	$ 433,404	$ 263,747	$ 160,940	$ 2,094,229

18. EARNINGS PER SHARE AND EQUITY

Basic earnings per common share (“EPS”) is calculated by dividing net income attributable to shareholders by the weighted average number of shares of common stock outstanding, plus any participating securities. Diluted EPS is calculated by dividing net income attributable to shareholders 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.

	Year Ended December 31,		
(in thousands, except share and per share data)	**2019**	**2018**	**2017**
Net income (loss) from continuing operations	**$ 134,322**	$ (20,106)	$ (22,503)
Net income (loss) from discontinued operations, net of income taxes	**73,462**	4,402	(737)
Net income (loss)	**207,784**	(15,704)	(23,240)
Less: Net income (loss) attributable to non-controlling interests in consolidated subsidiaries:			
Continuing operations	**(17,571)**	(21,925)	(23,304)
Discontinued operations	**247**	339	(70)
Dividends on preferred shares	**1,838**	—	—
Net income attributable to shareholders	**$ 223,270**	$ 5,882	$ 134
Weighted average shares outstanding:			
Basic	**85,992,019**	83,654,068	75,766,811
Diluted	**86,029,363**	83,664,833	75,766,811
Basic EPS:			
Continuing operations	**$ 1.74**	$ 0.02	$ 0.01
Discontinued operations	**$ 0.85**	$ 0.05	$ (0.01)
Diluted EPS:			
Continuing operations	**$ 1.74**	$ 0.02	$ 0.01
Discontinued operations	**$ 0.85**	$ 0.05	$ (0.01)

The calculation of Diluted EPS excludes 150,981, 57,069 and 438 shares for the years ended December 31, 2019, 2018 and 2017, respectively, because the impact would be anti-dilutive.

Certain holders of Class B Units (see Note 16) converted 1,134,806 Class B Units in exchange for 840,434 common shares during the year December 31, 2019.

We issued 26,125 common shares to certain directors as compensation during the year December 31, 2019.

Preferred Shares

In September 2019, in a public offering, we issued 3,450,000 shares of 8.25% Fixed-to-Floating Rate Series A Cumulative Perpetual Redeemable Preferred Shares ("Series A Preferred Shares"), par value $0.01 per share, with a liquidation preference of $25.00 per share for net proceeds of approximately $82.9 million.

In November 2019, in a public offering, we issued 4,600,000 shares of 8.00% Fixed-to-Floating Rate Series B Cumulative Perpetual Redeemable Preferred Shares ("Series B Preferred Shares"), par value $0.01 per share, with a liquidation preference of $25.00 per share for net proceeds of approximately $111.1 million.

See Note 14 for information related to options issued to the Manager in connection with these offerings.

19. 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 our offshore energy business, a lessee did not fulfill their obligation under their charter arrangement, therefore we are pursuing rights afforded to us under the charter and the range of potential losses against the obligation is $0.0 million to $3.3 million. Our maximum exposure under other arrangements is unknown as no additional claims have been made. We believe the risk of loss in connection with such arrangements is remote.

We have also entered into an arrangement with our non-controlling interest holder of Repauno, whereby the non-controlling interest holder may receive additional payments contingent upon the achievement of certain service conditions, not to exceed $15.0 million. We will account for such amounts when and if such service conditions are achieved.

20. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table presents unaudited summary information for our quarterly operations:

	2019				
	Quarter Ended				Year Ended
(in thousands except share and per share data)	March 31	June 30	September 30	December 31	December 31
Total revenues	$ 114,894	$ 149,848	$ 152,700	$ 161,332	$ 578,774
Total expenses	123,403	164,798	169,430	169,136	626,767
Total other (expense) income	(1,178)	27,630	37,338	136,335	200,125
(Loss) income from continuing operations before income taxes	(9,687)	12,680	20,608	128,531	152,132
Provision for (benefit from) income taxes	267	(2,328)	872	18,999	17,810
Net (loss) income from continuing operations	(9,954)	15,008	19,736	109,532	134,322
Net income from discontinued operations, net of income taxes	158	785	940	71,579	73,462
Net (loss) income	(9,796)	15,793	20,676	181,111	207,784
Net (loss) income attributable to non-controlling interests in consolidated subsidiaries:					
Continuing operations	(3,360)	(4,580)	(5,111)	(4,520)	(17,571)
Discontinued operations	(56)	41	116	146	247
Dividends on preferred shares	—	—	—	1,838	1,838
Net (loss) income attributable to shareholders	$ (6,380)	$ 20,332	$ 25,671	$ 183,647	$ 223,270
(Loss) earnings per share:					
Basic					
Continuing operations	$ (0.07)	$ 0.23	$ 0.29	$ 1.30	$ 1.74
Discontinued operations	$ 0.00	$ 0.01	$ 0.01	$ 0.83	$ 0.85
Diluted					
Continuing operations	$ (0.07)	$ 0.23	$ 0.29	$ 1.30	$ 1.74
Discontinued operations	$ 0.00	$ 0.01	$ 0.01	$ 0.83	$ 0.85
Weighted Average Shares Outstanding:					
Basic	85,986,453	85,987,769	85,996,067	85,997,619	85,992,019
Diluted	85,986,453	85,989,029	86,005,604	86,090,207	86,029,363

	2018				
	Quarter Ended				Year Ended
(in thousands except share and per share data)	March 31	June 30	September 30	December 31	December 31
Total revenues	$ 57,797	$ 63,191	$ 92,472	$ 128,652	$ 342,112
Total expenses	69,772	75,342	91,685	130,344	367,143
Total other income	431	5,983	621	339	7,374
(Loss) income from continuing operations before income taxes	(11,544)	(6,168)	1,408	(1,353)	(17,657)
Provision for income taxes	495	534	551	869	2,449
Net (loss) income from continuing operations	(12,039)	(6,702)	857	(2,222)	(20,106)
Net income (loss) from discontinued operations, net of income taxes	2,706	253	(134)	1,577	4,402
Net (loss) income	(9,333)	(6,449)	723	(645)	(15,704)
Net (loss) income attributable to non-controlling interests in consolidated subsidiaries					
Continuing operations	(8,967)	(7,339)	(3,829)	(1,790)	(21,925)
Discontinued operations	206	51	(26)	108	339
Dividends on preferred shares	—	—	—	—	—
Net (loss) income attributable to shareholders	$ (572)	$ 839	$ 4,578	$ 1,037	$ 5,882
(Loss) earnings per share:					
Basic					
Continuing operations	$ (0.04)	$ 0.01	$ 0.06	$ (0.01)	$ 0.02
Discontinued operations	$ 0.03	$ 0.00	$ (0.01)	$ 0.02	$ 0.05
Diluted					
Continuing operations	$ (0.04)	$ 0.01	$ 0.06	$ (0.01)	$ 0.02
Discontinued operations	$ 0.03	$ 0.00	$ (0.01)	$ 0.02	$ 0.05
Weighted Average Shares Outstanding:					
Basic	81,534,454	83,160,037	84,708,071	85,065,125	83,654,068
Diluted	81,534,454	83,160,047	84,709,656	85,068,966	83,664,833

21. SUBSEQUENT EVENTS

In January 2020, we issued 11,991 common shares to certain directors as compensation.

Certain holders of Class B Units converted 85,794 Class B Units in exchange for 63,538 common shares during the first quarter of 2020.

Series 2020 Bonds

On February 11, 2020, our subsidiary ("Jefferson") issued Series 2020 Bonds in an aggregate principal amount of approximately $264.0 million. The Series 2020 Bonds are designated as $184.9 million of Series 2020A Dock and Wharf Facility Revenue Bonds (the "Series 2020A Bonds"), and $79.1 million of Series 2020B Taxable Facility Revenue Bonds (the "Taxable Series 2020B Bonds").

The Series 2020A Bonds maturing on January 1, 2035 ($53.5 million aggregate principal amount) bear interest at a fixed rate of 3.625%.

The Series 2020A Bonds maturing on January 1, 2050 ($131.4 million aggregate principal amount) bear interest at a fixed rate of 4.00%.

The Taxable Series 2020B Bonds will mature on January 1, 2025 and bear interest at a fixed rate of 6.00%.

Jefferson used a portion of the net proceeds from this offering to refund, redeem and defease the Series 2012 Bonds, Series 2016 Bonds and Jefferson Revolver, and intends to use a portion of the net proceeds to pay for or reimburse the cost of development, construction and acquisition of certain facilities, to fund certain reserve and funded interest accounts related to the Series 2020 Bonds, and to pay for or reimburse certain costs of issuance of the Series 2020 Bonds.

Dividends

On February 27, 2020, our Board of Directors declared a cash dividend on our common shares and eligible participating securities of $0.33 per share for the quarter ended December 31, 2019, payable on March 24, 2020 to the holders of record on March 13, 2020.

Additionally, on February 27, 2020, our Board of Directors declared cash dividends on the Series A Preferred Shares and Series B Preferred Shares of $0.52 and $0.60 per share, respectively, for the quarter ended December 31, 2019, payable on March 16, 2020 to the holders of record on March 9, 2020.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. 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.

Management's Annual Report on Internal Control over Financial Reporting

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

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

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2019. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control - Integrated Framework (2013). Based on management's assessment using this framework, management concluded that, as of December 31, 2019, our internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2019 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report included herein.

Changes in Internal Control over Financial Reporting

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

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Fortress Transportation and Infrastructure Investors LLC

Opinion on Internal Control Over Financial Reporting

We have audited Fortress Transportation and Infrastructure Investors LLC's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Fortress Transportation and Infrastructure Investors LLC ("the Company") maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and our report dated February 28, 2020 expressed an unqualified opinion thereon.

Basis for Opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP
New York, New York
February 28, 2020

Item 9B. Other Information

None.

PART III—OTHER INFORMATION

Item 10. Directors, Executive Officers and Corporate Governance

Any information required by this Item 10 is incorporated by reference to our definitive proxy statement for the 2020 annual meeting of shareholders to be filed with the SEC pursuant to Regulation 14A (our "Definitive Proxy Statement") within 120 days after the fiscal year ended December 31, 2019 (our "Definitive Proxy Statement") under the headings "Proposal No. 1 Election of Directors," "Executive Officers" and "Security Ownership of Management and Certain Beneficial Owners—Section 16(a) of Beneficial Ownership Reporting Compliance."

Item 11. Executive Compensation

The information required by this Item 11 is incorporated by reference to our Definitive Proxy Statement under the headings "Executive and Manager Compensation" and "Compensation Committee Report."

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item 12 is incorporated by reference to our Definitive Proxy Statement under the heading "Security Ownership of Management and Certain Beneficial Owners." See also "Nonqualified Stock Option and Incentive Award Plan" in Part II, Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities" which is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item 13 is incorporated by reference to our Definitive Proxy Statement under the headings "Proposal No. 1 Election of Directors—Determination of Director Independence" and "Certain Relationships and Related Transactions."

Item 14. Principal Accountant Fees and Services

The information required by this Item 14 is incorporated by reference to our Definitive Proxy Statement under the heading "Proposal No. 2 Approval of Appointment of Ernst & Young LLP as Independent Registered Public Accounting Firm—Principal Accountant Fees and Services."

PART IV

Item 15. Exhibits

	Exhibit No.	Description
	2.1	Agreement and Plan of Merger, dated as of November 19, 2019, by and among Soo Line Corporation, Black Bear Acquisition LLC, Railroad Acquisition Holdings LLC and Fortress Worldwide Transportation and Infrastructure General Partnership (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K, filed January 6, 2020).
	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	Third Amended and Restated Limited Liability Company Agreement of Fortress Transportation and Infrastructure Investors LLC, dated as of November 27, 2019 (incorporated by reference to Exhibit 3.2 of the Company's Form 8-A, filed November 27, 2019).
	3.3	Share Designation with respect to the 8.25% Fixed-to-Floating Series A Cumulative Perpetual Redeemable Preferred Shares, dated as of September 12, 2019 (included as part of Exhibit 3.2).
	3.4	Share Designation with respect to the 8.00% Fixed-to-Floating Series B Cumulative Perpetual Redeemable Preferred Shares, dated as of November 27, 2019 (included as part of Exhibit 3.2).
	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	First Supplemental Indenture, dated June 8, 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 4.3 of the Company's Annual Report on Form 10-K, filed on March 1, 2018).
	4.4	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).
	4.5	Third Supplemental Indenture, dated December 20, 2017, between Fortress Transportation and Infrastructure 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 December 20, 2017).
	4.6	Fourth Supplemental Indenture, dated May 31, 2018, 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 May 31, 2018).
	4.7	Fifth Supplemental Indenture, dated February 8, 2019, 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 February 8, 2019).
	4.8	Indenture, dated September 18, 2018, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.50% senior unsecured notes due 2025 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on September 18, 2018).
	4.9	Form of global note representing the Company's 6.50% senior unsecured notes due 2025 (included in Exhibit 4.8).
	4.10	First Supplemental Indenture, dated May 21, 2019, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.50% senior unsecured notes due 2025 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on May 21, 2019).
	4.11	Form of certificate representing the 8.25% Fixed-to-Floating Rate Series A Cumulative Perpetual Redeemable Preferred Shares of Fortress Transportation and Infrastructure Investors LLC (incorporated by reference to Exhibit 4.1 of the Company's Form 8-A, filed September 12, 2019).
	4.12	Form of certificate representing the 8.00% Fixed-to-Floating Rate Series B Cumulative Perpetual Redeemable Preferred Shares of Fortress Transportation and Infrastructure Investors LLC (incorporated by reference to Exhibit 4.1 to the Company's Form 8-A, filed November 27, 2019).
	4.13	Description of Securities Registered under Section 12 of the Exchange Act.
	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).

Exhibit No.		Description
	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).
	10.15	Credit Agreement Amendment No. 1, dated as of August 2, 2018, among Fortress Transportation and Infrastructure Investors LLC, as borrower, Fortress Worldwide Transportation and Infrastructure General Partnership, 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 10.15 of the Company's Quarterly Report on Form 10-Q, filed on August 3, 2018).
	10.16	Credit Agreement Amendment No. 2 dated as of February 8, 2019, among Fortress Transportation and Infrastructure Investors LLC, as borrower, Fortress Worldwide Transportation and Infrastructure General Partnership, as grantor, JPMorgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc. and Barclays Bank PLC, as lenders and issuing banks, 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 February 11, 2019).
	10.17	Credit Agreement Amendment No. 3 dated as of August 6, 2019, among Fortress Transportation and Infrastructure Investors LLC, as borrower, Fortress Worldwide Transportation and Infrastructure General Partnership, as grantor, JPMorgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc. and Barclays Bank PLC, as lenders and issuing banks, 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 August 9, 2019).
*	10.18	Engineering, Procuring and Construction Agreement dated as of February 15, 2019, between Long Ridge Energy Generation LLC and Kiewit Power Constructors Co. (incorporated by reference to Exhibit 10.17 of the Company's Quarterly Report on Form 10-Q, filed on May 3, 2019).
*	10.19	Purchase and Sale of Power Generation Equipment and Related Services Agreement dated as of February 15, 2019, between Long Ridge Energy Generation LLC and General Electric Company (incorporated by reference to Exhibit 10.18 of the Company's Quarterly Report on Form 10-Q, filed on May 3, 2019).
	10.20	First Lien Credit Agreement dated as of February 15, 2019, among Ohio River PP Holdco LLC, Ohio Gasco LLC, Long Ridge Energy Generation LLC, the lenders and issuing banks from time to time party thereto, and Cortland Capital Market Services LLC, as administrative agent (incorporated by reference to Exhibit 10.19 of the Company's Quarterly Report on Form 10-Q, filed on May 3, 2019).
	10.21	Second Lien Credit Agreement dated as of February 15, 2019, among Ohio River PP Holdco LLC, Ohio Gasco LLC, Long Ridge Energy Generation LLC, the lenders from time to time party thereto, and Cortland Capital Market Services LLC, as administrative agent (incorporated by reference to Exhibit 10.20 of the Company's Quarterly Report on Form 10-Q, filed on May 3, 2019).
†	10.22	Form of Award Agreement under the Fortress Transportation and Infrastructure Investors Nonqualified Stock Option and Incentive Award Plan (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed on January 17, 2018).
	21.1	Subsidiaries of Fortress Transportation and Infrastructure Investors LLC.
	23.1	Consent of Independent Registered Public Accounting Firm.
	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.

Exhibit No.	Description
101	The following financial information from the Company's Annual Report on Form 10-K for the year ended December 31, 2019, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements of Comprehensive Income (Loss); (iv) Consolidated Statements of Changes in Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

† *Management contracts and compensatory plans or arrangements.*

* *Portions of this exhibit have been omitted.*

Item 16. Form 10-K Summary

None.

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. Joseph P. Adams, Jr. Chairman and Chief Executive Officer	Date:	February 28, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By:	/s/ Joseph P. Adams, Jr. Joseph P. Adams, Jr. Chairman and Chief Executive Officer	Date:	February 28, 2020
By:	/s/ Scott Christopher Scott Christopher Chief Financial Officer	Date:	February 28, 2020
By:	/s/ Eun Nam Eun Nam Chief Accounting Officer	Date:	February 28, 2020
By:	/s/ Paul R. Goodwin Paul R. Goodwin Director	Date:	February 28, 2020
By:	/s/ Judith A. Hannaway Judith A. Hannaway Director	Date:	February 28, 2020
By:	/s/ A. Andrew Levison A. Andrew Levison Director	Date:	February 28, 2020
By:	/s/ Kenneth J. Nicholson Kenneth J. Nicholson Director	Date:	February 28, 2020
By:	/s/ Ray M. Robinson Ray M. Robinson Director	Date:	February 28, 2020
By:	/s/ Martin Tuchman Martin Tuchman Director	Date:	February 28, 2020

Exhibit 4.13

DESCRIPTION OF SECURITIES REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT

The following description of our common shares, our 8.25% Fixed-to-Floating Rate Series A Cumulative Perpetual Redeemable Preferred Shares (the "Series A Preferred Shares"), our 8.00% Fixed-to-Floating Rate Series B Cumulative Perpetual Redeemable Preferred Shares (the "Series B Preferred Shares"), and certain provisions of Delaware law and our amended and restated limited liability company agreement (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Operating Agreement") does not purport to be complete and is in all respects subject to, and qualified in its entirety by reference to, all of the provisions of our Operating Agreement and Delaware law.

For purposes of this summary, (i) the term "Company" refers only to Fortress Transportation and Infrastructure Investors LLC, a Delaware limited liability company, and not to any of its subsidiaries and (ii) the terms "our", "us", and "we" refer to the Company and its consolidated subsidiaries, unless the context requires otherwise.

Authorized Shares

Our authorized shares consist of:

- 2,000,000,000 common shares, par value $0.01 per share ("common shares"); and
- 200,000,000 preferred shares, par value $0.01 per share ("preferred shares"), 3,450,000 of which are designated as Series A Preferred Shares and 4,600,000 of which are designated as Series B Preferred Shares.

All the outstanding shares of our common shares and our Series A Preferred Shares and Series B Preferred Shares are fully paid and non-assessable.

Common Shares

No holder of common shares is entitled to preemptive, preferential or similar rights or redemption or conversion rights. Holders of common shares are entitled to one vote per share on all matters submitted to a vote of holders of common shares. Unless a different majority is required by law or by our Operating Agreement, resolutions to be approved by holders of common shares require approval by a simple majority of votes cast at a meeting at which a quorum is present.

Each holder of common shares is entitled to one vote for each common share held on all matters submitted to a vote of shareholders. Except as provided with respect to any other class or series of shares, the holders of our common shares will possess the exclusive right to vote for the election of directors and for all other purposes. Our Operating Agreement does not provide for cumulative voting in the election of directors, which means that the holders of a majority of the outstanding common shares can elect all of the directors standing for election, and the holders of the remaining shares are not able to elect any directors.

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. In addition, while any Series A Preferred Shares or Series B Preferred Shares remain outstanding, unless the full cumulative distributions on past distribution periods for such shares have been or contemporaneously are declared and paid in full or declared and a sum sufficient for the payment of those distributions set aside, we are generally prohibited from declaring and paying or setting aside any dividends on our common shares. See "Series A Preferred Shares—Priority Regarding Distributions" and "Series B Preferred Shares—Priority Regarding Distributions." Any rights of holders of our common shares to receive dividends, if any, declared from time to time by our board of directors out of legally available funds will also be subject to any preferred rights of holders of any additional preferred shares that we may issue in the future.

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 amended and restated partnership agreement of Fortress Worldwide Transportation and Infrastructure General Partnership, 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.

Each holder of our common shares is admitted as a member of our limited liability company and deemed to have agreed to be bound by the terms of the Operating Agreement. Pursuant to the Operation Agreement, each holder of our common shares grants to certain of our officers (and, if appointed, a liquidator) a power of attorney to, among other things, execute and file documents required for our qualification, continuance or dissolution. The power of attorney also grants certain of our officers the authority to make certain amendments to, and to make consents and waivers under and in accordance with, the Operating Agreement.

In the event of our liquidation, dissolution or winding up, the holders of our common shares are entitled to share ratably in all assets remaining after the payment of liabilities, subject to any rights of holders of our preferred shares prior to distribution.

Our common shares trade on the New York Stock Exchange (“NYSE”) under the symbol “FTAI”.

Series A Preferred Shares

General

The Operating Agreement authorizes the Company to issue up to 200,000,000 preferred shares in one or more series, and the Company’s board of directors is authorized to fix the number of shares of each series and determine the rights, designations, preferences, powers and duties of any such series. The “8.25% Fixed-to-Floating Rate Series A Cumulative Perpetual Redeemable Preferred Shares” are designated as one series of our authorized preferred shares, consisting of 3,450,000 Series A Preferred Shares.

The Series A Preferred Shares represent perpetual equity interests in us and, unlike our indebtedness, do not give rise to a claim for payment of a principal amount at a particular date. As such, the Series A Preferred Shares rank junior to all of our current and future indebtedness and other liabilities with respect to assets available to satisfy claims against us. The Series A Preferred Shares have a fixed liquidation preference of $25.00 per Series A Preferred Share, plus an amount equal to accumulated and unpaid distributions thereon, if any, to, but excluding, the date of payment, whether or not declared; *provided* that the rights of the holders of Series A Preferred Shares to receive the liquidation preference will be subject to the proportional rights of holders of Parity Securities (as defined below) and to the other matters described under “—Liquidation Rights”.

All of the Series A Preferred Shares are represented by a single certificate issued to The Depository Trust Company (and its successors or assigns or any other securities depositary selected by us) (the “Securities Depositary”) and registered in the name of its nominee. So long as a Securities Depositary has been appointed and is serving, no person acquiring Series A Preferred Shares will be entitled to receive a certificate representing such Series A Preferred Shares unless applicable law otherwise requires or the Securities Depositary resigns or is no longer eligible to act as such and a successor is not appointed. See “—Book-Entry System”.

Each holder of Series A Preferred Shares is admitted as a member of our limited liability company and deemed to have agreed to be bound by the terms of the Operating Agreement. Pursuant to the Operating Agreement, each holder of Series A Preferred Shares grants to certain of our officers (and, if appointed, a liquidator) a power of attorney to, among other things, execute and file documents required for our qualification, continuance or dissolution. The power of attorney also grants certain of our officers the authority to make certain amendments to, and to make consents and waivers under and in accordance with, the Operating Agreement.

Our Series A Preferred Shares trade on the NYSE under the symbol “FTAI PR A”.

Ranking

With respect to the payment of distributions and rights (including redemption rights) upon our liquidation, dissolution or winding up, the Series A Preferred Shares rank (i) senior and prior to our common shares and any class or series of preferred shares that by its terms is designated as ranking junior to the Series A Preferred Shares, (ii) *pari passu* with any class or series of preferred shares that by its terms is designated as ranking equal to the Series A Preferred Shares or does not state it is junior or senior to the Series A Preferred Shares (including our Series B Preferred Shares), (iii) junior to any class or series of preferred shares that is expressly designated as ranking senior to the Series A Preferred Shares (subject to receipt of any requisite consents prior to issuance) and (iv) effectively junior to all of our existing and future indebtedness (including indebtedness convertible into our common shares or preferred shares) and other liabilities and to all liabilities and any preferred equity of our existing subsidiaries and any future subsidiaries.

The Series A Preferred Shares are not convertible into, or exchangeable for, shares of any other class or series of our Capital Stock (as defined herein) or other securities and will not be subject to any sinking fund or other obligation to redeem or repurchase the Series A Preferred Shares. The Series A Preferred Shares are not secured, are not guaranteed by us or any of our affiliates and are not subject to any other arrangement that legally or economically enhances the ranking of the Series A Preferred Shares.

Distributions

Holders of the Series A Preferred Shares are entitled to receive, only when, as, and if declared by our board of directors, out of funds legally available for such purpose, cumulative cash distributions based on the stated liquidation preference of $25.00 per Series A Preferred Share at a rate equal to (i) from, and including, the original issue date of the Series A Preferred Shares to, but excluding, September 15, 2024 (the “Series A Fixed Rate Period”), 8.25% per annum, and (ii) beginning September 15, 2024 (the “Series A Floating Rate Period”), Three-Month LIBOR (as defined below) plus a spread of 688.6 basis points per annum and that sum will be the distribution rate for the applicable Distribution Period. A “Distribution Period” means the period from, and including, each Distribution Payment Date (as defined below) to, but excluding, the next succeeding Distribution Payment Date, except for the initial Distribution Period, which is the period from, and including, the original issue date of the Series A Preferred Shares to, but excluding, the next succeeding Distribution Payment Date.

When, as, and if declared by our board of directors, we pay cash distributions on the Series A Preferred Shares quarterly, in arrears, on March 15, June 15, September 15 and December 15 of each year (each such date, a “Distribution Payment Date”), which payments began on December 15, 2019. We pay cash distributions to the holders of record of Series A Preferred Shares as they appear on our share register on the applicable record date, which for any Distribution Payment Date shall be the 1st calendar day of the month of such Distribution Payment Date or such other record date fixed by our board of directors as the record date for such Distribution Payment Date that is not more than 60 nor less than 10 days prior to such Distribution Payment Date.

So long as the Series A Preferred Shares are held of record by the nominee of the Securities Depositary, declared distributions will be paid to the Securities Depositary in same-day funds on each Distribution Payment Date. The Securities Depositary will credit accounts of its participants in accordance with the Securities Depositary’s normal procedures. The participants will be responsible for holding or disbursing such payments to beneficial owners of the Series A Preferred Shares in accordance with the instructions of such beneficial owners.

If any Distribution Payment Date on or prior to September 15, 2024 is a day that is not a business day (as defined below), then declared distributions with respect to that Distribution Payment Date will instead be paid on the immediately succeeding business day, without interest or other payment in respect of such delayed payment. If any Distribution Payment Date after September 15, 2024 is a day that is not a business day, then the Distribution Payment Date will be the immediately succeeding business day, and distributions will accrue to the Distribution Payment Date. A “business day” for the Series A Fixed Rate Period means any weekday in New York, New York that is not a day on which banking institutions in that city are authorized or required by law, regulation, or executive order to be closed. A “business day” for the Series A Floating Rate Period means any weekday in New York, New York that is not a day on which banking institutions in that city are authorized or required by law, regulation, or executive order to be closed, and additionally, is a London banking day (as defined below).

We calculate distributions on the Series A Preferred Shares for the Series A Fixed Rate Period on the basis of a 360-day year consisting of twelve 30-day months. We calculate distributions on the Series A Preferred Shares for the Series A Floating Rate Period on the basis of the actual number of days in a Distribution Period and a 360-day year. Dollar amounts resulting from that calculation are rounded to the nearest cent, with one-half cent being rounded upward. Distributions on the Series A Preferred Shares will cease to accrue after the redemption date, as described below under "—Redemption", unless we default in the payment of the redemption price of the Series A Preferred Shares called for redemption.

Distributions on the Series A Preferred Shares are not mandatory. However, distributions on the Series A Preferred Shares accrue from the original issue date, or the most recent Distribution Payment Date on which all accrued distributions have been paid, as applicable, whether or not we have earnings, whether or not there are funds legally available for the payment of those distributions and whether or not those distributions are declared. No interest, or sum in lieu of interest, is payable in respect of any distribution payment or payments on the Series A Preferred Shares which may be in arrears, and holders of the Series A Preferred Shares are not entitled to any distribution, whether payable in cash, property, or shares, in excess of full cumulative distributions described above.

If in the future we issue additional shares of the Series A Preferred Shares, distributions on those additional shares will accrue from the most recent Distribution Payment Date at the then-applicable distribution rate.

The distribution rate for each Distribution Period in the Series A Floating Rate Period will be determined by the calculation agent using Three-Month LIBOR as in effect on the second London banking day prior to the beginning of the Distribution Period, which date is referred to as the "distribution determination date" for the relevant Distribution Period. The calculation agent then will add Three-Month LIBOR as determined on the distribution determination date and the spread of 688.6 basis points per annum. Once the distribution rate for the Series A Preferred Shares is determined, the calculation agent will deliver that information to us and the transfer agent for the Series A Preferred Shares. Absent manifest error, the calculation agent's determination of the distribution rate for a Distribution Period for the Series A Preferred Shares will be final. A "London banking day" is any day on which commercial banks are open for dealings in deposits in U.S. dollars in the London interbank market.

As used in this description of Series A Preferred Shares, the term "Three-Month LIBOR" means the London interbank offered rate for deposits in U.S. dollars for a three month period (the "three-month LIBOR rate"), as that rate is displayed on Bloomberg on page BBAM1 (or any successor or replacement page) at approximately 11:00 a.m., London time, on the relevant distribution determination date, *provided* that:

(i) If no offered rate is displayed on Bloomberg on page BBAM1 (or any successor or replacement page) on the relevant distribution determination date at approximately 11:00 a.m., London time, then the calculation agent, in consultation with us, will select four major banks in the London interbank market and will request each of their principal London offices to provide a quotation of the rate at which three-month deposits in U.S. dollars in amounts of at least $1,000,000 are offered by it to prime banks in the London interbank market, on that date and at that time. If at least two quotations are provided, Three-Month LIBOR will be the arithmetic average (rounded upward if necessary to the nearest 0.00001 of 1%) of the quotations provided.

(ii) Otherwise, the calculation agent in consultation with us will select three major banks in New York City and will request each of them to provide a quotation of the rate offered by it at approximately 11:00 a.m., New York City time, on the distribution determination date for loans in U.S. dollars to leading European banks for a three month period for the applicable Distribution Period in an amount of at least $1,000,000. If three quotations are provided, Three-Month LIBOR will be the arithmetic average (rounded upward if necessary to the nearest 0.00001 of 1%) of the quotations provided.

(iii) Otherwise, Three-Month LIBOR for the next Distribution Period will be equal to Three-Month LIBOR in effect for the then-current Distribution Period or, in the case of the first Distribution Period in the Series A Floating Rate Period, the most recent three-month LIBOR rate on which Three-Month LIBOR could have been determined in accordance with the first sentence of this paragraph had the distribution rate been a floating rate during the Series A Fixed Rate Period.

In the event that Three-Month LIBOR is less than zero, Three-Month LIBOR shall be deemed to be zero.

Notwithstanding the foregoing clauses (i), (ii) and (iii):

(a) If the calculation agent determines on the relevant distribution determination date that LIBOR has been discontinued or is no longer viewed as an acceptable benchmark for securities like the Series A Preferred Shares (a "Series A LIBOR Event"), then the calculation agent will use a substitute or successor base rate that it has determined, in consultation with us, is the most comparable to LIBOR; *provided* that if the calculation agent determines there is an industry-accepted substitute or successor base rate, then the calculation agent shall use such substitute or successor base rate.

(b) If the calculation agent has determined a substitute or successor base rate in accordance with the foregoing, the calculation agent, in consultation with us, may determine what business day convention to use, the definition of business day, the distribution determination date to be used and any other relevant methodology for calculating such substitute or successor base rate, including any adjustment factor needed to make such substitute or successor base rate comparable to LIBOR, or any adjustment to the applicable spread thereon, in a manner that is consistent with industry-accepted practices for such substitute or successor base rate.

Notwithstanding the foregoing, if the calculation agent determines in its sole discretion that there is no alternative rate that is a substitute or successor base rate for LIBOR, the calculation agent may, in its sole discretion, or if the calculation agent fails to do so, the Company may, appoint an independent financial advisor ("IFA") to determine an appropriate alternative rate and any adjustments, and the decision of the IFA will be binding on the Company, the calculation agent and the holders of Series A Preferred Shares. If a Series A LIBOR Event has occurred, but for any reason an alternative rate has not been determined, an IFA has not determined an appropriate alternative rate and adjustments or an IFA has not been appointed, Three-Month LIBOR for the next Distribution Period to which the determination date relates shall be Three-Month LIBOR as in effect for the then-current Distribution Period; provided, that if this sentence is applicable with respect to the first Distribution Period in the Series A Floating Rate Period, the interest rate, business day convention and manner of calculating interest applicable during the Series A Fixed Rate Period will remain in effect during the Series A Floating Rate Period.

Priority Regarding Distributions

While any Series A Preferred Shares remain outstanding, unless the full cumulative distributions for all past Distribution Periods on all outstanding Series A Preferred Shares have been or contemporaneously are declared and paid in full or declared and a sum sufficient for the payment of those distributions has been set aside:

(1) no distribution will be declared and paid or set aside for payment on any Junior Securities (as defined below) (other than a distribution payable solely in shares of Junior Securities);

(2) no shares of Junior Securities will be repurchased, redeemed, or otherwise acquired for consideration by the Company or any of its subsidiaries, directly or indirectly (other than as a result of a reclassification of Junior Securities for or into other Junior Securities, or the exchange for or conversion into Junior Securities, through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Securities or pursuant to a contractually binding requirement to buy Junior Securities pursuant to a binding agreement existing prior to the original issue date of the Series A Preferred Shares), nor will any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Company or any of its subsidiaries; and

(3) no shares of Parity Securities will be repurchased, redeemed or otherwise acquired for consideration by the Company or any of its subsidiaries (other than pursuant to pro rata offers to purchase or exchange all, or a pro rata portion of Series A Preferred Shares and such Parity Securities or as a result of a reclassification of Parity Securities for or into other Parity Securities, or by conversion into or exchange for other Parity Securities or Junior Securities).

The foregoing limitations do not apply to (i) purchases or acquisitions of, or cash settlement in respect of, Junior Securities pursuant to any employee or director incentive or benefit plan or arrangement (including any of our employment, severance, or consulting agreements) of ours or of any of our subsidiaries and (ii) any distribution in connection with the implementation of a shareholder rights plan or the redemption or repurchase of any rights under such a plan, including with respect to any successor shareholder rights plan.

Accumulated distributions in arrears for any past Distribution Period may be declared by the board of directors and paid on any date fixed by the board of directors, whether or not a Distribution Payment Date, to holders of the Series A Preferred Shares on the record date for such payment, which may not be less than 10 days before such distribution. To the extent a distribution period applicable to a class of Junior Securities or Parity Securities is shorter than the Distribution Period applicable to the Series A Preferred Shares (e.g., monthly rather than quarterly), the board of directors may declare and pay regular distributions with respect to such Junior Securities or Parity Securities so long as, at the time of declaration of such distribution, the board of directors expects to have sufficient funds to pay the full cumulative distributions in respect of the Series A Preferred Shares on the next Distribution Payment Date.

Subject to the next succeeding sentence, if all accumulated distributions in arrears on all outstanding Series A Preferred Shares and any Parity Securities have not been declared and paid, or sufficient funds for the payment thereof have not been set apart, payment of accumulated distributions in arrears will be made in order of their respective distribution payment dates, commencing with the earliest distribution payment date. If less than all distributions payable with respect to all Series A Preferred Shares and any Parity Securities are paid, any partial payment will be made pro rata with respect to the Series A Preferred Shares and any Parity Securities entitled to a distribution payment at such time in proportion to the aggregate amounts remaining due in respect of such Series A Preferred Shares and Parity Securities at such time.

As used in this description of Series A Preferred Shares, (i) "Junior Securities" means our common shares and any other class or series of our Capital Stock (as defined below) over which the Series A Preferred Shares has preference or priority in the payment of distributions or in the distribution of assets on our liquidation, dissolution or winding up, (ii) "Parity Securities" means any other class or series of our Capital Stock that ranks equally with the Series A Preferred Shares in the payment of distributions and in the distribution of assets on our liquidation, dissolution or winding up (including our Series B Preferred Shares) and (iii) "Senior Securities" means any other class or series of our Capital Stock that has preference or priority over the Series A Preferred Shares in the payment of distributions or in the distribution of assets on our liquidation, dissolution or winding up.

Subject to the conditions described above, and not otherwise, distributions (payable in cash, shares, or otherwise), as may be determined by our board of directors, may be declared and paid on our common shares and any Junior Securities from time to time out of any funds legally available for such payment, and the holders of the Series A Preferred Shares will not be entitled to participate in those distributions.

Liquidation Rights

Upon our voluntary or involuntary liquidation, dissolution or winding up ("Liquidation"), the holders of the outstanding Series A Preferred Shares are entitled to be paid out of our assets legally available for distribution to our shareholders, before any distribution of assets is made to holders of common shares or any other Junior Securities, a liquidating distribution in the amount of a liquidation preference of $25.00 per share, plus an amount equal to accumulated and unpaid distributions thereon, if any, to, but excluding, the date of such liquidation distribution, whether or not declared, plus the sum of any declared and unpaid distributions for Distribution Periods prior to the Distribution Period in which the liquidation distribution is made and any declared and unpaid distributions for the then current Distribution Period in which the liquidation distribution is made to the date of such liquidation distribution. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series A Preferred Shares will have no right or claim to any of our remaining assets.

Distributions will be made only to the extent that our assets are available after satisfaction of all liabilities to creditors and subject to the rights of holders of any securities ranking senior to the Series A Preferred Shares. If, in the event of a Liquidation, we are unable to pay full liquidating distributions to the holders of all outstanding Series A Preferred Shares in accordance with the foregoing and to all Parity Securities in accordance with the terms thereof, then we will distribute our assets to those holders ratably in proportion to the liquidating distributions to which they would otherwise have received.

Our merger or consolidation with or into any other entity or by another entity with or into us or the sale, lease, exchange or other transfer of all or substantially all of our assets (for cash, securities or other consideration) will not be deemed to be a liquidation, dissolution or winding up. If we enter into any merger or consolidation transaction with or into any other entity and we are not the surviving entity in such transaction, the Series A Preferred Shares may be converted into shares of the surviving or successor entity or the direct or indirect parent of the surviving or successor entity having terms identical to the terms of the Series A Preferred Shares set forth in this description.

Because we are a holding company, our rights and the rights of our creditors and our shareholders, including the holders of the Series A Preferred Shares, to participate in the distribution of assets of any of our subsidiaries upon that subsidiary's voluntary or involuntary liquidation, dissolution or winding up will be subject to the prior claims of that subsidiary's creditors, except to the extent that we are a creditor with recognized claims against that subsidiary.

Conversion; Exchange and Preemptive Rights

The Series A Preferred Shares are not entitled to any preemptive rights or other rights to purchase or subscribe for our common shares or any other security, and are not convertible into or exchangeable for our common shares or any other security or property at the option of the holder.

Redemption

The Series A Preferred Shares are not subject to any mandatory redemption, sinking fund or other similar provisions.

Holders of Series A Preferred Shares do not have the right to require the redemption or repurchase of the Series A Preferred Shares.

Optional Redemption on or after September 15, 2024

We may redeem the Series A Preferred Shares, in whole or in part, at our option, at any time or from time to time on or after September 15, 2024 ("Series A Optional Redemption"), at the redemption price equal to $25.00 per Series A Preferred Share, plus an amount equal to all accumulated and unpaid distributions thereon, if any, to, but excluding, the date of redemption, whether or not declared. We may undertake multiple Series A Optional Redemptions. Any such redemption would be effected only out of funds legally available for such purpose and would be subject to compliance with the provisions of the instruments governing our outstanding indebtedness.

Optional Redemption upon a Rating Event

At any time within 120 days after the conclusion of any review or appeal process instituted by us following the occurrence of a Series A Rating Event (as defined below), we may, at our option, redeem the Series A Preferred Shares in whole, but not in part, prior to September 15, 2024, at a redemption price per Series A Preferred Share equal to $25.50 (102% of the liquidation preference of $25.00), plus an amount equal to all accumulated and unpaid distributions thereon to, but excluding, the date of redemption, whether or not declared. Any such redemption would be effected only out of funds legally available for such purpose and would be subject to compliance with the provisions of the instruments governing our outstanding indebtedness.

"Series A Rating Event" means a change by any rating agency to the criteria employed by such rating agency as of the date of original issuance of the Series A Preferred Shares for purposes of assigning ratings to securities with features similar to the Series A Preferred Shares, which change results in (i) any shortening of the length of time for which the current criteria are scheduled to be in effect with respect to the Series A Preferred Shares, or (ii) a lower equity credit being given to the Series A Preferred Shares than the equity credit that would have been assigned to the Series A Preferred Shares by such rating agency pursuant to the current criteria.

Optional Redemption upon a Change of Control

If a Change of Control (as defined below) occurs, we may, at our option, redeem the Series A Preferred Shares, in whole but not in part, prior to September 15, 2024 and within 60 days after the occurrence of such Change of Control, at a price of $25.25 per Series A Preferred Share, plus an amount equal to all accumulated and unpaid distributions thereon, if any, to, but excluding, the date of redemption, whether or not declared. Any such redemption would be effected only out of funds legally available for such purpose and would be subject to compliance with the provisions of the instruments governing our outstanding indebtedness.

If (i) a Change of Control occurs (whether before, on or after September 15, 2024) and (ii) we do not give notice prior to the 31st day following the Change of Control to redeem all the outstanding Series A Preferred Shares, the distribution rate per annum on the Series A Preferred Shares will increase by 5.00%, beginning on the 31st day following such Change of Control.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"Capital Stock" means (1) in the case of a corporation, corporate stock; (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock; (3) in the case of a partnership, limited liability company or business trust, partnership, membership or beneficial interests (whether general or limited) or shares in the capital of a company; and (4) any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing person (but excluding from the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock).

"Change of Control" means the occurrence of the following:

(1) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders (as defined below), is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of shares representing more than 50.0% of the voting power of the Company's Voting Stock (as defined below); or

(2) (a) all or substantially all the assets of the Company and the Restricted Subsidiaries, taken as a whole, are sold or otherwise transferred to any person other than a Wholly-Owned Restricted Subsidiary (as defined below) or one or more Permitted Holders or (b) the Company consolidates, amalgamates or merges with or into another person or any person consolidates, amalgamates or merges with or into the Company, in either case under this clause (2), in one transaction or a series of related transactions in which immediately after the consummation thereof persons beneficially owning (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) Voting Stock representing in the aggregate a majority of the total voting power of the Voting Stock of the Company immediately prior to such consummation do not beneficially own (as defined in Rules 13d-3 and 13d-5 under the Exchange Act) Voting Stock representing a majority of the total voting power of the Voting Stock of the Company, or the applicable surviving or transferee person; *provided* that this clause shall not apply (i) in the case where immediately after the consummation of the transactions Permitted Holders, directly or indirectly, beneficially own Voting Stock representing in the aggregate a majority of the total voting power of the Company, or the applicable surviving or transferee person, or (ii) to any consolidation, amalgamation or merger of the Company with or into (x) a corporation, limited liability company or partnership or (y) a wholly-owned subsidiary of a corporation, limited liability company or partnership that, in either case, immediately following the transaction or series of transactions, has no person or group (other than Permitted Holders), which beneficially owns Voting Stock representing 50.0% or more of the voting power of the total outstanding Voting Stock of such entity.

For purposes of this definition, any direct or indirect holding company of the Company shall not itself be considered a "person" or "group" for purposes of clause (1) above; provided that no "person" or "group" (other than the Permitted Holders) beneficially owns, directly or indirectly, more than 50.0% of the total voting power of the Voting Stock of such holding company.

"Control Investment Affiliate" means, as to any person, any other person that (a) directly or indirectly, is in control of, is controlled by, or is under common control with, such person and (b) exists primarily for the purpose of making equity or debt investments in one or more companies. For purposes of this definition, "control" of a person means the power, directly or indirectly, to direct or cause the direction of the management and policies of such person, whether by contract or otherwise.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Fortress" means Fortress Investment Group LLC.

"Management Group" means at any time, the Chairman of our board of directors, any President, any Executive Vice President, any Managing Director, any Treasurer and any Secretary or other executive officer of the Company or any of our subsidiaries at such time.

"Permitted Holders" means, collectively, Fortress, its Affiliates and the Management Group; *provided* that the definition of "Permitted Holders" shall not include any Control Investment Affiliate whose primary purpose is the operation of an ongoing business (excluding any business whose primary purpose is the investment of capital or assets).

"Person" means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

"Restricted Subsidiary" means any "Restricted Subsidiary" under the Company's senior unsecured notes.

"Voting Stock" of any person as of any date means the Capital Stock of such person that is at the time entitled to vote in the election of the board of directors of such person.

"Wholly-Owned Restricted Subsidiary" means any wholly-owned subsidiary that is a Restricted Subsidiary.

The Change of Control redemption feature of the Series A Preferred Shares may, in certain circumstances, make more difficult or discourage a sale or takeover of our limited liability company or a member of the Company and, thus, the removal of incumbent management. We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we could decide to do so in the future.

Optional Redemption upon a Tax Redemption Event

If a Series A Tax Redemption Event (as defined below) occurs, we may, at our option, redeem the Series A Preferred Shares, in whole but not in part, prior to September 15, 2024 and within 60 days after the occurrence of such Series A Tax Redemption Event, at a price of $25.25 per Series A Preferred Share, plus an amount equal to all accumulated and unpaid distributions thereon, if any, to, but excluding, the date of redemption, whether or not declared. Any such redemption would be effected only out of funds legally available for such purpose and would be subject to compliance with the provisions of the instruments governing our outstanding indebtedness.

"Series A Tax Redemption Event" means, after the date the Series A Preferred Shares are first issued, due to (a) an amendment to, or a change in official interpretation of, the U.S. Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations promulgated thereunder, or administrative guidance or (b) an administrative or judicial determination, (i) we are advised by nationally recognized counsel or a "Big Four" accounting firm that we will be treated as an association taxable as a corporation for U.S. Federal income tax purposes or otherwise subject to U.S. Federal income tax (other than any tax imposed pursuant to Section 6225 of the Code, as amended by the Bipartisan Budget Act of 2015), or (ii) we file an IRS Form 8832 (or successor form) electing that we be treated as an association taxable as a corporation for U.S. Federal income tax purposes.

Redemption Procedures

If we elect to redeem any Series A Preferred Shares, we will provide notice to the holders of record of the Series A Preferred Shares to be redeemed, not less than 30 days and not more than 60 days before the date fixed for redemption thereof (*provided*, *however*, that if the Series A Preferred Shares are held in book-entry form through a Securities Depositary, we may give this notice in any manner permitted by such Securities Depositary). Any notice given as provided in this paragraph will be conclusively presumed to have been duly given, whether or not the holder receives such notice, and any defect in such notice or in the provision of such notice to any holder of Series A Preferred Shares designated for redemption will not affect the redemption of any other Series A Preferred Shares. Each notice of redemption shall state:

- the redemption date;
- the redemption price;
- if fewer than all Series A Preferred Shares are to be redeemed, the number of Series A Preferred Shares to be redeemed; and

• the manner in which holders of Series A Preferred Shares called for redemption may obtain payment of the redemption price in respect of those shares.

If notice of redemption of any Series A Preferred Shares has been given and if the funds necessary for such redemption have been deposited by us in trust with a bank or a Securities Depositary for the benefit of the holders of any Series A Preferred Shares so called for redemption, then from and after the redemption date such Series A Preferred Shares will no longer be deemed outstanding for any purpose, all distributions with respect to such Series A Preferred Shares shall cease to accrue after the redemption date and all rights of the holders of such shares will terminate, except the right to receive the redemption price, without interest.

In the case of any redemption of only part of the Series A Preferred Shares at the time outstanding, the Series A Preferred Shares to be redeemed will be selected either pro rata or by lot. Subject to the provisions set forth in this description, the board of directors will have the full power and authority to prescribe the terms and conditions upon which Series A Preferred Shares may be redeemed from time to time.

Voting Rights

Owners of Series A Preferred Shares do not have any voting rights, except as set forth below or as otherwise required by applicable law. To the extent that owners of Series A Preferred Shares are entitled to vote, each holder of Series A Preferred Shares will have one vote per share, except that when shares of any class or series of Parity Securities have the right to vote with the Series A Preferred Shares as a single class on any matter, the Series A Preferred Shares and the shares of each such Parity Securities will have one vote for each $25.00 of liquidation preference (for the avoidance of doubt, excluding accumulated distributions).

Whenever dividends on any shares of the Series A Preferred Shares are in arrears for six or more quarterly Distribution Periods, whether or not consecutive, the number of directors then constituting our board of directors will be automatically increased by two (if not already increased by two by reason of the election of directors by the holders of any Other Voting Preferred Shares (as defined below)). The holders of the Series A Preferred Shares, voting together as a single class with the holders of any series of Parity Securities then outstanding upon which like voting rights have been conferred and are exercisable (any such series, the “Other Voting Preferred Shares”), will be entitled to vote, by the affirmative vote of a majority of the votes entitled to be cast, for the election of those two additional directors at a special meeting of the holders of the Series A Preferred Shares and such Other Voting Preferred Shares and at each subsequent annual meeting of the holders of our common shares at which such directors are up for reelection; *provided* that when all distributions accumulated on the Series A Preferred Shares for all past Distribution Periods and the then current Distribution Period shall have been fully paid, the right of holders of the Series A Preferred Shares to elect any directors will cease and, unless there are any Other Voting Preferred Shares entitled to vote for the election of directors, the term of office of those two directors will forthwith terminate, any directors elected by holders of the Series A Preferred Shares shall immediately resign and the number of directors constituting the board of directors shall be reduced accordingly. However, the right of the holders of the Series A Preferred Shares and any Other Voting Preferred Shares to elect two additional directors will again vest if and whenever six additional quarterly distributions have not been declared and paid, as described above. In no event shall the holders of the Series A Preferred Shares be entitled pursuant to these voting rights to elect a director that would cause us to fail to satisfy a requirement relating to director independence of any national securities exchange or quotation system on which any class or series of our Capital Stock is listed or quoted. For the avoidance of doubt, in no event shall the total number of directors elected by holders of the Series A Preferred Shares and any Other Voting Preferred Shares exceed two.

If, at any time when the voting rights conferred upon the Series A Preferred Shares (as described above) are exercisable, any vacancy in the office of a director elected pursuant to the procedures described above shall occur, then such vacancy may be filled only by the remaining director or by the affirmative vote of a majority of the votes entitled to be cast by the holders of record of the outstanding Series A Preferred Shares and all Other Voting Preferred Shares, acting as a single class at a special meeting of such holders. Any director elected or appointed pursuant to the procedures described above may be removed at any time, with or without cause, only by the affirmative vote of holders of the outstanding Series A Preferred Shares and all Other Voting Preferred Shares, acting as a single class at a meeting of shareholders, such removal to be effected by the affirmative vote of a majority of the votes entitled to be cast by the holders of the outstanding Series A Preferred Shares and Other Voting Preferred Shares, and may not be removed by the holders of our common shares.

While any Series A Preferred Shares remain outstanding, we will not, without the affirmative vote or consent of holders of at least $66^{2}/_{3}\%$ in voting power of the Series A Preferred Shares and all Other Voting Preferred Shares, acting as a single class, (i) authorize, create or issue any Senior Securities or reclassify any authorized Capital Stock into any Senior Securities or issue any obligation or security convertible into or evidencing the right to purchase any Senior Securities or (ii) amend, alter or repeal any provision of the Operating Agreement, including by merger, consolidation or otherwise, so as to adversely affect the powers, preferences or special rights of the Series A Preferred Shares; *provided* that in the case of clause (ii) above, if such amendment affects materially and adversely the rights, designations, preferences, powers and duties of one or more but not all of the classes or series of the Other Voting Preferred Shares (including the Series A Preferred Shares for this purpose), only the consent of the holders of at least $66^{2}/_{3}\%$ in voting power of the outstanding shares of the classes or series so affected, voting as a class, is required in lieu of (or, if such consent is required by law, in addition to) the consent of the holders of $66^{2}/_{3}\%$ of the Other Voting Preferred Shares (including the Series A Preferred Shares for this purpose) as a class. However, we may create additional series or classes of Parity Securities and Junior Securities and issue additional classes or series of Parity Securities and Junior Securities without notice to or the consent of any holder of the Series A Preferred Shares; *provided*, *however*, that, in the case of Parity Securities, the full cumulative distributions for all past Distribution Periods on all outstanding Series A Preferred Shares shall have been or contemporaneously are declared and paid in full or declared and a sum sufficient for the payment of those distributions has been set aside.

Notwithstanding the foregoing, none of the following will be deemed to affect the powers, preferences or special rights of the Series A Preferred Shares:

- any increase in the amount of authorized common shares or authorized preferred shares, or any increase or decrease in the number of shares of any series of preferred stock, or the authorization, creation and issuance of other classes or series of Capital Stock, in each case ranking on parity with or junior to the Series A Preferred Shares as to distributions or distribution of assets upon our liquidation, dissolution or winding up;

- a merger or consolidation of us with or into another entity in which the Series A Preferred Shares remain outstanding with identical terms as existing immediately prior to such merger or consolidation; and

- a merger or consolidation of us with or into another entity in which the Series A Preferred Shares are converted into or exchanged for preference securities of the surviving entity or any entity, directly or indirectly, controlling such surviving entity and such new preference securities have terms identical (other than the identity of the issuer) to the terms of the Series A Preferred Shares.

The foregoing voting rights of the holders of Series A Preferred Shares shall not apply if, at or prior to the time when the act with respect to which the vote would otherwise be required shall be effected, all outstanding Series A Preferred Shares shall have been redeemed or called for redemption upon proper notice and we shall have set aside sufficient funds for the benefit of holders of Series A Preferred Shares to effect the redemption.

Forum Selection

Each person that holds or has held a Series A Preferred Share and each person that holds or has held any beneficial interest in a Series A Preferred Share (whether through a broker, dealer, bank, trust company or clearing corporation or an agent of any of the foregoing or otherwise), to the fullest extent permitted by law, (i) irrevocably agrees that any claims, suits, actions or proceedings against us, or any director, officer, employee, control person, underwriter or agent of the Company or its affiliates, asserted under United States federal securities laws, otherwise arising under such laws, or that could have been asserted as a claim arising under such laws, shall be exclusively brought in the federal district courts of the United States of America (except, and only to the extent, that any such claims, actions or proceedings are of a type for which a member may not waive its right to maintain a legal action or proceeding in the courts of the State of Delaware with respect to matters relating to the organization or internal affairs of the Company as set forth under Section 18-109(d) of the Delaware Limited Liability Company Act); (ii) irrevocably submits to the exclusive jurisdiction of such courts in connection with any such claim, suit, action or proceeding; and (iii) irrevocably agrees not to, and waives any right to, assert in any such claim, suit, action or proceeding that (A) it is not personally subject to the jurisdiction of such courts or any other court to which proceedings in such courts may be appealed, (B) such claim, suit, action or proceeding is brought in an inconvenient forum or (C) the venue of such claim, suit, action or proceeding is improper.

Book-Entry System

All Series A Preferred Shares are represented by a single certificate issued to the Securities Depositary, and registered in the name of the Securities Depositary or its nominee, and no holder of the Series A Preferred Shares is entitled to receive a certificate evidencing Series A Preferred Shares unless otherwise required by law or the Securities Depositary gives notice of its intention to resign or is no longer eligible to act as such and we have not selected a substitute Securities Depositary within 60 calendar days thereafter. Payments and communications made by us to holders of the Series A Preferred Shares will be duly made by making payments to, and communicating with, the Securities Depositary. Accordingly, unless certificates are available to holders of the Series A Preferred Shares, each holder of Series A Preferred Shares must rely on (i) the procedures of the Securities Depositary and its participants to receive distributions, any redemption price, liquidation preference and notices, and to direct the exercise of any voting or nominating rights, with respect to such Series A Preferred Shares and (ii) the records of the Securities Depositary and its participants to evidence its ownership of such Series A Preferred Shares.

So long as the Securities Depositary (or its nominee) is the sole holder of the Series A Preferred Shares, no beneficial holder of the Series A Preferred Shares will be deemed to be a holder of Series A Preferred Shares. The Depository Trust Company, the initial Securities Depositary, is a New York-chartered limited purpose trust company that performs services for its participants, some of whom (and/or their representatives) own The Depository Trust Company. The Securities Depositary maintains lists of its participants and will maintain the positions (i.e., ownership interests) held by its participants in the Series A Preferred Shares, whether as a holder of the Series A Preferred Shares for its own account or as a nominee for another holder of the Series A Preferred Shares.

Series B Preferred Shares

General

The Operating Agreement authorizes the Company to issue up to 200,000,000 preferred shares in one or more series, and the Company’s board of directors is authorized to fix the number of shares of each series and determine the rights, designations, preferences, powers and duties of any such series. The “8.00% Fixed-to-Floating Rate Series B Cumulative Perpetual Redeemable Preferred Shares” are designated as one series of our authorized preferred shares, consisting of 4,600,000 Series B Preferred Shares.

The Series B Preferred Shares represent perpetual equity interests in us and, unlike our indebtedness, do not give rise to a claim for payment of a principal amount at a particular date. As such, the Series B Preferred Shares rank junior to all of our current and future indebtedness and other liabilities with respect to assets available to satisfy claims against us. The Series B Preferred Shares have a fixed liquidation preference of $25.00 per Series B Preferred Share, plus an amount equal to accumulated and unpaid distributions thereon, if any, to, but excluding, the date of payment, whether or not declared; *provided* that the rights of the holders of Series B Preferred Shares to receive the liquidation preference will be subject to the proportional rights of holders of Parity Securities (as defined below) and to the other matters described under “—Liquidation Rights”.

All of the Series B Preferred Shares are represented by a single certificate issued to the Securities Depositary and registered in the name of its nominee. So long as a Securities Depositary has been appointed and is serving, no person acquiring Series B Preferred Shares will be entitled to receive a certificate representing such Series B Preferred Shares unless applicable law otherwise requires or the Securities Depositary resigns or is no longer eligible to act as such and a successor is not appointed. See “—Book-Entry System”.

Each holder of Series B Preferred Shares is admitted as a member of our limited liability company and deemed to have agreed to be bound by the terms of the Operating Agreement. Pursuant to the Operating Agreement, each holder of Series B Preferred Shares grants to certain of our officers (and, if appointed, a liquidator) a power of attorney to, among other things, execute and file documents required for our qualification, continuance or dissolution. The power of attorney also grants certain of our officers the authority to make certain amendments to, and to make consents and waivers under and in accordance with, the Operating Agreement.

Our Series B Preferred Shares trade on the NYSE under the symbol “FTAI PR B”.

Ranking

With respect to the payment of distributions and rights (including redemption rights) upon our liquidation, dissolution or winding up, the Series B Preferred Shares rank (i) senior and prior to our common shares and any class or series of preferred shares that by its terms is designated as ranking junior to the Series B Preferred Shares, (ii) *pari passu* with any class or series of preferred shares that by its terms is designated as ranking equal to the Series B Preferred Shares or does not state it is junior or senior to the Series B Preferred Shares (including our Series A Preferred Shares), (iii) junior to any class or series of preferred shares that is expressly designated as ranking senior to the Series B Preferred Shares (subject to receipt of any requisite consents prior to issuance) and (iv) effectively junior to all of our existing and future indebtedness (including indebtedness convertible into our common shares or preferred shares) and other liabilities and to all liabilities and any preferred equity of our existing subsidiaries and any future subsidiaries.

The Series B Preferred Shares are not convertible into, or exchangeable for, shares of any other class or series of our Capital Stock or other securities and will not be subject to any sinking fund or other obligation to redeem or repurchase the Series B Preferred Shares. The Series B Preferred Shares are not secured, are not guaranteed by us or any of our affiliates and are not subject to any other arrangement that legally or economically enhances the ranking of the Series B Preferred Shares.

Distributions

Holders of the Series B Preferred Shares are entitled to receive, only when, as, and if declared by our board of directors, out of funds legally available for such purpose, cumulative cash distributions based on the stated liquidation preference of $25.00 per Series B Preferred Share at a rate equal to (i) from, and including, the original issue date of the Series B Preferred Shares to, but excluding, December 15, 2024 (the “Series B Fixed Rate Period”), 8.00% per annum, and (ii) beginning December 15, 2024 (the “Series B Floating Rate Period”), Three-Month LIBOR (as defined below) plus a spread of 644.7 basis points per annum. A “Distribution Period” means the period from, and including, each Distribution Payment Date to, but excluding, the next succeeding Distribution Payment Date, except for the initial Distribution Period, which is the period from, and including, the original issue date of the Series B Preferred Shares to, but excluding, the next succeeding Distribution Payment Date.

When, as, and if declared by our board of directors, we pay cash distributions on the Series B Preferred Shares quarterly, in arrears, on each Distribution Payment Date, beginning on March 15, 2020. We pay cash distributions to the holders of record of Series B Preferred Shares as they appear on our share register on the applicable record date, which for any Distribution Payment Date shall be the 1st calendar day of the month of such Distribution Payment Date or such other record date fixed by our board of directors as the record date for such Distribution Payment Date that is not more than 60 nor less than 10 days prior to such Distribution Payment Date.

So long as the Series B Preferred Shares are held of record by the nominee of the Securities Depositary, declared distributions will be paid to the Securities Depositary in same-day funds on each Distribution Payment Date. The Securities Depositary will credit accounts of its participants in accordance with the Securities Depositary’s normal procedures. The participants will be responsible for holding or disbursing such payments to beneficial owners of the Series B Preferred Shares in accordance with the instructions of such beneficial owners.

If any Distribution Payment Date on or prior to December 15, 2024 is a day that is not a business day (as defined below), then declared distributions with respect to that Distribution Payment Date will instead be paid on the immediately succeeding business day, without interest or other payment in respect of such delayed payment. If any Distribution Payment Date after December 15, 2024 is a day that is not a business day, then the Distribution Payment Date will be the immediately succeeding business day, and distributions will accrue to the Distribution Payment Date. A “business day” for the Series B Fixed Rate Period means any weekday in New York, New York that is not a day on which banking institutions in that city are authorized or required by law, regulation, or executive order to be closed. A “business day” for the Series B Floating Rate Period means any weekday in New York, New York that is not a day on which banking institutions in that city are authorized or required by law, regulation, or executive order to be closed, and additionally, is a London banking day (as defined below).

We calculate distributions on the Series B Preferred Shares for the Series B Fixed Rate Period on the basis of a 360-day year consisting of twelve 30-day months. We calculate distributions on the Series B Preferred Shares for the Series B Floating Rate Period on the basis of the actual number of days in a Distribution Period and a 360-day year.

Dollar amounts resulting from that calculation are rounded to the nearest cent, with one-half cent being rounded upward. Distributions on the Series B Preferred Shares will cease to accrue after the redemption date, as described below under "—Redemption", unless we default in the payment of the redemption price of the Series B Preferred Shares called for redemption.

Distributions on the Series B Preferred Shares are not mandatory. However, distributions on the Series B Preferred Shares accrue from the original issue date, or the most recent Distribution Payment Date on which all accrued distributions have been paid, as applicable, whether or not we have earnings, whether or not there are funds legally available for the payment of those distributions and whether or not those distributions are declared. No interest, or sum in lieu of interest, is payable in respect of any distribution payment or payments on the Series B Preferred Shares which may be in arrears, and holders of the Series B Preferred Shares are not entitled to any distribution, whether payable in cash, property, or shares, in excess of full cumulative distributions described above.

If in the future we issue additional shares of the Series B Preferred Shares, distributions on those additional shares will accrue from the most recent Distribution Payment Date at the then-applicable distribution rate.

The distribution rate for each Distribution Period in the Series B Floating Rate Period will be determined by the calculation agent using Three-Month LIBOR as in effect on the second London banking day prior to the beginning of the Distribution Period, which date is referred to as the "distribution determination date" for the relevant Distribution Period. The calculation agent then will add Three-Month LIBOR as determined on the distribution determination date and the spread of 644.7 basis points per annum, and that sum will be the distribution rate for the applicable Distribution Period. Once the distribution rate for the Series B Preferred Shares is determined, the calculation agent will deliver that information to us and the transfer agent for the Series B Preferred Shares. Absent manifest error, the calculation agent's determination of the distribution rate for a Distribution Period for the Series B Preferred Shares will be final. A "London banking day" is any day on which commercial banks are open for dealings in deposits in U.S. dollars in the London interbank market.

As used in this description of Series B Preferred Shares, the term "Three-Month LIBOR" means the London interbank offered rate for deposits in U.S. dollars for a three month period (the "three-month LIBOR rate"), as that rate is displayed on Bloomberg on page BBAM1 (or any successor or replacement page) at approximately 11:00 a.m., London time, on the relevant distribution determination date, *provided* that:

(i) If no offered rate is displayed on Bloomberg on page BBAM1 (or any successor or replacement page) on the relevant distribution determination date at approximately 11:00 a.m., London time, then the calculation agent, in consultation with us, will select four major banks in the London interbank market and will request each of their principal London offices to provide a quotation of the rate at which three-month deposits in U.S. dollars in amounts of at least $1,000,000 are offered by it to prime banks in the London interbank market, on that date and at that time. If at least two quotations are provided, Three-Month LIBOR will be the arithmetic average (rounded upward if necessary to the nearest 0.00001 of 1%) of the quotations provided.

(ii) Otherwise, the calculation agent in consultation with us will select three major banks in New York City and will request each of them to provide a quotation of the rate offered by it at approximately 11:00 a.m., New York City time, on the distribution determination date for loans in U.S. dollars to leading European banks for a three month period for the applicable Distribution Period in an amount of at least $1,000,000. If three quotations are provided, Three-Month LIBOR will be the arithmetic average (rounded upward if necessary to the nearest 0.00001 of 1%) of the quotations provided.

(iii) Otherwise, Three-Month LIBOR for the next Distribution Period will be equal to Three-Month LIBOR in effect for the then-current Distribution Period or, in the case of the first Distribution Period in the Series B Floating Rate Period, the most recent three-month LIBOR rate on which Three-Month LIBOR could have been determined in accordance with the first sentence of this paragraph had the distribution rate been a floating rate during the Series B Fixed Rate Period.

In the event that Three-Month LIBOR is less than zero, Three-Month LIBOR shall be deemed to be zero.

Notwithstanding the foregoing clauses (i), (ii) and (iii):

(a) If the calculation agent determines on the relevant distribution determination date that LIBOR has been discontinued or is no longer viewed as an acceptable benchmark for securities like the Series B Preferred

Shares (a “Series B LIBOR Event”), then the calculation agent will use a substitute or successor base rate that it has determined, in consultation with us, is the most comparable to LIBOR; *provided* that if the calculation agent determines there is an industry-accepted substitute or successor base rate, then the calculation agent shall use such substitute or successor base rate.

(b) If the calculation agent has determined a substitute or successor base rate in accordance with the foregoing, the calculation agent, in consultation with us, may determine what business day convention to use, the definition of business day, the distribution determination date to be used and any other relevant methodology for calculating such substitute or successor base rate, including any adjustment factor needed to make such substitute or successor base rate comparable to LIBOR, or any adjustment to the applicable spread thereon, in a manner that is consistent with industry-accepted practices for such substitute or successor base rate.

Notwithstanding the foregoing, if the calculation agent determines in its sole discretion that there is no alternative rate that is a substitute or successor base rate for LIBOR, the calculation agent may, in its sole discretion, or if the calculation agent fails to do so, the Company may, appoint an IFA to determine an appropriate alternative rate and any adjustments, and the decision of the IFA will be binding on the Company, the calculation agent and the holders of Series B Preferred Shares. If a Series B LIBOR Event has occurred, but for any reason an alternative rate has not been determined, an IFA has not determined an appropriate alternative rate and adjustments or an IFA has not been appointed, Three-Month LIBOR for the next Distribution Period to which the determination date relates shall be Three-Month LIBOR as in effect for the then-current Distribution Period; provided, that if this sentence is applicable with respect to the first Distribution Period in the Series B Floating Rate Period, the interest rate, business day convention and manner of calculating interest applicable during the Series B Fixed Rate Period will remain in effect during the Series B Floating Rate Period.

Priority Regarding Distributions

While any Series B Preferred Shares remain outstanding, unless the full cumulative distributions for all past Distribution Periods on all outstanding Series B Preferred Shares have been or contemporaneously are declared and paid in full or declared and a sum sufficient for the payment of those distributions has been set aside:

(1) no distribution will be declared and paid or set aside for payment on any Junior Securities (as defined below) (other than a distribution payable solely in shares of Junior Securities);

(2) no shares of Junior Securities will be repurchased, redeemed, or otherwise acquired for consideration by the Company or any of its subsidiaries, directly or indirectly (other than as a result of a reclassification of Junior Securities for or into other Junior Securities, or the exchange for or conversion into Junior Securities, through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Securities or pursuant to a contractually binding requirement to buy Junior Securities pursuant to a binding agreement existing prior to the original issue date of the Series B Preferred Shares), nor will any monies be paid to or made available for a sinking fund for the redemption of any such securities by the Company or any of its subsidiaries; and

(3) no shares of Parity Securities will be repurchased, redeemed or otherwise acquired for consideration by the Company or any of its subsidiaries (other than pursuant to pro rata offers to purchase or exchange all, or a pro rata portion of Series B Preferred Shares and such Parity Securities or as a result of a reclassification of Parity Securities for or into other Parity Securities, or by conversion into or exchange for other Parity Securities or Junior Securities).

The foregoing limitations do not apply to (i) purchases or acquisitions of, or cash settlement in respect of, Junior Securities pursuant to any employee or director incentive or benefit plan or arrangement (including any of our employment, severance, or consulting agreements) of ours or of any of our subsidiaries and (ii) any distribution in connection with the implementation of a shareholder rights plan or the redemption or repurchase of any rights under such a plan, including with respect to any successor shareholder rights plan.

Accumulated distributions in arrears for any past Distribution Period may be declared by the board of directors and paid on any date fixed by the board of directors, whether or not a Distribution Payment Date, to holders of the Series B Preferred Shares on the record date for such payment, which may not be less than 10 days before such distribution. To the extent a distribution period applicable to a class of Junior Securities or Parity Securities is shorter than the Distribution Period applicable to the Series B Preferred Shares (e.g., monthly rather than quarterly), the board of directors may declare and pay regular distributions with respect to such Junior Securities or Parity Securities so long as, at the time of declaration of such distribution, the board of directors expects to have sufficient funds to pay the full cumulative distributions in respect of the Series B Preferred Shares on the next Distribution Payment Date.

Subject to the next succeeding sentence, if all accumulated distributions in arrears on all outstanding Series B Preferred Shares and any Parity Securities have not been declared and paid, or sufficient funds for the payment thereof have not been set apart, payment of accumulated distributions in arrears will be made in order of their respective distribution payment dates, commencing with the earliest distribution payment date. If less than all distributions payable with respect to all Series B Preferred Shares and any Parity Securities are paid, any partial payment will be made pro rata with respect to the Series B Preferred Shares and any Parity Securities entitled to a distribution payment at such time in proportion to the aggregate amounts remaining due in respect of such Series B Preferred Shares and Parity Securities at such time.

As used in this description of Series B Preferred Shares, (i) “Junior Securities” means our common shares and any other class or series of our Capital Stock over which the Series B Preferred Shares has preference or priority in the payment of distributions or in the distribution of assets on our liquidation, dissolution or winding up, (ii) “Parity Securities” means any other class or series of our Capital Stock that ranks equally with the Series B Preferred Shares in the payment of distributions and in the distribution of assets on our liquidation, dissolution or winding up (including our Series A Preferred Shares) and (iii) “Senior Securities” means any other class or series of our Capital Stock that has preference or priority over the Series B Preferred Shares in the payment of distributions or in the distribution of assets on our liquidation, dissolution or winding up.

Subject to the conditions described above, and not otherwise, distributions (payable in cash, shares, or otherwise), as may be determined by our board of directors, may be declared and paid on our common shares and any Junior Securities from time to time out of any funds legally available for such payment, and the holders of the Series B Preferred Shares will not be entitled to participate in those distributions.

Liquidation Rights

Upon our voluntary or involuntary Liquidation, the holders of the outstanding Series B Preferred Shares are entitled to be paid out of our assets legally available for distribution to our shareholders, before any distribution of assets is made to holders of common shares or any other Junior Securities, a liquidating distribution in the amount of a liquidation preference of $25.00 per share, plus an amount equal to accumulated and unpaid distributions thereon, if any, to, but excluding, the date of such liquidation distribution, whether or not declared, plus the sum of any declared and unpaid distributions for Distribution Periods prior to the Distribution Period in which the liquidation distribution is made and any declared and unpaid distributions for the then current Distribution Period in which the liquidation distribution is made to the date of such liquidation distribution. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series B Preferred Shares will have no right or claim to any of our remaining assets.

Distributions will be made only to the extent that our assets are available after satisfaction of all liabilities to creditors and subject to the rights of holders of any securities ranking senior to the Series B Preferred Shares. If, in the event of a Liquidation, we are unable to pay full liquidating distributions to the holders of all outstanding Series B Preferred Shares in accordance with the foregoing and to all Parity Securities in accordance with the terms thereof, then we will distribute our assets to those holders ratably in proportion to the liquidating distributions to which they would otherwise have received.

Our merger or consolidation with or into any other entity or by another entity with or into us or the sale, lease, exchange or other transfer of all or substantially all of our assets (for cash, securities or other consideration) will not be deemed to be a liquidation, dissolution or winding up. If we enter into any merger or consolidation transaction with or into any other entity and we are not the surviving entity in such transaction, the Series B Preferred Shares may be converted into shares of the surviving or successor entity or the direct or indirect parent of the surviving or successor entity having terms identical to the terms of the Series B Preferred Shares set forth in this description.

Because we are a holding company, our rights and the rights of our creditors and our shareholders, including the holders of the Series B Preferred Shares, to participate in the distribution of assets of any of our subsidiaries upon that subsidiary’s voluntary or involuntary liquidation, dissolution or winding up will be subject to the prior claims of that subsidiary's creditors, except to the extent that we are a creditor with recognized claims against that subsidiary.

Conversion; Exchange and Preemptive Rights

The Series B Preferred Shares are not entitled to any preemptive rights or other rights to purchase or subscribe for our common shares or any other security, and are not convertible into or exchangeable for our common shares or any other security or property at the option of the holder.

Redemption

The Series B Preferred Shares are not subject to any mandatory redemption, sinking fund or other similar provisions.

Holders of Series B Preferred Shares do not have the right to require the redemption or repurchase of the Series B Preferred Shares.

Optional Redemption on or after December 15, 2024

We may redeem the Series B Preferred Shares, in whole or in part, at our option, at any time or from time to time on or after December 15, 2024 ("Series B Optional Redemption"), at the redemption price equal to $25.00 per Series B Preferred Share, plus an amount equal to all accumulated and unpaid distributions thereon, if any, to, but excluding, the date of redemption, whether or not declared. We may undertake multiple Series B Optional Redemptions. Any such redemption would be effected only out of funds legally available for such purpose and would be subject to compliance with the provisions of the instruments governing our outstanding indebtedness.

Optional Redemption upon a Rating Event

At any time within 120 days after the conclusion of any review or appeal process instituted by us following the occurrence of a Series B Rating Event (as defined below), we may, at our option, redeem the Series B Preferred Shares in whole, but not in part, prior to December 15, 2024, at a redemption price per Series B Preferred Share equal to $25.50 (102% of the liquidation preference of $25.00), plus an amount equal to all accumulated and unpaid distributions thereon to, but excluding, the date of redemption, whether or not declared. Any such redemption would be effected only out of funds legally available for such purpose and would be subject to compliance with the provisions of the instruments governing our outstanding indebtedness.

"Series B Rating Event" means a change by any rating agency to the criteria employed by such rating agency as of the date of original issuance of the Series B Preferred Shares for purposes of assigning ratings to securities with features similar to the Series B Preferred Shares, which change results in (i) any shortening of the length of time for which the current criteria are scheduled to be in effect with respect to the Series B Preferred Shares, or (ii) a lower equity credit being given to the Series B Preferred Shares than the equity credit that would have been assigned to the Series B Preferred Shares by such rating agency pursuant to the current criteria.

Optional Redemption upon a Change of Control

If a Change of Control occurs, we may, at our option, redeem the Series B Preferred Shares, in whole but not in part, prior to December 15, 2024 and within 60 days after the occurrence of such Change of Control, at a price of $25.25 per Series B Preferred Share, plus an amount equal to all accumulated and unpaid distributions thereon, if any, to, but excluding, the date of redemption, whether or not declared. Any such redemption would be effected only out of funds legally available for such purpose and would be subject to compliance with the provisions of the instruments governing our outstanding indebtedness.

If (i) a Change of Control occurs (whether before, on or after December 15, 2024) and (ii) we do not give notice prior to the 31st day following the Change of Control to redeem all the outstanding Series B Preferred Shares, the distribution rate per annum on the Series B Preferred Shares will increase by 5.00%, beginning on the 31st day following such Change of Control.

The Change of Control redemption feature of the Series B Preferred Shares may, in certain circumstances, make more difficult or discourage a sale or takeover of our limited liability company or a member of the Company and, thus, the removal of incumbent management. We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we could decide to do so in the future.

Optional Redemption upon a Tax Redemption Event

If a Series B Tax Redemption Event (as defined below) occurs, we may, at our option, redeem the Series B Preferred Shares, in whole but not in part, prior to December 15, 2024, and within 60 days after the occurrence of such Series B Tax Redemption Event, at a price of $25.25 per Series B Preferred Share, plus an amount equal to all accumulated and unpaid distributions thereon, if any, to, but excluding, the date of redemption, whether or not declared. Any such redemption would be effected only out of funds legally available for such purpose and would be subject to compliance with the provisions of the instruments governing our outstanding indebtedness.

"Series B Tax Redemption Event" means, after the date the Series B Preferred Shares are first issued, due to (a) an amendment to, or a change in official interpretation of the Code, Treasury Regulations promulgated thereunder, or administrative guidance or (b) an administrative or judicial determination, (i) we are advised by nationally recognized counsel or a "Big Four" accounting firm that we will be treated as an association taxable as a corporation for U.S. Federal income tax purposes or otherwise subject to U.S. Federal income tax (other than any tax imposed pursuant to Section 6225 of the Code, as amended by the Bipartisan Budget Act of 2015), or (ii) we file an IRS Form 8832 (or successor form) electing that we be treated as an association taxable as a corporation for U.S. Federal income tax purposes.

Redemption Procedures

If we elect to redeem any Series B Preferred Shares, we will provide notice to the holders of record of the Series B Preferred Shares to be redeemed, not less than 30 days and not more than 60 days before the date fixed for redemption thereof (*provided*, *however*, that if the Series B Preferred Shares are held in book-entry form through a Securities Depositary, we may give this notice in any manner permitted by such Securities Depositary). Any notice given as provided in this paragraph will be conclusively presumed to have been duly given, whether or not the holder receives such notice, and any defect in such notice or in the provision of such notice to any holder of Series B Preferred Shares designated for redemption will not affect the redemption of any other Series B Preferred Shares. Each notice of redemption shall state:

- the redemption date;
- the redemption price;
- if fewer than all Series B Preferred Shares are to be redeemed, the number of Series B Preferred Shares to be redeemed; and
- the manner in which holders of Series B Preferred Shares called for redemption may obtain payment of the redemption price in respect of those shares.

If notice of redemption of any Series B Preferred Shares has been given and if the funds necessary for such redemption have been deposited by us in trust with a bank or a Securities Depositary for the benefit of the holders of any Series B Preferred Shares so called for redemption, then from and after the redemption date such Series B Preferred Shares will no longer be deemed outstanding for any purpose, all distributions with respect to such Series B Preferred Shares shall cease to accrue after the redemption date and all rights of the holders of such shares will terminate, except the right to receive the redemption price, without interest.

In the case of any redemption of only part of the Series B Preferred Shares at the time outstanding, the Series B Preferred Shares to be redeemed will be selected either pro rata or by lot. Subject to the provisions set forth in this description, the board of directors will have the full power and authority to prescribe the terms and conditions upon which Series B Preferred Shares may be redeemed from time to time.

Voting Rights

Owners of Series B Preferred Shares do not have any voting rights, except as set forth below or as otherwise required by applicable law. To the extent that owners of Series B Preferred Shares are entitled to vote, each holder of Series B Preferred Shares will have one vote per share, except that when shares of any class or series of Parity Securities have the right to vote with the Series B Preferred Shares as a single class on any matter, the Series B Preferred Shares and the shares of each such Parity Securities will have one vote for each $25.00 of liquidation preference (for the avoidance of doubt, excluding accumulated distributions).

Whenever dividends on any shares of the Series B Preferred Shares are in arrears for six or more quarterly Distribution Periods, whether or not consecutive, the number of directors then constituting our board of directors will be automatically increased by two (if not already increased by two by reason of the election of directors by the holders of any Other Voting Preferred Shares). The holders of Other Voting Preferred Shares and the holders of the Series B Preferred Shares will be entitled to vote, by the affirmative vote of a majority of the votes entitled to be cast, for the election of those two additional directors at a special meeting of the holders of the Series B Preferred Shares and such Other Voting Preferred Shares and at each subsequent annual meeting of the holders of our common shares at which such directors are up for reelection; *provided* that when all distributions accumulated on the Series B Preferred Shares for all past Distribution Periods and the then current Distribution Period shall have been fully paid, the right of holders of the Series B Preferred Shares to elect any directors will cease and, unless there are any Other Voting Preferred Shares entitled to vote for the election of directors, the term of office of those two directors will forthwith terminate, any directors elected by holders of the Series B Preferred Shares shall immediately resign and the number of directors constituting the board of directors shall be reduced accordingly. However, the right of the holders of the Series B Preferred Shares and any Other Voting Preferred Shares to elect two additional directors will again vest if and whenever six additional quarterly distributions have not been declared and paid, as described above. In no event shall the holders of the Series B Preferred Shares be entitled pursuant to these voting rights to elect a director that would cause us to fail to satisfy a requirement relating to director independence of any national securities exchange or quotation system on which any class or series of our Capital Stock is listed or quoted. For the avoidance of doubt, in no event shall the total number of directors elected by holders of the Series B Preferred Shares and any Other Voting Preferred Shares exceed two.

If, at any time when the voting rights conferred upon the Series B Preferred Shares (as described above) are exercisable, any vacancy in the office of a director elected pursuant to the procedures described above shall occur, then such vacancy may be filled only by the remaining director or by the affirmative vote of a majority of the votes entitled to be cast by the holders of record of the outstanding Series B Preferred Shares and all Other Voting Preferred Shares, acting as a single class at a special meeting of such holders. Any director elected or appointed pursuant to the procedures described above may be removed at any time, with or without cause, only by the affirmative vote of holders of the outstanding Series B Preferred Shares and all Other Voting Preferred Shares, acting as a single class at a meeting of shareholders, such removal to be effected by the affirmative vote of a majority of the votes entitled to be cast by the holders of the outstanding Series B Preferred Shares and Other Voting Preferred Shares, and may not be removed by the holders of our common shares.

While any Series B Preferred Shares remain outstanding, we will not, without the affirmative vote or consent of holders of at least $66^2/_3$% in voting power of the Series B Preferred Shares and all Other Voting Preferred Shares, acting as a single class, (i) authorize, create or issue any Senior Securities or reclassify any authorized Capital Stock into any Senior Securities or issue any obligation or security convertible into or evidencing the right to purchase any Senior Securities or (ii) amend, alter or repeal any provision of the Operating Agreement, including by merger, consolidation or otherwise, so as to adversely affect the powers, preferences or special rights of the Series B Preferred Shares; *provided* that in the case of clause (ii) above, if such amendment affects materially and adversely the rights, designations, preferences, powers and duties of one or more but not all of the classes or series of the Other Voting Preferred Shares (including the Series B Preferred Shares for this purpose), only the consent of the holders of at least $66^2/_3$% in voting power of the outstanding shares of the classes or series so affected, voting as a class, is required in lieu of (or, if such consent is required by law, in addition to) the consent of the holders of $66^2/_3$% of the Other Voting Preferred Shares (including the Series B Preferred Shares for this purpose) as a class. However, we may create additional series or classes of Parity Securities and Junior Securities and issue additional classes or series of Parity Securities and Junior Securities without notice to or the consent of any holder of the Series B Preferred Shares; *provided*, *however*, that, in the case of Parity Securities, the full cumulative distributions for all past Distribution Periods on all outstanding Series B Preferred Shares shall have been or contemporaneously are declared and paid in full or declared and a sum sufficient for the payment of those distributions has been set aside.

Notwithstanding the foregoing, none of the following will be deemed to affect the powers, preferences or special rights of the Series B Preferred Shares:

- any increase in the amount of authorized common shares or authorized preferred shares, or any increase or decrease in the number of shares of any series of preferred stock, or the authorization, creation and issuance of other classes or series of Capital Stock, in each case ranking on parity with or junior to the Series B Preferred Shares as to distributions or distribution of assets upon our liquidation, dissolution or winding up;

• a merger or consolidation of us with or into another entity in which the Series B Preferred Shares remain outstanding with identical terms as existing immediately prior to such merger or consolidation; and

• a merger or consolidation of us with or into another entity in which the Series B Preferred Shares are converted into or exchanged for preference securities of the surviving entity or any entity, directly or indirectly, controlling such surviving entity and such new preference securities have terms identical (other than the identity of the issuer) to the terms of the Series B Preferred Shares.

The foregoing voting rights of the holders of Series B Preferred Shares shall not apply if, at or prior to the time when the act with respect to which the vote would otherwise be required shall be effected, all outstanding Series B Preferred Shares shall have been redeemed or called for redemption upon proper notice and we shall have set aside sufficient funds for the benefit of holders of Series B Preferred Shares to effect the redemption.

Forum Selection

Each person that holds or has held a Series B Preferred Share and each person that holds or has held any beneficial interest in a Series B Preferred Share (whether through a broker, dealer, bank, trust company or clearing corporation or an agent of any of the foregoing or otherwise), to the fullest extent permitted by law, (i) irrevocably agrees that any claims, suits, actions or proceedings against us, or any director, officer, employee, control person, underwriter or agent of the Company or its affiliates, asserted under United States federal securities laws, otherwise arising under such laws, or that could have been asserted as a claim arising under such laws, shall be exclusively brought in the federal district courts of the United States of America (except, and only to the extent, that any such claims, actions or proceedings are of a type for which a member may not waive its right to maintain a legal action or proceeding in the courts of the State of Delaware with respect to matters relating to the organization or internal affairs of the Company as set forth under Section 18-109(d) of the Delaware Limited Liability Company Act); (ii) irrevocably submits to the exclusive jurisdiction of such courts in connection with any such claim, suit, action or proceeding; and (iii) irrevocably agrees not to, and waives any right to, assert in any such claim, suit, action or proceeding that (A) it is not personally subject to the jurisdiction of such courts or any other court to which proceedings in such courts may be appealed, (B) such claim, suit, action or proceeding is brought in an inconvenient forum or (C) the venue of such claim, suit, action or proceeding is improper.

Book-Entry System

All Series B Preferred Shares are represented by a single certificate issued to the Securities Depositary, and registered in the name of the Securities Depositary or its nominee, and no holder of the Series B Preferred Shares is entitled to receive a certificate evidencing Series B Preferred Shares unless otherwise required by law or the Securities Depositary gives notice of its intention to resign or is no longer eligible to act as such and we have not selected a substitute Securities Depositary within 60 calendar days thereafter. Payments and communications made by us to holders of the Series B Preferred Shares will be duly made by making payments to, and communicating with, the Securities Depositary. Accordingly, unless certificates are available to holders of the Series B Preferred Shares, each holder of Series B Preferred Shares must rely on (i) the procedures of the Securities Depositary and its participants to receive distributions, any redemption price, liquidation preference and notices, and to direct the exercise of any voting or nominating rights, with respect to such Series B Preferred Shares and (ii) the records of the Securities Depositary and its participants to evidence its ownership of such Series B Preferred Shares.

So long as the Securities Depositary (or its nominee) is the sole holder of the Series B Preferred Shares, no beneficial holder of the Series B Preferred Shares will be deemed to be a holder of Series B Preferred Shares. The Depository Trust Company, the initial Securities Depositary, is a New York-chartered limited purpose trust company that performs services for its participants, some of whom (and/or their representatives) own The Depository Trust Company. The Securities Depositary maintains lists of its participants and will maintain the positions (i.e., ownership interests) held by its participants in the Series B Preferred Shares, whether as a holder of the Series B Preferred Shares for its own account or as a nominee for another holder of the Series B Preferred Shares.

Certain Provisions of Delaware Law and Our Operating Agreement

Our Operating Agreement

Limited Liability

The Delaware LLC Act provides that a member who receives a distribution from a Delaware limited liability company and knew at the time of the distribution that the distribution was in violation of the Delaware LLC Act shall be liable to the company for the amount of the distribution for three years. Under the Delaware LLC Act, a limited liability company may not make a distribution to a member if, after the distribution, all liabilities of the company, other than liabilities to members on account of their shares and liabilities for which the recourse of creditors is limited to specific property of the company, would exceed the fair value of the assets of the company. For the purpose of determining the fair value of the assets of a company, the Delaware LLC Act provides that the fair value of property subject to liability for which recourse of creditors is limited shall be included in the assets of the company only to the extent that the fair value of that property exceeds the nonrecourse liability. Under the Delaware LLC Act, an assignee who becomes a substituted member of a company is liable for the obligations of his assignor to make contributions to the company, except the assignee is not obligated for liabilities unknown to him at the time the assignee became a member and that could not be ascertained from the Operating Agreement.

Amendment of Our Operating Agreement

Amendments to our Operating Agreement may be proposed only by or with the consent of our board of directors. To adopt a proposed amendment, our board of directors is required to seek written approval of the holders of the number of shares required to approve the amendment or call a meeting of our shareholders to consider and vote upon the proposed amendment. Except as set forth below, an amendment must be approved by holders of a majority of the total outstanding shares.

Prohibited Amendments. No amendment may be made that would:

- enlarge the obligations of any shareholder without such shareholder's consent, unless approved by at least a majority of the type or class of shares so affected;
- provide that we are not dissolved upon an election to dissolve our limited liability company by our board of directors that is approved by holders of a majority of the outstanding shares;
- change the term of existence of our company; or
- give any person the right to dissolve our limited liability company other than our board of directors' right to dissolve our limited liability company with the approval of holders of a majority of the total combined voting power of our outstanding shares.

The provision of our Operating Agreement preventing the amendments having the effects described in any of the clauses above can be amended upon the approval of holders of at least two-thirds of the outstanding shares.

No Shareholder Approval.

Our board of directors may generally make amendments to our Operating Agreement without the approval of any shareholder or assignee to reflect:

- a change in our name, the location of our principal place of our business, our registered agent or our registered office;
- the admission, substitution, withdrawal or removal of shareholders in accordance with our Operating Agreement;
- the merger of our company or any of its subsidiaries into, or the conveyance of all of our assets to, a newly-formed entity if the sole purpose of that merger or conveyance is to effect a mere change in our legal form into another limited liability entity;
- a change that our board of directors determines to be necessary or appropriate for us to qualify or continue our qualification as a company in which our members have limited liability under the laws of any state or to ensure that we will not be treated as an association taxable as a corporation or otherwise taxed as an entity for U.S. federal income tax purposes other than as we specifically so designate;

- an amendment that our board of directors determines, based upon the advice of counsel, to be necessary or appropriate to prevent us, members of our board, or our officers, agents or trustees from in any manner being subjected to the provisions of the Investment Company Act of 1940, the Investment Advisers Act of 1940, or "plan asset" regulations adopted under the Employee Retirement Income Security Act of 1974, or ERISA, whether or not substantially similar to plan asset regulations currently applied or proposed;
- an amendment or issuance that our board of directors determines to be necessary or appropriate for the authorization of additional securities;
- any amendment expressly permitted in our Operating Agreement to be made by our board of directors acting alone;
- an amendment effected, necessitated or contemplated by a merger agreement that has been approved under the terms of our Operating Agreement;
- any amendment that our board of directors determines to be necessary or appropriate for the formation by us of, or our investment in, any corporation, partnership or other entity, as otherwise permitted by our Operating Agreement;
- a change in our fiscal year or taxable year and related changes; and
- any other amendments substantially similar to any of the matters described in the clauses above.

In addition, our board of directors may make amendments to our Operating Agreement without the approval of any shareholder or assignee if our board of directors determines that those amendments:

- do not adversely affect the shareholders in any material respect;
- are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute;
- are necessary or appropriate to facilitate the trading of shares or to comply with any rule, regulation, guideline or requirement of any securities exchange on which the shares are or will be listed for trading, compliance with any of which our board of directors deems to be in the best interests of us and our shareholders;
- are necessary or appropriate for any action taken by our board of directors relating to splits or combinations of shares under the provisions of our Operating Agreement; or
- are required to effect the intent expressed in this description or the intent of the provisions of our Operating Agreement or are otherwise contemplated by our Operating Agreement.

Anti-Takeover Effects of Delaware Law and Our Operating Agreement

The following is a summary of certain provisions of our Operating Agreement that may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a shareholder might consider to be in its best interest, including those attempts that might result in a premium over the market price for the shares held by shareholders.

Authorized but Unissued Shares

Our authorized but unissued common shares and preferred shares will be available for future issuance without obtaining shareholder approval. These additional shares may be utilized for a variety of corporate purposes, including future offerings to raise additional capital and corporate acquisitions. The existence of authorized but unissued common shares and preferred shares could render more difficult or discourage an attempt to obtain control over us by means of a proxy contest, tender offer, merger or otherwise.

Delaware Business Combination Statute—Section 203

We are a limited liability company organized under Delaware law. Some provisions of Delaware law may delay or prevent a transaction that would cause a change in our control.

Section 203 of the DGCL, which restricts certain business combinations with interested shareholders in certain situations, does not apply to limited liability companies unless they elect to utilize it. Our Operating Agreement does not currently elect to have Section 203 of the DGCL apply to us. In general, this statute prohibits a publicly held Delaware corporation from engaging in a business combination with an interested shareholder for a period of three years after the date of the transaction by which that person became an interested shareholder, unless the business combination is approved in a prescribed manner. For purposes of Section 203, a business combination includes a merger, asset sale or other transaction resulting in a financial benefit to the interested shareholder, and an interested shareholder is a person who, together with affiliates and associates, owns, or within three years prior, did own, 15% or more of voting shares.

Other Provisions of Our Operating Agreement

Our Operating Agreement provides that our board shall consist of not fewer than three and not more than nine directors as the board of directors may from time to time determine. Our board of directors consists of five directors and is divided into three classes that are, as nearly as possible, of equal size. Each class of directors is elected for a three-year term of office, but the terms are staggered so that the term of only one class of directors expires at each annual general meeting. We believe that classification of our board of directors helps to assure the continuity and stability of our business strategies and policies as determined by our board of directors. Additionally, there is no cumulative voting in the election of directors. This classified board provision could have the effect of making the replacement of incumbent directors more time consuming and difficult. At least two annual meetings of shareholders, instead of one, are generally required to effect a change in a majority of our board of directors.

The classified board provision could increase the likelihood that incumbent directors will retain their positions. The staggered terms of directors may delay, defer or prevent a tender offer or an attempt to change control of us, even though a tender offer or change in control might be believed by our shareholders to be in their best interest.

In addition, our Operating Agreement provides that a director may be removed, only for cause, and only by the affirmative vote of at least 80% of the then issued and outstanding common shares entitled to vote in the election of directors.

In addition, our board of directors has the power to appoint a person as a director to fill a vacancy on our board occurring as a result of the death, disability, disqualification removal or resignation of a director, or as a result of an increase in the size of our board of directors.

Pursuant to our Operating Agreement, preferred shares may be issued from time to time, and the board of directors is authorized to determine and alter all designations, preferences, rights, powers and duties without limitation. Our Operating Agreement does not provide our shareholders with the ability to call a special meeting of the shareholders.

See also, “Series A Preferred Shares—Optional Redemption upon a Change of Control” and “Series B Preferred Shares—Optional Redemption upon a Change of Control.”

Ability of Our Shareholders to Act

Our Operating Agreement does not permit our shareholders to call special shareholders meetings. Special meetings of shareholders may be called by a majority of the Board of Directors or a committee of the Board of Directors that has been duly designated by the Board of Directors and whose powers include the authority to call such meetings. Written notice of any special meeting so called shall be given to each shareholder of record entitled to vote at such meeting not less than 10 or more than 60 days before the date of such meeting, unless otherwise required by law.

Our Operating Agreement also prohibits our shareholders from consenting in writing to take any action in lieu of taking such action at a duly called annual or special meeting of our shareholders.

Our Operating Agreement provides that nominations of persons for election to our board of directors may be made at any annual meeting of our shareholders, or at any special meeting of our shareholders called for the purpose of electing directors, (a) by or at the direction of our board of directors or (b) by certain shareholders. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a shareholder, such shareholder must have given timely notice thereof in proper written form to our Secretary. To be timely, a shareholder's notice must be delivered to or mailed and received at our principal executive offices (i) in the case of an annual meeting, not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of shareholders; provided, however, that in the event that the annual meeting is called for a date that is not within 25 days before or after such anniversary date, notice by a shareholder in order to be timely must be so received not later than the close of business on the tenth day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs and (ii) in the case of a special meeting, not later than the tenth day following the day on which such notice of the date of the special meeting was mailed or such public disclosure of the date of the special meeting was made, whichever first occurs.

Limitations on Liability and Indemnification of Directors and Officers

Our Operating Agreement provides that our directors will not be personally liable to us or our shareholders for monetary damages for breach of a fiduciary duty as a director, except to the extent such exemption is not permitted under the Delaware Limited Liability Company Act.

Our Operating Agreement provides that we must indemnify our directors and officers to the fullest extent permitted by law. We are also expressly authorized to advance certain expenses (including attorneys' fees and disbursements and court costs) to our directors and officers and carry directors' and officers' insurance providing indemnification for our directors and officers for some liabilities. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and officers.

We have entered into separate indemnification agreements with each of our directors and executive officers. Each indemnification agreement provides, among other things, for indemnification to the fullest extent permitted by law and our Operating Agreement against (i) any and all expenses and liabilities, including judgments, fines, penalties and amounts paid in settlement of any claim with our approval and counsel fees and disbursements, (ii) any liability pursuant to a loan guarantee, or otherwise, for any of our indebtedness, and (iii) any liabilities incurred as a result of acting on our behalf (as a fiduciary or otherwise) in connection with an employee benefit plan. The indemnification agreements provide for the advancement or payment of all expenses to the indemnitee and for reimbursement to us if it is found that such indemnitee is not entitled to such indemnification under applicable law and our Operating Agreement.

Corporate Opportunity

Under our Operating Agreement, to the extent permitted by law:

• Fortress and its respective affiliates, including the Manager and General Partner, have the right to, and have no duty to abstain from, exercising such right to, engage or invest in the same or similar business as us, do business with any of our clients, customers or vendors or employ or otherwise engage any of our officers, directors or employees;

• if Fortress and its respective affiliates, including the Manager and General Partner, or any of their officers, directors or employees acquire knowledge of a potential transaction that could be a corporate opportunity, it has no duty to offer such corporate opportunity to us, our shareholders or affiliates;

• we have renounced any interest or expectancy in, or in being offered an opportunity to participate in, such corporate opportunities; and

• in the event that any of our directors and officers who is also a director, officer or employee of Fortress and their respective affiliates, including the Manager and General Partner, acquire 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 our director or officer and such person acted in good faith, then such person is deemed to have fully satisfied such person's fiduciary duty and is not liable to us if Fortress and their respective affiliates, including the Manager and General Partner, pursues or acquires the corporate opportunity or if such person did not present the corporate opportunity to us.

Exhibit 21.1

Entity Name	State of Incorporation/Formation
AirOpCo 1ASL Bermuda Ltd.	Bermuda
AirOpCo 1ET Bermuda Ltd.	Bermuda
AirOpCo 1JT Bermuda Ltd.	Bermuda
AirOpCo 2 UZ Ireland DAC	Ireland
AirOpCo I SD Ireland DAC	Ireland
AirOpCo II KO Ireland DAC	Ireland
AirOpCo II ME Ireland DAC	Ireland
Delaware River Partners Holdco LLC	Delaware
Delaware River Partners LLC	Delaware
DRP Trading LLC	Delaware
DRP Urban Renewal 1, LLC	New Jersey
DRP Urban Renewal 2, LLC	New Jersey
Fortress Worldwide Transportation and Infrastructure General Partnership	Delaware
FTAI AirOpCo UK Ltd.	England and Wales
FTAI Aviation OpCo LLC	Delaware
FTAI CHR JV Holdings LLC	Delaware
FTAI Energy Co 1 Ltd. (process of dissolution – postponed by KK)	Bermuda
FTAI Energy Co1 LLC	Delaware
FTAI Energy Development Holdings LLC	Delaware
FTAI Energy Downstream Holdings LLC	Delaware
FTAI Energy Holdings LLC	Delaware
FTAI Energy Marketing LLC	Delaware
FTAI Energy Partners LLC	Delaware
FTAI Finance Holdco Ltd.	Cayman Islands
FTAI Finance JV LLC	Delaware
FTAI IES Pioneer Ltd.	Malaysia
FTAI Midstream GP Holdings LLC	Delaware
FTAI Midstream GP LLC	Delaware
FTAI Midstream Holdings LLC	Delaware
FTAI Ocean LLC	Marshall Islands
FTAI Offshore Holdco LLC	Delaware
FTAI Offshore Holdings L.P.	Cayman Islands
FTAI Offshore Pte Ltd.	Singapore
FTAI Partners Holdings LLC	Delaware
FTAI Pioneer Malaysia Shareholder LLC	Delaware
FTAI Pioneer MI LLC	Marshall Islands
FTAI Pioneer SDN Bhd	Malaysia
FTAI Pride Chartering LLC	Marshall Islands
FTAI Pride Labuan Ltd.	Malaysia
FTAI Pride LLC	Marshall Islands
FTAI Pride Malaysia SDN BHD	Malaysia
FTAI Railcar Holdings LLC	Delaware
FTAI Subsea 88 Ltd.	Bermuda
High Turbine Technologies LLC	Delaware
Intermodal Finance 1 Ltd.	Cayman Islands
JCCOM Holdco LLC	Delaware
Jefferson 2010 Bond Holdings LLC	Delaware

Entity Name	State of Incorporation/Formation
Jefferson 2012 Bond Holdings LLC	Delaware
Jefferson 2019 Bond Borrower LLC	Delaware
Jefferson 2019 Bond Lessee LLC	Delaware
Jefferson Canadian Oil Marketing ULC	Canada
Jefferson Cross Channel Pipeline LLC	Delaware
Jefferson Docks I LLC	Delaware
Jefferson DRE Liabilities LLC	Delaware
Jefferson Energy Canada ULC	Canada
Jefferson Energy Canco LLC	Delaware
Jefferson Energy Marketing LLC	Delaware
Jefferson Ethanol Holdings LLC	Delaware
Jefferson Gas Processing LLC	Delaware
Jefferson Gulf Coast Energy Holdings LLC	Delaware
Jefferson Gulf Coast Energy Partners LLC	Delaware
Jefferson Gulf Coast Management LLC	Delaware
Jefferson Gulf Coast Real Estate LLC	Delaware
Jefferson Investment Holdings LLC	Delaware
Jefferson LNG Holdings LLC	Delaware
Jefferson Pipeline I LLC	Delaware
Jefferson Railport Terminal I (Texas) LLC	Texas
Jefferson Railport Terminal I LLC	Delaware
Jefferson Railport Terminal II Holdings LLC	Delaware
Jefferson Railport Terminal II LLC	Delaware
Jefferson Southern Star Pipeline LLC	Delaware
Jefferson Storage I LLC	Delaware
Jefferson Terminal Logistics LLC	Delaware
Jefferson Truck Terminal I LLC	Delaware
JGC Investment Holdings LLC	Delaware
JGC Management Holdings LLC	Delaware
JGP Energy Partners LLC (f/k/a Jefferson Ethanol Partners LLC)	Delaware
KAT Holdco LLC	Delaware
Katahdin Railcar Services LLC	Delaware
La Victoire Holdings Sarl	France
Long Ridge Energy Generation LLC f/k/a Ohio Powerco LLC	Delaware
Long Ridge Terminal LLC	Delaware
Ohio Gasco LLC	Delaware
Ohio River Partners Finance LLC	Delaware
Ohio River Partners Holdco LLC	Delaware
Ohio River Partners Shareholder LLC	Delaware
Ohio River PP Holdco LLC	Delaware
WWTAI AirOpCo 1 USA Sub LLC	Delaware
WWTAI AirOpCo 1Bermuda Ltd.	Bermuda
WWTAI AirOpCo 2 Bermuda Ltd.	Bermuda
WWTAI AirOpCo 2 USA LLC	Delaware
WWTAI AirOpCo 3 Bermuda Ltd.	Bermuda
WWTAI AirOpCo BPA Ireland Limited	Ireland
WWTAI AirOpCo I USA LLC	Delaware
WWTAI AirOpco II DAC	Ireland

Entity Name	State of Incorporation/Formation
WWTAI AirOpCo Malta Limited	Malta
WWTAI Container 1 Ltd.	Bermuda
WWTAI Container Holdco Ltd. (f/k/a WWTAI Container GP 1 Ltd.)	Bermuda
WWTAI Finance Ltd.	Bermuda
WWTAI IES MT6015 Ltd.	Malaysia
WWTAI Offshore Co 1 Ltd.	Bermuda

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-3 No. 333-216247) of Fortress Transportation and Infrastructure Investors LLC and in the related Prospectus of our reports dated February 28, 2020, with respect to the consolidated financial statements of Fortress Transportation and Infrastructure Investors LLC and the effectiveness of internal control over financial reporting of Fortress Transportation and Infrastructure Investors LLC, included in this Annual Report (Form 10-K) for the year ended December 31, 2019.

/s/ Ernst & Young LLP
New York, New York
February 28, 2020

EXHIBIT 31.1

SECTION 302 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

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

1. I have reviewed this annual report on Form 10-K 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.

February 28, 2020	/s/ Joseph P. Adams, Jr.
(Date)	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 annual report on Form 10-K 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.

February 28, 2020	/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 Annual Report on Form 10-K of Fortress Transportation and Infrastructure Investors LLC (the “Company”) for the annual period ended December 31, 2019 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
February 28, 2020

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 Annual Report on Form 10-K of Fortress Transportation and Infrastructure Investors LLC (the “Company”) for the annual period ended December 31, 2019 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
February 28, 2020

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.