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

FORM 10-Q

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

For the quarterly period ended **June 30, 2018**
OR

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

For the transition period from ____ to ____

Commission file number **001-37386**

FORTRESS TRANSPORTATION & INFRASTRUCTURE

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

Emerging growth company ☐

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

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

There were 82,787,466 common shares representing limited liability company interests outstanding at July 31, 2018.

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 win additional contracts with existing or potential customers;
- the availability and cost of capital for future acquisitions;
- concentration of a particular type of asset or in a particular sector;
- competition within the aviation, energy, intermodal transport and rail sectors;
- the competitive market for acquisition opportunities;
- risks related to operating through joint ventures or partnerships or through consortium arrangements;
- obsolescence of our assets or our ability to sell, re-lease or re-charter our assets;
- exposure to uninsurable losses and force majeure events;
- infrastructure operations may require substantial capital expenditures;
- the legislative/regulatory environment and exposure to increased economic regulation;
- exposure to the oil and gas industry's volatile oil and gas prices;
- difficulties in obtaining effective legal redress in jurisdictions in which we operate with less developed legal systems;
- our ability to maintain our exemption from registration under the Investment Company Act of 1940 and the fact that maintaining such exemption imposes limits on our operations;
- our ability to successfully utilize leverage in connection with our investments;
- foreign currency risk and risk management activities;
- effectiveness of our internal control over financial reporting;
- exposure to environmental risks, including increasing environmental legislation and the broader impacts of climate change;
- changes in interest rates and/or credit spreads, as well as the success of any hedging strategy we may undertake in relation to such changes;
- actions taken by national, state, or provincial governments, including nationalization, or the imposition of new taxes, could materially impact the financial performance or value of our assets;
- our dependence on our Manager and its professionals and actual, potential or perceived conflicts of interest in our relationship with our Manager;
- effects of the merger of Fortress Investment Group LLC with affiliates of SoftBank Group Corp.;

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

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

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

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
INDEX TO FORM 10-Q

PART I - FINANCIAL INFORMATION

PART II - OTHER INFORMATION

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED BALANCE SHEETS

(Dollar amounts in thousands, except share and per share data)	Notes	(Unaudited) June 30, 2018	December 31, 2017
Assets			
Cash and cash equivalents	2	**$ 40,319**	$ 59,400
Restricted cash	2	**33,526**	33,406
Accounts receivable, net		**41,882**	31,076
Leasing equipment, net	3	**1,203,741**	1,074,130
Finance leases, net	4	**16,293**	9,244
Property, plant, and equipment, net	5	**599,723**	489,949
Investments	6	**43,404**	42,538
Intangible assets, net	7	**36,019**	40,043
Goodwill		**116,584**	116,584
Other assets	2	**79,781**	59,436
Total assets		**$ 2,211,272**	$ 1,955,806
Liabilities			
Accounts payable and accrued liabilities		**$ 83,920**	$ 68,226
Debt, net	8	**862,746**	703,264
Maintenance deposits		**122,617**	103,464
Security deposits		**30,850**	27,257
Other liabilities		**21,813**	18,520
Total liabilities		**$ 1,121,946**	$ 920,731
Commitments and contingencies	16		
Equity			
Common shares ($0.01 par value per share; 2,000,000,000 shares authorized; 82,787,466 and 75,771,738 shares issued and outstanding as of June 30, 2018 and December 31, 2017, respectively)		**828**	758
Additional paid in capital		**1,065,474**	985,009
Accumulated deficit		**(38,432)**	(38,699)
Accumulated other comprehensive income		**—**	—
Shareholders' equity		**1,027,870**	947,068
Non-controlling interest in equity of consolidated subsidiaries		**61,456**	88,007
Total equity		**1,089,326**	1,035,075
Total liabilities and equity		**$ 2,211,272**	$ 1,955,806

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

CONSOLIDATED STATEMENTS OF OPERATIONS *(unaudited)*

(Dollar amounts in thousands, except share and per share data)	Notes	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Revenues					
Equipment leasing revenues		**$ 59,330**	$ 40,383	**$ 115,114**	$ 71,771
Infrastructure revenues		**12,649**	10,811	**25,709**	24,096
Total revenues	10	**71,979**	51,194	**140,823**	95,867
Expenses					
Operating expenses		**27,593**	21,324	**55,172**	42,337
General and administrative		**4,573**	3,341	**8,159**	7,176
Acquisition and transaction expenses		**1,508**	1,880	**3,274**	3,332
Management fees and incentive allocation to affiliate	13	**4,495**	3,865	**8,234**	7,758
Depreciation and amortization	3, 5, 7	**32,844**	20,221	**62,431**	37,598
Interest expense		**12,857**	7,684	**24,728**	12,378
Total expenses		**83,870**	58,315	**161,998**	110,579
Other income (expense)					
Equity in losses of unconsolidated entities	6	**(251)**	(327)	**(156)**	(1,593)
Gain on sale of equipment, net		**4,996**	1,999	**4,991**	4,017
Loss on extinguishment of debt	8	**—**	—	**—**	(2,456)
Interest income		**74**	84	**250**	367
Other income		**1,157**	20	**1,337**	32
Total other income		**5,976**	1,776	**6,422**	367
Loss before income taxes		**(5,915)**	(5,345)	**(14,753)**	(14,345)
Provision for income taxes	12	**534**	464	**1,029**	676
Net loss		**(6,449)**	(5,809)	**(15,782)**	(15,021)
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries		**(7,288)**	(4,349)	**(16,049)**	(9,147)
Net income (loss) attributable to shareholders		**$ 839**	$ (1,460)	**$ 267**	$ (5,874)
Earnings (loss) per share	15				
Basic		**$ 0.01**	$ (0.02)	**$ —**	$ (0.08)
Diluted		**$ 0.01**	$ (0.02)	**$ —**	$ (0.08)
Weighted Average Shares Outstanding:					
Basic		**83,160,037**	75,762,674	**82,351,736**	75,762,480
Diluted		**83,160,047**	75,762,674	**82,351,858**	75,762,480

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) *(unaudited)*

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollar amounts in thousands)	**2018**	**2017**	**2018**	**2017**
Net loss	**$ (6,449)**	$ (5,809)	**$ (15,782)**	$ (15,021)
Other comprehensive loss:				
Change in fair value of available-for-sale securities	**—**	(6,136)	**—**	(1,276)
Comprehensive loss	**(6,449)**	(11,945)	**(15,782)**	(16,297)
Comprehensive loss attributable to non-controlling interest	**(7,288)**	(4,349)	**(16,049)**	(9,147)
Comprehensive income (loss) attributable to shareholders	**$ 839**	$ (7,596)	**$ 267**	$ (7,150)

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(unaudited)*

(Dollar amounts in thousands)	Common Shares	Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Non-Controlling Interest in Equity of Consolidated Subsidiaries	Total Equity
Equity - December 31, 2017	$ 758	$ 985,009	$ (38,699)	$ —	$ 88,007	$ 1,035,075
Comprehensive loss:						
Net income (loss) for the period			**267**		**(16,049)**	**(15,782)**
Other comprehensive loss			**—**	**—**	**—**	**—**
Total comprehensive loss			**267**	**—**	**(16,049)**	**(15,782)**
Transfer of non-controlling interest		**7,225**			**(10,930)**	**(3,705)**
Dividends declared		**(54,662)**			**—**	**(54,662)**
Issuance of common shares	**70**	**127,893**			**—**	**127,963**
Equity-based compensation		**9**			**428**	**437**
Equity - June 30, 2018	**$ 828**	**$ 1,065,474**	**$ (38,432)**	**$ —**	**$ 61,456**	**$ 1,089,326**

See accompanying notes to consolidated financial statements.

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

	Six Months Ended June 30,	
(Dollar amounts in thousands)	**2018**	**2017**
Cash flows from operating activities:		
Net loss	**$ (15,782)**	$ (15,021)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Equity in losses of unconsolidated entities	**156**	1,593
Gain on sale of equipment, net	**(4,991)**	(4,017)
Security deposits and maintenance claims included in earnings	**(4,325)**	—
Loss on extinguishment of debt	**—**	2,456
Equity-based compensation	**437**	530
Depreciation and amortization	**62,431**	37,598
Change in current and deferred income taxes	**564**	80
Change in fair value of non-hedge derivative	**(182)**	—
Amortization of lease intangibles and incentives	**12,943**	3,291
Amortization of deferred financing costs	**2,483**	2,064
Bad debt expense	**1,521**	63
Other	**21**	331
Change in:		
Accounts receivable	**(10,064)**	(6,268)
Other assets	**(10,318)**	9,909
Accounts payable and accrued liabilities	**22,091**	1,871
Management fees payable to affiliate	**(668)**	(578)
Other liabilities	**2,835**	(627)
Net cash provided by operating activities	**59,152**	33,275
Cash flows from investing activities:		
Investment in notes receivable	**(912)**	—
Investment in unconsolidated entities and available for sale securities	**(1,115)**	(21,172)
Principal collections on finance leases	**539**	225
Acquisition of leasing equipment	**(205,819)**	(224,070)
Acquisition of property, plant and equipment	**(124,039)**	(50,688)
Acquisition of lease intangibles	**(2,225)**	(197)
Purchase deposits for acquisitions	**(17,890)**	(5,725)
Proceeds from sale of leasing equipment	**26,499**	30,241
Proceeds from sale of property, plant and equipment	**31**	51
Proceeds from deposit on sale of leasing equipment	**240**	2,505
Return of deposit on sale of engine	**(400)**	—
Net cash used in investing activities	**$ (325,091)**	$ (268,830)

See accompanying notes to consolidated financial statements.

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

	Six Months Ended June 30,	
(Dollar amounts in thousands)	**2018**	**2017**
Cash flows from financing activities:		
Proceeds from debt	**$ 204,350**	$ 243,911
Repayment of debt	**(45,874)**	(11,875)
Payment of deferred financing costs	**(1,819)**	(2,722)
Receipt of security deposits	**3,748**	4,590
Return of security deposits	**(805)**	(1,657)
Receipt of maintenance deposits	**22,355**	9,975
Release of maintenance deposits	**(4,276)**	(6,111)
Proceeds from issuance of common shares, net of underwriter's discount	**128,450**	—
Common shares issuance costs	**(789)**	—
Purchase of non-controlling interest shares	**(3,700)**	—
Cash dividends	**(54,662)**	(50,024)
Net cash provided by financing activities	**$ 246,978**	$ 186,087
Net increase in cash and cash equivalents and restricted cash	**(18,961)**	(49,468)
Cash and cash equivalents and restricted cash, beginning of period	**92,806**	133,496
Cash and cash equivalents and restricted cash, end of period	**$ 73,845**	$ 84,028
Supplemental disclosure of non-cash investing and financing activities:		
Proceeds from borrowings of debt	**$ 511**	$ 108,089
Repayment and settlement of debt	**—**	(100,000)
Acquisition of leasing equipment	**(4,704)**	(20,834)
Acquisition of property, plant and equipment	**(3,621)**	(30,915)
Settled and assumed security deposits	**650**	1,467
Billed, assumed and settled maintenance deposits	**(1,427)**	4,634
Deferred financing costs	**—**	(7,837)
Non-cash contribution from non-controlling interest	**—**	1,201
Transfer of non-controlling interest	**7,225**	—
Issuance of common shares	**301**	160

See accompanying notes to consolidated financial statements.

1. ORGANIZATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Principles of Consolidation—We consolidate all entities in which we have a controlling financial interest and 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 the services offered by us 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. We, through our subsidiaries, 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.

JGP Energy Partners LLC

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

Delaware River Partners LLC

On July 1, 2016, we, through Delaware River Partners LLC ("DRP"), a consolidated subsidiary, purchased the assets of Repauno, which consisted primarily of land, a storage cavern, and riparian rights for the acquired land, site improvements and rights. Upon acquisition there were no operational processes that could be applied to these assets that would result in outputs without significant green field development. We currently hold a 90% economic interest 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 were the primary beneficiary; and accordingly, DRP has been presented on a consolidated basis in the accompanying financial statements. We have the right to purchase an additional 8% economic interest from the non-controlling party after the second anniversary but prior to the fifth year anniversary of the acquisition of Repauno. At the time of the purchase, we concluded that 8% of the 10% interest held by the non-controlling party does not share in the risks or rewards of true equity.

Ohio River Partners LLC

On June 16, 2017, we, through Ohio River Partners LLC ("ORP"), a consolidated subsidiary, purchased the assets of Long Ridge which consisted primarily of land, buildings, railroad track, docks, water rights, site improvements and other rights. We purchased 100% of the interests in these assets. ORP is solely reliant on us to finance its activities and therefore is a VIE. We concluded that we were the primary beneficiary; accordingly, ORP 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.

Restricted Cash—Restricted cash was $33,526 and $33,406 as of June 30, 2018 and December 31, 2017, respectively, and consists of prepaid interest and principal pursuant to the requirements of certain of our debt agreements (Note 8), and funds set aside for qualifying construction projects at Jefferson Terminal and, as of June 30, 2018, Long Ridge.

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. Available-for-sale securities are included as a component of investments in the accompanying Consolidated Balance Sheets. At each balance sheet date, we evaluate our available-for-sale securities holdings with unrealized losses to determine if an other-than-temporary impairment has occurred. Refer to Note 6 and Note 9 for details.

Inventory—Commodities are 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. At June 30, 2018 and December 31, 2017, we had commodities inventory of $15,313 and $8,877, respectively. We record our inventory as a component of other assets in the accompanying Consolidated Balance Sheets.

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 $10,950 and $11,423 as of June 30, 2018 and December 31, 2017, respectively, are recorded as a component of debt in the accompanying Consolidated Balance Sheets. In connection with the Jefferson Revolver, we incurred $511 of deferred financing costs as of June 30, 2018 which are recorded as a component of other assets in the accompanying Consolidated Balance Sheets. Refer to Note 8 for details.

Amortization expense was $1,332 and $2,483 for the three and six months ended June 30, 2018, respectively, and $931 and $2,064 for the three and six months ended June 30, 2017, respectively. Amortization expense is included as a component of interest expense in the accompanying Consolidated Statements of Operations.

Revenue Recognition

Effective January 1, 2018, we adopted FASB ASU No. 2014-09, *"Revenue from Contracts with Customers"* (Topic 606) and related updates. The standard's core principle is that we will recognize revenue when we transfer promised goods or services to customers in an amount that reflect the consideration to which a company expects to be entitled in exchange for those goods or services. The adoption of this standard is applied using the modified retrospective approach. See below for a detailed description of revenue recognition by our two strategic business units, Equipment Leasing and Infrastructure.

Lease contracts, within the scope of ASC 840, *Leases*, are specifically excluded from ASU 2014-09. Infrastructure revenues that do not qualify as leases or leases that are combined with other services are recognized as revenue only when the services have been performed or goods transferred and we expect to be entitled in exchange for the goods delivered or services performed in accordance with contractual obligations. See Note 11 for additional details regarding the disaggregation of our revenues by segment.

The adoption of the standard did not have a material impact on our consolidated financial statements and related disclosures.

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.

We also recognize maintenance revenue related to the portion of maintenance payments received from lessees of aviation equipment that are not expected to be reimbursed in connection with major maintenance events.

Finance Lease—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, 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.

Infrastructure Revenues

Rail Revenues—Rail revenues are recognized proportionally as freight moves from origin to destination. Other miscellaneous revenues, such as unloading and switching revenue, are recognized as the service is performed or contractual obligations are met.

Terminal Services Revenues—Terminal services revenues are recognized when services have been provided to the customer, the product has been delivered, the price is considered to be fixed or determinable and collectability is reasonably assured. Prepayments for services are deferred until the period in which the above criteria are met. Terminal services fees include services provided to third-party customers related to receipt and redelivery of crude oil products.

Lease Revenues—We recognize lease revenue as various tenants lease out storage space including equipment, piping and frac sand. Lease revenue is recognized based on the terms of the lease agreement.

Concentration of Credit Risk—We are subject to concentrations of credit risk with respect to amounts due from customers on our finance lease and operating leases. We attempt to limit our credit risk by performing ongoing credit evaluations. During the three and six months ended June 30, 2018 and 2017, we had no revenue concentration over 10% of total revenue from any one customer.

As of June 30, 2018, accounts receivable from one customer in the Jefferson Terminal segment and one customer in the Offshore Energy segment represented 22% and 10%, respectively, of total accounts receivable, net. As of December 31, 2017, accounts receivable from two customers in the Offshore Energy segment represented 17% and 10%, respectively, of total accounts receivable, net.

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 at June 30, 2018 and December 31, 2017 was $2,079 and $983, respectively. Bad debt expense was $80 and $1,521 for the three and six months ended June 30, 2018, respectively, and $32 and $63 for the three and six months ended June 30, 2017, respectively.

Comprehensive Income (Loss)—Comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances, excluding those resulting from investments by and distributions to owners. 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 derivatives accounted for as cash flow hedges.

Derivative Financial Instruments—During 2017 we entered into short-term crude forward contracts. The fair value of the short-term derivative asset at June 30, 2018 and December 31, 2017 was $840 and $1,022, respectively, recorded in other assets.

Other Assets—Other assets is primarily comprised of commodities of $15,313 and $8,877, notes receivable of $436 and $2,623, purchase deposits for acquisitions of $18,036 and $12,299, lease incentives of $31,550 and $23,811, and prepaid expenses of $4,969 and $4,149 as of June 30, 2018 and December 31, 2017, respectively.

Dividends—Dividends are recorded if and when declared by the Board of Directors. For both the three and six months ended June 30, 2018 and 2017, the Board of Directors declared a cash dividend of $0.33 and $0.66 per share, respectively.

Recent Accounting Pronouncements—In May 2014, the FASB issued ASU 2014-09, *Revenues from Contracts with Customers (Topic 606)* ("ASU 2014-09"). ASU 2014-09 requires that a company recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under current guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. In August 2015, the FASB deferred the effective date of this standard by one year, which will be for fiscal years, and interim periods within those years, beginning after December 15, 2017. We adopted ASU 2014-09 as of January 1, 2018 and the adoption of this guidance did not have a material impact on our consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"). ASU 2016-01 requires (i) equity investments, except those accounted for under the equity method of accounting or those that result in consolidation of the investee, to be measured at fair value with changes in fair value recognized in net income, (ii) public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, and (iii) separate presentation of financial assets and financial liabilities by measurement category and form of financial asset. ASU 2016-01 also eliminates the requirement for public business entities to disclose the methods and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. The pronouncement is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017, with early adoption permitted. We adopted ASU 2016-01 as of January 1, 2018 and the adoption of this guidance did not have any impact on our consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"). ASU 2016-15 addresses the following eight specific cash flow issues: (i) debt prepayment or debt extinguishment costs; (ii) settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; (iii) contingent consideration payments made after a business combination; (iv) proceeds from the settlement of insurance claims; (v) proceeds from the settlement of corporate-owned life insurance policies (COLIs); (vi) distributions received from equity method investees; (vii) beneficial interests in securitization transactions; (viii) and separately identifiable cash flows and application of the predominance principle. ASU 2016-15 will be effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. We adopted ASU 2016-15 as of January 1, 2018 and the adoption of this guidance did not have a material impact on the presentation of our Statements of Cash Flows.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory ("ASU 2016-16").* ASU 2016-16 prohibits the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party. In addition, interpretations of this guidance have developed in practice for transfers of certain intangible and tangible assets. This prohibition on recognition is an exception to the principle of comprehensive recognition of current and deferred income taxes in GAAP. To more faithfully represent the economics of intra-entity asset transfers, the amendments ASU 2016-16 require that entities recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The amendments in ASU 2016-16 do not change GAAP for the pre-tax effects of an intra-entity asset transfer under Topic 810, *Consolidation,* or for an intra-entity transfer of inventory. ASU 2016-16 will be effective for annual reporting periods beginning after December 15, 2017, and interim periods within those annual reporting periods. Early adoption is permitted, including adoption in an interim period. We adopted ASU 2016-16 as of January 1, 2018 and the adoption of this guidance did not have a material impact on our consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (“ASU 2016-18”)*. ASU 2016-18 addresses the diversity in the classification and presentation of changes in restricted cash on the statement of cash flows under Topic 230, Statement of Cash Flows. The amendments in ASU 2016-18 require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this ASU apply to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. ASU 2016-18 will be effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. We adopted ASU 2016-18 as of January 1, 2018 and the adoption of this guidance included changes in restricted cash in our Statements of Cash Flows for all periods presented.

In February 2017, the FASB issued ASU 2017-05, *Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets (“ASU 2017-05”).* ASU 2017-05 amends the scope of the nonfinancial asset guidance in Subtopic 610-20. The amendments also clarify that the derecognition of all businesses and nonprofit activities (except those related to conveyances of oil and gas mineral rights or contracts with customers) should be accounted for in accordance with the derecognition and deconsolidation guidance in Subtopic 810-10. In addition, the amendments eliminate the exception in the financial asset guidance for transfers of investments (including equity method investments) in real estate entities and supersede the guidance in the Exchanges of a Nonfinancial Asset for a Noncontrolling Ownership Interest Subsection within Topic 845. The amendments in ASU 2017-05 also provide guidance on the accounting for what often are referred to as partial sales of nonfinancial assets within the scope of Subtopic 610-20 and contributions of nonfinancial assets to a joint venture or other noncontrolled investee. ASU 2017-05 will be effective for annual reporting periods beginning after December 15, 2017, and interim periods within those fiscal years. We adopted ASU 2017-05 as of January 1, 2018 and the adoption of this guidance did not have a material impact on our consolidated financial statements.

In May 2017, the FASB issued Accounting Standards Update No. 2017-09, *Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting ("ASU 2017-09")*, which provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. ASU 2017-09 is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years, and early adoption is permitted, including in an interim period. ASU 2017-09 is to be applied on a prospective basis to an award modified on or after the adoption date. We adopted ASU 2017-09 as of January 1, 2018 and the adoption of this guidance did not have a material impact on our consolidated financial statements.

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

In 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 are currently evaluating the impact of adopting this new guidance on our consolidated financial statements.

(Dollar amounts in thousands, unless otherwise noted)

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 are currently evaluating the impact of adopting this new guidance on our consolidated financial statements.

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. The guidance is effective for public business entities in annual periods beginning after December 15, 2018, and interim periods within those annual periods, and early adoption is permitted. We are currently evaluating the impact of adopting this new guidance on our consolidated financial statements.

3. LEASING EQUIPMENT, NET

Leasing equipment, net is summarized as follows:

	June 30, 2018	December 31, 2017
Leasing equipment	**$ 1,390,177**	$ 1,217,862
Less: accumulated depreciation	**(186,436)**	(143,732)
Leasing equipment, net	**$ 1,203,741**	$ 1,074,130

During the six months ended June 30, 2018, we acquired 13 aircraft and 16 commercial engines, and sold one aircraft and six commercial engines. During the six months ended June 30, 2017, we acquired 14 aircraft and 41 commercial engines, and sold one aircraft and six commercial engines.

Depreciation expense for leasing equipment is summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Depreciation expense for leasing equipment	**$ 26,779**	$ 15,969	**$ 50,470**	$ 29,142

(Dollar amounts in thousands, unless otherwise noted)

4. FINANCE LEASES, NET

Finance leases, net are summarized as follows:

	June 30, 2018	December 31, 2017
Finance leases	**$ 28,513**	$ 16,015
Unearned revenue	**(12,220)**	(6,771)
Finance leases, net	**$ 16,293**	$ 9,244

During the six months ended June 30, 2018, we entered into a two year finance lease arrangement for the sale of one of our aircraft.

As of June 30, 2018, future minimum lease payments to be received under finance leases for the remainder of the lease terms are as follows:

2018	$ 2,062
2019	6,208
2020	10,257
2021	2,008
2022	2,008
Thereafter	5,970
Total	**$ 28,513**

(Dollar amounts in thousands, unless otherwise noted)

5. PROPERTY, PLANT AND EQUIPMENT, NET

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

	June 30, 2018	December 31, 2017
Land, site improvements and rights	**$ 74,413**	$ 74,268
Construction in progress	**178,275**	100,420
Buildings and improvements	**9,807**	9,807
Terminal machinery and equipment	**340,960**	299,444
Track and track related assets	**35,338**	35,371
Railroad equipment	**1,193**	1,057
Railcars and locomotives	**3,429**	3,429
Computer hardware and software	**3,518**	3,105
Furniture and fixtures	**544**	544
Vehicles	**1,474**	1,480
	648,951	528,925
Less: accumulated depreciation	**(50,747)**	(40,605)
Spare parts	**1,519**	1,629
Property, plant and equipment, net	**$ 599,723**	$ 489,949

During the six months ended June 30, 2018, we acquired property, plant and equipment of $119,916, which primarily consists of terminal machinery and equipment placed in service or under development at Jefferson Terminal and Repauno, and an investment in a joint venture of a natural gas production asset at Long Ridge.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Depreciation expense for property, plant and equipment	**$ 5,166**	$ 3,353	**$ 10,162**	$ 6,657

6. INVESTMENTS

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

			Carrying Value	
	Investment	Ownership Percentage	June 30, 2018	December 31, 2017
Advanced Engine Repair JV	Equity method	25%	**$ 13,374**	$ 13,724
JGP Energy Partners LLC	Equity method	50%	**25,948**	24,920
Intermodal Finance I, Ltd.	Equity method	51%	**4,082**	3,894
Investments			**$ 43,404**	$ 42,538

We did not recognize any other-than-temporary impairments for the three and six months ended June 30, 2018 and 2017.

(Dollar amounts in thousands, unless otherwise noted)

Equity Method Investments

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Advanced Engine Repair JV	**$ (126)**	$ (107)	**$ (350)**	$ (843)
JGP Energy Partners LLC	**(235)**	(10)	**(87)**	(75)
Intermodal Finance I, Ltd.	**110**	(210)	**281**	(675)
Total	**$ (251)**	$ (327)	**$ (156)**	$ (1,593)

Advanced Engine Repair JV

In December 2016, we invested $15,000 for 25% interest in an advanced engine repair joint venture. We will initially 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.

JGP

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

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; 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 June 30, 2018, Intermodal owns a portfolio of multiple finance leases, representing four customers and comprising approximately 24,000 shipping containers, as well as a portfolio of approximately 7,000 shipping containers subject to multiple operating leases.

The table below presents summarized financial information for our equity method investments:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Revenue	**$ 2,785**	$ 1,796	**$ 6,885**	$ 3,417
Expenses	**3,639**	2,859	**8,093**	8,568
Net loss	**$ (854)**	$ (1,063)	**$ (1,208)**	$ (5,151)
Company's portion	**$ (300)**	$ (449)	**$ (205)**	$ (1,715)

(Dollar amounts in thousands, unless otherwise noted)

7. INTANGIBLE ASSETS AND LIABILITIES, NET

Intangible assets and liabilities, net are summarized as follows:

	June 30, 2018			
	Aviation Leasing	Jefferson Terminal	Railroad	Total
Intangible assets				
Acquired favorable lease intangibles	**$ 38,973**	**$ —**	**$ —**	**$ 38,973**
Less: Accumulated amortization	**(24,903)**	**—**	**—**	**(24,903)**
Acquired favorable lease intangibles, net	**14,070**	**—**	**—**	**14,070**
Customer relationships	**—**	**35,513**	**225**	**35,738**
Less: Accumulated amortization	**—**	**(13,601)**	**(188)**	**(13,789)**
Acquired customer relationships, net	**—**	**21,912**	**37**	**21,949**
Total intangible assets, net	**$ 14,070**	**$ 21,912**	**$ 37**	**$ 36,019**
Intangible liabilities				
Acquired unfavorable lease intangibles	**$ 2,732**	**$ —**	**$ —**	**$ 2,732**
Less: Accumulated amortization	**(1,769)**	**—**	**—**	**(1,769)**
Acquired unfavorable lease intangibles, net	**$ 963**	**$ —**	**$ —**	**$ 963**

	December 31, 2017			
	Aviation Leasing	Jefferson Terminal	Railroad	Total
Intangible assets				
Acquired favorable lease intangibles	$ 36,747	$ —	$ —	$ 36,747
Less: Accumulated amortization	(20,452)	—	—	(20,452)
Acquired favorable lease intangibles, net	16,295	—	—	16,295
Customer relationships	—	35,513	225	35,738
Less: Accumulated amortization	—	(11,825)	(165)	(11,990)
Acquired customer relationships, net	—	23,688	60	23,748
Total intangible assets, net	$ 16,295	$ 23,688	$ 60	$ 40,043
Intangible liabilities				
Acquired unfavorable lease intangibles	$ 2,732	$ —	$ —	$ 2,732
Less: Accumulated amortization	(1,374)	—	—	(1,374)
Acquired unfavorable lease intangibles, net	$ 1,358	$ —	$ —	$ 1,358

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 as follows:

	Classification in Consolidated Statements of Operations	Three Months Ended June 30,		Six Months Ended June 30,	
		2018	2017	2018	2017
Lease intangibles	Equipment leasing revenues	**$ 2,064**	$ 1,065	**$ 4,056**	$ 2,347
Customer relationships	Depreciation and amortization	**899**	899	**1,799**	1,799
Total		**$ 2,963**	$ 1,964	**$ 5,855**	$ 4,146

(Dollar amounts in thousands, unless otherwise noted)

As of June 30, 2018, estimated net annual amortization of intangibles is as follows:

2018	$	5,521
2019		8,360
2020		6,779
2021		5,142
2022		3,596
Thereafter		5,658
Total	**$**	**35,056**

8. DEBT, NET

Our debt, net is summarized as follows:

	June 30, 2018		December 31, 2017	
Loans payable				
FTAI Pride Credit Agreement	**$**	**50,868**	$	53,993
CMQR Credit Agreement		**20,400**		22,800
Revolving Credit Facility		**25,000**		—
Jefferson Revolver		**39,511**		—
Total loans payable		**135,779**		76,793
Bonds payable				
Series 2012 Bonds[(1)]		**44,373**		44,404
Series 2016 Bonds		**144,200**		144,200
Senior Notes[(2)]		**549,344**		449,290
Total bonds payable		**737,917**		637,894
Debt		**873,696**		714,687
Less: Debt issuance costs		**(10,950)**		(11,423)
Total debt, net	**$**	**862,746**	$	703,264
Total debt due within one year	**$**	**7,795**	$	7,795

(1) Includes unamortized premium of $1,608 and $1,639 at June 30, 2018 and December 31, 2017, respectively.

(2) Includes unamortized discount of $5,843 and $6,506 at June 30, 2018 and December 31, 2017, respectively and an unamortized premium of $5,187 and $5,796 at June 30, 2018 and December 31, 2017, respectively.

FTAI Pride Credit Agreement—On September 15, 2014, FTAI Pride, LLC, ("FTAI Pride"), our subsidiary, entered into a credit agreement (the "FTAI Pride Credit Agreement") with a financial institution for a term loan in an aggregate amount of $75,000. The loan proceeds were used in connection with the acquisition of an offshore construction vessel. The FTAI Pride Credit Agreement requires quarterly payments of interest and scheduled principal payments of $1,562 beginning in the quarter ending December 31, 2015, through its maturity in September 2019, and can be prepaid without penalty at any time. The FTAI Pride Credit Agreement is secured on a first priority basis by the offshore construction vessel. Borrowings under the FTAI Pride Credit Agreement bear interest at the LIBOR rate plus a spread of 4.50%.

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

CMQR Credit Agreement—On June 30, 2017, CMQR amended its credit agreement (the "CMQR Credit Agreement") with a financial institution for a revolving line of credit to increase the aggregate amount from $20,000 to $25,000 and to extend the maturity date to September 18, 2019. Borrowings under the CMQR Credit Agreement bear interest at either (i) Adjusted LIBOR plus a spread of 2.50% or 4.50%, (ii) the U.S. or Canadian Base Rate plus a spread of 1.50% or 3.50%, or (iii) the Canadian Fixed Rate plus a spread of 2.50% or 4.50%, as defined by the CMQR Credit Agreement. The weighted-average effective interest rate as of June 30, 2018 and December 31, 2017 was 4.46% and 3.95%, respectively.

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

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

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

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

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

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

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

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

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

Senior Notes—On March 15, 2017, we issued $250,000 aggregate principal amount of 6.75% senior unsecured notes due 2022 (the "Senior Notes"). The Senior Notes were issued pursuant to an indenture, dated as of March 15, 2017, between us and U.S. Bank National Association, as trustee. On August 23, 2017, we issued an additional $100,000 of Senior Notes. The additional notes were issued at an offering price of 102.75% of the principal amount plus accrued interest from March 15, 2017 to the date of issuance. On December 20, 2017, we issued an additional $100,000 of Senior Notes. The additional notes issued on December 20, 2017 were issued at an offering price of 103.25% of the principal amount plus accrued interest from September 15, 2017. On May 31, 2018, we issued an additional $100,000 of Senior Notes at an offering price of 100.00% of the principal amount plus accrued interest from March 15, 2018.

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

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

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

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

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

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

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

In April 2018 we drew down on the Revolving Credit Facility and our outstanding borrowings as of June 30, 2018 were $25,000.

Jefferson Revolving Credit Facility—On March 7, 2018, a subsidiary of ours entered into a revolving credit facility (the "Jefferson Revolver") with certain lenders. The Jefferson Revolver provides for revolving loans in the aggregate principal amount of up to $50,000. The proceeds drawn on this facility will be used for working capital and general purposes. The Jefferson Revolver is secured by the capital stock of certain of our direct subsidiaries as defined in the related credit agreement.

Borrowings outstanding under the Jefferson Revolver bear interest at the Base Rate (determined in accordance with the credit agreement) plus 1.50% per annum, or if we choose to make Eurodollar Rate borrowings, at the Base Rate (determined in accordance with the credit agreement) plus 2.50% per annum. We will also be required to pay a quarterly commitment fee at a rate per annum equal to 0.50% on the average daily unused portion of the Jefferson Revolver, as well as customary letter of credit fees and agency fees.

The Jefferson Revolver will mature, and commitments in respect to the Jefferson Revolver will terminate on March 7, 2021. Any amount borrowed under the Jefferson Revolver may be voluntarily prepaid without penalty or premium, other than customary breakage costs related to prepayments of Eurodollar Rate borrowings.

The Jefferson Revolver includes financial covenants requiring the maintenance of a maximum ratio of debt to total equity (before reduction for minority interests) for us and our subsidiaries of 1.65 to 1.00.

At June 30, 2018, we had $39,511 in borrowings outstanding under the Jefferson Revolver.

We were in compliance with all debt covenants as of June 30, 2018.

9. FAIR VALUE MEASUREMENTS

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

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities or market corroborated inputs.
- Level 3: Unobservable inputs for which there is little or no market data and which require 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).

(Dollar amounts in thousands, unless otherwise noted)

The following tables set forth our financial assets measured at fair value on a recurring basis as of June 30, 2018 and December 31, 2017, 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 June 30, 2018	Fair Value Measurements Using Fair Value Hierarchy as of June 30, 2018			
	Total	**Level 1**	**Level 2**	**Level 3**	**Valuation Technique**
Assets					
Cash and cash equivalents	**$ 40,319**	**$ 40,319**	**$ —**	**$ —**	Market
Restricted cash	**33,526**	**33,526**	**—**	**—**	Market
Derivative assets	**840**	**—**	**—**	**840**	Income
Total	**$ 74,685**	**$ 73,845**	**$ —**	**$ 840**	

	Fair Value as of December 31, 2017	Fair Value Measurements Using Fair Value Hierarchy as of December 31, 2017			
	Total	**Level 1**	**Level 2**	**Level 3**	**Valuation Technique**
Assets					
Cash and cash equivalents	$ 59,400	$ 59,400	$ —	$ —	Market
Restricted cash	33,406	33,406	—	—	Market
Derivative assets	1,022	—	—	1,022	Income
Total	$ 93,828	$ 92,806	$ —	$ 1,022	

At June 30, 2018 and December 31, 2017, we had no liabilities that were measured at fair value on a recurring basis.

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 and 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.

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

	June 30, 2018	**December 31, 2017**
Series 2012 Bonds[1]	**$ 44,682**	$ 45,691
Series 2016 Bonds[1]	**149,371**	150,329
Senior Notes	**564,828**	449,290

[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.

(Dollar amounts in thousands, unless otherwise noted)

10. REVENUES

Components of revenue are as follows:

	Three Months Ended June 30, 2018						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Total
Equipment leasing revenues							
Lease income	**$ 33,625**	**$ 1,868**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 35,493**
Maintenance revenue	**21,688**	**—**	**—**	**—**	**—**	**—**	**21,688**
Finance lease income	**247**	**365**	**—**	**—**	**—**	**—**	**612**
Other revenue	**558**	**954**	**25**	**—**	**—**	**—**	**1,537**
Total equipment leasing revenues	**56,118**	**3,187**	**25**	**—**	**—**	**—**	**59,330**
Infrastructure revenues							
Lease income	**—**	**—**	**—**	**—**	**—**	**417**	**417**
Rail revenues	**—**	**—**	**—**	**—**	**8,788**	**—**	**8,788**
Terminal services revenues	**—**	**—**	**—**	**2,550**	**—**	**—**	**2,550**
Other revenue	**—**	**—**	**—**	**—**	**—**	**894**	**894**
Total infrastructure revenues	**—**	**—**	**—**	**2,550**	**8,788**	**1,311**	**12,649**
Total revenues	**$ 56,118**	**$ 3,187**	**$ 25**	**$ 2,550**	**$ 8,788**	**$ 1,311**	**$ 71,979**

	Three Months Ended June 30, 2017						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Total
Equipment leasing revenues							
Lease income	$ 20,001	$ 2,884	$ —	$ —	$ —	$ —	$ 22,885
Maintenance revenue	16,576	—	—	—	—	—	16,576
Finance lease income	—	385	—	—	—	—	385
Other revenue	—	512	25	—	—	—	537
Total equipment leasing revenues	36,577	3,781	25	—	—	—	40,383
Infrastructure revenues							
Lease income	—	—	—	—	—	123	123
Rail revenues	—	—	—	—	7,662	—	7,662
Terminal services revenues	—	—	—	3,026	—	—	3,026
Total infrastructure revenues	—	—	—	3,026	7,662	123	10,811
Total revenues	$ 36,577	$ 3,781	$ 25	$ 3,026	$ 7,662	$ 123	$ 51,194

(Dollar amounts in thousands, unless otherwise noted)

	Six Months Ended June 30, 2018						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Total
Equipment leasing revenues							
Lease income	$ 62,933	$ 4,117	$ —	$ —	$ —	$ —	$ 67,050
Maintenance revenue	45,115	—	—	—	—	—	45,115
Finance lease income	247	732	—	—	—	—	979
Other revenue	558	1,362	50	—	—	—	1,970
Total equipment leasing revenues	108,853	6,211	50	—	—	—	115,114
Infrastructure revenues							
Lease income	—	—	—	—	—	799	799
Rail revenues	—	—	—	—	19,835	—	19,835
Terminal services revenues	—	—	—	3,803	—	—	3,803
Other revenue	—	—	—	—	—	1,272	1,272
Total infrastructure revenues	—	—	—	3,803	19,835	2,071	25,709
Total revenues	$ 108,853	$ 6,211	$ 50	$ 3,803	$ 19,835	$ 2,071	$ 140,823

	Six Months Ended June 30, 2017						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Total
Equipment leasing revenues							
Lease income	$ 37,636	$ 3,495	$ —	$ —	$ —	$ —	$ 41,131
Maintenance revenue	29,245	—	—	—	—	—	29,245
Finance lease income	—	771	—	—	—	—	771
Other revenue	2	572	50	—	—	—	624
Total equipment leasing revenues	66,883	4,838	50	—	—	—	71,771
Infrastructure revenues							
Lease income	—	—	—	—	—	139	139
Rail revenues	—	—	—	—	16,065	—	16,065
Terminal services revenues	—	—	—	7,892	—	—	7,892
Total infrastructure revenues	—	—	—	7,892	16,065	139	24,096
Total revenues	$ 66,883	$ 4,838	$ 50	$ 7,892	$ 16,065	$ 139	$ 95,867

Presented below are the contracted minimum future annual revenues to be received under existing operating leases across several market sectors as of June 30, 2018:

2018	$ 78,787
2019	106,395
2020	69,944
2021	44,522
2022	25,023
Thereafter	16,155
Total	**$ 340,826**

(Dollar amounts in thousands, unless otherwise noted)

11. 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 June 30, 2018, the Incentive Plan provides for the issuance of up to 30 million shares. We account for equity-based compensation expense in accordance with Accounting Standards Codification 718 *Compensation-Stock Compensation* ("ASC 718") and is reported within operating expenses and general and administrative in the Consolidated Statements of Operations.

The Consolidated Statements of Operations includes the following expense related to our stock-based compensation arrangements:

	Three Months Ended June 30,		Six Months Ended June 30,		Remaining Expense To Be Recognized, If All Vesting Conditions Are Met	Weighted Average Remaining Contractual Term, (in years)
	2018	**2017**	**2018**	**2017**		
Stock Options	**$ —**	$ —	**$ 9**	$ —	$ —	8.00
Restricted Shares	**90**	79	**180**	138	821	1.67
Common Units	**139**	364	**248**	392	1,059	1.49
Total	**$ 229**	$ 443	**$ 437**	$ 530	**$ 1,880**	

Stock Options

During the six months ended June 30, 2018, we granted equity-based compensation awards of 10,000 stock options to our two new independent directors (5,000 options each) pursuant to the Incentive Plan with a grant date fair value of $9 which immediately vested upon grant and expire after 10 years. The fair value of each option was estimated on the grant date using a Black-Scholes option valuation model using the following weighted average assumptions:

Expected volatility	The expected stock volatility is based on an assessment of the stock volatility of our publicly traded stock over the preceding 12-month period	19.3%
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	2.7%
Expected dividend yield	The expected dividend yield is based on management's currently expected dividend rate	7.2%
Expected term	Expected term used represents the period of time the options granted are expected to be outstanding	5 years

Common Units

In April 2018, we granted equity based compensation in a subsidiary consisting of 670,000 common units that had a grant date fair value of $670 in exchange for services assuming no forfeited amounts. The awards vest in installments of 33.3% in March 2019, March 2020 and March 2021. The awards are equity based with compensation expense recognized ratably over the vesting periods. The fair value of these awards was based on the fair value of the underlying entity as determined on the acquisition date.

(Dollar amounts in thousands, unless otherwise noted)

12. INCOME TAXES

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Current:				
Federal	**$ 42**	$ 195	**$ 171**	$ 316
State and local	**12**	(5)	**31**	48
Foreign	**33**	20	**50**	41
Total current provision	**87**	210	**252**	405
Deferred:				
Federal	**389**	44	**677**	48
State and local	**58**	—	**100**	—
Foreign	**—**	210	**—**	223
Total deferred provision	**447**	254	**777**	271
Total provision for income taxes	**$ 534**	$ 464	**$ 1,029**	$ 676

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.

Our effective tax rate differs from the U.S. federal tax rate of 21% primarily due to a significant portion of our income not being subject to U.S. corporate tax rates, or being deemed to be foreign sourced and thus either not taxable or taxable at effectively lower tax rates.

As of and for the six month period ended June 30, 2018, 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 2014. 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 of June 30, 2018.

On December 22, 2017, legislation referred to as the “Tax Cuts and Jobs Act” (the “TCJA”) was signed into law. 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 remeasurement 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.

13. 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. Additionally, we have entered into certain incentive allocation arrangements with Master GP, which owns 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 management fee is determined by taking the average value of total equity (excluding non-controlling interests) determined on a consolidated basis in accordance with GAAP at the end of the two most recently completed months multiplied by an annual rate of 1.50%, and is payable monthly in arrears in cash. The total management fees were $3,922 and $7,661 for the three and six months ended June 30, 2018, respectively, and $3,865 and $7,758 for the three and six months ended June 30, 2017, respectively.

The income incentive allocation is calculated and distributable quarterly in arrears based on the pre-incentive allocation net income for the immediately preceding calendar quarter (the “Income Incentive Allocation”). For this purpose, pre-incentive allocation net income means, with respect to a calendar quarter, net income attributable to shareholders during such quarter calculated in accordance with GAAP excluding 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.

A subsidiary of ours 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. No Income Incentive Allocation was due to the Master GP for the three and six months ended June 30, 2018 and 2017.

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 Capital Gains Incentive Allocation was $573 for both the three and six months ended June 30, 2018 and $0 for both the three and six months ended June 30, 2017.

We will 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 for us, costs to obtain liability insurance to indemnify our directors and officers and the compensation and expenses of our transfer agent.

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. During the three and six months ended June 30, 2018, expense reimbursement of $2,438 and $4,619 was recorded in general and administrative expenses, respectively, and $1,436 and $3,040 was recorded in acquisition and transaction expenses, respectively, in the Consolidated Statements of Operations. During the three and six months ended June 30, 2017, expense reimbursement of $1,618 and $3,822 was recorded in general and administrative expenses, respectively, and $1,563 and $2,713 was recorded in acquisition and transaction expenses, respectively, in the Consolidated Statements of Operations.

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 Manager was granted 700,000 options as part of the equity offering in the first quarter of 2018 as discussed in Note 15.

As of June 30, 2018 and December 31, 2017, there were no receivables from the Manager. As of June 30, 2018 and December 31, 2017, amounts due to the Manager or its affiliates of $1,294 and $2,073, respectively, excluding accrued management fees, are included within accounts payable and accrued liabilities in the Consolidated Balance Sheets. As of June 30, 2018 and December 31, 2017, amounts due to the Manager or its affiliates of $1,280 and $1,228, respectively, related to accrued management fees, are included within accounts payable and accrued liabilities in the Consolidated Balance Sheets.

Other Affiliate Transactions

As of June 30, 2018 and December 31, 2017 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 June 30, 2018 and December 31, 2017 was $56,563 and $66,242, respectively. The amount of this non-controlling interest share of net loss was $3,248 and $8,013 for the three and six months ended June 30, 2018, respectively, and $1,413 and $3,483 for the three and six months ended June 30, 2017, respectively.

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

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. The offer allowed us to increase 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 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 transfer 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 $3,700.

14. SEGMENT INFORMATION

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

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

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

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

(Dollar amounts in thousands, unless otherwise noted)

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

I. For the Three Months Ended June 30, 2018

	Three Months Ended June 30, 2018							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Revenues								
Equipment leasing revenues	$ 56,118	$ 3,187	$ 25	$ —	$ —	$ —	$ —	$ 59,330
Infrastructure revenues	—	—	—	2,550	8,788	1,311	—	12,649
Total revenues	56,118	3,187	25	2,550	8,788	1,311	—	71,979
Expenses								
Operating expenses	1,864	3,948	—	11,253	7,813	2,715	—	27,593
General and administrative	—	—	—	—	—	—	4,573	4,573
Acquisition and transaction expenses	66	—	—	—	—	—	1,442	1,508
Management fees and incentive allocation to affiliate	—	—	—	—	—	—	4,495	4,495
Depreciation and amortization	24,875	1,626	—	4,937	574	832	—	32,844
Interest expense	—	961	—	4,285	141	273	7,197	12,857
Total expenses	26,805	6,535	—	20,475	8,528	3,820	17,707	83,870
Other income (expense)								
Equity in (losses) earnings of unconsolidated entities	(126)	—	110	(235)	—	—	—	(251)
Gain (loss) on sale of equipment, net	5,003	—	—	—	(7)	—	—	4,996
Interest income	33	5	—	36	—	—	—	74
Other income	—	—	—	1,157	—	—	—	1,157
Total other income (expense)	4,910	5	110	958	(7)	—	—	5,976
Income (loss) before income taxes	34,223	(3,343)	135	(16,967)	253	(2,509)	(17,707)	(5,915)
Provision for (benefit from) income taxes	523	2	(2)	10	—	1	—	534
Net income (loss)	33,700	(3,345)	137	(16,977)	253	(2,510)	(17,707)	(6,449)
Less: Net (loss) income attributable to non-controlling interests in consolidated subsidiaries	—	—	—	(7,309)	51	(30)	—	(7,288)
Net income (loss) attributable to shareholders	$ 33,700	$ (3,345)	$ 137	$ (9,668)	$ 202	$ (2,480)	$ (17,707)	$ 839

(Dollar amounts in thousands, unless otherwise noted)

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

	Three Months Ended June 30, 2018							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Adjusted Net Income (Loss)	$ 33,868	$ (3,350)	$ 135	$ (10,250)	$ 245	$ (2,386)	$ (15,692)	$ 2,570
Add: Non-controlling share of adjustments to Adjusted Net Income								198
Add: Equity in losses of unconsolidated entities								(251)
Add: Cash payments for income taxes								474
Less: Incentive allocations								(573)
Less: Pro-rata share of Adjusted Net Income from investments in unconsolidated entities								251
Less: Asset impairment charges								—
Less: Changes in fair value of non-hedge derivative instruments								441
Less: Losses on the modification or extinguishment of debt and capital lease obligations								—
Less: Acquisition and transaction expenses								(1,508)
Less: Equity-based compensation expense								(229)
Less: Provision for income taxes								(534)
Net income attributable to shareholders								$ 839

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

	Three Months Ended June 30, 2018						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Total
Revenues							
Africa	$ 2,020	$ —	$ —	$ —	$ —	$ —	$ 2,020
Asia	14,083	2,822	25	—	—	—	16,930
Europe	32,858	—	—	—	—	—	32,858
North America	6,821	365	—	2,550	8,788	1,311	19,835
South America	336	—	—	—		—	336
Total	$ 56,118	$ 3,187	$ 25	$ 2,550	$ 8,788	$ 1,311	$ 71,979

(Dollar amounts in thousands, unless otherwise noted)

I. For the Six Months Ended June 30, 2018

	Six Months Ended June 30, 2018							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Revenues								
Equipment leasing revenues	$ 108,853	$ 6,211	$ 50	$ —	$ —	$ —	$ —	$ 115,114
Infrastructure revenues	—	—	—	3,803	19,835	2,071	—	25,709
Total revenues	108,853	6,211	50	3,803	19,835	2,071	—	140,823
Expenses								
Operating expenses	5,297	6,316	—	23,212	15,251	5,096	—	55,172
General and administrative	—	—	—	—	—	—	8,159	8,159
Acquisition and transaction expenses	223	—	—	—	—	—	3,051	3,274
Management fees and incentive allocation to affiliate	—	—	—	—	—	—	8,234	8,234
Depreciation and amortization	46,688	3,228	—	9,727	1,147	1,641	—	62,431
Interest expense	—	1,834	—	7,813	486	545	14,050	24,728
Total expenses	52,208	11,378	—	40,752	16,884	7,282	33,494	161,998
Other income (expense)								
Equity in (losses) earnings of unconsolidated entities	(350)	—	281	(87)	—	—	—	(156)
Gain (loss) on sale of equipment, net	4,983	—	—	—	8	—	—	4,991
Interest income	106	8	—	136	—	—	—	250
Other income	—	—	—	1,337	—	—	—	1,337
Total other income	4,739	8	281	1,386	8	—	—	6,422
Income (loss) before income taxes	61,384	(5,159)	331	(35,563)	2,959	(5,211)	(33,494)	(14,753)
Provision for (benefit from) income taxes	1,006	5	(3)	21	—	—	—	1,029
Net income (loss)	60,378	(5,164)	334	(35,584)	2,959	(5,211)	(33,494)	(15,782)
Less: Net (loss) income attributable to non-controlling interests in consolidated subsidiaries	(24)	—	—	(16,258)	257	(24)	—	(16,049)
Net income (loss) attributable to shareholders	$ 60,402	$ (5,164)	$ 334	$ (19,326)	$ 2,702	$ (5,187)	$ (33,494)	$ 267

(Dollar amounts in thousands, unless otherwise noted)

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

	Six Months Ended June 30, 2018							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Adjusted Net Income (Loss)	$ 61,210	$ (5,166)	$ 331	$ (18,974)	$ 2,788	$ (5,031)	$ (29,861)	$ 5,297
Add: Non-controlling share of adjustments to Adjusted Net Income								—
Add: Equity in losses of unconsolidated entities								(156)
Add: Cash payments for income taxes								465
Less: Incentive allocations								(573)
Less: Pro-rata share of Adjusted Net Income from investments in unconsolidated entities								156
Less: Asset impairment charges								—
Less: Changes in fair value of non-hedge derivative instruments								(182)
Less: Losses on the modification or extinguishment of debt and capital lease obligations								—
Less: Acquisition and transaction expenses								(3,274)
Less: Equity-based compensation expense								(437)
Less: Provision for income taxes								(1,029)
Net income attributable to shareholders								$ 267

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

	Six Months Ended June 30, 2018						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Total
Revenues							
Africa	$ 3,405	$ —	$ —	$ —	$ —	$ —	$ 3,405
Asia	23,292	5,480	50	—	—	—	28,822
Europe	67,776	—	—	—	—	—	67,776
North America	13,954	731	—	3,803	19,835	2,071	40,394
South America	426	—	—	—	—	—	426
Total	$ 108,853	$ 6,211	$ 50	$ 3,803	$ 19,835	$ 2,071	$ 140,823

(Dollar amounts in thousands, unless otherwise noted)

II. For the Three Months Ended June 30, 2017

	Three Months Ended June 30, 2017							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Revenues								
Equipment leasing revenues	$ 36,577	$ 3,781	$ 25	$ —	$ —	$ —	$ —	$ 40,383
Infrastructure revenues	—	—	—	3,026	7,662	123	—	10,811
Total revenues	36,577	3,781	25	3,026	7,662	123	—	51,194
Expenses								
Operating expenses	1,371	4,015	—	7,267	7,907	764	—	21,324
General and administrative	—	—	—	—	—	—	3,341	3,341
Acquisition and transaction expenses	55	—	—	—	—	—	1,825	1,880
Management fees and incentive allocation to affiliate	—	—	—	—	—	—	3,865	3,865
Depreciation and amortization	14,086	1,606	—	3,956	492	81	—	20,221
Interest expense	—	930	—	1,438	247	270	4,799	7,684
Total expenses	15,512	6,551	—	12,661	8,646	1,115	13,830	58,315
Other income (expense)								
Equity in losses of unconsolidated entities	(107)	—	(210)	(10)	—	—	—	(327)
Gain (loss) on sale of equipment and finance leases, net	2,029	—	—	—	(30)	—	—	1,999
Interest income	76	4	—	4	—	—	—	84
Other income	—	—	—	20	—	—	—	20
Total other income (expense)	1,998	4	(210)	14	(30)	—	—	1,776
Income (loss) before income taxes	23,063	(2,766)	(185)	(9,621)	(1,014)	(992)	(13,830)	(5,345)
Provision for (benefit from) income taxes	478	3	(9)	(5)	—	(3)	—	464
Net income (loss)	22,585	(2,769)	(176)	(9,616)	(1,014)	(989)	(13,830)	(5,809)
Less: Net income (loss) attributable to non-controlling interests in consolidated subsidiaries	224	(216)	—	(4,045)	57	(369)	—	(4,349)
Net income (loss) attributable to shareholders	$ 22,361	$ (2,553)	$ (176)	$ (5,571)	$ (1,071)	$ (620)	$ (13,830)	$ (1,460)

(Dollar amounts in thousands, unless otherwise noted)

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

	Three Months Ended June 30, 2017							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Adjusted Net Income (Loss)	$ 22,894	$ (2,550)	$ (277)	$ (5,574)	$ (726)	$ (623)	$ (12,518)	$ 626
Add: Non-controlling share of adjustments to Adjusted Net Income								17
Add: Equity in losses of unconsolidated entities								(327)
Add: Cash payments for income taxes								592
Less: Incentive allocations								—
Less: Pro-rata share of Adjusted Net Income from investments in unconsolidated entities								419
Less: Asset impairment charges								—
Less: Changes in fair value of non-hedge derivative instruments								—
Less: Losses on the modification or extinguishment of debt and capital lease obligations								—
Less: Acquisition and transaction expenses								(1,880)
Less: Equity-based compensation income								(443)
Less: Provision for income taxes								(464)
Net loss attributable to shareholders								$ (1,460)

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

	Three Months Ended June 30, 2017						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Total
Revenues							
Africa	$ 2,413	$ —	$ —	$ —	$ —	$ —	$ 2,413
Asia	8,344	2,443	25	—	—	—	10,812
Europe	22,852	953	—	—	—	—	23,805
North America	2,558	385	—	3,026	7,662	123	13,754
South America	410	—	—	—	—	—	410
Total	$ 36,577	$ 3,781	$ 25	$ 3,026	$ 7,662	$ 123	$ 51,194

(Dollar amounts in thousands, unless otherwise noted)

II. For the Six Months Ended June 30, 2017

	Six Months Ended June 30, 2017							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Revenues								
Equipment leasing revenues	$ 66,883	$ 4,838	$ 50	$ —	$ —	$ —	$ —	$ 71,771
Infrastructure revenues	—	—	—	7,892	16,065	139	—	24,096
Total revenues	66,883	4,838	50	7,892	16,065	139	—	95,867
Expenses								
Operating expenses	2,790	7,558	—	14,880	15,451	1,658	—	42,337
General and administrative	—	—	—	—	—	—	7,176	7,176
Acquisition and transaction expenses	270	—	—	—	—	—	3,062	3,332
Management fees and incentive allocation to affiliate	—	—	—	—	—	—	7,758	7,758
Depreciation and amortization	25,375	3,213	—	7,907	1,018	85	—	37,598
Interest expense	—	1,854	—	2,875	446	544	6,659	12,378
Total expenses	28,435	12,625	—	25,662	16,915	2,287	24,655	110,579
Other income (expense)								
Equity in losses of unconsolidated entities	(843)	—	(675)	(75)	—	—	—	(1,593)
Gain (loss) on sale of equipment and finance leases, net	4,061	—	—	—	(44)	—	—	4,017
Loss on extinguishment of debt	—	—	—	—	—	—	(2,456)	(2,456)
Interest income	159	7	—	201	—	—	—	367
Other income	—	—	—	32	—	—	—	32
Total other income (expense)	3,377	7	(675)	158	(44)	—	(2,456)	367
Income (loss) before income taxes	41,825	(7,780)	(625)	(17,612)	(894)	(2,148)	(27,111)	(14,345)
Provision for (benefit from) income taxes	671	5	(34)	34	—	—	—	676
Net income (loss)	41,154	(7,785)	(591)	(17,646)	(894)	(2,148)	(27,111)	(15,021)
Less: Net income (loss) attributable to non-controlling interests in consolidated subsidiaries	142	(464)	—	(8,403)	61	(483)	—	(9,147)
Net income (loss) attributable to shareholders	$ 41,012	$ (7,321)	$ (591)	$ (9,243)	$ (955)	$ (1,665)	$ (27,111)	$ (5,874)

(Dollar amounts in thousands, unless otherwise noted)

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

	Six Months Ended June 30, 2017							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Adjusted Net Income (Loss)	$ 41,953	$ (7,316)	$ (717)	$ (9,188)	$ (584)	$ (1,665)	$ (22,106)	$ 377
Add: Non-controlling share of adjustments to Adjusted Net Income								56
Add: Equity in losses of unconsolidated entities								(1,593)
Add: Cash payments for income taxes								595
Less: Incentive allocations								—
Less: Pro-rata share of Adjusted Net Income from investments in unconsolidated entities								1,685
Less: Asset impairment charges								—
Less: Changes in fair value of non-hedge derivative instruments								—
Less: Losses on the modification or extinguishment of debt and capital lease obligations								(2,456)
Less: Acquisition and transaction expenses								(3,332)
Less: Equity-based compensation income								(530)
Less: Provision for income taxes								(676)
Net loss attributable to shareholders								$ (5,874)

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

	Six Months Ended June 30, 2017						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Total
Revenues							
Africa	$ 4,780	$ —	$ —	$ —	$ —	$ —	$ 4,780
Asia	23,113	3,114	50	—	—	—	26,277
Europe	34,322	953	—	—	—	—	35,275
North America	3,963	771	—	7,892	16,065	139	28,830
South America	705	—	—	—	—	—	705
Total	$ 66,883	$ 4,838	$ 50	$ 7,892	$ 16,065	$ 139	$ 95,867

(Dollar amounts in thousands, unless otherwise noted)

V. Balance Sheet and location of long-lived assets

The following tables sets forth summarized balance sheet information and the geographic location of property, plant and equipment and leasing equipment, net as of June 30, 2018 and December 31, 2017:

	June 30, 2018							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Total assets	$ 1,108,811	$ 189,969	$ 4,759	$ 598,704	$ 57,905	$ 222,901	$ 28,223	$ 2,211,272
Debt, net	—	50,579	—	225,284	20,287	—	566,596	862,746
Total liabilities	171,714	54,651	97	254,938	36,421	21,950	582,175	1,121,946
Non-controlling interests in equity of consolidated subsidiaries	—	—	—	57,418	3,085	428	525	61,456
Total equity	937,097	135,318	4,662	343,766	21,484	200,951	(553,952)	1,089,326
Total liabilities and equity	$ 1,108,811	$ 189,969	$ 4,759	$ 598,704	$ 57,905	$ 222,901	$ 28,223	$ 2,211,272

	June 30, 2018							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Property, plant and equipment and leasing equipment, net								
Africa	$ 45,165	$ —	$ —	$ —	$ —	$ —	$ —	$ 45,165
Asia	265,982	35,483	—	—	—	—	—	301,465
Europe	561,690	124,387	—	—	—	—	—	686,077
North America	131,022	—	—	386,566	46,025	207,144	—	770,757
South America	—	—	—	—	—	—	—	—
Total	$ 1,003,859	$ 159,870	$ —	$ 386,566	$ 46,025	$ 207,144	$ —	$ 1,803,464

(Dollar amounts in thousands, unless otherwise noted)

	December 31, 2017							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Total assets	$ 952,543	$ 195,101	$ 4,429	$ 579,329	$ 51,989	$ 123,693	$ 48,722	$ 1,955,806
Debt, net	—	53,590	—	184,942	22,513	—	442,219	703,264
Total liabilities	145,882	56,853	100	210,159	36,560	14,229	456,948	920,731
Non-controlling interests in equity of consolidated subsidiaries	3,037	—	—	81,414	2,737	295	524	88,007
Total equity	806,661	138,248	4,329	369,170	15,429	109,464	(408,226)	1,035,075
Total liabilities and equity	$ 952,543	$ 195,101	$ 4,429	$ 579,329	$ 51,989	$ 123,693	$ 48,722	$ 1,955,806

	December 31, 2017							
	Equipment Leasing			Infrastructure				
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Ports and Terminals	Corporate	Total
Property, plant and equipment and leasing equipment, net								
Africa	$ 36,648	$ —	$ —	$ —	$ —	$ —	$ —	$ 36,648
Asia	210,152	163,072	—	—	—	—	—	373,224
Europe	527,166	—	—	—	—	—	—	527,166
North America	96,525	—	—	371,687	40,512	118,317	—	627,041
South America	—	—	—	—	—	—	—	—
Total	$ 870,491	$ 163,072	$ —	$ 371,687	$ 40,512	$ 118,317	$ —	$ 1,564,079

15. EARNINGS PER SHARE AND EQUITY

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

The calculation of basic and diluted EPS is presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except share and per share data)	**2018**	**2017**	**2018**	**2017**
Net income (loss) attributable to shareholders	**$ 839**	$ (1,460)	**$ 267**	$ (5,874)
Weighted Average Shares Outstanding - Basic	**83,160,037**	75,762,674	**82,351,736**	75,762,480
Weighted Average Shares Outstanding - Diluted	**83,160,047**	75,762,674	**82,351,858**	75,762,480
Basic EPS	**$ 0.01**	$ (0.02)	**$ —**	$ (0.08)
Diluted EPS	**$ 0.01**	$ (0.02)	**$ —**	$ (0.08)

For the three and six months ended June 30, 2017, 1,316 and 1,716 shares, respectively, have been excluded from the calculation of Diluted EPS because the impact would be anti-dilutive.

During the six months ended June 30, 2018, we issued 7,000,000 common shares, par value $0.01 per share, representing limited liability interest in us, in connection with a public offering, at a price of $18.65 per share. The offering closed on January 16, 2018. Net proceeds from the offering were $128,450 after deducting underwriting discounts and commissions and estimated offering expenses payable by us. To compensate the Manager for its successful efforts in raising capital for us, in connection with the offering, we granted options to the Manager related to 700,000 common shares at the public offering price which had a fair value of approximately $1,900 as of the grant date. The assumptions used in valuing the options were: a 2.52% risk-free rate, a 5.45% dividend yield, a 27.73% volatility and a ten-year term. We intend to use the net proceeds from the offering for general corporate purposes, including the funding of future investments.

16. COMMITMENTS AND CONTINGENCIES

In the normal course of business we, and our 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 segment, 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 to $3,334. 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 conditions, not to exceed $15,000. We will account for such amounts when and if such conditions are achieved.

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Rent expense	**$ 999**	$ 1,279	**$ 2,156**	$ 2,520

(Dollar amounts in thousands, unless otherwise noted)

As of June 30, 2018, minimum future rental payments under operating and capital leases are as follows:

2018	$	3,120
2019		5,986
2020		5,097
2021		3,312
2022		2,433
Thereafter		69,090
Total	**$**	**89,038**

17. SUBSEQUENT EVENTS

On August 2, 2018, our Board of Directors declared a cash dividend on our common shares of $0.33 per share for the quarter ended June 30, 2018, payable on August 28, 2018 to the holders of record on August 17, 2018.

Amendment to the Revolving Credit Facility

On August 2, 2018, we entered into an amendment to the Revolving Credit Facility. The amendment, among other things, (i) increases the aggregate revolving commitments under the Revolving Credit Facility by $50,000 from $75,000 to $125,000 and (ii) extends the maturity date of the revolving loans and commitments under the Existing Credit Agreement by one year from June 16, 2020 to June 16, 2021.

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

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

Overview

We own and acquire high quality infrastructure and related equipment that is essential for the transportation of goods and people globally. We target assets that, on a combined basis, generate strong cash flows with potential for earnings growth and asset appreciation. We believe that there are a large number of acquisition opportunities in our markets, and that our Manager's expertise and business and financing relationships, together with our access to capital, will allow us to take advantage of these opportunities. We are externally managed by FIG LLC (the "Manager"), an affiliate of Fortress Investment Group LLC ("Fortress"), which has a dedicated team of experienced professionals focused on the acquisition of transportation and infrastructure assets since 2002. As of June 30, 2018, we had total consolidated assets of $2.2 billion and total equity of $1.1 billion.

Operating Segments

Our operations consist of two primary strategic business units – Infrastructure and Equipment Leasing. Our Infrastructure Business acquires long-lived assets that provide mission-critical services or functions to transportation networks and typically have high barriers to entry. 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 our corporate operating segment and the following six reportable segments: (i) Aviation Leasing, (ii) Offshore Energy, (iii) Shipping Containers, all of which are within Equipment Leasing Business, and (iv) Jefferson Terminal, (v) Railroad and (vi) Ports and Terminals, which together comprise our Infrastructure Business. The Aviation Leasing segment consists of aircraft and aircraft engines held for lease and are typically held long-term. The Offshore Energy segment consists of vessels and equipment that support offshore oil and gas activities and are typically subject to long-term operating leases. The Shipping Containers segment consists of an investment in an unconsolidated entity engaged in the leasing of shipping containers on both an operating lease and finance lease basis. The Jefferson Terminal segment consists of a multi-modal crude and refined products terminal and other related assets which were acquired in 2014. The Railroad segment consists of our Central Maine and Quebec Railway ("CMQR") short line railroad operations also acquired in 2014. 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, and Long Ridge, acquired in June 2017, a 1,660 acre multi-modal port located along the Ohio River with rail, dock, and multiple industrial development opportunities.

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

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 the summary of significant accounting policies; however, financial information presented by segment includes the impact of intercompany eliminations.

Our Manager

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 Merger, Fortress operates within SoftBank as an independent business headquartered in New York.

Results of Operations

Adjusted Net Income (Loss) (Non-GAAP)

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

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

Adjusted EBITDA (Non-GAAP)

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

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

Comparison of the three and six months ended June 30, 2018 and 2017

The following table presents our consolidated results of operations and reconciliation of net income (loss) attributable to shareholders to Adjusted Net Income:

(Dollar amounts in thousands)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Change
Revenues						
Equipment leasing revenues						
Lease income	**$ 35,493**	$ 22,885	$ 12,608	**$ 67,050**	$ 41,131	$ 25,919
Maintenance revenue	**21,688**	16,576	5,112	**45,115**	29,245	15,870
Finance lease income	**612**	385	227	**979**	771	208
Other revenue	**1,537**	537	1,000	**1,970**	624	1,346
Total equipment leasing revenues	**59,330**	40,383	18,947	**115,114**	71,771	43,343
Infrastructure revenues						
Lease income	**417**	123	294	**799**	139	660
Rail revenues	**8,788**	7,662	1,126	**19,835**	16,065	3,770
Terminal services revenues	**2,550**	3,026	(476)	**3,803**	7,892	(4,089)
Other revenue	**894**	—	894	**1,272**	—	1,272
Total infrastructure revenues	**12,649**	10,811	1,838	**25,709**	24,096	1,613
Total revenues	**71,979**	51,194	20,785	**140,823**	95,867	44,956
Expenses						
Operating expenses	**27,593**	21,324	6,269	**55,172**	42,337	12,835
General and administrative	**4,573**	3,341	1,232	**8,159**	7,176	983
Acquisition and transaction expenses	**1,508**	1,880	(372)	**3,274**	3,332	(58)
Management fees and incentive allocation to affiliate	**4,495**	3,865	630	**8,234**	7,758	476
Depreciation and amortization	**32,844**	20,221	12,623	**62,431**	37,598	24,833
Interest expense	**12,857**	7,684	5,173	**24,728**	12,378	12,350
Total expenses	**83,870**	58,315	25,555	**161,998**	110,579	51,419
Other income (expense)						
Equity in losses of unconsolidated entities	**(251)**	(327)	76	**(156)**	(1,593)	1,437
Gain on sale of equipment, net	**4,996**	1,999	2,997	**4,991**	4,017	974
Loss on extinguishment of debt	**—**	—	—	**—**	(2,456)	2,456
Interest income	**74**	84	(10)	**250**	367	(117)
Other income	**1,157**	20	1,137	**1,337**	32	1,305
Total other income	**5,976**	1,776	4,200	**6,422**	367	6,055
Loss before income taxes	**(5,915)**	(5,345)	(570)	**(14,753)**	(14,345)	(408)
Provision for income taxes	**534**	464	70	**1,029**	676	353
Net loss	**(6,449)**	(5,809)	(640)	**(15,782)**	(15,021)	(761)
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**(7,288)**	(4,349)	(2,939)	**(16,049)**	(9,147)	(6,902)
Net income (loss) attributable to shareholders	**$ 839**	$ (1,460)	$ 2,299	**$ 267**	$ (5,874)	$ 6,141

(Dollar amounts in thousands)	Three Months Ended June 30, 2018	2017	Change	Six Months Ended June 30, 2018	2017	Change
Add: Provision for income taxes	**534**	464	70	**1,029**	676	353
Add: Equity-based compensation expense	**229**	443	(214)	**437**	530	(93)
Add: Acquisition and transaction expenses	**1,508**	1,880	(372)	**3,274**	3,332	(58)
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	**(441)**	—	(441)	**182**	—	182
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted Net Income (Loss) from unconsolidated entities (1)	**(251)**	(419)	168	**(156)**	(1,685)	1,529
Add: Incentive allocations	**573**	—	573	**573**	—	573
Less: Cash payments for income taxes	**(474)**	(592)	118	**(465)**	(595)	130
Less: Equity in losses (earnings) of unconsolidated entities	**251**	327	(76)	**156**	1,593	(1,437)
Less: Non-controlling share of Adjusted Net Income (Loss) (2)	**(198)**	(17)	(181)	**—**	(56)	56
Adjusted Net Income	**$ 2,570**	$ 626	$ 1,944	**$ 5,297**	$ 377	$ 4,920

(1) Includes our proportionate share of the unconsolidated entities' net income adjusted for the excluded and included items detailed in the table above.

(2) Includes the following items for the three months ended June 30, 2018 and 2017: (i) equity-based compensation of $38 and $50, (ii) provision for income tax of $4 and $(2), and (iii) changes in fair value of non-hedge derivative instruments of $174 and $0 less (iv) cash tax payments of $18 and $31, respectively. Includes the following items for the six months ended June 30, 2018 and 2017: (i) equity-based compensation of $75 and $75, (ii) provision for income tax of $8 and $13, and (iii) changes in fair value of non-hedge derivative instruments of $(70) and $0, less (iv) cash tax payments of $13 and $32, respectively.

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

(Dollar amounts in thousands)	Three Months Ended June 30, 2018	2017	Change	Six Months Ended June 30, 2018	2017	Change
Net income (loss) attributable to shareholders	**$ 839**	$ (1,460)	$ 2,299	**$ 267**	$ (5,874)	$ 6,141
Add: Provision for income taxes	**534**	464	70	**1,029**	676	353
Add: Equity-based compensation expense	**229**	443	(214)	**437**	530	(93)
Add: Acquisition and transaction expenses	**1,508**	1,880	(372)	**3,274**	3,332	(58)
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	**(441)**	—	(441)	**182**	—	182
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Incentive allocations	**573**	—	573	**573**	—	573
Add: Depreciation and amortization expense (3)	**38,506**	21,583	16,923	**75,320**	40,889	34,431
Add: Interest expense	**12,857**	7,684	5,173	**24,728**	12,378	12,350
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities (4)	**(192)**	189	(381)	**(17)**	(491)	474
Less: Equity in losses (earnings) of unconsolidated entities	**251**	327	(76)	**156**	1,593	(1,437)
Less: Non-controlling share of Adjusted EBITDA (5)	**(2,447)**	(2,277)	(170)	**(5,612)**	(4,519)	(1,093)
Adjusted EBITDA (non-GAAP)	**$ 52,217**	$ 28,833	$ 23,384	**$ 100,337**	$ 50,970	$ 49,367

(3) Includes the following items for the three months ended June 30, 2018 and 2017: $32,844 and $20,221 of depreciation and amortization expense, $2,010 and $1,065 of lease intangible amortization, and $3,652 and $297 of amortization for lease incentives for the three months ended June 30, 2018 and 2017, respectively. Includes $62,431 and $37,598 of depreciation and amortization expense, $4,002 and $2,347 of lease intangible amortization, and $8,887 and $944 of amortization for lease incentives for the six months ended June 30, 2018 and 2017, respectively.

(4) Includes the following items for the three months ended June 30, 2018 and 2017: (i) net loss of $299 and $376, (ii) interest expense of $94 and $223, and (iii) depreciation and amortization expense of $13 and $342, respectively. Includes the following items for the six months ended June 30, 2018 and 2017: (i) net loss of $251 and $1,685, (ii) interest expense of $206 and $474, and (iii) depreciation and amortization expense of $28 and $720, respectively.

(5) Includes the following items for the three months ended June 30, 2018 and 2017: (i) equity based compensation of $25 and $50, (ii) provision for income taxes of $3 and $(2), (iii) interest expense of $1,032 and $476, (iv) depreciation and amortization expense of $1,200 and $1,753, and (v) changes in fair value of non-hedge derivative instruments of $187 and $0, respectively. Includes the following items for the six months ended June 30, 2018 and 2017: (i) equity based compensation of $62 and $75, (ii) provision for income taxes of $7 and $13, (iii) interest expense of $2,324 and $1,004, (iv) depreciation and amortization expense of $3,276 and $3,427, and (v) changes in fair value of non-hedge derivative instruments of $(57) and $0, respectively.

Revenues

Comparison of the three months ended June 30, 2018 and 2017

Total revenues increased by $20,785, primarily due to higher revenues in the Aviation Leasing, Railroad and Ports and Terminals segments.

In Equipment Leasing, lease income increased by $12,608, primarily driven by an increase in acquired assets on lease in the Aviation Leasing segment. Maintenance revenue increased by $5,112 as the number of aircraft and engines subject to leases with maintenance arrangements increased.

In Infrastructure, rail revenues increased by $1,126, primarily due to higher traffic and increased carloads by the Railroad segment. Other revenue increased by $894, which relates to services performed for lessees at Long Ridge in the Ports and Terminals segment.

Comparison of the six months ended June 30, 2018 and 2017

Total revenues increased $44,956, due to higher revenues in our Aviation Leasing, Railroad, Ports and Terminals and Offshore Energy segments. These increases were partially offset by a decrease in the Jefferson Terminal segment.

In Equipment Leasing, lease income increased $25,919, primarily due to an increase in the number of assets on lease in the Aviation Leasing segment. Additionally, maintenance revenue increased $15,870 primarily due to an increase in the number of aircraft and engines subject to leases with maintenance arrangements, and the release of maintenance claims into revenue for aircraft that are being returned from lease.

In Infrastructure, rail revenues increased $3,770, primarily due to higher traffic related to a detour resulting in the diversion of trains onto our track. Other revenue increased $1,272, which relates to services performed for lessees at Long Ridge. The increases were offset by lower Jefferson Terminal revenue of $4,089 primarily due to lower volumes.

Expenses

Comparison of the three months ended June 30, 2018 and 2017

Total expenses increased by $25,555, primarily due to higher (i) deprecation and amortization, (ii) operating expenses and (iii) interest expense.

Depreciation and amortization increased by $12,623, primarily due to additional assets acquired in the Aviation Leasing segment and assets placed into service in the Jefferson Terminal segment.

Operating expenses increased by $6,269, primarily due to an increase in (i) facility operations of $2,251 primarily in the Jefferson Terminal and Ports and Terminals segments, (ii) professional fees of $1,455 primarily in the Jefferson Terminal segment, (iii) repairs and maintenance of $589 primarily in the Ports and Terminals, Jefferson Terminal and Offshore Energy segments and (iv) other operating expenses related to business growth.

Interest expense increased by $5,173, primarily due to additional debt of $64,511 from the Jefferson Revolver and Revolving Credit Facility, a decrease in capitalized interest from the Series 2016 Bonds and a decrease in construction in progress as certain terminal storage assets were placed into service in the first quarter of 2018.

Comparison of the six months ended June 30, 2018 and 2017

Total expenses increased $51,419, mainly due to higher (i) depreciation and amortization, (ii) operating expenses and (iii) interest expense.

Depreciation and amortization increased $24,833, primarily due to additional assets acquired and placed on lease in the Aviation Leasing segment.

Operating expenses increased $12,835, primarily due to increases in (i) facility operations of $4,270 primarily in the Jefferson Terminal segment, (ii) professional fees of $1,460 primarily in the Jefferson Terminal segment, (iii) bad debt expense of $1,458 primarily related to the write-off of receivables in the Aviation Leasing segment, (iv) compensation and benefits of $1,436 primarily reflecting hiring in the Ports and Terminals and Railroad segments, (v) repairs and maintenance expense of $1,385 primarily due to maintenance costs in the Jefferson Terminal and Ports and Terminals segments and (vi) other operating expenses related to business growth.

Interest expense increased $12,350, primarily related to interest on the Senior Notes and the Revolving Credit Facility. Refer to the Note 8 of the Consolidated Financial Statements for further detail.

Other Income (Expense)

Total other income increased $4,200 during the three months ended June 30, 2018, compared to the three months ended June 30, 2017, primarily due to an increase in gains on sales of $2,997 primarily in the Aviation Leasing segment and a fair value gain on a short term derivative of $441.

Total other income increased $6,055 during the six months ended June 30, 2018, compared to the six months ended June 30, 2017. The increase primarily reflects (i) the loss on extinguishment of debt of $2,456 during the six months ended June 30, 2017, (ii) an increase in gains on sales of $974 primarily in the Aviation Leasing segment and (iii) lower equity in losses in unconsolidated subsidiaries of $1,437.

Net Loss

Net income attributable to shareholders increased $2,299 and $6,141 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, respectively, primarily due to the changes discussed above.

Adjusted Net Income (Non-GAAP)

Adjusted Net Income increased $1,944 and $4,920 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, respectively, primarily due to the changes in revenue, expenses and other income (expense) noted above. Additionally, the change was due to (i) incentive fees, (ii) lower cash payments for income taxes, (iii) a lower pro-rata share of Adjusted Net Loss and (iv) the loss on extinguishment of debt during the six months ended June 30, 2017.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA increased $23,384 and $49,367 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, respectively. In addition to the changes in revenue, expenses and income/(loss) noted above, which resulted in an increase in income attributable to shareholders, the change was primarily due to (i) increased depreciation and amortization expense from additional assets acquired and placed into service, (ii) increased interest expense, (iii) incentive fees and (iv) increased pro-rata share of Adjusted EBITDA from unconsolidated entities. Partially offsetting these changes were changes in (i) the loss on extinguishment of debt for the six month period, (ii) equity in losses of unconsolidated entities and (iii) non-controlling share of Adjusted EBITDA.

Aviation Leasing Segment

As of June 30, 2018, in our Aviation Leasing segment, we own and manage 183 aviation assets, consisting of 57 commercial aircraft and 126 engines.

As of June 30, 2018, 53 of our commercial aircraft and 98 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 87% utilized as of June 30, 2018, 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 31 months, and our engines currently on-lease have an average remaining lease term of 11 months. The table below provides additional information on the assets in our Aviation Leasing segment:

Aviation Assets	Widebody	Narrowbody	Total
Aircraft			
Assets at January 1, 2018	**9**	**39**	**48**
Purchases	2	11	13
Sales	—	(1)	(1)
Transfers	—	(3)	(3)
Assets at June 30, 2018	**11**	**46**	**57**
Engines			
Assets at January 1, 2018	**57**	**53**	**110**
Purchases	8	8	16
Sales	(2)	(4)	(6)
Transfers	—	6	6
Assets at June 30, 2018	**63**	**63**	**126**

The following table presents our results of operations and reconciliation of net income attributable to shareholders to Adjusted Net Income:

(Dollar amounts in thousands)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Change
Revenues						
Equipment leasing revenues						
Lease income	**$ 33,625**	$ 20,001	$ 13,624	**$ 62,933**	$ 37,636	$ 25,297
Maintenance revenue	**21,688**	16,576	5,112	**45,115**	29,245	15,870
Finance lease income	**247**	—	247	**247**	—	247
Other revenue	**558**	—	558	**558**	2	556
Total revenues	**56,118**	36,577	19,541	**108,853**	66,883	41,970
Expenses						
Operating expenses	**1,864**	1,371	493	**5,297**	2,790	2,507
Acquisition and transaction expenses	**66**	55	11	**223**	270	(47)
Depreciation and amortization	**24,875**	14,086	10,789	**46,688**	25,375	21,313
Total expenses	**26,805**	15,512	11,293	**52,208**	28,435	23,773
Other (expense) income						
Equity in losses of unconsolidated entities	**(126)**	(107)	(19)	**(350)**	(843)	493
Gain on sale of equipment, net	**5,003**	2,029	2,974	**4,983**	4,061	922
Interest income	**33**	76	(43)	**106**	159	(53)
Total other income	**4,910**	1,998	2,912	**4,739**	3,377	1,362
Income before income taxes	**34,223**	23,063	11,160	**61,384**	41,825	19,559
Provision for income taxes	**523**	478	45	**1,006**	671	335
Net income	**33,700**	22,585	11,115	**60,378**	41,154	19,224
Less: Net (loss) income attributable to non-controlling interest in consolidated subsidiaries	**—**	224	(224)	**(24)**	142	(166)
Net income attributable to shareholders	**$ 33,700**	$ 22,361	$ 11,339	**$ 60,402**	$ 41,012	$ 19,390
Add: Provision for income taxes	**523**	478	45	**1,006**	671	335
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**66**	55	11	**223**	270	(47)
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities[1]	**(126)**	(107)	(19)	**(350)**	(843)	493
Add: Incentive allocations	**—**	—	—	**—**	—	—
Less: Cash payments for income taxes	**(421)**	—	(421)	**(421)**	—	(421)
Less: Equity in losses of unconsolidated entities	**126**	107	19	**350**	843	(493)
Less: Non-controlling share of Adjusted Net Income	**—**	—	—	**—**	—	—
Adjusted Net Income	**$ 33,868**	$ 22,894	$ 10,974	**$ 61,210**	$ 41,953	$ 19,257

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

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

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollar amounts in thousands)	2018	2017	Change	2018	2017	Change
Net income attributable to shareholders	**$ 33,700**	$ 22,361	$ 11,339	**$ 60,402**	$ 41,012	$ 19,390
Add: Provision for income taxes	**523**	478	45	**1,006**	671	335
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**66**	55	11	**223**	270	(47)
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Add: Depreciation and amortization expense (2)	**30,537**	15,448	15,089	**59,577**	28,666	30,911
Add: Interest expense	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities(3)	**(126)**	(107)	(19)	**(350)**	(843)	493
Less: Equity in losses of unconsolidated entities	**126**	107	19	**350**	843	(493)
Less: Non-controlling share of Adjusted EBITDA(4)	**—**	(121)	121	**(172)**	(162)	(10)
Adjusted EBITDA (non-GAAP)	**$ 64,826**	$ 38,221	$ 26,605	**$ 121,036**	$ 70,457	$ 50,579

____

(2) Includes (i) $24,875 and $14,086 of depreciation expense, (ii) $2,010 and $1,065 of lease intangible amortization, and (iii) $3,652 and $297 of amortization for lease incentives during the three months ended June 30, 2018 and 2017, respectively. Includes (i) $46,688 and $25,375 of depreciation expense, (ii) $4,002 and $2,347 of lease intangible amortization, and (iii) $8,887 and $944 of amortization for lease incentives during the six months ended June 30, 2018 and 2017, respectively.

(3) Includes Aviation Leasing's proportionate share of the unconsolidated entities' net income adjusted for the excluded and included items detailed in the table above, for which there were no adjustments.

(4) Includes $0 and $121 of depreciation expense during the three months ended June 30, 2018 and 2017, respectively. Includes $172 and $162 of depreciation expense during the six months ended June 30, 2018 and 2017, respectively.

Revenues

Total revenue increased $19,541 during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, due to higher lease income and maintenance revenue driven by the acquisition and placement of aviation assets on lease. Lease income increased by $13,624 mainly due to an increase in (i) aircraft lease income of $8,471 primarily driven by the addition of 27 aircraft on lease and (ii) engine lease income of $5,153 primarily driven by an increase in the number of engines which have generated revenue during the quarter from 68 in the three months ended June 30, 2017 to 99 in the three months ended June 30, 2018. Maintenance revenue increased by $5,112 due to an increase in the number of aircraft and engines on lease.

Total revenues increased $41,970 during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, due to higher lease income and maintenance revenue reflecting newly acquired assets. Lease income increased $25,297, aircraft lease income increase $15,334 primarily due to an additional 30 aircraft on lease. Engine lease income increased $9,963 primarily driven by an increase in the number of engines which generated revenue from 70 to 103 in the six months ended June 30, 2017 and 2018, respectively. Maintenance revenue increased $15,870 due to a higher number of aircraft and engines on lease, and the release of maintenance claims into revenue for aircraft that are being returned from lease. Engine maintenance and aircraft maintenance revenue increased $12,479 and $3,391, respectively, in the six months ended June 30, 2018 compared to the six months ended June 30, 2017.

Expenses

Total expenses in the Aviation Leasing segment increased by $11,293 in the three months ended June 30, 2018 as compared to the three months ended June 30, 2017, primarily due to an increase in depreciation and amortization expense and operating expenses. Depreciation and amortization expense increased by $10,789 driven by additional aircraft and engines owned and on lease. Operating expenses increased by $493, primarily the result of an increase in professional fees of $498 due to the number of assets placed on lease, other operating expenses of $162, offset by decreases in equipment shipping costs of $167.

Total expenses increased $23,773 in the six months ended June 30, 2018 compared to the six months ended June 30, 2017 primarily due to an increase in depreciation and amortization and an increase in operating expenses. Depreciation and amortization increased by $21,313 reflecting the depreciation of additional aircraft and engines owned or put on lease in the six months ended June 30, 2018. Operating expenses increased $2,507, primarily reflecting increases in (i) bad debt expense of $1,436 related to receivables deemed uncollectible, (ii) professional fees of $652 due to an increased number of assets placed on lease, and (iii) other operating expense of $419 due to positioning our assets for lease and the overall growth of the aviation portfolio.

Other Income

Total other income increased $2,912 in the three months ended June 30, 2018 as compared to the three months ended June 30, 2017 primarily due to an increase of $2,974 in gain on the sale of leasing equipment in 2018.

Total other income increased $1,362 in the six months ended June 30, 2018 compared to the six months ended June 30, 2017 primarily due to an increase of $922 in gain on the sale of leasing equipment in 2018.

Adjusted Net Income (Non-GAAP)

Adjusted Net Income increased $10,974 and $19,257 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, respectively, primarily reflecting the changes to net income attributable to shareholders noted above, adjusted for the provision for income taxes, and cash payment for taxes.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA increased $26,605 and $50,579 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, respectively. In addition to the changes in net income attributable to shareholders noted above, this movement was primarily due to higher depreciation and amortization expense for the additional aircraft and engines owned and on lease in the three and six months ended June 30, 2018 and higher provision for income tax.

Offshore Energy Segment

In our Offshore Energy segment, we own one remotely operated vehicle ("ROV") support vessel, one construction support vessel ("CSV") and one anchor handling tug supply ("AHTS") vessel. The chart below describes the assets in our Offshore Energy segment as of June 30, 2018:

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

The following table presents our results of operations and reconciliation of net loss attributable to shareholders to Adjusted Net Loss:

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollar amounts in thousands)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Revenues						
Equipment leasing revenues						
Lease income	**$ 1,868**	$ 2,884	$ (1,016)	**$ 4,117**	$ 3,495	$ 622
Finance lease income	**365**	385	(20)	**732**	771	(39)
Other revenue	**954**	512	442	**1,362**	572	790
Total revenues	**3,187**	3,781	(594)	**6,211**	4,838	1,373
Expenses						
Operating expenses	**3,948**	4,015	(67)	**6,316**	7,558	(1,242)
Depreciation and amortization	**1,626**	1,606	20	**3,228**	3,213	15
Interest expense	**961**	930	31	**1,834**	1,854	(20)
Total expenses	**6,535**	6,551	(16)	**11,378**	12,625	(1,247)
Other income						
Interest income	**5**	4	1	**8**	7	1
Total other income	**5**	4	1	**8**	7	1
Loss before income taxes	**(3,343)**	(2,766)	(577)	**(5,159)**	(7,780)	2,621
Provision for income taxes	**2**	3	(1)	**5**	5	—
Net loss	**(3,345)**	(2,769)	(576)	**(5,164)**	(7,785)	2,621
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**—**	(216)	216	**—**	(464)	464
Net loss attributable to shareholders	**$ (3,345)**	$ (2,553)	$ (792)	**$ (5,164)**	$ (7,321)	$ 2,157
Add: Provision for income taxes	**2**	3	(1)	**5**	5	—
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**—**	—	—	**—**	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Less: Cash payments for income taxes	**(7)**	—	(7)	**(7)**	—	(7)
Less: Equity in earnings of unconsolidated entities	**—**	—	—	**—**	—	—
Less: Non-controlling share of Adjusted Net Income	**—**	—	—	**—**	—	—
Adjusted Net Loss	**$ (3,350)**	$ (2,550)	$ (800)	**$ (5,166)**	$ (7,316)	$ 2,150

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

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollar amounts in thousands)	2017	2016	Change	2018	2017	Change
Net loss attributable to shareholders	**$ (3,345)**	$ (2,553)	$ (792)	**$ (5,164)**	$ (7,321)	$ 2,157
Add: Provision for income taxes	**2**	3	(1)	**5**	5	—
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**—**	—	—	**—**	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Add: Depreciation and amortization expense	**1,626**	1,606	20	**3,228**	3,213	15
Add: Interest expense	**961**	930	31	**1,834**	1,854	(20)
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	**—**	—	—	**—**	—	—
Less: Equity in earnings of unconsolidated entities	**—**	—	—	**—**	—	—
Less: Non-controlling share of Adjusted EBITDA [1]	**—**	(91)	91	**—**	(186)	186
Adjusted EBITDA (non-GAAP)	**$ (756)**	$ (105)	$ (651)	**$ (97)**	$ (2,435)	$ 2,338

____

[1] Includes the following items for the three months ended June 30, 2018 and 2017: (i) depreciation expense of $0 and $61 and (ii) interest expense of $0 and $30, respectively. Includes the following items for the six months ended June 30, 2018 and 2017: (i) depreciation expense of $0 and $123 and (ii) interest expense of $0 and $63, respectively.

Revenues

Total revenues decreased $594 during the three months ended June 30, 2018 compared to the three months ended June 30, 2017 primarily due to lower lease income. The decrease in lease income reflects the CSV vessel having been off lease at the beginning of May in 2018 compared to 2017 when the vessel was on short-term lease arrangements during the quarter. Other revenues increased $442 primarily due to the crew provisions reimbursement income for the offshore construction vessel.

Total revenues increased $1,373 during the six months ended June 30, 2018 compared to the six months ended June 30, 2017 primarily due to higher lease income and other revenue. The increase in lease income reflects the ROV support vessel having been on lease for six months in 2018 as compared to three months in 2017, as part of a long term lease arrangement entered into in Q2 2017. Other revenue increased $790 primarily due to the crew provisions reimbursement income for the offshore construction vessel.

Expenses

Total expenses in the Offshore Energy segment decreased by $16 in the three months ended June 30, 2018 as compared to the three months ended June 30, 2017, primarily due to decreases in operating expenses. Operating expenses decreased $67 reflecting lower legal fees of $1,012 and other operating costs of $251 offset by increased (i) mobilization and cost for spare parts of $726, (ii) project costs of $387 and crew costs of $83. Depreciation expense of $1,218 and $408 related to the construction support vessel and ROV support vessel, respectively, consistent to the prior period. The segment incurred interest expense of $961 related to the financing for the construction support vessel.

Total expenses decreased $1,247 in the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to decreases in operating expenses. Operating expenses decreased $1,242 reflecting lower legal fees of $1,987 and other operating costs of $467 offset by increased (i) project costs of $913, (ii) crew costs of $217 and (iii) mobilization and cost for spare parts of $82. Depreciation expense of $2,412 and $816 related to the construction support vessel and ROV support vessel, respectively, consistent to the prior period. The segment incurred interest expense of $1,834 related to the financing for the construction support vessel.

Adjusted Net Loss (Non-GAAP)

Adjusted Net Loss increased $800 during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, respectively. The change is primarily due to the changes to net loss attributable to shareholders described above.

Adjusted Net Loss decreased $2,150 during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, respectively. The change is primarily due to the changes to net loss attributable to shareholders described above.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA decreased $651 during the three months ended June 30, 2018 compared to the three months ended June 30, 2017, respectively. The decrease is primarily due to the changes to net loss attributable to shareholders described above, and the non-controlling interest share of Adjusted EBITDA, which was settled during the third quarter of 2017.

Adjusted EBITDA increased $2,338 during the six months ended June 30, 2018 compared to the six months ended June 30, 2017, respectively. The increase is primarily due to the changes to net loss attributable to shareholders described above, and the non-controlling interest share of Adjusted EBITDA, which was settled during the third quarter of 2017.

Shipping Containers Segment

In our Shipping Containers segment, we own, through a joint venture an interest in approximately 31,000 maritime shipping containers and related equipment through one portfolio. The chart below describes the assets in our Shipping Containers segment as of June 30, 2018:

Shipping Containers Assets					
Number of Containers	Type	Average Age	Lease Type	Customer Mix	Economic Interest (%)
31,000	20’ Dry 20’ Reefer 40’ Dry 40’ HC Dry 40’ HC Reefer	~10 Years	Direct Finance Lease/Operating Lease	4 Customers	51%

The following table presents our results of operations and reconciliation of Net income (loss) attributable to shareholders to Adjusted Net Income (Loss):

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollar amounts in thousands)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Revenues						
Equipment leasing revenues						
Other revenue	**$ 25**	$ 25	$ —	**$ 50**	$ 50	$ —
Total revenues	**25**	25	—	**50**	50	—
Other income (expense)						
Equity in earnings (losses) of unconsolidated entities	**110**	(210)	320	**281**	(675)	956
Total other income (expense)	**110**	(210)	320	**281**	(675)	956
Income (loss) before income taxes	**135**	(185)	320	**331**	(625)	956
Benefit from income taxes	**(2)**	(9)	7	**(3)**	(34)	31
Net income (loss) attributable to shareholders	**$ 137**	$ (176)	$ 313	**$ 334**	$ (591)	$ 925
Add: Benefit from income taxes	**(2)**	(9)	7	**(3)**	(34)	31
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**—**	—	—	**—**	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted Net Income (Loss) from unconsolidated entities [1]	**110**	(302)	412	**281**	(767)	1,048
Add: Incentive allocations	**—**	—	—	**—**	—	—
Less: Cash payments for income taxes	**—**	—	—	**—**	—	—
Less: Equity in (losses) earnings of unconsolidated entities	**(110)**	210	(320)	**(281)**	675	(956)
Less: Non-controlling share of Adjusted Net Income	**—**	—	—	**—**	—	—
Adjusted Net Income (Loss)	**$ 135**	$ (277)	$ 412	**$ 331**	$ (717)	$ 1,048

[1] Includes Shipping Container's proportionate share of the unconsolidated entities' net income adjusted for the excluded and included items detailed in the table above.

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

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollar amounts in thousands)	2018	2017	Change	2018	2017	Change
Net income (loss) attributable to shareholders	**$ 137**	$ (176)	$ 313	**$ 334**	$ (591)	$ 925
Add: Benefit from income taxes	**(2)**	(9)	7	**(3)**	(34)	31
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**—**	—	—	**—**	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Add: Depreciation and amortization expense	**—**	—	—	**—**	—	—
Add: Interest expense	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities (2)	**169**	306	(137)	**420**	427	(7)
Less: Equity in (losses) earnings of unconsolidated entities	**(110)**	210	(320)	**(281)**	675	(956)
Less: Non-controlling share of Adjusted EBITDA	**—**	—	—	**—**	—	—
Adjusted EBITDA (non-GAAP)	**$ 194**	$ 331	$ (137)	**$ 470**	$ 477	$ (7)

____

(2) Includes the following items for the three months ended June 30, 2018 and 2017: (i) net income (loss) of $62 and $(259), (ii) interest expense of $94 and $223, and (iii) depreciation and amortization expense of $13 and $342, respectively. Includes the following items for the six months ended June 30, 2018 and 2017: (i) net income (loss) of $186 and $(767), (ii) interest expense of $206 and $474, and (iii) depreciation and amortization expense of $28 and $720, respectively.

Revenues

Total revenues remained consistent in the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017.

Other Income (Expense)

Total other income (expense) increased $320 and $956 in the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, respectively, reflecting income earned from the sales of operating lease containers within our shipping container joint venture.

Adjusted Net Income (Loss) (Non-GAAP)

Adjusted Net Income (Loss) increased $412 and $1,048 in the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, respectively, reflecting the increase in equity in earnings (losses) of unconsolidated entities.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA decreased $137 and $7 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, respectively. The decrease primarily reflects the entities' change in equity in unconsolidated entities and lower pro-rata share of Adjusted EBITDA from unconsolidated entities.

Jefferson Terminal Segment

The following table presents our results of operations and reconciliation of net loss attributable to shareholders to Adjusted Net Loss:

(Dollar amounts in thousands)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Change
Revenues						
Infrastructure revenues						
Terminal services revenues	**$ 2,550**	$ 3,026	$ (476)	**$ 3,803**	$ 7,892	$ (4,089)
Total revenues	**2,550**	3,026	(476)	**3,803**	7,892	(4,089)
Expenses						
Operating expenses	**11,253**	7,267	3,986	**23,212**	14,880	8,332
Depreciation and amortization	**4,937**	3,956	981	**9,727**	7,907	1,820
Interest expense	**4,285**	1,438	2,847	**7,813**	2,875	4,938
Total expenses	**20,475**	12,661	7,814	**40,752**	25,662	15,090
Other income						
Equity in losses of unconsolidated entities	**(235)**	(10)	(225)	**(87)**	(75)	(12)
Interest income	**36**	4	32	**136**	201	(65)
Other income	**1,157**	20	1,137	**1,337**	32	1,305
Total other income	**958**	14	944	**1,386**	158	1,228
Loss before income taxes	**(16,967)**	(9,621)	(7,346)	**(35,563)**	(17,612)	(17,951)
Provision for (benefit from) income taxes	**10**	(5)	15	**21**	34	(13)
Net loss	**(16,977)**	(9,616)	(7,361)	**(35,584)**	(17,646)	(17,938)
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**(7,309)**	(4,045)	(3,264)	**(16,258)**	(8,403)	(7,855)
Net loss attributable to shareholders	**$ (9,668)**	$ (5,571)	$ (4,097)	**$ (19,326)**	$ (9,243)	$ (10,083)
Add: Provision for (benefit from) income taxes	**10**	(5)	15	**21**	34	(13)
Add: Equity-based compensation expense	**90**	79	11	**180**	138	42
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	**(441)**	—	(441)	**182**	—	182
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted Net Loss from unconsolidated entities [(1)]	**(235)**	(10)	(225)	**(87)**	(75)	(12)
Add: Incentive allocations	**—**	—	—	**—**	—	—
Less: Cash payments for income taxes	**(46)**	(79)	33	**(37)**	(82)	45
Less: Equity in losses of unconsolidated entities	**235**	10	225	**87**	75	12
Less: Non-controlling share of Adjusted Net (Loss) Income[(2)]	**(195)**	2	(197)	**6**	(35)	41
Adjusted Net Loss	**$ (10,250)**	$ (5,574)	$ (4,676)	**$ (18,974)**	$ (9,188)	$ (9,786)

____

[(1)] Includes Jefferson Terminal's proportionate share of the unconsolidated entities' net income adjusted for the excluded and included items detailed in the table above, for which there were no adjustments.

[(2)] Includes the following items for the three months ended June 30, 2018 and 2017: (i) equity-based compensation of $35 and $31, (ii) provision for income taxes of $4 and $(2), (iii) changes in fair value of non-hedge derivative instruments of $174 and $0, less (iv) cash paid for income taxes of $18 and $31, respectively. Includes the following items for the six months ended June 30, 2018 and 2017: (i) equity-based compensation of $69 and $54, (ii) provision for income taxes of $8 and $13, (iii) changes in fair value of non-hedge derivative instruments of $(70) and $0, less (iv) cash paid for income taxes of $13 and $32, respectively.

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

(Dollar amounts in thousands)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Change
Net loss attributable to shareholders	**$ (9,668)**	$ (5,571)	$ (4,097)	**$ (19,326)**	$ (9,243)	$ (10,083)
Add: Provision for income taxes	**10**	(5)	15	**21**	34	(13)
Add: Equity-based compensation expense	**90**	79	11	**180**	138	42
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	**(441)**	—	(441)	**182**	—	182
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Add: Depreciation and amortization expense	**4,937**	3,956	981	**9,727**	7,907	1,820
Add: Interest expense	**4,285**	1,438	2,847	**7,813**	2,875	4,938
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities (3)	**(235)**	(10)	(225)	**(87)**	(75)	(12)
Less: Equity in (losses) earnings of unconsolidated entities	**235**	10	225	**87**	75	12
Less: Non-controlling share of Adjusted EBITDA (4)	**(2,401)**	(2,032)	(369)	**(5,336)**	(4,070)	(1,266)
Adjusted EBITDA (non-GAAP)	**$ (3,188)**	$ (2,135)	$ (1,053)	**$ (6,739)**	$ (2,359)	$ (4,380)

____

(3) Includes Jefferson Terminal's proportionate share of the unconsolidated entities' net income adjusted for the excluded and included items detailed in the table above, for which there were no adjustments.

(4) Includes the following items for the three months ended June 30, 2018 and 2017: (i) equity-based compensation of $22 and $31, (ii) provision for income taxes of $3 and $(2), (iii) interest expense of $1,024 and $459, (iv) changes in fair value of non-hedge derivative instruments of $187 and $0, and (vii) depreciation and amortization expense of $1,165 and $1,544, respectively. Includes the following items for the six months ended June 30, 2018 and 2017: (i) equity-based compensation of $56 and $54, (ii) provision for income taxes of $7 and $13, (iii) interest expense of $2,295 and $917, (iv) changes in fair value of non-hedge derivative instruments of $(57) and $0, and (vii) depreciation and amortization expense of $3,035 and $3,086, respectively.

Revenues

Total revenues decreased $476 and $4,089 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, respectively, reflecting lower volumes.

Other Income

Other income increased $1,137 and $1,305 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, respectively, due to the increased activity relating to the sale of crude oil.

Expenses

Total expenses increased $7,814 during the three months ended June 30, 2018 compared to the three months ended June 30, 2017 primarily due to higher operating expenses of $3,986, which reflected higher (i) facility operations costs of $1,961, (ii) professional fees of $1,732 relating to legal expenses for ongoing matters, (iii) repairs and maintenance expenses of $185, (iv) environmental expense of $142, offset by lower (v) general operating costs of $34.

Interest expense increased $2,847 and $4,938 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, respectively, due to a decrease in interest capitalized under the Series 2016 bonds and a decrease in construction in progress as certain terminal storage assets were placed into service in the first quarter of 2018. Further, there was additional debt outstanding during the periods, as a result of the Revolving Credit Facility.

Depreciation expense increased $981 and $1,820 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, respectively, due to new assets being placed into service during the periods.

Total expenses increased $15,090 in the six months ended June 30, 2018 compared to the six months ended June 30, 2017, primarily due to higher operating expenses of $8,332. During the period, Jefferson Terminal transitioned terminal operations to a new terminal operator. As a result of this transition, there was a non-recurring increase in facility operating costs related to the ramp-up of the new operator of $1,144. Due to the transition, the terminal had various other facility operating costs totaling $3,095. Additionally, the increase in total operating expenses reflect higher (i) professional fees of $2,562 which were related to legal expenses for ongoing matters, and (ii) repairs and maintenance of $750, for maintenance performed during the period on various projects. General operating costs increased by (iii) $588 related to relocation expenses for a new office, and (iv) environmental expense of $259 related to waste disposal costs incurred in 2018. These increases were offset by decreases in other operating expenses of $66.

Adjusted Net Loss (Non-GAAP)

Adjusted Net Loss increased $4,676 and $9,786 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, respectively. The increase reflects the changes in net loss attributable to shareholders noted above, offset by the changes in fair value of non-hedge derivatives and the non-controlling interest share of Adjusted Net Loss.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA decreased $1,053 and $4,380 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, respectively. The decrease reflects the changes in net loss attributable to shareholders noted above, changes in the fair value of non-hedge derivative instruments of $441 and $182, and non-controlling share of adjusted EBITDA of $369 and $1,266. Offsetting these decreases were an increase in interest expense of $2,847 and $4,938 noted above, as well as depreciation and amortization expense of $981 and $1,820.

Railroad Segment

The following table presents our results of operations and reconciliation of net income (loss) attributable to shareholders to Adjusted Net Income (Loss):

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollar amounts in thousands)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Revenues						
Infrastructure revenues						
Rail revenues	**$ 8,788**	$ 7,662	$ 1,126	**$ 19,835**	$ 16,065	$ 3,770
Total revenues	**8,788**	7,662	1,126	**19,835**	16,065	3,770
Expenses						
Operating expenses	**7,813**	7,907	(94)	**15,251**	15,451	(200)
Depreciation and amortization	**574**	492	82	**1,147**	1,018	129
Interest expense	**141**	247	(106)	**486**	446	40
Total expenses	**8,528**	8,646	(118)	**16,884**	16,915	(31)
Other (expense) income						
(Loss) Gain on sale of equipment, net	**(7)**	(30)	23	**8**	(44)	52
Total other (expense) income	**(7)**	(30)	23	**8**	(44)	52
Income (expense) before income taxes	**253**	(1,014)	1,267	**2,959**	(894)	3,853
Provision for income taxes	**—**	—	—	**—**	—	—
Net income (loss)	**253**	(1,014)	1,267	**2,959**	(894)	3,853
Less: Net income attributable to non-controlling interest in consolidated subsidiaries	**51**	57	(6)	**257**	61	196
Net income (loss) attributable to shareholders	**$ 202**	$ (1,071)	$ 1,273	**$ 2,702**	$ (955)	$ 3,657
Add: Provision for income taxes	**—**	—	—	**—**	—	—
Add: Equity-based compensation expense	**46**	364	(318)	**92**	392	(300)
Add: Acquisition and transaction expenses	**—**	—	—	**—**	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Less: Cash payments for income taxes	**—**	—	—	**—**	—	—
Less: Equity in earnings of unconsolidated entities	**—**	—	—	**—**	—	—
Less: Non-controlling share of Adjusted Net Income [(1)]	**(3)**	(19)	16	**(6)**	(21)	15
Adjusted Net Income (Loss)	**$ 245**	$ (726)	$ 971	**$ 2,788**	$ (584)	$ 3,372

(1) Includes equity-based compensation of $3 and $19 for the three months ended June 30, 2018 and 2017, respectively, and $6 and $21 for the six months ended June 30, 2018 and 2017, respectively.

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

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollar amounts in thousands)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Net income (loss) attributable to shareholders	**$ 202**	$ (1,071)	$ 1,273	**$ 2,702**	$ (955)	$ 3,657
Add: Provision for income taxes	**—**	—	—	**—**	—	—
Add: Equity-based compensation expense	**46**	364	(318)	**92**	392	(300)
Add: Acquisition and transaction expenses	**—**	—	—	**—**	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Add: Depreciation and amortization expense	**574**	492	82	**1,147**	1,018	129
Add: Interest expense	**141**	247	(106)	**486**	446	40
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	**—**	—	—	**—**	—	—
Less: Equity in earnings of unconsolidated entities	**—**	—	—	**—**	—	—
Less: Non-controlling share of Adjusted EBITDA [1]	**(46)**	(60)	14	**(104)**	(101)	(3)
Adjusted EBITDA (non-GAAP)	**$ 917**	$ (28)	$ 945	**$ 4,323**	$ 800	$ 3,523

---

[1] Includes the following items for the three months ended June 30, 2018 and 2017: (i) equity-based compensation of $3 and $19, (ii) interest expense of $8 and $14, and (iii) depreciation and amortization expense of $35 and $27, respectively. Includes the following items for the six months ended June 30, 2018 and 2017: (i) equity-based compensation of $6 and $21, (ii) interest expense of $29 and $24, and (iii) depreciation and amortization expense of $69 and $56, respectively.

Revenues

Total revenues increased $1,126 during the three months ended June 30, 2018 compared to the three months ended June 30, 2017 due to higher traffic and increased carloads. The increase reflects (i) $910 of higher freight transportation revenue (ii) $230 of switching and other rail service revenue partially offset by a $14 decrease in car hire income.

Total revenues increased $3,770 during the six months ended June 30, 2018 compared to the six months ended June 30, 2017 due to higher traffic related to a detour resulting in the diversion of trains onto our track. The increase reflects $3,935 of higher freight transportation revenue partially offset by $147 of switching and other rail service revenue and a $18 decrease in car hire income.

Expenses

Total expenses decreased $118 during the three months ended June 30, 2018 compared to the three months ended June 30, 2017 primarily due to lower operating expenses and lower interest expense of $106. The decrease in operating expenses of $94 reflects (i) lower fuel expense of $508 (ii) insurance expense of $37 and (iii) compensation and benefits of $26. Partially offsetting these decreases was higher expenses of $477 pertaining to the increased traffic.

Total expenses decreased $31 during the six months ended June 30, 2018 compared to the six months ended June 30, 2017 primarily due to lower operating expenses offset by increases of $129 in depreciation and amortization. The decrease in operating expenses of $200 reflects lower (i) general operating expense of $1,316 due to certain tax benefits taken in the six months ended June 30, 2018 for the 2017 annual period that were enacted during 2018, (ii) fuel expense of $690 and (iii) professional fees of $58. Partially offsetting these decreases was higher expenses of (i) $1,566 pertaining to the increased traffic resulting from the diversion of trains onto our track and (ii) $298 relating to compensation and benefits.

Adjusted Net Income (Non-GAAP)

Adjusted Net Income increased $971 and $3,372 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017. In addition to the changes in net income attributable to shareholders noted above, Adjusted Net Income was impacted by a decrease in equity-based compensation expense of $318 and $300, respectively.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA increased $945 and $3,523 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017. In addition to the changes in net income attributable to shareholders noted above, Adjusted EBITDA was also impacted by an increase in interest expense of $106 and $40, respectively, and higher equity-based compensation expense of $318 and $300, respectively.

Ports and Terminals

The following table presents our results of operations and reconciliation of net loss attributable to shareholders to Adjusted Net Loss:

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollar amounts in thousands)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Revenues						
Infrastructure revenues						
Lease income	**$ 417**	$ 123	$ 294	**$ 799**	$ 139	$ 660
Other revenue	**894**	—	894	**1,272**	—	1,272
Total revenues	**1,311**	123	1,188	**2,071**	139	1,932
Expenses						
Operating expenses	**2,715**	764	1,951	**5,096**	1,658	3,438
Depreciation and amortization	**832**	81	751	**1,641**	85	1,556
Interest expense	**273**	270	3	**545**	544	1
Total expenses	**3,820**	1,115	2,705	**7,282**	2,287	4,995
Loss before income taxes	**(2,509)**	(992)	(1,517)	**(5,211)**	(2,148)	(3,063)
Provision for (benefit from) income taxes	**1**	(3)	4	**—**	—	—
Net loss	**(2,510)**	(989)	(1,521)	**(5,211)**	(2,148)	(3,063)
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**(30)**	(369)	339	**(24)**	(483)	459
Net loss attributable to shareholders	**$ (2,480)**	$ (620)	$ (1,860)	**$ (5,187)**	$ (1,665)	$ (3,522)
Add: Provision for (benefit from) income taxes	**1**	(3)	4	**—**	—	—
Add: Equity-based compensation expense	**93**	—	93	**156**	—	156
Add: Acquisition and transaction expenses	**—**	—	—	**—**	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Less: Cash payments for income taxes	**—**	—	—	**—**	—	—
Less: Equity in earnings of unconsolidated entities	**—**	—	—	**—**	—	—
Less: Non-controlling share of Adjusted Net Income	**—**	—	—	**—**	—	—
Adjusted Net Loss	**$ (2,386)**	$ (623)	$ (1,763)	**$ (5,031)**	$ (1,665)	$ (3,366)

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

(Dollar amounts in thousands)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Change
Net loss attributable to shareholders	**$ (2,480)**	$ (620)	$ (1,860)	**$ (5,187)**	$ (1,665)	$ (3,522)
Add: Provision for (benefit from) income taxes	**1**	(3)	4	**—**	—	—
Add: Equity-based compensation expense	**93**	—	93	**156**	—	156
Add: Acquisition and transaction expenses	**—**	—	—	**—**	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Depreciation and amortization expense	**832**	81	751	**1,641**	85	1,556
Add: Interest expense	**273**	270	3	**545**	544	1
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	**—**	—	—	**—**	—	—
Less: Equity in earnings of unconsolidated entities	**—**	—	—	**—**	—	—
Less: Non-controlling share of Adjusted EBITDA [(1)]	**—**	27	(27)	**—**	—	—
Adjusted EBITDA	**$ (1,281)**	$ (245)	$ (1,036)	**$ (2,845)**	$ (1,036)	$ (1,809)

____

[(1)] Includes the following items for the three months ended June 30, 2018 and 2017: interest expense of $0 and $(27).

Revenues

Total revenue increased $1,188 and $1,932 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, primarily due to $294 and $660 of higher lease income from leases in place at Long Ridge, as well as $894 and $1,272 of other revenue, relating to services performed for lessees at Long Ridge.

Expenses

Total expenses increased $2,705 in the three months ended June 30, 2018 as compared to the three months ended June 30, 2017. The increase is primarily due to higher operating expenses of $1,951, which consisted of increased (i) compensation and benefits expenses of $556, due to the hiring of additional employees, (ii) facility operations of $358, as the result of increased operations at each facility, (iii) utilities of $335, (iv) professional fees of $253, and (v) general operating costs of $449.

Total expenses increased $4,995 in the six months ended June 30, 2018 as compared to the six months ended June 30, 2017. Operating expenses increased by $3,438 during the period. This consisted of higher (i) compensation and benefits expenses of $1,033, due to the hiring of additional employees, (ii) facility operations of $769, due to increased activities at the facilities, (iii) utilities of $489, (iv) professional fees of $328, (v) insurance expense of $279, for new policies that were added as operations increased, (vi) repairs and maintenance of $262, and (vii) general operating costs of $278.

Depreciation expense increased by $751 and $1,556 in the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017, due to assets that were placed into service at Repauno.

Adjusted Net Loss (Non-GAAP)

Adjusted Net Loss increased $1,763 and $3,366 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, due to the changes in net loss attributable to shareholders noted above, offset by equity based compensation of $93 and $156, respectively.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA decreased $1,036 and $1,809 in the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017. In addition to the changes in net loss attributable to shareholders noted above, Adjusted EBITDA for the three and six months ended June 30, 2018 includes an increase in depreciation and amortization expense of $751 and $1,556, respectively, compared to the three and six months ended June 30, 2017. Equity-based compensation expense saw an increase of $93 and $156 during the three and six months ended June 30, 2018 as compared to the three and six months ended June 30, 2017.

Corporate

The following table presents our results of operations and reconciliation of net loss attributable to shareholders to Adjusted Net Loss:

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollar amounts in thousands)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Expenses						
General and administrative	**$ 4,573**	$ 3,341	$ 1,232	**$ 8,159**	$ 7,176	$ 983
Acquisition and transaction expenses	**1,442**	1,825	(383)	**3,051**	3,062	(11)
Management fees and incentive allocation to affiliate	**4,495**	3,865	630	**8,234**	7,758	476
Interest expense	**7,197**	4,799	2,398	**14,050**	6,659	7,391
Total expenses	**17,707**	13,830	3,877	**33,494**	24,655	8,839
Other expense						
Loss on extinguishment of debt	**—**	—	—	**—**	(2,456)	2,456
Total other expense	**—**	—	—	**—**	(2,456)	2,456
Loss before income taxes	**(17,707)**	(13,830)	(3,877)	**(33,494)**	(27,111)	(6,383)
Provision for income taxes	**—**	—	—	**—**	—	—
Net loss	**(17,707)**	(13,830)	(3,877)	**(33,494)**	(27,111)	(6,383)
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**—**	—	—	**—**	—	—
Net loss attributable to shareholders	**$ (17,707)**	$ (13,830)	$ (3,877)	**$ (33,494)**	$ (27,111)	$ (6,383)
Add: Provision for income taxes	**—**	—	—	**—**	—	—
Add: Equity-based compensation expense	**—**	—	—	**9**	—	9
Add: Acquisition and transaction expenses	**1,442**	1,825	(383)	**3,051**	3,062	(11)
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	2,456	(2,456)
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	**—**	—	—	**—**	—	—
Add: Incentive allocations	**573**		—	**573**	—	—
Less: Cash payments for income taxes	**—**	(513)	513	**—**	(513)	513
Less: Equity in earnings of unconsolidated entities	**—**	—	—	**—**	—	—
Less: Non-controlling share of Adjusted Net Income	**—**	—	—	**—**	—	—
Adjusted Net Loss	**$ (15,692)**	$ (12,518)	$ (3,747)	**$ (29,861)**	$ (22,106)	$ (8,328)

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

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollar amounts in thousands)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Net loss attributable to shareholders	**$ (17,707)**	$ (13,830)	$ (3,877)	**$ (33,494)**	$ (27,111)	$ (6,383)
Add: Provision for income taxes	**—**	—	—	**—**	—	—
Add: Equity-based compensation expense	**—**	—	—	**9**	—	9
Add: Acquisition and transaction expenses	**1,442**	1,825	(383)	**3,051**	3,062	(11)
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	**573**	—	573	**573**	—	573
Add: Depreciation and amortization expense	**—**	—	—	**—**	—	—
Add: Interest expense	**7,197**	4,799	2,398	**14,050**	6,659	7,391
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	**—**	—	—	**—**	—	—
Less: Equity in earnings of unconsolidated entities	**—**	—	—	**—**	—	—
Less: Non-controlling share of Adjusted EBITDA	**—**	—	—	**—**	—	—
Adjusted EBITDA	**$ (8,495)**	$ (7,206)	$ (1,289)	**$ (15,811)**	$ (14,934)	$ (877)

Expenses

Total expenses increased $3,877 and $8,839 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017. The increase primarily consists of higher interest expense of $2,398 and $7,391 related to Senior Notes issued throughout 2017 and in the first six months of 2018.

During the three months ended June 30, 2018, general and administrative costs increased $1,232 compared to the three months ended June 30, 2017, and reflected (i) $820 of higher reimbursement expenses to our Manager, (ii) $410 of higher professional fees, due to SOX consulting fees incurred during the period, and (iii) $75 of higher director's fees, the result of two new directors elected in 2018. Partially offsetting these increases was a decrease in general corporate costs of $73.

During the six months ended June 30, 2018, general and administrative costs increased $983 compared to the six months ended June 30, 2017, and reflected (i) $797 of higher reimbursement expenses to our Manager, (ii) $413 of higher professional fees, and (iii) $159 of higher director's fees. Partially offsetting these increases was a decrease in general corporate costs of $386.

Other Expenses

Total other expenses decreased $0 and $2,456 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017, due to a loss on extinguishment of debt incurred in the prior period.

Adjusted Net Loss (Non-GAAP)

Adjusted Net Loss increased $3,747 and $8,328 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017. In addition to the changes in net loss attributable to shareholders noted above, Adjusted Net Loss was reduced by $2,456 in the six months ended June 30, 2017 related to the extinguishment of debt. There was no extinguishment in 2018.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA decreased $1,289 and $877 during the three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017. In addition to the changes in net loss attributable to shareholders noted above, Adjusted EBITDA includes the impact of higher interest expense of $2,398 and $7,391 during the three and six months ended June 30, 2018, related to the Senior Notes issued throughout 2017. Adjusted EBITDA for the six months ended June 30, 2017 period reflects the impact of losses on the extinguishment of debt. There was no extinguishment in 2018.

Liquidity and Capital Resources

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

- In the six months ended June 30, 2018 and 2017, cash used for the purpose of making investments was $349,328 and $301,852, respectively.
- In the six months ended June 30, 2018 and 2017, dividends to shareholders were $54,662 and $50,024, 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 debt securities, (iii) proceeds from asset sales and (iv) proceeds from the issuance of common shares.

- During the six months ended June 30, 2018 and 2017, cash flows from operating activities, plus the principal collections on finance leases and maintenance reserve collections were $82,046 and $43,475, respectively.
- During the six months ended June 30, 2018, additional borrowings were obtained in connection with the Senior Notes of $100,000, the Revolving Credit Facility of $50,000, the Jefferson Revolver of $39,000, net of financing costs, and the CMQR Credit Agreement of $13,350. We made total principal repayments of $45,874, primarily relating to the FTAI Pride Credit Agreement, the Revolving Credit Facility and the CMQR Credit Agreement. During the six months ended June 30, 2017, additional borrowings were obtained in connection with the Term Loan of $97,163, net of deferred financing costs and the Senior Notes of $137,248, net of deferred financing costs and the repayment of the Term Loan. We made total principal repayments of $11,875 primarily related to the FTAI Pride Credit Agreement and the CMQR Credit Agreement.
- During the six months ended June 30, 2018 and 2017, proceeds from the sale of assets were $26,530 and $30,292, respectively.
- During the six months ended June 30, 2018, proceeds from the issuance of common shares were $128,450, net of issuance costs of $2,100.

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 you 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

Comparison of the six months ended June 30, 2018 and 2017

The following table compares the historical cash flow for the six months ended June 30, 2018 and 2017:

	Six Months Ended June 30,	
(Dollar amounts in thousands)	**2018**	**2017**
Cash Flow Data:		
Net cash provided by operating activities	**$ 59,152**	$ 33,275
Net cash used in investing activities	**(325,091)**	(268,830)
Net cash provided by financing activities	**246,978**	186,087

Net cash provided by operating activities was $59,152 in the six months ended June 30, 2018 as compared to $33,275 in the six months ended June 30, 2017, representing a $25,877 increase. Net loss was $15,782 for the six months ended June 30, 2018, compared $15,021 for the six months ended June 30, 2017, an increase in net loss of $761. The increase in operating cash flow was attributable to changes to reconcile net income which include an increase of (i) $24,833 relating to depreciation and amortization, (ii) $9,652 relating to amortization of lease intangibles and incentives, and (iii) $1,458 relating to bad debt expense offset by a decrease of $2,456 loss on extinguishment of debt and decrease of $974 in gain on sale of assets. The increase was offset by changes in (i) other assets of $20,227 due to acquisition of crude inventory and prepaid expenses in the six months ended June 30, 2018, and (ii) in accounts receivable of $3,796 offset by increases in (i) accounts payable of $20,220 and (ii) other liabilities of $3,462 due to the expansion of business operations across all segments.

Net cash used in investing activities was $325,091 in the six months ended June 30, 2018 as compared to $268,830 in the six months ended June 30, 2017, representing a $56,261 increase. Cash used in investing activities increased by $12,165 in purchase deposits in the Aviation Leasing segment as well as the acquisition of property, plant and equipment of $73,351 mainly due to on going capital projects at Repauno, Hannibal and Jefferson Terminal. This increase in investing activities was offset by a decrease in cash used in investments in unconsolidated entities of $20,057 and a decrease in cash used for the acquisition of leasing equipment and lease intangibles in the Aviation Leasing segment of $16,223 in the six months ended June 30, 2018 as compared to the six months ended June 30, 2017.

Net cash provided by financing activities was $246,978 in the six months ended June 30, 2018 as compared to $186,087 in the six months ended June 30, 2017, representing a $60,891 increase. This was attributable to an increase of $128,450 from proceeds for the issuance of common stock net of issuance costs and an increase in receipt of maintenance deposits of $12,380. These increases were offset by a $39,561 decrease in proceeds from borrowings, attributable to the Senior Notes and an increase of $33,999 on the repayment of debt, attributable to repayments under the CMQR Credit Agreement and the Revolving Credit Facility.

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 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:

	Six Months Ended June 30,	
(Dollar amounts in thousands)	**2018**	**2017**
Net Cash Provided by Operating Activities	**$ 59,152**	$ 33,275
Add: Principal Collections on Finance Leases	**539**	225
Add: Proceeds from sale of assets	**26,530**	30,292
Add: Return of Capital Distributions from Unconsolidated Entities	**—**	—
Less: Required Payments on Debt Obligations [(1)]	**(3,124)**	(3,125)
Less: Capital Distributions to Non-Controlling Interest	**—**	—
Exclude: Changes in Working Capital	**(3,876)**	(4,307)
Funds Available for Distribution (FAD)	**$ 79,221**	$ 56,360

____

(1) Required payments on debt obligations for the six months ended June 30, 2018 excludes $17,750 repayment of the CMQR Credit Agreement and $25,000 repayment of the Revolving Credit Facilities, and for the six months ended June 30, 2017 excludes $100,000 repayment of the Term Loan, both 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 intends to fund these expenditures with future incurrences of indebtedness, additional capital contributions and/or future issuances of equity.
- FAD does not reflect any maintenance capital expenditures necessary to maintain the same level of cash generation from our capital investments.
- FAD does not reflect changes in working capital balances as management believes that changes in working capital are primarily driven by short term timing differences, which are not meaningful to 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

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

Contractual Obligations

The following table summarizes our future obligations, by period due, as of June 30, 2018, under our various contractual obligations and commitments. We had no off-balance sheet arrangements as of June 30, 2018.

(in thousands)	2018	2019	2020	2021	2022	Thereafter	Total
FTAI Pride Credit Agreement	$ 3,125	$ 47,743	$ —	$ —	$ —	$ —	$ 50,868
CMQR Credit Agreement	—	—	20,400	—	—	—	20,400
Revolving Credit Facility	—	—	25,000	—	—	—	25,000
Jefferson Revolver	—	—	—	39,511	—	—	39,511
Series 2012 Bonds	1,545	1,670	1,810	1,960	2,120	33,660	42,765
Series 2016 Bonds	—	—	144,200	—	—	—	144,200
Senior Notes	—	—	—	—	550,000	—	550,000
Total principal payments on loans and bonds payable	4,670	49,413	191,410	41,471	552,120	33,660	872,744
Total estimated interest payments [1]	30,654	56,415	43,564	40,508	10,598	15,683	197,422
Obligation to third-party	22,215	7,210	—	—	—	—	29,425
Operating lease obligations	2,925	5,603	4,730	3,079	2,324	69,083	87,744
Capital lease obligations	195	382	367	233	110	7	1,294
	55,989	69,610	48,661	43,820	13,032	84,773	315,885
Total contractual obligations	**$ 60,659**	**$ 119,023**	**$ 240,071**	**$ 85,291**	**$ 565,152**	**$ 118,433**	**$ 1,188,629**

[1] Estimated interest rates as of June 30, 2018.

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

Application of Critical Accounting Policies

Goodwill—Goodwill includes the excess of the purchase price over the fair value of the net tangible and intangible assets associated with the acquisitions of CMQR and Jefferson Terminal. The carrying amount of goodwill is approximately $116,584 as of June 30, 2018 and December 31, 2017.

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 year ended December 31, 2017.

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.

In performing the annual analysis, our two reporting units subject to the test are the Jefferson Terminal and Railroad reporting units. 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, discount rates and growth rates. The estimates and assumptions used consider historical performance if indicative of future performance, and are consistent with the assumptions used in determining future profit plans for the reporting units. 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, refined products and ethanol. 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 14% and our terminal growth rate of 3%.

Furthermore, development of both inbound and outbound pipelines to and from the Jefferson Terminal over the next two to three 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 near the end of 2018. 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 year ended December 31, 2017, there was no impairment of goodwill.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rate Risk

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

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

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

As of June 30, 2018, 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 increase/decrease in interest expense of approximately $1,295 over the next 12 months before the impact of interest rate derivatives.

Foreign Currency Exchange Risk

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

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this report, an evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based on the evaluation of our disclosure controls and procedures as of June 30, 2018, and due to the material weakness in our internal control over financial reporting described in Management's Report on Internal Control over Financial Reporting included in our Annual Report on Form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission on March 1, 2018, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were not effective.

Internal Control over Financial Reporting

No change other than certain remediation efforts related to our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We have made no significant changes in our remediation plans during the three months ended June 30, 2018 that could materially affect, or are reasonably likely to materially affect, our internal control over financial reporting. For further information with regard to our "Remediation Plans," please refer to Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission on March 1, 2018.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

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

Risks Related to Our Business

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

Uncertainty and negative trends in general economic conditions in the United States and abroad, including significant tightening of credit markets and commodity price volatility, historically have created difficult operating environments for owners and operators in the transportation industry. Many factors, including factors that are beyond our control, may impact our operating results or financial condition and/or affect the lessees and charterers that form our customer base. For some years, the world has experienced weakened economic conditions and volatility following adverse changes in global capital markets. 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, de-leveraging and reduced liquidity in the credit markets. A number of governments have implemented, or are considering implementing, a broad variety of governmental actions or new regulations for the financial markets. In addition, limitations on the availability of capital, higher costs of capital for financing expenditures or the desire to preserve liquidity, may cause our current or prospective customers to make reductions in future capital budgets and spending.

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

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

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

- general demand for the type of assets that we purchase;
- general macroeconomic conditions, including market prices for commodities that our assets may serve;
- geopolitical events, including war, prolonged armed conflict and acts of terrorism;
- outbreaks of communicable diseases and natural disasters;

- governmental regulation;
- interest rates;
- the availability of credit;
- restructurings and bankruptcies of companies in the industries in which we operate, including our customers;
- manufacturer production levels and technological innovation;
- manufacturers merging or exiting the industry or ceasing to produce certain asset types;
- retirement and obsolescence of the assets that we own;
- our railroad infrastructure may be damaged, including by flooding and railroad derailments;
- increases in supply levels of assets in the market due to the sale or merging of operating lessors; and
- reintroduction of previously unused or dormant assets into the industries in which we operate.

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

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

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

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

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

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

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

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

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

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

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

We operate in highly competitive markets.

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

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

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

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

Certain liens may arise on our assets.

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

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

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

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

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

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

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

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

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

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

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

Legislation passed by the U.S. Congress or Canadian Parliament or new regulations issued by federal agencies can significantly affect the revenues, costs and profitability of our business. For instance, 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 a growing percentage of crude oil being transported by rail. High-profile accidents involving crude-oil-carrying trains in Quebec, North Dakota and Virginia, and more recently in West Virginia and Illinois, have raised concerns about the environmental and safety risks associated with crude oil transport by rail and the associated risks arising from railcar design.

In May 2015, the DOT issued new production standards and operational controls for rail tank cars used in “High-Hazard Flammable Trains” (i.e., trains carrying commodities such as ethanol, crude oil and other flammable liquids). Similar standards have been adopted in Canada. The new standard applies for all cars manufactured after October 1, 2015, and existing tank cars must be retrofitted within the next three to eight years. The applicable operational controls include reduced speed restrictions, and maximum lengths on trains carrying these materials. Retrofitting our tank cars will be required under these new standards 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, major plant breakdowns, pipeline or electricity line ruptures or other disasters. Operational disruption, as well as supply disruption, could adversely impact the cash flows available from these assets. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged interruption may result in temporary or permanent loss of customers, substantial litigation or penalties for regulatory or contractual non-compliance, and any loss from such events may not be recoverable under relevant insurance policies. Although we believe that we are adequately insured against these types of events, either indirectly through our lessees or charterers or through our own insurance policies, no assurance can be given that the occurrence of any such event will not materially adversely affect us. In addition, if a lessee or charterer is not obligated to maintain sufficient insurance, we may incur the costs of additional insurance coverage during the related lease or charter. We can give no assurance that such insurance will be available at commercially reasonable rates, if at all.

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

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

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

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

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

On July 6, 2013, prior to our ownership, a train carrying crude oil on the MM&A line derailed near Lac-Mégantic, Quebec which resulted in fires that claimed the lives of 47 individuals (the "Incident"). Approximately two million gallons of crude oil were either burned or released into the environment, including into the nearby Chaudière River. Prior to our acquisition of the MM&A assets in May and June 2014, we received written assurance from the Quebec Ministry of Sustainable Development, Environment, Wildlife and Parks that it would take full responsibility for the environmental clean-up and that it would not hold CMQR liable for any environmental damages or costs relating to clean-up or restoration of the affected area as a result of the Incident. While we don't anticipate any liability relating to the Incident, including liability for claims alleging personal injury, property damage or natural resource damages, there can be no assurance that such claims relating to the Incident will not arise in the future. No claims have been made or threatened against us as of June 30, 2018 and we do not anticipate any expenditures relating to environmental clean-up (including impacts to the Chaudière River) as a result of the Incident.

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

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

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

Demand for assets in the Offshore Energy segment and our ability to secure charter contracts for our assets at favorable charter rates following expiry or termination of existing charters will depend, among other things, on the level of activity in the offshore oil and gas industry. The offshore oil and gas industry is cyclical and volatile, and demand for oil-service assets depends on, among other things, the level of development and activity in oil and gas exploration, as well as the identification and development of oil and gas reserves and production in offshore areas worldwide. The availability of high quality oil and gas prospects, exploration success, relative production costs, the stage of reservoir development, political concerns and regulatory requirements all affect the level of activity for charterers of oil-service vessels. Accordingly, oil and gas prices and market expectations of potential changes in these prices significantly affect the level of activity and demand for oil-service assets. Oil and gas prices can be extremely volatile and 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 policies; political and military conflicts in oil-producing and other countries; and the development and exploration of alternative fuels. Any reduction in the demand for our assets due to these or other factors could materially adversely affect our operating results and growth prospects.

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

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

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

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

- terrorist acts, armed hostilities, war and civil disturbances;
- acts of piracy;
- significant governmental influence over many aspects of local economies;
- seizure, nationalization or expropriation of property or equipment;
- repudiation, nullification, modification or renegotiation of contracts;
- limitations on insurance coverage, such as war risk coverage, in certain areas;
- political unrest;
- foreign and U.S. monetary policy and foreign currency fluctuations and devaluations;
- the inability to repatriate income or capital;
- complications associated with repairing and replacing equipment in remote locations;
- import-export quotas, wage and price controls, imposition of trade barriers;
- U.S. and foreign sanctions or trade embargoes;
- restrictions on the transfer of funds into or out of countries in which we operate;

- compliance with U.S. Treasury sanctions regulations restricting doing business with certain nations or specially designated nationals;

- regulatory or financial requirements to comply with foreign bureaucratic actions;

- compliance with applicable anti-corruption laws and regulations;

- changing taxation policies, including confiscatory taxation;

- other forms of government regulation and economic conditions that are beyond our control; and

- governmental corruption.

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

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

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

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

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

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

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

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

We have acquired, and may in the future acquire, operating businesses including businesses whose operations are not fully matured and stabilized (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.

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

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

- merge, consolidate or transfer all, or substantially all, of our assets;
- incur additional debt or issue preferred 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 are a recently formed company with a limited operating history, our historical financial and operating data may not be representative of our future results.

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

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

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

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

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

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

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

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

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.

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 ("US EPA"), the former owner is obligated to pump groundwater that has been impacted by the adjacent Ormet site beneath our site and discharge it to the Ohio River and monitor the groundwater annually. 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 US 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 US 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.

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

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

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

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

Risks Related to Our Manager

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

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

In addition, our Manager may assign our Management Agreement to an entity whose business and operations are managed or supervised by Mr. Wesley R. Edens, who is a principal, 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 Ships Holdings 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 Ships Holdings Inc. and Trac Intermodal. Although we have the same Manager, we may compete with entities affiliated with our Manager or Fortress, including Seacastle Ships Holdings Inc. and Trac Intermodal, for certain target assets. From time to time, affiliates of Fortress focus on investments in assets with a similar profile as our target assets that we may seek to acquire. These affiliates may have meaningful purchasing capacity, which may change over time depending upon a variety of factors, including, but not limited to, available equity capital and debt financing, market conditions and cash on hand. Fortress has multiple existing and planned funds focused on investing in one or more of our target sectors, each with significant current or expected capital commitments. We may co-invest with these funds in transportation and transportation-related infrastructure assets. Fortress funds generally have a fee structure similar to ours, but the fees actually paid will vary depending on the size, terms and performance of each fund.

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

The ability of our Manager and its officers and employees to engage in other business activities, subject to the terms of our Management Agreement, may reduce the amount of time our Manager, its officers or other employees spend managing us. In addition, we may engage (subject to our strategy) in material transactions with our Manager or another entity managed by our Manager or one of its affiliates, including Seacastle Ships Holdings Inc., Trac Intermodal and Florida East Coast 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. Shareholders may be subject to U.S. federal, state, local and possibly, in some cases, non-U.S. income taxation on their allocable share of our items of income, gain, loss, deduction and credit (including our allocable share of those items of Holdco or any other entity in which we invest that is treated as a partnership or is otherwise subject to tax on a flow through basis) for each of our taxable years ending with or within their taxable year, regardless of whether they receive cash dividends from us. Shareholders may not receive cash dividends equal to their allocable share of our net taxable income or even the tax liability that results from that income.

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

New U.S. tax legislation could adversely affect us and our shareholders.

On December 22, 2017, legislation referred to as the "Tax Cuts and Jobs Act" (the "TCJA") was signed into law. The TCJA is generally effective for taxable years beginning after December 31, 2017. The TCJA includes significant amendments to the Code, including amendments that significantly change the taxation of individuals and business entities, including the taxation of offshore earnings and the deductibility of interest. Some of the amendments could adversely affect our business and financial condition and the value of our common shares.

Although we are currently evaluating the impact of the TCJA on our business, significant uncertainty exists with respect to how the TCJA will affect our business. Some of this uncertainty will not be resolved until clarifying Treasury regulations are promulgated or other relevant authoritative guidance is published.

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

Under the TCJA, shareholders that are Non-U.S. Holders (defined below) could be subject to U.S. federal income tax, including a 10% withholding tax, on the disposition of our common 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 common 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 common 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 directly engaged in a U.S. trade or business, 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. A substantial portion of our income consists of “Subpart F” income (which includes rent and other types of passive income) derived from CFCs. While we believe that such income constitutes qualifying income, no assurance can be given that the IRS will agree with such position. We also believe that our return from investments will include interest, dividends, capital gains and other types of qualifying income, but no assurance can be given as to the types of income that will be earned in any given year.

If we fail to satisfy the Qualifying Income Exception, we would be required to pay U.S. federal income tax at regular corporate rates on our 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 common 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 common shares.

In light of our intended investment activities, we may be, or may become, engaged in a U.S. trade or business for U.S. federal income tax purposes, in which case some portion of our income would be treated as effectively connected income with respect to non-U.S. 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 generally would be required to file U.S. federal income tax returns and would be subject to U.S. federal withholding tax on their allocable share of the effectively connected income on gain at the highest marginal U.S. federal income tax rates applicable to ordinary income. Non-U.S. 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 common shares.

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

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

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

We are not required to manage our operations in a manner that would minimize the likelihood of generating income that would constitute “unrelated business taxable income” (“UBTI”) to the extent allocated to a tax-exempt shareholder. Although we expect to invest through subsidiaries that are treated as corporations for U.S. federal income tax purposes and such corporate investments would generally not result in an allocation of UBTI to a shareholder on account of the activities of those subsidiaries, we may not invest through corporate subsidiaries in all cases. Moreover, UBTI 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. The potential for income to be characterized as UBTI could make our common shares an unsuitable investment for a tax-exempt entity. Tax-exempt shareholders are urged to consult their tax advisors regarding the tax consequences of an investment in common shares.

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

Many of our investments are in non-U.S. corporations or are held through a non-U.S. subsidiary that is classified as a corporation for U.S. federal income tax purposes. Many of these entities are CFCs for U.S. federal income tax purposes. U.S. Holders indirectly owning an interest in a CFC may experience adverse U.S. tax consequences.

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

We 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.

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

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

The U.S. federal income tax treatment of our shareholders depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. The U.S. federal income tax treatment of our common 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.

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

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

Risks Related to Our Common Shares

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

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

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

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

We are 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 Report on Form 10-K for the fiscal year ended December 31, 2017. 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.

Furthermore, because we are no longer an emerging growth company, we can no longer take advantage of certain other exemptions from various SEC reporting requirements, including, but not limited to, exemptions from enhanced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and the requirements of holding a non-binding advisory vote on executive compensation at our annual meeting and obtaining shareholder approval of any golden parachute payments not previously approved. Until we comply with these requirements in connection with our 2018 periodic reports, proxy statement and annual meeting of shareholders, our shareholders may not have access to certain information they deem important. Because we have previously taken advantage of each of these exemptions, we do not know if some investors will find our common shares less attractive as a result.

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. We recently granted our Manager an option to acquire 700,000 common shares are part of the equity offering discussed in Note 15 to this Quarterly Report on Form 10Q. 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 June 30, 2018, rights relating to 725,000 of our common shares were outstanding under the Incentive Plan. In connection with an offering that closed on January 16, 2018, the number of shares reserved for issuance under the Incentive Plan will be increased in an amount equal to 700,000 common shares, which amount corresponds to the common shares subject to the option described above. 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.

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 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Appointment of Principal Accounting Officer

On August 2, 2018, our Board of Directors appointed Eun Nam, 36, as our Chief Accounting Officer, effective as of August 6, 2018. Ms. Nam serves as a Senior Vice President of the Private Equity group of the Manager, and has been involved in various mergers and acquisitions and capital markets transactions. Ms. Nam previously served as Interim Chief Accounting Officer of Drive Shack Inc., an entity that was then managed by the Manager, from March through September 2016. Prior to joining Fortress in 2014, Ms. Nam worked in KPMG LLP's audit and risk advisory services for over ten years. Ms. Nam received a Bachelor of Business Administration in Finance and Accounting from Emory University, and is a certified public accountant in Georgia.

Our officers are appointed annually by the Board of Directors. There is no arrangement or understanding between Ms. Nam and any other person pursuant to which she was appointed as an officer of the Company. There are also no family relationships between Ms. Nam and any director or executive officer of the Company.

Our officers are not employees of ours and do not receive direct cash compensation for services rendered to us. Rather, they are employees of the Manager and are compensated by the Manager for their services to us as well as other entities affiliated with the Manager. The Manager has informed us that, because the services performed by certain individuals who serve as our officers are not performed exclusively for us, the Manager cannot segregate and identify that portion of compensation awarded to, earned by or paid to certain of our officers, including Ms. Nam, that relates solely to her services to us. Outside of the fees and compensation paid to the Manager by us, Ms. Nam does not have any direct or indirect material interests in any transaction with us or in any currently proposed transaction to which we are a party. Effective as of August 6, 2018, Mr. Scott Christopher will resign as our Chief Accounting Officer. Mr. Christopher will continue to serve as our Chief Financial Officer.

Director and Officer Indemnification Agreements

In connection with the appointment of Ms. Nam, we have entered into an indemnification agreement with her, effective as of August 6, 2018. Under the indemnification agreement with our directors and officers, we, subject to certain limitations, have agreed to indemnify our directors and officers against certain liabilities arising out of their service as a director or officer of the Company.

Amendment to the Revolving Credit Facility

On August 2, 2018, we entered into Amendment No. 1 (the “Amendment”) to the Revolving Credit Facility.

The Amendment, among other things, (i) increases the aggregate revolving commitments under the Revolving Credit Facility by $50,000,000 from $75,000,000 to $125,000,000 and (ii) extends the maturity date of the revolving loans and commitments under the Existing Credit Agreement by one year from June 16, 2020 to June 16, 2021.

The foregoing description of the Amendment does not purport to be complete and is subject to, and qualified in its entirety by reference to, the full text of the Amendment, which is attached hereto as Exhibit 10.15 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

Item 6. Exhibits

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

	Exhibit No.	Description
	10.15	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.
†	10.16	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).
	31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
	31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
	32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
	32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
	101.INS	XBRL Instance Document.
	101.SCH	XBRL Taxonomy Extension Schema Document.
	101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
	101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
	101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
	101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

† *Management contracts and compensatory plans or arrangements.*

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:	August 3, 2018
By:	/s/ Scott Christopher Scott Christopher Chief Financial Officer and Chief Accounting Officer	Date:	August 3, 2018

EXHIBIT 10.15

AMENDMENT NO. 1 dated as of August 2, 2018 (this "Amendment"), to the CREDIT AGREEMENT dated as of June 16, 2017 (as amended, supplemented or otherwise modified prior to the date hereof, the "Credit Agreement"), among FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC, a Delaware limited liability company (the " Borrower"), each lender from time to time party thereto (each individually referred to therein as a "Lender" and collectively as "Lenders") and JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, the "Administrative Agent").

A. The Borrower has requested that (i) the Aggregate Commitments under the Credit Agreement be increased by an amount equal to $50,000,000 (the "Commitment Increase"), which Commitment Increase will be provided by Morgan Stanley Senior Funding, Inc. (the "Commitment Increase Lender") and (ii) the Credit Agreement be amended as set forth herein.

B. The Commitment Increase Lender is willing to provide such additional Commitments, and the Lenders are willing to so amend the Credit Agreement, in each case on the terms and subject to the conditions set forth herein.

Accordingly, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Defined Terms. Capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Credit Agreement. The rules of interpretation set forth in Section 1.2 of the Credit Agreement are hereby incorporated by reference herein, *mutatis mutandis*.

SECTION 2. Commitment Increase. (a) Subject to the terms and conditions set forth herein, the Lenders party hereto (including the Commitment Increase Lender) hereby agree that, effective as of the Amendment Effective Date (as defined below), the aggregate amount of the Commitments outstanding immediately prior to the Amendment Effective Date shall be increased by an amount equal to the Commitment Increase, and that such Commitment Increase shall be held, as of the Amendment Effective Date, by the Commitment Increase Lender. On and after the Amendment Effective Date, the Commitment Increase Lender shall, in its capacity as a Lender, make Loans to the Borrower, and otherwise extend credit (including by funding participations in Letters of Credit), in each case in accordance with the terms and subject to the conditions of the Credit Agreement, as amended hereby. Each Lender agrees that no amounts shall be due under Section 2.15(c) of the Credit Agreement as a result of the transactions contemplated by this Amendment.

(b) On the Amendment Effective Date, each of the Lenders with Commitments under the Credit Agreement immediately prior to the Amendment Effective Date (the "Existing Lenders"), shall assign to the Commitment Increase Lender, and the Commitment Increase Lender shall purchase from each of such Lenders, at the principal amount thereof, such interests in the Loans outstanding on the Amendment Effective Date as shall be necessary in order that, after giving effect to all such assignments and purchases, the Loans will be held by the Existing Lenders and the Commitment Increase Lender ratably in accordance with their Commitments after giving effect to the Commitment Increase, and the participations in respect of Letters of Credit shall be reallocated so that such participations are held ratably among the Lenders in accordance with their commitments after giving effect to the Commitment Increase. Schedule 1.1A of the Credit Agreement, as amended by this Amendment, sets forth the Commitment of each Lender after giving effect to this Amendment.

(c) The Commitment Increase Lender, by delivering its signature page to this Amendment on the Amendment Effective Date, shall be deemed to have acknowledged receipt of, and consented to and approved, each Loan Document and each other document required to be delivered to, or be approved by or satisfactory to, the Administrative Agent or any Lender on the Amendment Effective Date. The Commitment Increase Lender shall become a "Lender" for all purposes of the Credit Agreement and the other Loan Documents, in accordance with the terms thereof, and the Commitment Increase Lender shall have all the rights and obligations of a Lender under the Credit Agreement with respect to the interests purchased by it pursuant to such paragraphs, in accordance with the terms thereof.

SECTION 3. Amendments. Effective as of the Amendment Effective Date, the Credit Agreement is hereby amended as follows:

(a) The following definitions are hereby added to Section 1.1 of the Credit Agreement in the appropriate alphabetical order:

(i) "Amendment No. 1": Amendment No. 1, dated as of August 2, 2018, among the Borrower, the Lenders party thereto and the Administrative Agent.

(ii) "Amendment Effective Date": as defined in Amendment No. 1.

(iii) "Beneficial Ownership Certification": a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

(iv) "Beneficial Ownership Regulation": 31 C.F.R. § 1010.230.

(v) "NYFRB": the Federal Reserve Bank of New York.

(vi) "NYFRB Rate": for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if none of such rates are published for any day that is a Business Day, the term "NYFRB Rate" means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received by the Administrative Agent from a federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates as so determined be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

(vii) "Overnight Bank Funding Rate": for any day, the rate comprised of both overnight federal funds and overnight Borrowings with respect to Eurodollar Rate Loans by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB as set forth on its public website from time to time, and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate.

(b) The definition of "Base Rate" is hereby amended and restated in its entirety as follows:

"Base Rate": for any day, a rate *per annum* equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1% and (c) the Adjusted Eurodollar Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that for the purpose of this definition, the Adjusted Eurodollar Rate for any day shall be based on the LIBO Screen Rate (or if the LIBO Screen Rate is not available for such one month Interest Period, the Interpolated Rate) at approximately 11:00 a.m. London time on such day. Any change in the Base Rate due to a change in the Prime Rate, the NYFRB Rate or the Adjusted Eurodollar Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Adjusted Eurodollar Rate, respectively. If the Base Rate is being used as an alternate rate of interest pursuant to Section 2.14 hereof, then the Base Rate shall be the greater of clause (a) and (b) above and shall be determined without reference to clause (c) above. For the avoidance of doubt, if the Base Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

(c) The definition of "Federal Funds Effective Rate" is hereby amended and restated in its entirety as follows:

"Federal Funds Effective Rate": for any day, the rate calculated by the NYFRB based on such day's federal funds transactions by depositary institutions, as determined in such manner as the NYFRB shall set forth on its public website from time to time, and published on the next succeeding Business Day by the NYFRB as the effective federal funds rate, provided that if the Federal Funds Effective Rate as so determined would be less than zero, such rate shall be deemed to zero for the purposes of this Agreement.

(d) The definition of "Prime Rate" is hereby amended and restated in its entirety as follows:

"Prime Rate" means the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S.

or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Board (as determined by the Administrative Agent). Each change in the Prime Rate shall be effective from and including the date such change is publicly announced or quoted as being effective.

(e) The second recital of the Credit Agreement is hereby amended by deleting therefrom the dollar amount "$75,000,000" and substituting therefor the dollar amount "$125,000,000".

(f) The last sentence of the definition of "Commitment" set forth in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety to read as follows: "The aggregate amount of the Commitments as of the Amendment Effective Date is $125,000,000.".

(g) Clause (a) of the definition of "Issuing Bank" set forth in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety to read as follows: "(a) JPMorgan Chase Bank, N.A., Barclays Bank PLC and Morgan Stanley Senior Funding, Inc. (it being understood and agreed that such entities can only issue standby Letters of Credit) and".

(h) Clause (a) of the definition of "Maturity Date" set forth in Section 1.1 of the Credit Agreement is hereby amended by deleting therefrom the date "June 16, 2020" and substituting therefor the date "June 16, 2021".

(i) Section 2.15(a) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(a) Inability to Determine Applicable Interest Rate. (x) If at least two Business Days prior to the commencement of any Interest Period for a Eurodollar Rate Loan:

(i) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted Eurodollar Rate or the LIBO Rate, as applicable (including because the LIBO Screen Rate is not available or published on a current basis), for such Interest Period; or

(ii) the Administrative Agent is advised by the Required Lenders that the Adjusted Eurodollar Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone, telecopy or electronic mail as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, which the Administrative Agent agrees to do promptly thereafter, (A) any Conversion/Continuation Notice that requests the conversion of any Loan to, or continuation of any Loan as, a Eurodollar Rate Loan shall be ineffective and (B) if any Funding Notice requests a Eurodollar Rate Loan, such Borrowing shall be made as a Base Rate Loan; provided that if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted; provided, further, that, in each case, the Borrower may revoke any Conversion/Continuation Notice or Funding Notice that is pending when such notice is received.

(y) If at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error) that (i) the circumstances set forth in clause (a)(i) have arisen and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (a)(i) have not arisen but either (w) the supervisor for the administrator of the LIBO Screen Rate has made a public statement that the administrator of the LIBO Screen Rate is insolvent (and there is no successor administrator that will continue publication of the LIBO Screen Rate), (x) the administrator of the LIBO Screen Rate has made a public statement identifying a specific date after which the LIBO Screen Rate will permanently or indefinitely cease to be published by it (and there is no successor administrator that will continue publication of the LIBO Screen Rate), (y) the supervisor for the administrator of the LIBO Screen Rate has made a public statement identifying a specific date after which the LIBO Screen Rate will permanently or indefinitely cease to be published or (z) the supervisor for the administrator of the LIBO Screen Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the LIBO Screen Rate shall no longer be used for determining interest rates for loans, then the Administrative Agent and the Borrower shall endeavor to establish an alternate rate of interest to the LIBO Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for U.S. Dollar denominated syndicated loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable; provided that, if such alternate rate of interest as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement. Notwithstanding anything to the contrary in Section 9.1, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five Business Days of the date notice of such alternate rate of interest is provided to the Lenders, a written notice from the Required Lenders stating that such Required Lenders object to such amendment. Until an alternate rate of interest shall be determined in accordance with this clause (b) (but, in the case of the circumstances described in clause (ii) of the first sentence of this Section 2.12(b), only to the extent the LIBO Screen Rate for such Interest Period is not available or published at such time on a current basis), (x) any Conversion/Continuation Notice that requests the conversion of any Loan to, or continuation of any Loan as, a Eurodollar Rate Loan shall be ineffective and (y) if any Funding Notice requests a Eurodollar Rate Loan, such Borrowing shall be made as a Base Rate Loan; provided that, if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement."

(j) Section 3.18 of the Credit Agreement is hereby amended by adding the following as the last sentence of Section 3.18: "As of the Amendment Effective Date, the information included in the Beneficial Ownership Certification is true and correct in all respects."

(k) Section 5.7 of the Credit Agreement is hereby amended by replacing clause (c) thereof in its entirety to read as follows:

"(c) any change in the information provided in the Beneficial Ownership Certification delivered to such Lender that would result in a change to the list of beneficial owners identified in such certification;"

(l) Section 6.3(b)(1) of the Credit Agreement is hereby amended by deleting therefrom the dollar amount "$100,000,000" and substituting therefor the dollar amount "$125,000,000".

(m) Schedule 1.1A of the Credit Agreement is hereby amended and restated in its entirety with Schedule 1.1A attached as Exhibit A to this Amendment.

SECTION 4. Representations and Warranties. To induce the other parties hereto to enter into this Agreement, the Borrower hereby represents and warrants to the Administrative Agent and each of the other parties hereto that:

(a) As of the Amendment Effective Date, each Loan Party has duly executed and delivered and authorized this Amendment and this Amendment constitutes the legal, valid and binding obligation of such Loan Party enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization and other similar laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law).

(b) As of the Amendment Effective Date, (i) the representations and warranties set forth in the Credit Agreement and in the other Loan Documents are true and correct in all material respects except to the extent such representations and warranties specifically relate to an earlier date, in which case such representations and warranties were true and correct in all material respects on and as of such earlier date; *provided* that, in each case, such materiality qualifier is not applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof and (ii) no Default or Event of Default has occurred and is continuing.

SECTION 5. Interest and Fees. On the Amendment Effective Date, the Borrower shall pay to the Administrative Agent, for the accounts of the Existing Lenders, all unpaid interest and any other amounts which have accrued for the period from the last date such interest and fees were paid to but excluding the Amendment Effective

Date. The interest and fees described in this Section 5 shall be payable in immediately available funds. Once paid, such interest and fees shall not be refundable under any circumstances.

SECTION 6. Conditions to Effectiveness. The effectiveness of this Amendment is subject to the satisfaction or waiver, on or prior to August 2, 2018, of the following conditions precedent (the date on which all such conditions are satisfied or waived, the "Amendment Effective Date"):

(a) The Administrative Agent shall have received from the Borrower, each Existing Lender party hereto (which shall constitute the Required Lenders) and the Commitment Increase Lender either (i) a counterpart of this Amendment signed on behalf of such parties or (ii) written evidence satisfactory to the Administrative Agent (which may include facsimile or other electronic transmission of a signed signature page of this Amendment) that such parties have signed a counterpart of this Amendment.

(b) The Borrower shall have paid all fees due and payable as of the Amendment Effective Date and all expenses for which reasonably detailed invoices have been presented prior to the Amendment Effective Date that are due to the Administrative Agent and the Lenders and required to be paid on the Amendment Effective Date in connection with the transactions contemplated hereby.

(c) The representations and warranties set forth in Section 4 shall be true and correct.

(d) The Administrative Agent shall have received the results of recent Uniform Commercial Code, Tax and judgment lien searches in each relevant jurisdiction reasonably requested by the Administrative Agent with respect to the Borrower and IntermediateCo; and such searches shall reveal no Liens on any of the Collateral except for Liens permitted by Section 6.6 of the Credit Agreement.

(e) The Administrative Agent shall have received a certificate of each Loan Party, dated the Amendment Effective Date, substantially in the form of such certificate delivered on the Closing Date or otherwise in form and substance reasonably satisfactory to the Administrative Agent, with appropriate insertions and attachments.

(f) The Administrative Agent shall have received a good standing certificate (to the extent such concept is known in the relevant jurisdiction) from the applicable Governmental Authority of each Loan Party's respective jurisdiction of incorporation, organization or formation dated a recent date prior to the Amendment Effective Date.

(g) The Administrative Agent shall have received, in form and substance reasonably acceptable to the Administrative Agent, a legal opinion of (i) Cravath, Swaine & Moore LLP, New York counsel to the Borrower and its Subsidiaries, (ii) Conyers Dill & Pearman Limited, Bermuda counsel to the Borrower and its Subsidiaries and (iii) Morris, Nichols, Arsht & Tunnell LLP, Delaware counsel to the Borrower and its Subsidiaries, in each case dated the Amendment Effective Date and addressed to the Administrative Agent and the Lenders.

(h) The Administrative Agent shall have received a solvency certificate, substantially in the form of Exhibit F to the Credit Agreement, executed by a Responsible Officer of the Borrower.

(i) (i) The Lenders shall have received, at least five days prior to the Amendment Effective Date, to the extent requested sufficiently in advance thereof, all documentation and other information with respect to the Borrower required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the PATRIOT Act and (ii) to the extent the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, at least five days prior to the Amendment Effective Date, any Lender that has requested, in a written notice to the Borrower, a Beneficial Ownership Certification in relation to the Borrower shall have received such Beneficial Ownership Certification (provided that, upon the execution and delivery by such Lender of its signature page to this Amendment, the condition set forth in this clause (ii) shall be deemed to be satisfied).

The Administrative Agent shall notify the Borrower and the Lenders of the Amendment Effective Date, and such notice shall be conclusive and binding.

SECTION 7. Consent and Reaffirmation. Each of the Loan Parties hereby (i) consents to this Amendment and the transactions contemplated hereby and (ii) agrees that, notwithstanding the effectiveness of this Amendment, its Obligations under each of the Loan Documents to which it is a party continues to be in full force and effect and the Liens granted under such Loan Documents shall secure any Loans made pursuant to the Commitment Increase. The parties hereto expressly acknowledge that it is not their intention that this Amendment or any of the other Loan Documents executed or delivered pursuant hereto constitute a novation of any of the obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document, but a modification thereof pursuant to the terms contained herein.

SECTION 8. Loan Documents. This Amendment shall constitute a "Loan Document" for all purposes of the Credit Agreement and the other Loan Documents.

SECTION 9. Counterparts. This Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic transmission shall be as effective as delivery of an original executed counterpart of this Amendment.

SECTION 10. Governing Law. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 11. Headings. Section headings used herein are for convenience of reference only, are not part of this Amendment and shall not affect the construction of, or be taken into consideration in interpreting, this Amendment.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers or representatives as of the day and year first above written.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC,
as the Borrower

By: /s/ Joseph P. Adams Jr.
Name: Joseph P. Adams Jr.
Title: Chief Executive Officer

FORTRESS WORLDWIDE TRANSPORTATION AND INFRASTRUCTURE GENERAL PARTNERSHIP,
as a Grantor

By: /s/ Demetrios Tserpelis
Name: Demetrios Tserpelis
Title: Authorized Signatory

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent, a Lender and Issuing Bank,

By: /s/ Cristina Caviness

Name: Cristina Caviness

Title: Vice President

BARCLAYS BANK PLC,
as a Lender and Issuing Bank

By: /s/ Craig Malloy

Name: Craig Malloy

Title: Director

MORGAN STANLEY SENIOR FUNDING, INC.,
as the Commitment Increase Lender and Issuing Bank

By: /s/ Michael King

Name: Michael King

Title: Vice President

EXHIBIT A

Schedule 1.1A

Commitments

Lender	
Morgan Stanley Senior Funding, Inc.	$50,000,000.00
Barclays Bank PLC	$37,500,000.00
JPMorgan Chase Bank, N.A.	$37,500,000.00
Total Commitments	**$125,000,000.00**

Issuing Bank	LC Commitment
Morgan Stanley Senior Funding, Inc.	$10,000,000.00
Barclays Bank PLC	$7,500,000.00
JPMorgan Chase Bank, N.A.	$7,500,000.00
Total LC Commitments	**$25,000,000.00**

EXHIBIT 31.1

SECTION 302 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

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

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

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

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

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

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

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

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

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

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

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

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

August 3, 2018	/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 quarterly report on Form 10-Q of Fortress Transportation and Infrastructure Investors LLC (the “registrant”);

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

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

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

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

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

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

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

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

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

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

August 3, 2018	/s/ Scott Christopher
(Date)	Scott Christopher
	Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Quarterly Report on Form 10-Q of Fortress Transportation and Infrastructure Investors LLC (the “Company”) for the quarterly period ended June 30, 2018 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
August 3, 2018

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

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

EXHIBIT 32.2

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

In connection with the Quarterly Report on Form 10-Q of Fortress Transportation and Infrastructure Investors LLC (the “Company”) for the quarterly period ended June 30, 2018 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
August 3, 2018

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.