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 **March 31, 2021**

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 AND INFRASTRUCTURE INVESTORS LLC

(Exact name of registrant as specified in its charter)

Delaware	**32-0434238**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1345 Avenue of the Americas, 45th Floor	**New York**	**NY**	**10105**
(Address of principal executive offices)			(Zip Code)

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

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

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

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

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

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

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

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

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

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

There were 85,630,753 common shares representing limited liability company interests outstanding at April 27, 2021.

FORWARD-LOOKING STATEMENTS AND RISK FACTORS SUMMARY

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. The following is a summary of the principal risk factors that make investing in our securities risky and may materially adversely affect our business, financial condition, results of operations and cash flows. This summary should be read in conjunction with the more complete discussion of the risk factors we face, which are set forth in Part II, Item 1A. "Risk Factors" of this report. 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, including, but not limited to, ongoing COVID-19 pandemic and other public health crises, and any related responses or actions by businesses and governments;
- reductions in cash flows received from our assets, as well as contractual limitations on the use of our aviation assets to secure debt for borrowed money;
- our ability to take advantage of acquisition opportunities at favorable prices;
- a lack of liquidity surrounding our assets, which could impede our ability to vary our portfolio in an appropriate manner;
- the relative spreads between the yield on the assets we acquire and the cost of financing;
- adverse changes in the financing markets we access affecting our ability to finance our acquisitions;
- customer defaults on their obligations;
- our ability to renew existing contracts and enter into new contracts with existing or potential customers;
- the availability and cost of capital for future acquisitions;
- concentration of a particular type of asset or in a particular sector;
- competition within the aviation, energy and intermodal transport sectors;
- the competitive market for acquisition opportunities;
- risks related to operating through joint ventures, partnerships, consortium arrangements or other collaborations with third parties;
- 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 and maintenance 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 natural disasters, increasing environmental legislation and the broader impacts of climate change;
- changes in interest rates and/or credit spreads, as well as the success of any hedging strategy we may undertake in relation to such changes;
- actions taken by national, state, or provincial governments, including nationalization, or the imposition of new taxes, could materially impact the financial performance or value of our assets;
- our dependence on our Manager and its professionals and actual, potential or perceived conflicts of interest in our relationship with our Manager;
- effects of the merger of Fortress Investment Group LLC with affiliates of SoftBank Group Corp.;

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

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

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

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

INDEX TO FORM 10-Q

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

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

	Notes	(Unaudited) March 31, 2021	December 31, 2020
Assets			
Cash and cash equivalents	2	**$ 160,252**	$ 121,703
Restricted cash	2	**33,224**	39,715
Accounts receivable, net		**111,898**	91,691
Leasing equipment, net	4	**1,684,816**	1,635,259
Operating lease right-of-use assets, net	13	**64,801**	62,355
Finance leases, net	5	**13,966**	6,927
Property, plant, and equipment, net	6	**1,000,988**	964,363
Investments	7	**161,767**	146,515
Intangible assets, net	8	**16,809**	18,786
Goodwill		**122,735**	122,735
Other assets	2	**220,791**	177,928
Total assets		**$ 3,592,047**	$ 3,387,977
Liabilities			
Accounts payable and accrued liabilities		**$ 101,155**	$ 113,185
Debt, net	9	**2,077,402**	1,904,762
Maintenance deposits		**140,487**	148,293
Security deposits		**35,117**	37,064
Operating lease liabilities	13	**64,231**	62,001
Other liabilities		**30,003**	23,351
Total liabilities		**$ 2,448,395**	$ 2,288,656
Commitments and contingencies	19		
Equity			
Common shares ($0.01 par value per share; 2,000,000,000 shares authorized; 85,630,753 and 85,617,146 shares issued and outstanding as of March 31, 2021 and December 31, 2020, respectively)		**$ 856**	$ 856
Preferred shares ($0.01 par value per share; 200,000,000 shares authorized; 13,320,000 and 9,120,000 shares issued and outstanding as of March 31, 2021 and December 31, 2020, respectively)		**133**	91
Additional paid in capital		**1,198,386**	1,130,106
Accumulated deficit		**(58,073)**	(28,158)
Accumulated other comprehensive loss		**(16,283)**	(26,237)
Shareholders' equity		**1,125,019**	1,076,658
Non-controlling interest in equity of consolidated subsidiaries		**18,633**	22,663
Total equity		**1,143,652**	1,099,321
Total liabilities and equity		**$ 3,592,047**	$ 3,387,977

See accompanying notes to consolidated financial statements.

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

	Notes	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Revenues			
Equipment leasing revenues		$ **56,607**	$ 86,449
Infrastructure revenues		**20,542**	26,391
Total revenues	12	**77,149**	112,840
Expenses			
Operating expenses		**24,997**	33,444
General and administrative		**4,252**	4,663
Acquisition and transaction expenses		**1,643**	3,194
Management fees and incentive allocation to affiliate	16	**3,990**	4,766
Depreciation and amortization	4, 6, 8	**44,535**	42,197
Asset impairment		**2,100**	—
Interest expense		**32,990**	22,861
Total expenses		**114,507**	111,125
Other income (expense)			
Equity in earnings of unconsolidated entities	7	**1,374**	265
Gain (loss) on sale of assets, net		**811**	(1,819)
Loss on extinguishment of debt	9	**—**	(4,724)
Interest income		**285**	41
Other income		**181**	33
Total other income (expense)		**2,651**	(6,204)
Loss from continuing operations before income taxes		**(34,707)**	(4,489)
Provision for (benefit from) income taxes	15	**169**	(98)
Net loss from continuing operations		**(34,876)**	(4,391)
Net income from discontinued operations, net of income taxes		**—**	1,331
Net loss		**(34,876)**	(3,060)
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries		**(4,961)**	(4,736)
Less: Dividends on preferred shares		**4,625**	4,539
Net loss attributable to shareholders		**$ (34,540)**	**$ (2,863)**
(Loss) earnings per share:	18		
Basic			
Continuing operations		**$ (0.40)**	$ (0.05)
Discontinued operations		**$ —**	$ 0.02
Diluted			
Continuing operations		**$ (0.40)**	$ (0.05)
Discontinued operations		**$ —**	$ 0.02
Weighted average shares outstanding:			
Basic		**86,027,944**	86,008,099
Diluted		**86,027,944**	86,008,099

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	2021	**2020**
Net loss	**$ (34,876)**	$ (3,060)
Other comprehensive income:		
Other comprehensive income related to equity method investees, net [1]	**9,954**	8,758
Comprehensive (loss) income	**(24,922)**	5,698
Comprehensive loss attributable to non-controlling interest	**(4,961)**	(4,736)
Comprehensive (loss) income attributable to shareholders	**$ (19,961)**	$ 10,434

____

[1] Net of deferred tax expense of $2,646 and $2,326 for the three months ended March 31, 2021 and 2020, respectively.

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31, 2021						
	Common Shares	Preferred Shares	Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Non-Controlling Interest in Equity of Consolidated Subsidiaries	Total Equity
Equity - December 31, 2020	$ 856	$ 91	$ 1,130,106	$ (28,158)	$ (26,237)	$ 22,663	$ 1,099,321
Net loss				**(29,915)**		**(4,961)**	**(34,876)**
Other comprehensive income				**—**	**9,954**	**—**	**9,954**
Total comprehensive (loss) income				**(29,915)**	**9,954**	**(4,961)**	**(24,922)**
Settlement of equity-based compensation						**(183)**	**(183)**
Issuance of common shares			**150**				**150**
Dividends declared - common shares			**(28,383)**				**(28,383)**
Issuance of preferred shares		**42**	**101,138**				**101,180**
Dividends declared - preferred shares			**(4,625)**				**(4,625)**
Equity-based compensation						**1,114**	**1,114**
Equity - March 31, 2021	**$ 856**	**$ 133**	**$ 1,198,386**	**$ (58,073)**	**$ (16,283)**	**$ 18,633**	**$ 1,143,652**

	Three Months Ended March 31, 2020						
	Common Shares	Preferred Shares	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non-Controlling Interest in Equity of Consolidated Subsidiaries	Total Equity
Equity - December 31, 2019	$ 849	$ 81	$ 1,110,122	$ 190,453	$ 372	$ 36,980	$ 1,338,857
Net income (loss)				1,676		(4,736)	(3,060)
Other comprehensive income				—	8,758	—	8,758
Total comprehensive income (loss)				1,676	8,758	(4,736)	5,698
Issuance of common shares	2		154			—	156
Conversion of participating securities			(2)				(2)
Dividends declared - common shares				(28,391)		—	(28,391)
Issuance costs of preferred shares			(246)				(246)
Dividends declared - preferred shares				(4,539)			(4,539)
Equity-based compensation			—			291	291
Equity - March 31, 2020	$ 851	$ 81	$ 1,110,028	$ 159,199	$ 9,130	$ 32,535	$ 1,311,824

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	2021	**2020**
Cash flows from operating activities:		
Net loss	**$ (34,876)**	$ (3,060)
Adjustments to reconcile net loss to net cash used in operating activities:		
Equity in earnings of unconsolidated entities	**(1,374)**	(265)
Gain on sale of subsidiaries	**—**	(1,331)
(Gain) loss on sale of assets, net	**(811)**	1,819
Security deposits and maintenance claims included in earnings	**(2,836)**	8,844
Loss on extinguishment of debt	**—**	4,724
Equity-based compensation	**1,114**	291
Depreciation and amortization	**44,535**	42,197
Asset impairment	**2,100**	—
Change in deferred income taxes	**—**	3,822
Change in fair value of non-hedge derivative	**(7,964)**	181
Amortization of lease intangibles and incentives	**8,108**	6,867
Amortization of deferred financing costs	**2,268**	2,065
Bad debt expense	**(547)**	632
Other	**(279)**	363
Change in:		
Accounts receivable	**(19,786)**	(10,780)
Other assets	**(17,953)**	7,063
Accounts payable and accrued liabilities	**(19,707)**	(46,316)
Management fees payable to affiliate	**(602)**	(20,865)
Other liabilities	**(322)**	(8,057)
Net cash used in operating activities	**(48,932)**	(11,806)
Cash flows from investing activities:		
Investment in unconsolidated entities	**(1,278)**	(2,452)
Principal collections on finance leases	**395**	320
Acquisition of leasing equipment	**(114,781)**	(57,570)
Acquisition of property, plant and equipment	**(39,302)**	(60,402)
Acquisition of lease intangibles	**(386)**	1,161
Purchase deposits for acquisitions	**(9,250)**	(3,100)
Proceeds from sale of leasing equipment	**4,574**	28,568
Return of purchase deposit for aircraft and aircraft engines	**4,600**	—
Return of deposit on sale of engine	**1,010**	2,350
Net cash used in investing activities	**$ (154,418)**	$ (91,125)

See accompanying notes to consolidated financial statements.

(Dollars in thousands)

	Three Months Ended March 31,	
	2021	**2020**
Cash flows from financing activities:		
Proceeds from debt	**$ 171,600**	$ 303,980
Repayment of debt	**—**	(275,991)
Payment of deferred financing costs	**(563)**	(11,767)
Receipt of security deposits	**70**	130
Return of security deposits	**(975)**	(3,815)
Receipt of maintenance deposits	**8,770**	13,626
Release of maintenance deposits	**(11,483)**	(9,185)
Proceeds from issuance of preferred shares, net of underwriter's discount and issuance costs	**101,180**	(246)
Settlement of equity-based compensation	**(183)**	—
Cash dividends - common shares	**(28,383)**	(28,391)
Cash dividends - preferred shares	**(4,625)**	(4,539)
Net cash provided by (used in) financing activities	**$ 235,408**	$ (16,198)
Net increase (decrease) in cash and cash equivalents and restricted cash	**32,058**	(119,129)
Cash and cash equivalents and restricted cash, beginning of period	**161,418**	242,517
Cash and cash equivalents and restricted cash, end of period	**$ 193,476**	$ 123,388
Supplemental disclosure of non-cash investing and financing activities:		
Acquisition of leasing equipment	**$ 24,433**	$ 18,872
Acquisition of property, plant and equipment	**(8,503)**	(4,982)
Settled and assumed security deposits	**(697)**	1,050
Billed, assumed and settled maintenance deposits	**(4,541)**	(13,860)
Non-cash change in equity method investment	**9,954**	8,758
Issuance of common shares	**150**	154

See accompanying notes to consolidated financial statements.

1. ORGANIZATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The accompanying consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and include 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 as well as the proportionate interest in adjustments to other comprehensive income (loss).

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 and the majority of terminal services revenue are denominated in U.S. dollars.

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

Delaware River Partners LLC

During 2016, through Delaware River Partners LLC ("DRP"), a consolidated subsidiary, we purchased the assets of Repauno, which consisted primarily of land, a storage cavern, and riparian rights for the acquired land, site improvements and rights. 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 an approximately 98% 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.

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

Inventory—We hold aircraft engine modules, spare parts and used material inventory for trading and to support operations within our Aviation Leasing segment. Aviation inventory is carried at the lower of cost or net realizable value on our balance sheet. We had Aviation inventory of $64.7 million and $58.2 million as of March 31, 2021 and December 31, 2020, respectively, which is included in Other assets in the Consolidated Balance Sheets.

Commodities inventory is carried at the lower of cost or net realizable value on our balance sheet. Commodities are removed from inventory based on the average cost at the time of sale. We had commodities inventory of $0.1 million as of both March 31, 2021 and December 31, 2020, which is included in Other assets in the 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 $34.9 million and $36.2 million as of March 31, 2021 and December 31, 2020, respectively, are recorded as a component of debt in the Consolidated Balance Sheets.

We also have unamortized deferred revolver fees related to our revolving debt of $1.2 million and $1.6 million as of March 31, 2021 and December 31, 2020, respectively, which are included in Other assets in the Consolidated Balance Sheets.

Amortization expense was $2.3 million and $2.1 million for the three months ended March 31, 2021 and 2020, respectively, and is included in interest expense in the Consolidated Statements of Operations.

Revenue Recognition

Equipment Leasing Revenues

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

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

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

For purchase and lease back transactions, we account for the transaction as a single arrangement. We allocate the consideration paid based on the fair value of the aircraft and lease. The fair value of the lease may include a lease premium or discount.

In April 2020, the FASB Staff issued a question-and-answer document (the "Q&A") regarding accounting for lease concessions related to the effects of the COVID-19 pandemic. The Q&A permits an entity to elect to forgo the evaluation of the enforceable rights and obligations of a lease contract required under ASC 842, *Leases*, as long as the total rent payments after the lease concessions are substantially the same, or less than, the total rent payments in the existing lease. The impact of the COVID-19 related lease concessions granted above did not have a material impact on our results of operations during the three months ended March 31, 2021.

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

Infrastructure Revenues

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

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

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

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

Additionally, other revenue consists of revenue related to derivative trading activities. See Commodity Derivatives below for additional information.

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

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

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

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

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

Concentration of Credit Risk—We are subject to concentrations of credit risk with respect to amounts due from customers on our finance leases and operating leases. We attempt to limit our credit risk by performing ongoing credit evaluations and, when deemed necessary, enter into collateral arrangements. During the three months ended March 31, 2021, one customer in the Aviation Leasing segment accounted for approximately 11% of total revenue. During the three months ended March 31, 2020, one customer in the Jefferson Terminal segment and one customer in the Aviation Leasing segment accounted for approximately 16% and 11% of total revenue, respectively.

As of March 31, 2021, there were two customers in the Aviation Leasing segment that represented 43% and 15% of total accounts receivable, net. As of December 31, 2020, accounts receivable from two customers in the Aviation Leasing segment represented 40% and 15% 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.

Allowance for Doubtful Accounts—We determine the allowance for doubtful accounts based on our assessment of the collectability of our receivables on a customer-by-customer basis. The allowance for doubtful accounts was $4.0 million and $4.6 million as of March 31, 2021 and December 31, 2020, respectively. There was a bad debt reversal of $0.5 million and bad debt expense of $0.6 million for the three months ended March 31, 2021 and 2020, respectively, and is included in operating expenses in the Consolidated Statements of Operations.

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 other comprehensive income related to our equity method investees.

Derivative Financial Instruments

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

Cash Flow Hedges

Certain of these derivative instruments are designated and qualify as cash flow hedges. Our share of the derivative's gain or loss is reported as Other comprehensive income (loss) related to equity method investees in our Consolidated Statements of Comprehensive (Loss) Income and recorded in Accumulated other comprehensive (loss) income in our Consolidated Balance Sheets.

Derivatives Not Designated As Hedging Instruments

Certain of these derivative instruments are not designated as hedging instruments for accounting purposes. The change in fair value of these contracts is recognized in Equity in earnings (losses) in unconsolidated entities in the Consolidated Statements of Operations. The cash flow impact of derivative contracts that are not designated as hedging instruments is recognized in Equity in earnings (losses) in unconsolidated entities in our Consolidated Statements of Cash Flows.

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

Additionally, depending on market conditions, we enter into short-term forward purchase and sales contracts for butane. Gains and losses related to our butane derivatives are recorded on a net basis and are included in Other revenue in our Consolidated Statements of Operations, as these contracts are considered part of central operating activities. The cash flow impact of these derivatives is recognized in Change in fair value of non-hedge derivatives in our Consolidated Statements of Cash Flows.

See Note 11 for additional details related to our commodity derivatives.

Some of our derivatives are used for speculative purposes. We record all derivative assets and liabilities on a gross basis at fair value, which are included in Other assets and Other liabilities, respectively, in our Consolidated Balance Sheets.

Other Assets—Other assets is primarily comprised of lease incentives of $52.6 million and $55.1 million, purchase deposits of $10.7 million and $6.1 million, prepaid expenses of $24.5 million and $10.1 million, notes receivable of $6.4 million and $2.4 million, maintenance right assets of $13.6 million and $6.4 million and aircraft engine modules, spare parts and used material inventory of $64.7 million and $58.2 million as of March 31, 2021 and December 31, 2020, respectively.

Dividends—Dividends are recorded if and when declared by the Board of Directors. For both the three months ended March 31, 2021 and 2020, the Board of Directors declared a cash dividend of $0.33 per common share.

Additionally, in the quarter ended March 31, 2021, the Board of Directors declared a cash dividend on the Series A Preferred Shares and Series B Preferred Shares of $0.52 and $0.50 per share, respectively.

Recent Accounting Pronouncements—In March 2020 and January 2021, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* and ASU 2021-01, *Reference Rate Reform: Scope*, respectively. Together, the ASU's temporarily simplify the accounting for contract modifications, including hedging relationships, due to the transition from LIBOR and other interbank offered rates to alternative reference interest rates. For example, entities can elect not to remeasure the contracts at the modification date or reassess a previous accounting determination if certain conditions are met. Additionally, entities can elect to continue applying hedge accounting for hedging relationships affected by reference rate reform if certain conditions are met. The new standard was effective upon issuance and generally can be applied to applicable contract modifications through December 31, 2022. Adoption did not have a material impact on our consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes (Topic 740)*. This standard simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in ASC 740 related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The standard also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020 and early adoption is permitted. We adopted this guidance in the first quarter of 2021, which did not have a material impact on our consolidated financial statements.

(Dollars in tables in thousands, unless otherwise noted)

3. DISCONTINUED OPERATIONS

In December 2019, we completed the sale of substantially all of our railroad business ("CMQR"), which was previously reported as our Railroad segment. Under ASC 205-20, this disposition met the criteria to be reported as discontinued operations. Accordingly, the results of operations of CMQR have been reported as discontinued operations for all periods presented. During the three months ended March 31, 2020, we recognized a gain on sale of $1.3 million which is reported in Net income from discontinued operations, net of income taxes in the Consolidated Statements of Operations. There were no non-cash items or capital expenditures during the three months ended March 31, 2020.

4. LEASING EQUIPMENT, NET

Leasing equipment, net is summarized as follows:

	March 31, 2021	December 31, 2020
Leasing equipment	**$ 2,114,590**	$ 2,042,404
Less: accumulated depreciation	**(429,774)**	(407,145)
Leasing equipment, net	**$ 1,684,816**	$ 1,635,259

During the three months ended March 31, 2021, we evaluated our leasing equipment portfolio and identified certain assets with indicators of impairment, including, but not limited to, the redelivery of unserviceable leasing equipment and a decline in market values due to the ongoing COVID-19 pandemic for leasing equipment we have decided to sell. For these assets, we performed a recoverability assessment at the individual asset level and determined that the carrying amounts exceeded the estimated future undiscounted net cash flows and these assets were impaired. To determine fair value, we used both a market approach, using quoted market prices for the same or similar assets, and an income approach, using discounted cash flows and an estimated discount rate. As a result, we adjusted the carrying value of these assets to fair value and recognized transactional impairment charges of $2.1 million, net of redelivery compensation.

The following table presents information related to our acquisitions and dispositions of aviation leasing equipment during the three months ended March 31, 2021:

Acquisitions:	
Aircraft	6
Engines	23
Dispositions:	
Aircraft	—
Engines	16

Depreciation expense for leasing equipment is summarized as follows:

	Three Months Ended March 31,	
	2021	2020
Depreciation expense for leasing equipment	**$ 34,695**	$ 34,724

5. FINANCE LEASES, NET

Finance leases, net are summarized as follows:

	March 31, 2021	December 31, 2020
Finance leases	**$ 16,994**	$ 9,389
Unearned revenue	**(3,028)**	(2,462)
Finance leases, net	**$ 13,966**	$ 6,927

During the first quarter of 2021, we entered into 52-month sales-type lease arrangements for four airframes.

(Dollars in tables in thousands, unless otherwise noted)

6. PROPERTY, PLANT AND EQUIPMENT, NET

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

	March 31, 2021	December 31, 2020
Land, site improvements and rights	**$ 59,184**	$ 52,047
Construction in progress	**118,916**	425,261
Buildings and improvements	**6,193**	4,491
Terminal machinery and equipment	**894,408**	557,788
Track and track related assets	**8,376**	2,349
Railroad equipment	**5,589**	5,560
Computer hardware and software	**5,127**	5,101
Furniture and fixtures	**2,597**	2,449
Other	**6,103**	5,870
	1,106,493	1,060,916
Less: accumulated depreciation	**(105,505)**	(96,553)
Property, plant and equipment, net	**$ 1,000,988**	$ 964,363

During the three months ended March 31, 2021, we added property, plant and equipment of $45.6 million, which primarily consists of terminal machinery and equipment placed in service or under development at Jefferson Terminal and Repauno.

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

	Three Months Ended March 31,	
	2021	2020
Depreciation expense	**$ 8,952**	$ 6,585

7. INVESTMENTS

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

			Carrying Value	
	Investment	Ownership Percentage	March 31, 2021	December 31, 2020
Advanced Engine Repair JV	Equity method	25%	**$ 22,381**	$ 22,721
Intermodal Finance I, Ltd.	Equity method	51%	**—**	—
Long Ridge Terminal LLC	Equity method	50%	**138,131**	122,539
FYX Trust Holdco LLC	Equity	14%	**1,255**	1,255
Investments			**$ 161,767**	$ 146,515

We did not recognize any other-than-temporary impairments for the three months ended March 31, 2021 or 2020.

(Dollars in tables in thousands, unless otherwise noted)

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

	Three Months Ended March 31,	
	2021	**2020**
Advanced Engine Repair JV	**$ (340)**	$ (591)
Intermodal Finance I, Ltd.	**172**	(50)
Long Ridge Terminal LLC	**1,542**	906
Total	**$ 1,374**	$ 265

Equity Method Investments

Long Ridge Terminal LLC

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

Advanced Engine Repair JV

In December 2016, we invested $15 million for a 25% interest in an advanced engine repair joint venture. We focus on developing new costs savings programs for engine repairs. We exercise significant influence over this investment and account for this investment as an equity method investment.

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

Equity Investments

FYX Trust Holdco LLC

In July 2020, we invested $1.3 million for a 14% interest in an operating company that provides roadside assistance services for the intermodal and over-the-road trucking industries. FYX Trust Holdco LLC ("FYX") has developed a mobile and web-based application that connects fleet managers, owner-operators, and drivers with repair vendors to efficiently and reliably quote, dispatch, monitor, and bill roadside repair services.

8. INTANGIBLE ASSETS AND LIABILITIES, NET

Intangible assets and liabilities, net are summarized as follows:

	March 31, 2021		
	Aviation Leasing	**Jefferson Terminal**	**Total**
Intangible assets			
Acquired favorable lease intangibles	**$ 35,735**	**$ —**	**$ 35,735**
Less: Accumulated amortization	**(31,066)**	**—**	**(31,066)**
Acquired favorable lease intangibles, net	**4,669**	**—**	**4,669**
Customer relationships	**—**	**35,513**	**35,513**
Less: Accumulated amortization	**—**	**(23,373)**	**(23,373)**
Acquired customer relationships, net	**—**	**12,140**	**12,140**
Total intangible assets, net	**$ 4,669**	**$ 12,140**	**$ 16,809**
Intangible liabilities			
Acquired unfavorable lease intangibles	**$ 7,148**	**$ —**	**$ 7,148**
Less: Accumulated amortization	**(5,324)**	**—**	**(5,324)**
Acquired unfavorable lease intangibles, net	**$ 1,824**	**$ —**	**$ 1,824**

(Dollars in tables in thousands, unless otherwise noted)

	December 31, 2020		
	Aviation Leasing	**Jefferson Terminal**	**Total**
Intangible assets			
Acquired favorable lease intangibles	$ 35,349	$ —	$ 35,349
Less: Accumulated amortization	(29,591)	—	(29,591)
Acquired favorable lease intangibles, net	5,758	—	5,758
Customer relationships	—	35,513	35,513
Less: Accumulated amortization	—	(22,485)	(22,485)
Acquired customer relationships, net	—	13,028	13,028
Total intangible assets, net	$ 5,758	$ 13,028	$ 18,786
Intangible liabilities			
Acquired unfavorable lease intangibles	$ 7,151	$ —	$ 7,151
Less: Accumulated amortization	(4,604)	—	(4,604)
Acquired unfavorable lease intangibles, net	$ 2,547	$ —	$ 2,547

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

Amortization of intangible assets and liabilities is as follows:

		Three Months Ended March 31,	
	Classification in Consolidated Statements of Operations	**2021**	**2020**
Lease intangibles	Equipment leasing revenues	**$ 752**	$ 1,132
Customer relationships	Depreciation and amortization	**888**	888
Total		**$ 1,640**	$ 2,020

As of March 31, 2021, estimated net annual amortization of intangibles is as follows:

Remainder of 2021	$ 5,068
2022	4,332
2023	3,350
2024	2,235
2025	—
Thereafter	—
Total	**$ 14,985**

(Dollars in tables in thousands, unless otherwise noted)

9. DEBT, NET

Our debt, net is summarized as follows:

	March 31, 2021			December 31, 2020
	Outstanding Borrowings	**Stated Interest Rate**	**Maturity Date**	**Outstanding Borrowings**
Loans payable				
Revolving Credit Facility [(1)]	$ **150,000**	(i) Base Rate + 2.00%; or (ii) Adjusted Eurodollar Rate + 3.00%	1/31/2022	$ —
DRP Revolver [(2)]	**25,000**	(i) Base Rate + 1.50%; or (ii) Base Rate + 2.50% (Eurodollar)	11/5/2021	25,000
EB-5 Loan Agreement	**21,600**	5.75%	1/25/2026	—
Total loans payable	**196,600**			25,000
Bonds payable				
Series 2020 Bonds	**263,980**	(i) Tax Exempt Series 2020A Bonds: 3.625% (ii) Tax Exempt Series 2020A Bonds: 4.00% (iii) Taxable Series 2020B Bonds: 6.00%	(i) 1/1/2035 (ii) 1/1/2050 (iii) 1/1/2025	263,980
Senior Notes due 2022 [(3)]	**399,164**	6.75%	3/15/2022	399,331
Senior Notes due 2025 [(4)]	**852,561**	6.50%	10/1/2025	852,673
Senior Notes due 2027	**400,000**	9.75%	8/1/2027	400,000
Total bonds payable	**1,915,705**			1,915,984
Debt	**2,112,305**			1,940,984
Less: Debt issuance costs	**(34,903)**			(36,222)
Total debt, net	$ **2,077,402**			$ 1,904,762
Total debt due within one year	$ **575,000**			$ 25,000

[(1)] Requires a quarterly commitment fee at a rate of 0.50% on the average daily unused portion, as well as customary letter of credit fees and agency fees.

[(2)] Requires a quarterly commitment fee at a rate of 0.875% on the average daily unused portion, as well as customary letter of credit fees and agency fees.

[(3)] Includes unamortized discount of $1,834 and $2,230 at March 31, 2021 and December 31, 2020, respectively, and an unamortized premium of $998 and $1,561 at March 31, 2021 and December 31, 2020, respectively.

[(4)] Includes unamortized discount of $4,110 and $4,303 at March 31, 2021 and December 31, 2020, respectively, and an unamortized premium of $6,671 and $6,976 at March 31, 2021 and December 31, 2020, respectively.

On January 25, 2021, Jefferson entered into a non-recourse loan agreement under the U.S. Citizenship and Immigration Services EB-5 Program (“EB-5 Loan Agreement”) to pay for the development, construction and acquisition of certain facilities at Jefferson Terminal. The maximum aggregate principal amount available under the EB-5 Loan Agreement is $61.2 million, of which $26.1 million is available under the first tranche and $35.1 million is available under the second tranche. The loans mature in five years from the funding of each individual tranche with an option to extend the maturity for both tranches by two one-year periods. If the option to extend the maturity is exercised, the interest rate will increase to 6.25% from 5.75% for the extension period.

We were in compliance with all debt covenants as of March 31, 2021.

(Dollars in tables in thousands, unless otherwise noted)

10. FAIR VALUE MEASUREMENTS

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

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

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

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

The following tables set forth our financial assets measured at fair value on a recurring basis as of March 31, 2021 and December 31, 2020, 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 March 31, 2021	Fair Value Measurements Using Fair Value Hierarchy as of March 31, 2021			
	Total	Level 1	Level 2	Level 3	Valuation Technique
Assets					
Cash and cash equivalents	$ 160,252	$ 160,252	$ —	$ —	Market
Restricted cash	33,224	33,224	—	—	Market
Derivative assets	7,964	—	7,964	—	Income
Total assets	**$ 201,440**	**$ 193,476**	**$ 7,964**	**$ —**	

	Fair Value as of December 31, 2020	Fair Value Measurements Using Fair Value Hierarchy as of December 31, 2020			
	Total	Level 1	Level 2	Level 3	Valuation Technique
Assets					
Cash and cash equivalents	$ 121,703	$ 121,703	$ —	$ —	Market
Restricted cash	39,715	39,715	—	—	Market
Total	$ 161,418	$ 161,418	$ —	$ —	

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 values approximate their carrying values 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:

	March 31, 2021	December 31, 2020
Series A 2020 Bonds [(1)]	**$ 190,540**	$ 186,306
Series B 2020 Bonds [(1)]	**80,992**	79,723
Senior Notes due 2022	**400,824**	403,536
Senior Notes due 2025	**889,797**	888,701
Senior Notes due 2027	**456,520**	460,340

[(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 at acquisition or when it is determined the carrying value may not be recoverable. Fair value measurements for assets subject to impairment tests are based on an income approach which uses Level 3 inputs, which include our assumptions as to future cash flows from operation of the underlying businesses and the leasing and eventual sale of assets.

11. DERIVATIVE FINANCIAL INSTRUMENTS

Commodity Derivatives

Crude Oil

Depending on market conditions, we source crude oil from producers in Canada, arranging logistics to Jefferson Terminal and marketing crude oil to third parties. We exited this strategy in the fourth quarter of 2019. These crude oil forward purchase and sales contracts are not designated in hedging relationships.

Butane

Depending on market conditions, Repauno enters into forward purchase and sales contracts for butane. These derivatives are short-term in nature and are used for trading purposes.

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

	March 31, 2021	December 31, 2020
Notional Amount *(BBL in thousands)*	**4,887**	N/A
Fair Value of Assets [(1)]	**$ 7,964**	$ —
Term	**5 to 12 months**	N/A

[(1)] Included in Other assets in the Consolidated Balance Sheets.

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

	Three Months Ended March 31,	
	2021	2020
Beginning Balance	**$ —**	$ 181
Net unrealized gains (losses) recognized in earnings	**—**	(181)
Ending Balance	**$ —**	$ —

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

(Dollars in tables in thousands, unless otherwise noted)

12. REVENUES

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

	Three Months Ended March 31, 2021				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Equipment leasing revenues					
Lease income	**$ 39,789**	**$ —**	**$ —**	**$ 438**	**$ 40,227**
Maintenance revenue	**15,508**	**—**	**—**	**—**	**15,508**
Finance lease income	**403**	**—**	**—**	**—**	**403**
Other revenue	**401**	**—**	**—**	**68**	**469**
Total equipment leasing revenues	**56,101**	**—**	**—**	**506**	**56,607**
Infrastructure revenues					
Lease income	**—**	**430**	**—**	**—**	**430**
Terminal services revenues	**—**	**10,289**	**132**	**—**	**10,421**
Crude marketing revenues	**—**	**—**	**—**	**—**	**—**
Other revenue	**—**	**—**	**7,964**	**1,727**	**9,691**
Total infrastructure revenues	**—**	**10,719**	**8,096**	**1,727**	**20,542**
Total revenues	**$ 56,101**	**$ 10,719**	**$ 8,096**	**$ 2,233**	**$ 77,149**

	Three Months Ended March 31, 2020				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Equipment leasing revenues					
Lease income	$ 46,941	$ —	$ —	$ 2,872	$ 49,813
Maintenance revenue	31,995	—	—	—	31,995
Finance lease income	429	—	—	—	429
Other revenue	3,627	—	—	585	4,212
Total equipment leasing revenues	82,992	—	—	3,457	86,449
Infrastructure revenues					
Lease income	—	120	—	—	120
Terminal services revenues	—	16,411	—	—	16,411
Crude marketing revenues	—	8,210	—	—	8,210
Other revenue	—	—	314	1,336	1,650
Total infrastructure revenues	—	24,741	314	1,336	26,391
Total revenues	$ 82,992	$ 24,741	$ 314	$ 4,793	$ 112,840

(Dollars in tables in thousands, unless otherwise noted)

Presented below are the contracted minimum future annual revenues to be received under existing operating and finance leases across several market sectors as of March 31, 2021:

	Operating Leases	Finance Leases
Remainder of 2021	$ 124,213	$ 1,243
2022	113,658	1,215
2023	77,422	478
2024	52,527	86
2025	33,685	6
Thereafter	23,405	—
Total	**$ 424,910**	**$ 3,028**

13. LEASES

We have commitments as lessees under lease arrangements primarily for real estate, equipment and vehicles. Our leases have remaining lease terms ranging from approximately one month to 41 years.

The following table presents lease related costs:

	Three Months Ended March 31,	
	2021	2020
Operating lease expense	**$ 1,259**	$ 1,135
Short-term lease expense	**251**	290
Variable lease expense	**211**	840
Total lease expense	**$ 1,721**	$ 2,265

The following table presents information related to our operating leases as of and for the three months ended March 31, 2021:

Right-of-use assets, net	$ 64,801
Lease liabilities	64,231
Weighted average remaining lease term	38.5 years
Weighted average incremental borrowing rate	6.1 %
Cash paid for amounts included in the measurement of operating lease liabilities	$ 1,252

The following table presents future minimum lease payments under non-cancellable operating leases as of March 31, 2021:

Remainder of 2021	$ 3,856
2022	5,081
2023	5,192
2024	4,983
2025	4,852
Thereafter	145,874
Total undiscounted lease payments	**169,838**
Less: Imputed interest	105,607
Total lease liabilities	**$ 64,231**

(Dollars in tables in thousands, unless otherwise noted)

During the three months ended March 31, 2021, we entered into a new lease for real estate, which had a ROU asset value of $2.7 million and a lease term of approximately five years at commencement.

14. EQUITY-BASED COMPENSATION

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

As of March 31, 2021, the Incentive Plan provides for the issuance of up to 29.9 million shares. We account for equity-based compensation expense in accordance with ASC 718 *Compensation-Stock Compensation* and is reported within operating expenses and general and administrative in the Consolidated Statements of Operations.

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

	Three Months Ended March 31,		Remaining Expense To Be Recognized, If All Vesting Conditions Are Met	Weighted Average Remaining Contractual Term (in years)
	2021	2020		
Restricted Shares	$ 841	$ 215	$ 7,816	1.7
Common Units	273	76	1,877	1.6
Total	$ 1,114	$ 291	$ 9,693	

During the three months ended March 31, 2021, FIG LLC (the "Manager"), an affiliate of Fortress Investment Group LLC, transferred 25,998 of its options to certain of the Manager's employees.

Options

In connection with our March 2021 offering of preferred shares (see Note 18), we granted options to the Manager related to 355,932 common shares at an exercise price of $29.50, which had a grant date fair value of $3.7 million. The assumptions used in valuing the options were: a 1.70% risk-free rate, a 3.16% dividend yield, a 45.60% volatility and a ten-year term.

Common Units

During the three months ended March 31, 2021, we issued 1,052,632 common units of our subsidiary that had a grant date fair value of $1.2 million and vest over three years. These awards are subject to continued employment, and the compensation expense is recognized ratably over the vesting periods. The fair value of these awards was based on the fair value of the operating subsidiary on the grant date, which was estimated using a discounted cash flow analysis that requires the application of discount factors and terminal multiples to projected cash flows. Discount factors and terminal multiples were based on market-based inputs and transactions, as available at the measurement date.

Restricted Shares

During the three months ended March 31, 2021, we issued restricted shares of our subsidiary that had a grant date fair value of $5.3 million and vest over three years. These awards are subject to continued employment, and the compensation expense is recognized ratably over the vesting periods. The fair value of these awards was based on the fair value of the operating subsidiary on the grant date, which was estimated using a discounted cash flow analysis that requires the application of discount factors and terminal multiples to projected cash flows. Discount factors and terminal multiples were based on market-based inputs and transactions, as available at the measurement date.

(Dollars in tables in thousands, unless otherwise noted)

15. INCOME TAXES

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

	Three Months Ended March 31,	
	2021	**2020**
Current:		
Federal	**$ 19**	$ 37
State and local	**71**	168
Foreign	**8**	70
Total current provision	**98**	275
Deferred:		
Federal	**155**	(281)
State and local	**—**	—
Foreign	**(84)**	(92)
Total deferred benefit	**71**	(373)
Benefit from income taxes	**$ 169**	$ (98)

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 three months ended March 31, 2021, 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 2017. 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 March 31, 2021.

16. MANAGEMENT AGREEMENT AND AFFILIATE TRANSACTIONS

The Manager is paid annual fees in exchange for advising us on various aspects of our business, formulating our investment strategies, arranging for the acquisition and disposition of assets, arranging for financing, monitoring performance, and managing our day-to-day operations, inclusive of all costs incidental thereto. In addition, the Manager may be reimbursed for various expenses incurred by the Manager on our behalf, including the costs of legal, accounting and other administrative activities. Additionally, we have entered into certain incentive allocation arrangements with Master GP, which owns approximately 0.05% of the Partnership and is the general partner of the Partnership.

The Manager is entitled to a management fee, incentive allocations (comprised of income incentive allocation and capital gains incentive allocation, defined below) and reimbursement of certain expenses. The management fee is determined by taking the average value of total equity (excluding non-controlling interests) determined on a consolidated basis in accordance with GAAP at the end of the two most recently completed months multiplied by an annual rate of 1.50% and is payable monthly in arrears in cash.

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

(Dollars in tables in thousands, unless otherwise noted)

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.

Capital Gains Incentive Allocation is calculated and distributable in arrears as of the end of each calendar year and is equal to 10% of our pro rata share of cumulative realized gains from the date of the IPO through the end of the applicable calendar year, net of our pro rata share of cumulative realized or unrealized losses, the cumulative non-cash portion of equity-based compensation expenses and all realized gains upon which prior performance-based Capital Gains Incentive Allocation payments were made to the Master GP.

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

	Three Months Ended March 31,	
	2021	**2020**
Management fees	**$ 3,990**	$ 4,766
Income incentive allocation	**—**	—
Capital gains incentive allocation	**—**	—
Total	**$ 3,990**	$ 4,766

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

We 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 do not reimburse the Manager for these expenses.

The following table summarizes our reimbursements to the Manager:

	Three Months Ended March 31,	
	2021	**2020**
Classification in the Consolidated Statements of Operations:		
General and administrative	**$ 2,233**	$ 2,262
Acquisition and transaction expenses	**417**	524
Total	**$ 2,650**	$ 2,786

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).

(Dollars in tables in thousands, unless otherwise noted)

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

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

	March 31, 2021	December 31, 2020
Accrued management fees	**$ 1,342**	$ 1,461
Other payables	**835**	1,317

As of March 31, 2021 and December 31, 2020, there were no receivables from the Manager.

Other Affiliate Transactions

As of March 31, 2021 and December 31, 2020 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 consolidated financial statements. The carrying amount of this non-controlling interest at March 31, 2021 and December 31, 2020 was $12.2 million and $17.2 million, respectively.

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

	Three Months Ended March 31,	
	2021	2020
Non-controlling interest share of net loss	**$ 5,016**	$ 4,661

On June 21, 2018, we, through a wholly owned subsidiary, completed a private offering with several third parties (the “Holders”) to tender their approximately 20% stake in Jefferson Terminal. We increased our majority interest in Jefferson Terminal in exchange for Class B Units of another wholly owned subsidiary, which provide the right to convert such Class B Units to a fixed amount of our shares, equivalent to approximately 1.9 million shares, at a Holder’s request. We have the option to satisfy any exchange request by delivering either common shares or cash. The Holders are entitled to receive distributions equivalent to the distributions paid to our shareholders. This transaction resulted in a purchase of non-controlling interest shares. See Note 18 for details related to conversions during the period.

In July 2020, we purchased a 14% interest in FYX from an affiliate of our Manager, which retained a non-controlling interest in FYX subsequent to the transaction. Additionally, other investors in FYX are also affiliates of our Manager. See Note 7 for additional information related to FYX.

During the three months ended March 31, 2021, we granted options to the Manager in connection with the offering of the Series C Preferred Shares (as defined in Note 18). See Notes 14 and 18 for additional information.

17. SEGMENT INFORMATION

Our reportable segments represent strategic business units comprised of investments in different types of transportation and infrastructure assets. We have three reportable segments which operate in the Equipment Leasing and Infrastructure businesses across several market sectors. Our reportable segments are (i) Aviation Leasing, (ii) Jefferson Terminal and (iii) Ports and Terminals. The Aviation Leasing segment consists of aircraft and aircraft engines held for lease and are typically held long-term. The Jefferson Terminal segment consists of a multi-modal crude oil and refined products terminal and other related assets. The Ports and Terminals segment consists of Repauno, which is a 1,630-acre deep-water port located along the Delaware River with an underground storage cavern and multiple industrial development opportunities, and an equity method investment in Long Ridge, which is a 1,660-acre multi-modal port located along the Ohio River with rail, dock, and multiple industrial development opportunities, including a power plant under construction.

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

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 EBITDA.

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

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

(Dollars in tables in thousands, unless otherwise noted)

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

I. For the Three Months Ended March 31, 2021

	Three Months Ended March 31, 2021				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Revenues					
Equipment leasing revenues	$ 56,101	$ —	$ —	$ 506	$ 56,607
Infrastructure revenues	—	10,719	8,096	1,727	20,542
Total revenues	56,101	10,719	8,096	2,233	77,149
Expenses					
Operating expenses	4,250	11,721	3,102	5,924	24,997
General and administrative	—	—	—	4,252	4,252
Acquisition and transaction expenses	1,196	—	—	447	1,643
Management fees and incentive allocation to affiliate	—	—	—	3,990	3,990
Depreciation and amortization	32,563	7,718	2,211	2,043	44,535
Asset impairment	2,100	—	—	—	2,100
Interest expense	—	1,203	279	31,508	32,990
Total expenses	40,109	20,642	5,592	48,164	114,507
Other (expense) income					
Equity in (losses) earnings of unconsolidated entities	(340)	—	1,542	172	1,374
Gain on sale of assets, net	811	—	—	—	811
Interest income	267	—	—	18	285
Other income	—	181	—	—	181
Total other income	738	181	1,542	190	2,651
Income (loss) from continuing operations before income taxes	16,730	(9,742)	4,046	(45,741)	(34,707)
(Benefit from) provision for income taxes	(42)	57	154	—	169
Net income (loss) from continuing operations	16,772	(9,799)	3,892	(45,741)	(34,876)
Less: Net (loss) income attributable to non-controlling interests in consolidated subsidiaries	—	(5,016)	55	—	(4,961)
Less: Dividends on preferred shares	—	—	—	4,625	4,625
Net income (loss) from continuing operations attributable to shareholders	$ 16,772	$ (4,783)	$ 3,837	$ (50,366)	$ (34,540)

(Dollars in tables in thousands, unless otherwise noted)

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

	Three Months Ended March 31, 2021				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Adjusted EBITDA	$ 60,729	$ 2,828	$ 132	$ (16,535)	$ 47,154
Add: Non-controlling share of Adjusted EBITDA					2,029
Add: Equity in earnings of unconsolidated entities					1,374
Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities					(2,402)
Less: Interest expense					(32,990)
Less: Depreciation and amortization expense					(52,643)
Less: Incentive allocations					—
Less: Asset impairment charges					(2,100)
Less: Changes in fair value of non-hedge derivative instruments					7,964
Less: Losses on the modification or extinguishment of debt and capital lease obligations					—
Less: Acquisition and transaction expenses					(1,643)
Less: Equity-based compensation expense					(1,114)
Less: Provision for income taxes					(169)
Net loss attributable to shareholders from continuing operations					$ (34,540)

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

	Three Months Ended March 31, 2021				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Revenues					
Asia	$ 25,024	$ —	$ —	$ 506	$ 25,530
Europe	22,739	—	—	—	22,739
North America	7,592	10,719	8,096	1,727	28,134
South America	746	—	—	—	746
Total	$ 56,101	$ 10,719	$ 8,096	$ 2,233	$ 77,149

(Dollars in tables in thousands, unless otherwise noted)

II. For the Three Months Ended March 31, 2020

	Three Months Ended March 31, 2020				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Revenues					
Equipment leasing revenues	$ 82,992	$ —	$ —	$ 3,457	$ 86,449
Infrastructure revenues	—	24,741	314	1,336	26,391
Total revenues	82,992	24,741	314	4,793	112,840
Expenses					
Operating expenses	4,071	21,943	2,000	5,430	33,444
General and administrative	—	—	—	4,663	4,663
Acquisition and transaction expenses	2,724	—	782	(312)	3,194
Management fees and incentive allocation to affiliate	—	—	—	4,766	4,766
Depreciation and amortization	32,631	7,226	376	1,964	42,197
Interest expense	—	3,428	393	19,040	22,861
Total expenses	39,426	32,597	3,551	35,551	111,125
Other income (expense)					
Equity in (losses) earnings of unconsolidated entities	(591)	—	906	(50)	265
Loss on sale of assets, net	(1,819)	—	—	—	(1,819)
Loss on extinguishment of debt	—	(4,724)	—	—	(4,724)
Interest income	12	22	—	7	41
Other income	—	33	—	—	33
Total other (expense) income	(2,398)	(4,669)	906	(43)	(6,204)
Income (loss) from continuing operations before income taxes	41,168	(12,525)	(2,331)	(30,801)	(4,489)
Provision for (benefit from) income taxes	45	135	(281)	3	(98)
Net income (loss) from continuing operations	41,123	(12,660)	(2,050)	(30,804)	(4,391)
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries	—	(4,661)	(75)	—	(4,736)
Less: Dividends on preferred shares	—	—	—	4,539	4,539
Net income (loss) from continuing operations attributable to shareholders	$ 41,123	$ (7,999)	$ (1,975)	$ (35,343)	$ (4,194)

(Dollars in tables in thousands, unless otherwise noted)

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

	Three Months Ended March 31, 2020				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Adjusted EBITDA	$ 83,390	$ 4,569	$ (1,316)	$ (14,648)	$ 71,995
Add: Non-controlling share of Adjusted EBITDA					3,350
Add: Equity in earnings of unconsolidated entities					265
Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities					413
Less: Interest expense					(22,861)
Less: Depreciation and amortization expense					(49,064)
Less: Incentive allocations					—
Less: Asset impairment charges					—
Less: Changes in fair value of non-hedge derivative instruments					(181)
Less: Losses on the modification or extinguishment of debt and capital lease obligations					(4,724)
Less: Acquisition and transaction expenses					(3,194)
Less: Equity-based compensation expense					(291)
Less: Benefit from income taxes					98
Net loss attributable to shareholders from continuing operations					$ (4,194)

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

	Three Months Ended March 31, 2020				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Revenues					
Africa	$ 7,154	$ —	$ —	$ —	$ 7,154
Asia	26,545	—	—	3,457	30,002
Europe	39,572	—	—	—	39,572
North America	8,138	24,741	314	1,336	34,529
South America	1,583	—	—	—	1,583
Total	$ 82,992	$ 24,741	$ 314	$ 4,793	$ 112,840

(Dollars in tables in thousands, unless otherwise noted)

III. 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:

	March 31, 2021				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Total assets	$ 1,806,730	$ 995,107	$ 446,449	$ 343,761	$ 3,592,047
Debt, net	—	274,919	25,000	1,777,483	2,077,402
Total liabilities	211,881	379,798	45,774	1,810,942	2,448,395
Non-controlling interests in equity of consolidated subsidiaries	—	16,494	1,615	524	18,633
Total equity	1,594,849	615,309	400,675	(1,467,181)	1,143,652
Total liabilities and equity	$ 1,806,730	$ 995,107	$ 446,449	$ 343,761	$ 3,592,047

	March 31, 2021				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Property, plant and equipment and leasing equipment, net					
Asia	$ 416,084	$ —	$ —	$ 61,386	$ 477,470
Europe	803,624	—	—	—	803,624
North America	248,192	726,264	276,997	116,256	1,367,709
South America	37,001	—	—	—	37,001
Total	$ 1,504,901	$ 726,264	$ 276,997	$ 177,642	$ 2,685,804

	December 31, 2020				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Total assets	$ 1,704,205	$ 989,928	$ 400,217	$ 293,627	$ 3,387,977
Debt, net	—	253,473	25,000	1,626,289	1,904,762
Total liabilities	219,692	365,629	38,242	1,665,093	2,288,656
Non-controlling interests in equity of consolidated subsidiaries	—	20,785	1,354	524	22,663
Total equity	1,484,513	624,299	361,975	(1,371,466)	1,099,321
Total liabilities and equity	$ 1,704,205	$ 989,928	$ 400,217	$ 293,627	$ 3,387,977

	December 31, 2020				
	Equipment Leasing	Infrastructure			
	Aviation Leasing	Jefferson Terminal	Ports and Terminals	Corporate and Other	Total
Property, plant and equipment and leasing equipment, net					
Asia	$ 445,566	$ —	$ —	$ 56,702	$ 502,268
Europe	774,300	—	—	—	774,300
North America	208,190	702,393	269,680	117,782	1,298,045
South America	25,009	—	—	—	25,009
Total	$ 1,453,065	$ 702,393	$ 269,680	$ 174,484	$ 2,599,622

18. EARNINGS PER SHARE AND EQUITY

Basic earnings per common share ("EPS") is calculated by dividing net income attributable to shareholders by the weighted average number of common shares outstanding, plus any participating securities. Diluted EPS is calculated by dividing net income 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 March 31,	
(in thousands, except share and per share data)	**2021**	**2020**
Net loss from continuing operations	**$ (34,876)**	$ (4,391)
Net income from discontinued operations, net of income taxes	**—**	1,331
Net loss	**(34,876)**	(3,060)
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries	**(4,961)**	(4,736)
Less: Dividends on preferred shares	**4,625**	4,539
Net loss attributable to shareholders	**$ (34,540)**	$ (2,863)
Weighted Average Common Shares Outstanding - Basic [(1)]	**86,027,944**	86,008,099
Weighted Average Common Shares Outstanding - Diluted [(1)]	**86,027,944**	86,008,099
Basic		
Continuing operations	**$ (0.40)**	$ (0.05)
Discontinued operations	**$ —**	$ 0.02
Diluted		
Continuing operations	**$ (0.40)**	$ (0.05)
Discontinued operations	**$ —**	$ 0.02

____

[(1)] The three months ended March 31, 2021 and 2020 includes participating securities which can be converted into a fixed amount of our shares.

For the three months ended March 31, 2021 and 2020, 803,800 and 60,838 shares, respectively, have been excluded from the calculation of Diluted EPS because the impact would be anti-dilutive.

During the three months ended March 31, 2021, we issued 6,594 common shares to certain directors as compensation.

During the three months ended March 31, 2021, certain holders of Class B Units (see Note 16) converted 9,470 Class B Units in exchange for 7,013 common shares.

Preferred Shares

In March 2021, in a public offering, we issued 4,200,000 shares of 8.25% Fixed-Rate Reset Series C Cumulative Perpetual Redeemable Preferred Shares ("Series C Preferred Shares"), par value $0.01 per share, with a liquidation preference of $25.00 per share for net proceeds of approximately $101.2 million. See Note 14 for information related to options issued to the Manager in connection with such offering.

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

We have also entered into an arrangement with our non-controlling interest holder of Repauno, as part of the initial acquisition, whereby the non-controlling interest holder may receive additional payments contingent upon the achievement of certain conditions, not to exceed $15.0 million. We will account for such amounts when and if such conditions are achieved. The contingency related to $5.0 million of the total $15.0 million was resolved during the quarter ended March 31, 2021. The $5.0 million payment was recorded as a payable and included in the cost of the asset acquisition.

Jefferson entered into a two-year pipeline capacity agreement for a recently completed pipeline. Under the agreement, which will take effect in the second quarter of 2021, Jefferson is obligated to pay fixed marketing fees over the two-year agreement, which totals a minimum of $10.2 million per year.

20. SUBSEQUENT EVENTS

Senior Notes due 2028

On April 12, 2021, we issued $500 million aggregate principal amount of senior unsecured notes due 2028 (the “Senior Notes due 2028”). The Senior Notes due 2028 bear interest at a rate of 5.50% per annum, payable semi-annually in arrears on May 1 and November 1 of each year, commencing on November 1, 2021.

On May 7, 2021, we intend to use a portion of the net proceeds to redeem in full the Senior Notes due 2022, which total $400 million aggregate principal plus accrued and unpaid interest.

Dividends

On April 29, 2021, our Board of Directors declared a cash dividend on our common shares and eligible participating securities of $0.33 per share for the quarter ended March 31, 2021, payable on May 25, 2021 to the holders of record on May 14, 2021.

Additionally, on April 29, 2021, our Board of Directors also declared a cash dividend on the Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares of $0.52 per share, $0.50 per share and $0.46 per share, respectively, payable on June 15, 2021 to the holders of record on June 1, 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 is 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 March 31, 2021, we had total consolidated assets of $3.6 billion and total equity of $1.1 billion.

Impact of COVID-19

Due to the outbreak of COVID-19, we have taken measures to protect the health and safety of our employees, including having employees work remotely, where possible. Market conditions due to the outbreak of COVID-19 resulted in asset impairment charges and a decline in our equipment leasing revenues during the three months ended March 31, 2021. A number of our lessees continue to experience increased financial stress due to the significant decline in travel demand, particularly as various regions experience spikes in COVID-19 cases. A number of these lessees have been placed on non-accrual status as of March 31, 2021; however, we believe our overall portfolio exposure is limited by maintenance reserves and security deposits which are secured against lessee defaults. The value of these deposits was $175.6 million as of March 31, 2021. The extent of the impact of the COVID-19 pandemic on our operational and financial performance will depend on future developments, including the duration, severity and spread of the pandemic, as well as additional waves of COVID-19 infections and the ultimate impact of related restrictions imposed by the U.S. and international governments, all of which remain uncertain. For additional detail, see Liquidity and Capital Resources and Part II, Item 1A. Risk Factors—"The COVID-19 pandemic has severely disrupted the global economy and may have, and the emergence of similar crises could have, material adverse effects on our business, results of operations or financial condition."

Operating Segments

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

Our reportable segments are comprised of interests in different types of infrastructure and equipment leasing assets. We currently conduct our business through the following three reportable segments: (i) Aviation Leasing, which is within the Equipment Leasing Business, and (ii) Jefferson Terminal and (iii) Ports and Terminals, which together comprise our Infrastructure Business. The Aviation Leasing segment consists of aircraft and aircraft engines held for lease and are typically held long-term. The Jefferson Terminal segment consists of a multi-modal crude and refined products terminal and other related assets which were acquired in 2014. The Ports and Terminals segment consists of Repauno, acquired in 2016, a 1,630-acre deep-water port located along the Delaware River with an underground storage cavern and multiple industrial development opportunities. Additionally, Ports and Terminals includes an equity method investment ("Long Ridge"), which is a 1,660-acre multi-modal port located along the Ohio River with rail, dock, and multiple industrial development opportunities, including a power plant under construction.

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

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”) completed its acquisition of Fortress (the “SoftBank Merger”). In connection with the Softbank Merger, Fortress operates within SoftBank as an independent business headquartered in New York.

Results of Operations

Adjusted EBITDA (Non-GAAP)

The chief operating decision maker (“CODM”) utilizes Adjusted EBITDA as the key performance measure. This performance measure provides the CODM with the information necessary to assess operational performance, as well as make resource and allocation decisions. We believe Adjusted EBITDA is a useful metric for investors and analysts for similar purposes of assessing our operational performance.

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

Comparison of the three months ended March 31, 2021 and 2020

The following table presents our consolidated results of operations:

(in thousands)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	Change
Revenues			
Equipment leasing revenues			
Lease income	**$ 40,227**	$ 49,813	$ (9,586)
Maintenance revenue	**15,508**	31,995	(16,487)
Finance lease income	**403**	429	(26)
Other revenue	**469**	4,212	(3,743)
Total equipment leasing revenues	**56,607**	86,449	(29,842)
Infrastructure revenues			
Lease income	**430**	120	310
Terminal services revenues	**10,421**	16,411	(5,990)
Crude marketing revenues	**—**	8,210	(8,210)
Other revenue	**9,691**	1,650	8,041
Total infrastructure revenues	**20,542**	26,391	(5,849)
Total revenues	**77,149**	112,840	(35,691)
Expenses			
Operating expenses	**24,997**	33,444	(8,447)
General and administrative	**4,252**	4,663	(411)
Acquisition and transaction expenses	**1,643**	3,194	(1,551)
Management fees and incentive allocation to affiliate	**3,990**	4,766	(776)
Depreciation and amortization	**44,535**	42,197	2,338
Asset impairment	**2,100**	—	2,100
Interest expense	**32,990**	22,861	10,129
Total expenses	**114,507**	111,125	3,382
Other (expense) income			
Equity in earnings of unconsolidated entities	**1,374**	265	1,109
Gain (loss) on sale of assets, net	**811**	(1,819)	2,630
Loss on extinguishment of debt	**—**	(4,724)	4,724
Interest income	**285**	41	244
Other income	**181**	33	148
Total other income (expense)	**2,651**	(6,204)	8,855
Loss from continuing operations before income taxes	**(34,707)**	(4,489)	(30,218)
Provision for (benefit from) income taxes	**169**	(98)	267
Net loss from continued operations	**(34,876)**	(4,391)	(30,485)
Net income from discontinued operations, net of income taxes	**—**	1,331	(1,331)
Net loss	**(34,876)**	(3,060)	(31,816)
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**(4,961)**	(4,736)	(225)
Less: Dividends on preferred shares	**4,625**	4,539	86
Net loss attributable to shareholders	**$ (34,540)**	$ (2,863)	$ (31,677)

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

	Three Months Ended March 31,		
(in thousands)	**2021**	**2020**	**Change**
Net loss attributable to shareholders from continuing operations	**$ (34,540)**	$ (4,194)	$ (30,346)
Add: Provision for (benefit from) income taxes	**169**	(98)	267
Add: Equity-based compensation expense	**1,114**	291	823
Add: Acquisition and transaction expenses	**1,643**	3,194	(1,551)
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	4,724	(4,724)
Add: Changes in fair value of non-hedge derivative instruments	**(7,964)**	181	(8,145)
Add: Asset impairment charges	**2,100**	—	2,100
Add: Incentive allocations	**—**	—	—
Add: Depreciation and amortization expense [1]	**52,643**	49,064	3,579
Add: Interest expense	**32,990**	22,861	10,129
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities [2]	**2,402**	(413)	2,815
Less: Equity in earnings of unconsolidated entities	**(1,374)**	(265)	(1,109)
Less: Non-controlling share of Adjusted EBITDA [3]	**(2,029)**	(3,350)	1,321
Adjusted EBITDA (non-GAAP)	**$ 47,154**	$ 71,995	$ (24,841)

(1) Includes the following items for the three months ended March 31, 2021 and 2020: (i) depreciation and amortization expense of $44,535 and $42,197, (ii) lease intangible amortization of $752 and $1,132 and (iii) amortization for lease incentives of $7,356 and $5,735, respectively.

(2) Includes the following items for the three months ended March 31, 2021 and 2020: (i) net income of $1,180 and $223, (ii) interest expense of $187 and $35, (iii) depreciation and amortization expense of $1,912 and $962, (iv) acquisition and transaction expenses of $0 and $81 and (v) changes in fair value of non-hedge derivatives of $(877) and $(1,714), respectively.

(3) Includes the following items for the three months ended March 31, 2021 and 2020: (i) equity-based compensation of $198 and $47, (ii) provision for income taxes of $13 and $28, (iii) interest expense of $281 and $720, (iv) depreciation and amortization expense of $1,811 and $1,524, (v) changes in fair value of non-hedge derivative instruments of $(274) and $38 and (vi) loss on extinguishment of debt of $0 and $993 respectively.

Revenues

Total revenues decreased $35.7 million primarily due to lower revenues of $26.9 million in the Aviation Leasing segment and $14.0 million in the Jefferson Terminal segment, partially offset by higher revenues of $7.8 million in the Ports and Terminals segment.

Equipment Leasing

Lease income decreased $9.6 million, primarily due to an increase in aircraft redelivered and a decrease in the number of engines on lease and an increase in the number of customers placed on non-accrual status, partially offset by an increase in the number of aircraft placed on lease.

Maintenance revenue decreased $16.5 million, primarily due to the reasons mentioned above and lower aircraft and engine utilization as a result of the COVID-19 pandemic.

Other revenue decreased $3.7 million, primarily due to the settlement of an engine loss during the three months ended March 31, 2020.

Infrastructure

Crude marketing revenues decreased $8.2 million due to Jefferson Terminal exiting the crude marketing strategy in the fourth quarter of 2019.

Terminal services revenues decreased $6.0 million which primarily reflects lower volumes at Jefferson Terminal due to lower global oil demand related to COVID-19.

Other revenue increased $8.0 million, primarily due to an unrealized gain of $7.9 million recorded on butane forward purchase and sale contracts at Repauno.

Expenses

Total expenses increased $3.4 million, primarily due to higher (i) interest expense, (ii) depreciation and amortization and (iii) asset impairment charges, partially offset by lower (iv) operating expenses, (v) acquisition and transaction expense and (vi) management fees and incentive allocation to affiliate.

Interest expense increased $10.1 million, primarily due to:

- an increase of $12.5 million in Corporate and Other which reflects an increase in the average outstanding debt of approximately $521.5 million due to increases in (i) the Senior Notes due 2025 of $407.5 million, (ii) the Senior Notes due 2027 of $400.0 million, (iii) the Revolving Credit Facility (as defined below in Liquidity and Capital Resources) of $36.7 million, partially offset by decreases in (iv) the Senior Notes due 2022 of $296.5 million and (v) the FTAI Pride Credit Agreement of $24.0 million, which was repaid in full in March 2020; and
- a decrease of $2.2 million at Jefferson Terminal due a debt refinancing in the first quarter of 2020 which lowered their average interest rate.

Depreciation and amortization increased $2.3 million primarily due to assets placed into service at Repauno and Jefferson Terminal.

Asset impairment increased $2.1 million due to an impairment charge in 2021 in the Aviation Leasing segment.

Operating expenses decreased $8.4 million which primarily reflects decreases in (i) cost of sales of $8.4 million primarily due to Jefferson Terminal exiting the crude marketing strategy in the fourth quarter of 2019 and (ii) facility operations of $1.6 million primarily due to lower volumes at Jefferson Terminal.

Acquisition and transaction expense decreased $1.6 million which primarily reflects lower compensation and related costs associated with the acquisition of aviation leasing equipment.

Management fees and incentive allocation to affiliate decreased $0.8 million, which reflects a decrease in the base management fee as our average total equity is lower in 2021 compared to 2020.

Other income (expense)

Total other income increased $8.9 million during the three months ended March 31, 2021, which primarily reflects (i) a loss on extinguishment of debt of $4.7 million in 2020 and (ii) an increase of $2.6 million in gain on sale of assets, net in the Aviation Leasing segment.

Net (loss) income from continuing operations

Net income from continuing operations decreased $30.5 million during the three months ended March 31, 2021, primarily due to the changes noted above.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA decreased $24.8 million during the three months ended March 31, 2021, primarily due to the changes noted above.

Aviation Leasing Segment

As of March 31, 2021, in our Aviation Leasing segment, we own and manage 279 aviation assets, consisting of 80 commercial aircraft and 199 engines.

As of March 31, 2021, 67 of our commercial aircraft and 114 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 73% utilized during the three months ended March 31, 2021, based on the percent of days on-lease in the quarter weighted by the monthly average equity value of our aviation leasing equipment, excluding airframes. Our aircraft currently have a weighted average remaining lease term of 38 months, and our engines currently on-lease have an average remaining lease term of 20 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, 2021	**15**	**63**	**78**
Purchases	—	6	6
Sales	—	—	—
Transfers	—	(4)	(4)
Assets at March 31, 2021	**15**	**65**	**80**
Engines			
Assets at January 1, 2021	**88**	**98**	**186**
Purchases	5	18	23
Sales	(8)	(8)	(16)
Transfers	—	6	6
Assets at March 31, 2021	**85**	**114**	**199**

The following table presents our results of operations:

	Three Months Ended March 31,		
(in thousands)	**2021**	**2020**	**Change**
Revenues			
Equipment leasing revenues			
Lease income	**$ 39,789**	$ 46,941	$ (7,152)
Maintenance revenue	**15,508**	31,995	(16,487)
Finance lease income	**403**	429	(26)
Other revenue	**401**	3,627	(3,226)
Total revenues	**56,101**	82,992	(26,891)
Expenses			
Operating expenses	**4,250**	4,071	179
Acquisition and transaction expenses	**1,196**	2,724	(1,528)
Depreciation and amortization	**32,563**	32,631	(68)
Asset impairment	**2,100**	—	2,100
Total expenses	**40,109**	39,426	683
Other income (expense)			
Equity in losses of unconsolidated entities	**(340)**	(591)	251
Gain (loss) on sale of assets, net	**811**	(1,819)	2,630
Interest income	**267**	12	255
Total other income (expense)	**738**	(2,398)	3,136
Income before income taxes	**16,730**	41,168	(24,438)
(Benefit from) provision for income taxes	**(42)**	45	(87)
Net income	**16,772**	41,123	(24,351)
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**—**	—	—
Net income attributable to shareholders	**$ 16,772**	$ 41,123	$ (24,351)

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

	Three Months Ended March 31,		
(in thousands)	2021	2020	Change
Net income attributable to shareholders	**$ 16,772**	$ 41,123	$ (24,351)
Add: (Benefit from) provision for income taxes	**(42)**	45	(87)
Add: Equity-based compensation expense	**—**	—	—
Add: Acquisition and transaction expenses	**1,196**	2,724	(1,528)
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	**2,100**	—	2,100
Add: Incentive allocations	**—**	—	—
Add: Depreciation and amortization expense [(1)]	**40,671**	39,498	1,173
Add: Interest expense	**—**	—	—
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities [(2)]	**(308)**	(591)	283
Less: Equity in losses of unconsolidated entities	**340**	591	(251)
Less: Non-controlling share of Adjusted EBITDA	**—**	—	—
Adjusted EBITDA (non-GAAP)	**$ 60,729**	$ 83,390	$ (22,661)

[(1)] Includes the following items for the three months ended March 31, 2021 and 2020: (i) depreciation expense of $32,563 and $32,631, (ii) lease intangible amortization of $752 and $1,132 and (iii) amortization for lease incentives of $7,356 and $5,735, respectively.

[(2)] Includes the following items for the three months ended March 31, 2021 and 2020: (i) net loss of $(340) and $(591) and (ii) depreciation and amortization of $32 and $0, respectively.

Revenues

Total revenue decreased $26.9 million driven by lower lease income and maintenance revenue.

- Lease income decreased $7.2 million primarily due to an increase in aircraft redelivered and a decrease in the number of engines on lease and an increase in the number of customers placed on non-accrual status, partially offset by an increase in the number of aircraft placed on lease.
- Maintenance revenue decreased $16.5 million primarily due to the reasons mentioned above and lower aircraft and engine utilization as a result of the COVID-19 pandemic.
- Other revenue decreased $3.2 million primarily due to the settlement of an engine loss during the three months ended March 31, 2020.

Expenses

Total expenses increased $0.7 million, primarily due to an increase in asset impairment and operating expenses, partially offset by a decrease in acquisition and transaction expenses.

- Asset impairment increased $2.1 million for the adjustment of the carrying value of leasing equipment to fair value, net of redelivery compensation. See Note 4 to the consolidated financial statements for additional information.
- Operating expenses increased $0.2 million primarily as a result of an increase in shipping and storage fees, professional fees and other operating expenses, partially offset by a decrease in bad debt expense.
- Acquisition and transaction expense decreased $1.5 million driven by lower compensation and related costs associated with the acquisition of aviation leasing equipment.

Other income (expense)

Total other income increased $3.1 million primarily due to an increase of $2.6 million in gain on the sale of leasing equipment in 2021, an increase of $0.3 million in interest income and a decrease of $0.3 million in Aviation Leasing's proportionate share of the unconsolidated entities' net loss.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA decreased $22.7 million primarily due to the changes noted above.

Jefferson Terminal Segment

The following table presents our results of operations:

(in thousands)	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020	Change
Infrastructure revenues			
Lease income	**$ 430**	$ 120	$ 310
Terminal services revenues	**10,289**	16,411	(6,122)
Crude marketing revenues	**—**	8,210	(8,210)
Total revenues	**10,719**	24,741	(14,022)
Expenses			
Operating expenses	**11,721**	21,943	(10,222)
Depreciation and amortization	**7,718**	7,226	492
Interest expense	**1,203**	3,428	(2,225)
Total expenses	**20,642**	32,597	(11,955)
Other (expense) income			
Loss on extinguishment of debt	**—**	(4,724)	4,724
Interest income	**—**	22	(22)
Other income	**181**	33	148
Total other income (expense)	**181**	(4,669)	4,850
Loss before income taxes	**(9,742)**	(12,525)	2,783
Provision for income taxes	**57**	135	(78)
Net loss	**(9,799)**	(12,660)	2,861
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**(5,016)**	(4,661)	(355)
Net loss attributable to shareholders	**$ (4,783)**	$ (7,999)	$ 3,216

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

	Three Months Ended March 31,		
(in thousands)	2021	2020	Change
Net loss attributable to shareholders	**$ (4,783)**	$ (7,999)	$ 3,216
Add: Provision for income taxes	**57**	135	(78)
Add: Equity-based compensation expense	**841**	215	626
Add: Acquisition and transaction expenses	**—**	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	4,724	(4,724)
Add: Changes in fair value of non-hedge derivative instruments	**—**	181	(181)
Add: Asset impairment charges	**—**	—	—
Add: Incentive allocations	**—**	—	—
Add: Depreciation and amortization expense	**7,718**	7,226	492
Add: Interest expense	**1,203**	3,428	(2,225)
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]	**(2,208)**	(3,341)	1,133
Adjusted EBITDA (non-GAAP)	**$ 2,828**	$ 4,569	$ (1,741)

[1] Includes the following items for the three months ended March 31, 2021 and 2020: (i) equity-based compensation of $189 and $45, (ii) provision for income taxes of $13 and $28, (iii) interest expense of $271 and $720, (iv) changes in fair value of non-hedge derivative instruments of $0 and $38, (v) depreciation and amortization expense of $1,735 and $1,517 and (vi) loss on extinguishment of debt of $0 and $993, respectively.

Revenues

Total revenues decreased $14.0 million primarily due to decreases in (i) crude marketing revenues of $8.2 million due to Jefferson Terminal exiting the crude marketing strategy in the fourth quarter of 2019 and (ii) terminal services revenue of $6.1 million which primarily reflects lower volumes due to lower global oil demand related to COVID-19.

Expenses

Total expenses decreased $12.0 million which reflects:

- a decrease in operating expenses of $10.2 million, primarily due to (i) Jefferson Terminal exiting the crude marketing strategy in the fourth quarter of 2019 and (ii) a decrease in facility operations expense due to lower volumes;
- a decrease in interest expense of $2.2 million due to a debt refinancing in the first quarter of 2020 which lowered the average interest rate; and
- an increase in depreciation and amortization of $0.5 million due to additional assets being placed into service.

Other income (expense)

Total other income increased $4.9 million which primarily reflects a loss on extinguishment of debt of $4.7 million in 2020.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA decreased $1.7 million primarily due to the changes noted above.

Ports and Terminals

The following table presents our results of operations:

(in thousands)	Three Months Ended March 31, 2021	2020	Change
Infrastructure revenues			
Terminal services revenues	**$ 132**	$ —	$ 132
Other revenue	**7,964**	314	7,650
Total revenues	**8,096**	314	7,782
Expenses			
Operating expenses	**3,102**	2,000	1,102
Acquisition and transaction expenses	**—**	782	(782)
Depreciation and amortization	**2,211**	376	1,835
Interest expense	**279**	393	(114)
Total expenses	**5,592**	3,551	2,041
Other income			
Equity in earnings of unconsolidated entities	**1,542**	906	636
Total other income	**1,542**	906	636
Income (loss) before income taxes	**4,046**	(2,331)	6,377
Provision for (benefit from) income taxes	**154**	(281)	435
Net income (loss)	**3,892**	(2,050)	5,942
Less: Net income (loss) attributable to non-controlling interest in consolidated subsidiaries	**55**	(75)	130
Net income (loss) attributable to shareholders	**$ 3,837**	$ (1,975)	$ 5,812

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

(in thousands)	Three Months Ended March 31, 2021	2020	Change
Net income (loss) attributable to shareholders	**$ 3,837**	$ (1,975)	$ 5,812
Add: Provision for (benefit from) income taxes	**154**	(281)	435
Add: Equity-based compensation expense	**273**	76	197
Add: Acquisition and transaction expenses	**—**	782	(782)
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**(7,964)**	—	(7,964)
Add: Asset impairment charges	**—**	—	—
Add: Incentive allocations	**—**	—	—
Add: Depreciation and amortization expense	**2,211**	376	1,835
Add: Interest expense	**279**	393	(114)
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities [(1)]	**2,705**	228	2,477
Less: Equity in earnings of unconsolidated entities	**(1,542)**	(906)	(636)
Less: Non-controlling share of Adjusted EBITDA [(2)]	**179**	(9)	188
Adjusted EBITDA (non-GAAP)	**$ 132**	$ (1,316)	$ 1,448

[(1)] Includes the following items for the three months ended March 31, 2021 and 2020: (i) net income of $1,542 and $894, (ii) interest expense of $160 and $5, (iii) depreciation and amortization expense of $1,880 and $962, (iv) acquisition and transaction expenses of $0 and $81 and (v) changes in fair value of non-hedge derivative instruments of $(877) and $(1,714), respectively.

[(2)] Includes the following items for the three months ended March 31, 2021 and 2020: (i) equity-based compensation of $9 and $2, (ii) interest expense of $10 and $0, (iii) depreciation and amortization expense of $76 and $7 and (iv) changes in fair value of non-hedge derivative instruments of $(274) and $0, respectively.

Revenues

Total revenue increased $7.8 million primarily due to an unrealized gain of $7.9 million recorded on butane forward purchase and sale contracts at Repauno.

Expenses

Total expenses increased $2.0 million which reflects higher (i) depreciation and amortization of $1.8 million at Repauno due to additional assets placed into service and (ii) operating expenses of $1.1 million, primarily due to higher compensation and related costs at Repauno, partially offset by lower (iii) acquisition and transaction expense of $0.8 million at Long Ridge due to lower professional fees.

Other income

Total other income increased $0.6 million due to an increase in equity in earnings at Long Ridge.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA increased $1.4 million primarily due to the changes noted above.

Corporate and Other

The following table presents our results of operations:

	Three Months Ended March 31,		
(in thousands)	**2021**	**2020**	**Change**
Revenues			
Equipment leasing revenues			
Lease income	**$ 438**	$ 2,872	$ (2,434)
Other revenue	**68**	585	(517)
Total equipment leasing revenues	**506**	3,457	(2,951)
Infrastructure revenues			
Other revenue	**1,727**	1,336	391
Total infrastructure revenues	**1,727**	1,336	391
Total revenues	**2,233**	4,793	(2,560)
Expenses			
Operating expenses	**5,924**	5,430	494
General and administrative	**4,252**	4,663	(411)
Acquisition and transaction expenses	**447**	(312)	759
Management fees and incentive allocation to affiliate	**3,990**	4,766	(776)
Depreciation and amortization	**2,043**	1,964	79
Interest expense	**31,508**	19,040	12,468
Total expenses	**48,164**	35,551	12,613
Other income (expense)			
Equity in earnings (losses) of unconsolidated entities	**172**	(50)	222
Interest income	**18**	7	11
Total other income (expense)	**190**	(43)	233
Loss before income taxes	**(45,741)**	(30,801)	(14,940)
Provision for income taxes	**—**	3	(3)
Net loss	**(45,741)**	(30,804)	(14,937)
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**—**	—	—
Less: Dividends on preferred shares	**4,625**	4,539	86
Net loss attributable to shareholders	**$ (50,366)**	$ (35,343)	$ (15,023)

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

	Three Months Ended March 31,		
(in thousands)	2021	2020	Change
Net loss attributable to shareholders	**$ (50,366)**	$ (35,343)	$ (15,023)
Add: Provision for income taxes	**—**	3	(3)
Add: Equity-based compensation expense	**—**	—	—
Add: Acquisition and transaction expenses	**447**	(312)	759
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	**2,043**	1,964	79
Add: Interest expense	**31,508**	19,040	12,468
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities [1]	**5**	(50)	55
Less: Equity in losses (earnings) of unconsolidated entities	**(172)**	50	(222)
Less: Non-controlling share of Adjusted EBITDA	**—**	—	—
Adjusted EBITDA (non-GAAP)	**$ (16,535)**	$ (14,648)	$ (1,887)

____

[1] Includes the following items for the three months ended March 31, 2021 and 2020: (i) net loss of $(22) and $(80) and (ii) interest expense of $27 and $30, respectively.

Revenues

Equipment Leasing

Total revenues decreased $3.0 million in the offshore energy business as one of our vessels was off-hire in 2021 while it was on-hire in 2020.

Infrastructure

Total revenues increased $0.4 million due to higher volumes in our railcar cleaning business.

Expenses

Total expenses increased $12.6 million primarily due to higher (i) interest expense and (ii) acquisition and transaction expense, partially offset by lower (iii) management fees and incentive allocation to affiliate.

Interest expense increased $12.5 million, which reflects an increase in the average outstanding debt of approximately $521.5 million due to increases in (i) the Senior Notes due 2025 of $407.5 million, (ii) the Senior Notes due 2027 of $400.0 million, (iii) the Revolving Credit Facility of $36.7 million, partially offset by decreases in (iv) the Senior Notes due 2022 of $296.5 million and (v) the FTAI Pride Credit Agreement of $24.0 million, which was repaid in full in March 2020.

Acquisition and transaction expense increased $0.8 million, primarily due to higher professional fees.

Management fees and incentive allocation to affiliate decreased $0.8 million, which reflects a decrease in the base management fee as our average total equity is lower in 2021 compared to 2020.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA decreased $1.9 million primarily due to the changes noted above.

Liquidity and Capital Resources

On April 12, 2021, we issued $500 million aggregate principal amount of senior unsecured notes due 2028 (see Note 20 to the consolidated financial statements). On May 7, 2021, we intend to use a portion of the net proceeds to redeem in full the Senior Notes due 2022, which total $400 million aggregate principal plus accrued and unpaid interest.

On June 16, 2017, we entered in a revolving credit facility (the "Revolving Credit Facility"). During April 2021, we repaid a net $100 million of outstanding borrowings under the Revolving Credit Facility. Following the repayment, we have additional borrowing capacity of $200 million under the Revolving Credit Facility.

We believe we have sufficient liquidity to satisfy our cash needs, however, we continue to evaluate and take action, as necessary, to preserve adequate liquidity and ensure that our business can continue to operate during these uncertain times. This includes limiting discretionary spending across the organization and re-prioritizing our capital projects amid the COVID-19 pandemic.

Our principal uses of liquidity have been and continue to be (i) acquisitions of transportation infrastructure and equipment, (ii) dividends to our shareholders and holders of eligible participating securities, (iii) expenses associated with our operating activities, and (iv) debt service obligations associated with our investments.

- Cash used for the purpose of making investments was $165.0 million and $122.4 million during the three months ended March 31, 2021 and 2020, respectively.
- Dividends to shareholders and holders of eligible participating securities were $33.0 million and $32.9 million during the three months ended March 31, 2021 and 2020, respectively.
- Uses of liquidity associated with our operating expenses are captured on a net basis in our cash flows from operating activities. Uses of liquidity associated with our debt obligations are captured in our cash flows from financing activities.

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

- Cash flows (used in) provided from operating activities, plus the principal collections on finance leases and maintenance reserve collections were $(39.8) million and $2.1 million during the three months ended March 31, 2021 and 2020, respectively.
- During the three months ended March 31, 2021, additional borrowings were obtained in connection with the (i) Revolving Credit Facility of $150.0 million and (ii) EB-5 Loan Agreement of $21.6 million. During the three months ended March 31, 2020, additional borrowings were obtained in connection with the (i) Series 2020 Bonds of $264.0 million and (ii) Revolving Credit Facility of $40.0 million. We made total principal repayments of $276.0 million relating to the Series 2016 Bonds, Series 2012 Bonds, Jefferson Revolver and FTAI Pride Credit Agreement.
- Proceeds from the sale of assets were $4.6 million and $28.6 million during the three months ended March 31, 2021 and 2020, respectively.
- Proceeds from the issuance of preferred shares, net of underwriter's discount and issuance costs were $101.2 million during the three months ended March 31, 2021.

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

Historical Cash Flow

Comparison of the three months ended March 31, 2021 and 2020

The following table compares the historical cash flow for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
(in thousands)	**2021**	**2020**
Cash Flow Data:		
Net cash used in operating activities	**$ (48,932)**	$ (11,806)
Net cash used in investing activities	**(154,418)**	(91,125)
Net cash provided by (used in) financing activities	**235,408**	(16,198)

Net cash used in operating activities increased $37.1 million, which reflects an increase in our net loss of $31.8 million primarily due to lower total revenues.

Net cash used in investing activities increased $63.3 million, primarily due to (i) an increase in acquisitions of leasing equipment of $57.2 million and (ii) lower proceeds from the sale of leasing equipment of $24.0 million, partially offset by (iii) a decrease in acquisitions of property, plant and equipment of $21.1 million.

Net cash provided by financing activities increased $251.6 million, primarily due to (i) a decrease in repayments of debt of $276.0 million and (ii) an increase in proceeds from the issuance of preferred shares of $101.4 million, partially offset by (iii) a decrease in proceeds from debt of $132.4 million.

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 excludes changes in working capital. The following table sets forth a reconciliation of Net Cash Provided by Operating Activities to FAD:

	Three Months Ended March 31,	
(in thousands)	**2021**	**2020**
Net Cash Used in Operating Activities	**$ (48,932)**	$ (11,806)
Add: Principal Collections on Finance Leases	**395**	320
Add: Proceeds from Sale of Assets	**4,574**	28,568
Add: Return of Capital Distributions from Unconsolidated Entities	**—**	—
Less: Required Payments on Debt Obligations [(1)]	**—**	—
Less: Capital Distributions to Non-Controlling Interest	**—**	—
Exclude: Changes in Working Capital	**58,370**	78,955
Funds Available for Distribution (FAD)	**$ 14,407**	$ 96,037

---

(1) Required payments on debt obligations for the three months ended March 31, 2020 exclude repayments of $144,200 for the Series 2016 Bonds, $50,262 for the Jefferson Revolver, $45,520 for the Series 2012 Bonds and $36,009 for the FTAI Pride Credit Agreement.

Limitations

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

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

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

Debt Obligations

Refer to Note 9 of the Consolidated Financial Statements for additional information.

Contractual Obligations

The following table summarizes our future obligations, by period due, as of March 31, 2021, under our various contractual obligations and commitments. We had no off-balance sheet arrangements as of March 31, 2021.

(in thousands)	Remainder of 2021	2022	2023	2024	2025	Thereafter	Total
Series 2020 Bonds	$ —	$ —	$ —	$ —	$ 79,060	$ 184,920	$ 263,980
DRP Revolver	25,000	—	—	—	—	—	25,000
EB-5 Loan Agreement	—	—	—	—	—	21,600	21,600
Revolving Credit Facility	—	150,000	—	—	—	—	150,000
Senior Notes due 2022	—	400,000	—	—	—	—	400,000
Senior Notes due 2025	—	—	—	—	850,000	—	850,000
Senior Notes due 2027	—	—	—	—	—	400,000	400,000
Total principal payments on loans and bonds payable	25,000	550,000	—	—	929,060	606,520	2,110,580
Total estimated interest payments [1]	99,997	113,461	107,432	107,432	92,521	168,972	689,815
Third-party obligations [2]	7,000	10,220	3,220				20,440
Operating lease obligations	3,856	5,081	5,192	4,983	4,852	145,874	169,838
	110,853	128,762	115,844	112,415	97,373	314,846	880,093
Total contractual obligations	**$ 135,853**	**$ 678,762**	**$ 115,844**	**$ 112,415**	**$ 1,026,433**	**$ 921,366**	**$ 2,990,673**

[1] Estimated interest rates as of March 31, 2021.

[2] Relates to a two-year pipeline capacity agreement at Jefferson Terminal.

We expect to meet our future short-term liquidity requirements through cash on hand, unused borrowing capacity or future financings 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 acquisition of Jefferson Terminal. The carrying amount of goodwill was approximately $122.7 million as of both March 31, 2021 and December 31, 2020.

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 quantitative 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, 2020.

Beginning in 2020, we adopted new guidance regarding the testing and recognition of a goodwill impairment which prior to 2020 required two steps. A goodwill 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 goodwill impairment is recorded to the extent of any goodwill recorded in the reporting unit.

We estimate the fair value of the reporting units using an income approach, specifically a discounted cash flow analysis. This analysis requires us to make significant assumptions and estimates about the extent and timing of future cash flows (including forecasted revenue growth rates and EBITDA margins), capital expenditures and discount rates. The estimates and assumptions used consider historical performance if indicative of future performance, and are consistent with the assumptions used in determining future profit plans for the reporting units.

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 reporting unit or other key inputs are negatively revised in the future, the estimated fair value of the Jefferson Terminal reporting unit could be adversely impacted, potentially leading to an impairment in the future that could materially affect our operating results. The Jefferson Terminal segment forecasted revenue is dependent on the ramp up of volumes under current and expected future contracts for storage of heavy and light crude and refined products during 2021 and beyond subject to obtaining rail capacity for crude, expansion of refined product distribution to Mexico and movements in future oil spreads. Jefferson Terminal was designed to reach a storage capacity of 21.7 million barrels, and 4.4 million of storage, or approximately 20.3% of capacity, is currently operational. If the Company strategy changes from planned capacity downward due to an inability to source contracts or expand volumes, the fair value of the reporting units would be negatively affected, which could lead to an impairment. The expansion of refineries in the Beaumont/Port Arthur area, as well as growing crude oil production in the U.S. and Canada, are expected to result in increased demand for storage on the U.S. Gulf Coast. Although we do not have significant direct exposure to volatility of crude oil prices, changes in crude oil pricing that effect long term refining planned output could impact Jefferson Terminal operations. Other assumptions utilized in our annual impairment analysis that are significant in determination of the fair value of the reporting unit include the discount rate utilized in our discounted cash flow analysis of 13.5% and our terminal growth rate of 2%.

Furthermore, both inbound and outbound pipelines projects are becoming fully operational early in 2021 to and from the Jefferson Terminal and will affect our forecasted growth and therefore our estimated fair value. We expect the Jefferson Terminal segment to continue to generate positive Adjusted EBITDA during 2021. 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. Further delays in executing these contracts or achieving our projections could adversely affect the fair value of the reporting unit. The impact of the COVID-19 global pandemic during 2020 certainly negatively affected refining volumes and therefore Jefferson Terminal crude throughput but we anticipate the impact to normalize over 2021 and ramp back to normal levels by 2022. Furthermore, we anticipate strengthening macroeconomic demand for storage and the increasing spread between Western Canadian Crude and Western Texas Intermediate as Canadian crude pipeline apportionment increases and our pipeline connections become fully operational during 2021, we remain positive for the outlook of Jefferson Terminal's earnings potential.

There was no impairment of goodwill for the year ended December 31, 2020.

Recent Accounting Pronouncements

See Note 2 to our Consolidated Financial Statements for recent accounting pronouncements.

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.

LIBOR and other indices which are deemed "benchmarks" are the subject of recent national, international, and other regulatory guidance and proposals for reform. On March 5, 2021, the IBA Benchmark Administration confirmed its intention to cease publication of (i) one week and two month USD LIBOR settings after December 31, 2021 and (ii) the remaining USD LIBOR settings after June 30, 2023. We currently have agreements that are indexed to LIBOR and are monitoring related reform proposals and evaluating the related risks; however, it is not possible to predict the effects of any of these developments, and any future initiatives to regulate, reform or change the manner of administration of LIBOR could result in adverse consequences to the rate of interest payable and receivable on, market value of and market liquidity for LIBOR-based financial instruments.

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 may elect to manage our exposure to interest rate movements through the use of interest rate derivatives (interest rate swaps and caps).

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. In addition, the following discussion does not take into account our Series A preferred shares, on which distributions currently accrue interest at a fixed rate but will accrue interest at a floating rate based on three-month LIBOR plus a spread from and after September 15, 2024.

As of March 31, 2021, 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 of approximately $1.5 million or a decrease of approximately $0.2 million in interest expense over the next 12 months.

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 upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of and for the period covered by this report.

Internal Control over Financial Reporting

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

You should carefully consider the following risks and other information in this Form 10-Q in evaluating us and our 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, risks related to our common shares and general risks. However, these categories do overlap and should not be considered exclusive.

Risks Related to Our Business

The COVID-19 pandemic has severely disrupted the global economy and may have, and the emergence of similar crises could have, material adverse effects on our business, results of operations or financial condition.

In recent years, the outbreaks of certain highly contagious diseases have increased the risk of a pandemic resulting in economic disruptions. In particular, the ongoing COVID-19 pandemic has led to severe disruptions in the market and the global, U.S. and regional economies that may continue for a prolonged duration and trigger a recession or a period of economic slowdown. In response, various governmental bodies and private enterprises have implemented numerous measures to mitigate the outbreak, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. The COVID-19 outbreak continues to be dynamic and evolving, including a resurgence of COVID-19 cases in certain geographies, and its ultimate scope, duration, effects and the availability of vaccines remain uncertain.

We expect that this pandemic, and any future epidemic or pandemic crises, could result in direct and indirect adverse effects on our industry and customers, which in turn may impact our business, results of operations and financial condition. Effects of the current pandemic include, or may include, among others:

- deterioration of worldwide, regional or national economic conditions and activity, which could further reduce or prolong the recent significant declines in energy prices, or adversely affect global demand for crude oil and petroleum products, demand for our services, and time charter and spot rates;
- disruptions to our operations as a result of the potential health impact, such as the availability and efficacy of vaccines, on our employees and crew, and on the workforces of our customers and business partners;
- disruptions to our business from, or additional costs related to, new regulations, directives or practices implemented in response to the pandemic, such as travel restrictions, increased inspection regimes, hygiene measures (such as quarantining and physical distancing) or increased implementation of remote working arrangements;
- a lack of air travel demand or an inability of airlines to operate to or from certain regions could impact demand for air travel and the financial health of certain airlines, including our lessees;
- potential delays in the loading and discharging of cargo on or from our vessels, and any related off hire due to quarantines, worker health or regulations, which in turn could disrupt our operations and result in a reduction of revenue;
- potential shortages or a lack of access to required spare parts for our vessels, or potential delays in any repairs to, scheduled or unscheduled maintenance or modifications;
- potential delays in vessel inspections and related certifications by class societies, customers or government agencies;
- potential reduced cash flows and financial condition, including potential liquidity constraints;
- reduced access to capital, including the ability to refinance any existing obligations, as a result of any credit tightening generally or due to continued declines in global financial markets, including to the prices of publicly-traded securities of us, our peers and of listed companies generally; and
- potential deterioration in the financial condition and prospects of our customers, joint venture partners or business partners, or attempts by customers or third parties to invoke force majeure contractual clauses as a result of delays or other disruptions.

Although disruption and effects from the COVID-19 pandemic may be temporary, given the dynamic nature of these circumstances, the duration of any business disruption and the related financial impact to us is uncertain at this time and could materially affect our business, results of operations and financial condition. The ongoing impact of COVID-19 also heightens many of the other risks described in this report, including those relating to our target returns, liquidity and asset values.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We operate in highly competitive markets.

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

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

Certain liens may arise on our assets.

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

The values of our assets may fluctuate due to various factors.

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

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

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

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

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

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

- potential opposition from non-governmental organizations, environmental groups, local or other groups which may delay or prevent development activities;
- local and economic conditions;
- changes in legal requirements; and
- force majeure events, including catastrophes and adverse weather conditions.

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

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

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

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

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

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

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

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

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

Legislation passed by the U.S. Congress or Canadian Parliament or new regulations issued by federal agencies can significantly affect the revenues, costs and profitability of our business. For instance, more recently proposed bills such as the "Rail Shipper Fairness Act of 2017," or competitive access proposals under consideration by the STB, if adopted, could increase government involvement in railroad pricing, service and operations and significantly change the federal regulatory framework of the railroad industry. Several of the changes under consideration could have a significant negative impact on the Company'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 the Company's profitability.

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

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

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

As a result of hydraulic fracturing and other improvements in extraction technologies, there has been a substantial increase in the volume of crude oil and liquid hydrocarbons produced and transported in North America, and a geographic shift in that production versus historical production. The increase in volume and shift in geography has resulted in increased pipeline congestion and a corresponding growth in crude oil being transported by rail from Canada and across the U.S. High-profile accidents involving crude-oil-carrying trains in Quebec, North Dakota and Virginia, and more recently in Saskatchewan, West Virginia and Illinois, have raised concerns about derailments and the environmental and safety risks associated with crude oil transport by rail and the associated risks arising from railcar design. In Canada, the transport of hazardous products is receiving greater scrutiny which could impact our customers and our business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- terrorist acts, armed hostilities, war and civil disturbances;
- acts of piracy;
- potential cybersecurity attacks;
- significant governmental influence over many aspects of local economies;
- seizure, nationalization or expropriation of property or equipment;
- repudiation, nullification, modification or renegotiation of contracts;
- limitations on insurance coverage, such as war risk coverage, in certain areas;
- political unrest;

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

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

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

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

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

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

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

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

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

The agreements governing our indebtedness, including, but not limited to, the indenture governing our Senior Notes and the revolving credit facility entered into on June 16, 2017 ("Revolving Credit Facility"), contain covenants that place restrictions on us and our subsidiaries. The indentures governing our Senior Notes and the Revolving Credit Facility restrict among other things, our and certain of our subsidiaries' ability to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On July 27, 2017, the U.K. Financial Conduct Authority (the "FCA"), which regulates LIBOR, announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR rates after 2021. As a result, LIBOR may be discontinued after 2021. The FCA and the submitting LIBOR banks have indicated they will support the LIBOR indices through 2021 to allow for an orderly transition to an alternative reference rate. Financial services regulators and industry groups are evaluating the phase-out of LIBOR and the development of alternate reference rate indices or reference rates. On November 30, 2020, ICE Benchmark Administration, or the IBA, the administrator of LIBOR, with the support of the United States Federal Reserve and the FCA, announced plans to consult on ceasing publication of LIBOR on December 31, 2021, for only the one-week and two-month LIBOR tenors, and on June 30, 2023, for all other LIBOR tenors. The U.S. Federal Reserve concurrently issued a statement advising banks to stop new LIBOR issuances by the end of 2021. On March 5, 2021, the IBA Benchmark Administration confirmed its intention to cease publication of (i) one week and two month USD LIBOR settings after December 31, 2021 and (ii) the remaining USD LIBOR settings after June 30, 2023.

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

As of March 31, 2021, we had $175.0 million of total debt outstanding under facilities with interest rates based on floating-rate indices. We cannot predict what reference rate would be agreed upon or what the impact of any such replacement rate would be to our interest expense. Potential changes to the underlying floating-rate indices and reference rates may have an adverse impact on our agreements indexed to LIBOR and could have a negative impact on our profitability and cash flows.

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

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

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

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

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

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

Risks Related to Our Manager

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

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

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

On December 27, 2017, SoftBank announced that it completed the SoftBank Merger. In connection with the SoftBank Merger, Fortress operates within SoftBank as an independent business headquartered in New York. There can be no assurance that the SoftBank Merger will not have an impact on us or our relationship with the Manager.

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

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

There are conflicts of interest inherent in our relationship with our Manager insofar as our Manager and its affiliates - including investment funds, private investment funds, or businesses managed by our Manager, including Seacastle Inc., Florida East Coast Industries, LLC ("FECI") and FYX - invest in transportation and transportation-related infrastructure assets and whose investment objectives overlap with our asset acquisition objectives. Certain opportunities appropriate for us may also be appropriate for one or more of these other investment vehicles. Certain members of our board of directors and employees of our Manager who are our officers also serve as officers and/or directors of these other entities. For example, we have some of the same directors and officers as Seacastle Inc and FYX. Although we have the same Manager, we may compete with entities affiliated with our Manager or Fortress, including Seacastle Inc., FECI and FYX, 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 have previously purchased and may in the future purchase assets from these funds, and have previously co-invested and may in the future co-invest with these funds in transportation and transportation-related infrastructure assets. Fortress funds generally have a fee structure similar to ours, but the fees actually paid will vary depending on the size, terms and performance of each fund.

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

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

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

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

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

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

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

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

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

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

Risks Related to Taxation

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

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

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

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

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

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

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

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

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

The Tax Cuts and Jobs Act (the "TCJA"), which is generally effective for taxable years beginning after December 31, 2017, amended the Code in a manner that significantly changed the taxation of individuals and business entities, including with respect to the taxation of offshore earnings and the deductibility of interest. In some cases, there is still uncertainty around the scope and application of the TCJA that may be addressed in future guidance issued by the U.S. Department of Treasury and the IRS. Some of the changes could adversely affect our business and financial condition and the value of our shares. The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which was enacted on March 27, 2020, temporarily modifies some provisions of the TCJA.

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

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

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

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

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

If a sale of our common shares by a shareholder is taxable in the United States, the shareholder will recognize gain or loss equal to the difference between the amount realized by such shareholder in the sale and such shareholder's adjusted tax basis in those shares. A shareholder's adjusted tax basis in the shares at the time of sale will generally be lower than the shareholder's original tax basis in the shares to the extent that prior distributions to such shareholder exceed the total taxable income allocated to such shareholder. A shareholder may therefore recognize a gain in a sale of our common shares if the shares are sold at a price that is less than their original cost. A portion of the amount realized, whether or not representing gain, may be treated as ordinary income to such shareholder.

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

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

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

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

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

Qualifying income generally includes dividends, interest, capital gains from the sale or other disposition of stocks and securities and certain other forms of investment income. We believe that our return from investments will include interest, dividends, capital gains and other types of qualifying income, but no assurance can be given as to the types of income that will be earned in any given year.

If we fail to satisfy the Qualifying Income Exception, we would be required to pay U.S. federal income tax at regular corporate rates on our income. Although the TCJA reduced regular corporate rates from 35% to 21%, our failure to qualify as a partnership for U.S. federal income tax purposes could nevertheless adversely affect our business, operating results and financial condition. In addition, we would likely be liable for state and local income and/or franchise taxes on our income. Finally, distributions of cash to shareholders would constitute qualified dividend income taxable to such shareholders to the extent of our earnings and profits and would not be deductible by us. Taxation of us as a publicly traded partnership taxable as a corporation could result in a material adverse effect on our cash flow and the after-tax returns for shareholders and thus could result in a substantial reduction in the value of our shares.

Shareholders that are not U.S. persons should also anticipate being required to file U.S. tax returns and may be required to pay U.S. tax solely on account of owning our shares.

In light of our intended investment activities, we may be, or may become, engaged in a U.S. trade or business for U.S. federal income tax purposes (directly or indirectly through pass-through subsidiaries), in which case some portion of our income would be treated as effectively connected income with respect to non-U.S. persons. Moreover, we anticipate that, in the future, we will sell interests in U.S. real holding property corporations (each a "USRPHC") and therefore be deemed to be engaged in a U.S. trade or business at such time. If we were to realize gain from the sale or other disposition of a U.S. real property interest (including a USRPHC) or were otherwise engaged in a U.S. trade or business, non-U.S. persons holding our common shares generally would be required to file U.S. federal income tax returns and would be subject to U.S. federal withholding tax on their allocable share of the effectively connected income on gain at the highest marginal U.S. federal income tax rates applicable to ordinary income. Likewise, non-U.S. persons holding our preferred shares, by virtue of receiving guaranteed payments, may be required to file U.S. federal income tax returns and may be subject to U.S. federal withholding tax on their guaranteed payments, irrespective of our operations or investments. In both cases, non-U.S. persons that are corporations may also be subject to a branch profits tax on their allocable share of such income. Non-U.S. persons should anticipate being required to file U.S. tax returns and may be required to pay U.S. tax solely on account of owning our shares. Non-U.S. shareholders are urged to consult their tax advisors regarding the tax consequences of an investment in our shares.

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

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

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

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

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

We believe that the U.S. source international transport rental income of our non-U.S. subsidiaries generally will be subject to U.S. federal income tax, on a gross-income basis at a rate not in excess of 4%. If any of our non-U.S. subsidiaries that is treated as a corporation for U.S. federal income tax purposes did not comply with certain administrative guidelines of the IRS, such that 90% or more of such subsidiary's U.S. source international transport rental income were attributable to the activities of personnel based in the United States (in the case of bareboat leases) or from "regularly scheduled transportation" as defined in such administrative guidelines (in the case of time-charter leases), such subsidiary's U.S. source rental income would be treated as income effectively connected with a trade or business in the United States. In such case, such subsidiary's U.S. source international transport rental income would be subject to U.S. federal income tax at a maximum rate of 21% for taxable years beginning after December 31, 2017. In addition, such subsidiary would be subject to the U.S. federal branch profits tax on its effectively connected earnings and profits at a rate of 30%. The imposition of such taxes would adversely affect our business and would result in decreased funds available for distribution to our shareholders.

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

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

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

Some of our subsidiaries are subject to income, withholding or other taxes in certain non-U.S. jurisdictions by reason of their jurisdiction of incorporation, activities and operations, where their assets are used or where the lessees of their assets (or others in possession of their assets) are located, and it is also possible that taxing authorities in any such jurisdictions could assert that our subsidiaries are subject to greater taxation than we currently anticipate. Further, the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting ("BEPS") recently entered into force among the jurisdictions that ratified it. The implementation of BEPS prevention measures could result in a higher effective tax rate on our worldwide earnings by, for example, reducing the tax deductions or otherwise increasing the taxable income of our subsidiaries. In addition, a portion of certain of our non-U.S. corporate subsidiaries' income is treated as effectively connected with a U.S. trade or business and is accordingly subject to U.S. federal income tax. It is possible that the IRS could assert that a greater portion of any such non-U.S. subsidiaries' income is effectively connected income that should be subject to U.S. federal income tax.

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

The U.S. federal income tax treatment of our shareholders depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. The U.S. federal income tax treatment of our shareholders may also be modified by administrative, legislative or judicial interpretation at any time, possibly on a retroactive basis, and any such action may affect our investments and commitments that were previously made, and could adversely affect the value of our shares or cause us to change the way we conduct our business.

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

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

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

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

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

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

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

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

Risks Related to Our Shares

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

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

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

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

We are required by Section 404 of the Sarbanes-Oxley Act to evaluate the effectiveness of our internal controls, and the outcome of that effort may adversely affect our results of operations, financial condition and liquidity. Because we are no longer an emerging growth company, we are subject to heightened disclosure obligations, which may impact our share price.

As a public company, we are required to comply with Section 404 ("Section 404") of the Sarbanes-Oxley Act. Section 404 requires that we evaluate the effectiveness of our internal control over financial reporting at the end of each fiscal year and to include a management report assessing the effectiveness of our internal controls over financial reporting in our Annual Report on Form 10-K for that fiscal year. Section 404 also requires an independent registered public accounting firm to attest to, and report on, management's assessment of our internal controls over financial reporting. Because we ceased to be an emerging growth company at the end of 2017, we were required to have our independent registered public accounting firm attest to the effectiveness of our internal controls in our Annual Reports on Form 10-K starting with the fiscal year ended December 31, 2018, and will be required to do so going forward. The outcome of our review and the report of our independent registered public accounting firm may adversely affect our results of operations, financial condition and liquidity. During the course of our review, we may identify control deficiencies of varying degrees of severity, and we may incur significant costs to remediate those deficiencies or otherwise improve our internal controls. As a public company, we are required to report control deficiencies that constitute a "material weakness" in our internal control over financial reporting. If we discover a material weakness in our internal control over financial reporting, our share price could decline and our ability to raise capital could be impaired.

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

Your percentage ownership in FTAI may be diluted in the future because of equity awards granted and may be granted to our Manager pursuant to the Management Agreement and the Incentive Plan. Since 2015, we granted our Manager an option to acquire 2,574,624 common shares in connection with equity offerings. In the future, upon the successful completion of additional offerings of our common shares or other equity securities (including securities issued as consideration in an acquisition), we will grant to our Manager options to purchase common shares in an amount equal to 10% of the number of common shares being sold in such offerings (or if the issuance relates to equity securities other than our common shares, options to purchase a number of common shares equal to 10% of the gross capital raised in the equity issuance divided by the fair market value of a common share as of the date of the issuance), with an exercise price equal to the offering price per share paid by the public or other ultimate purchaser or attributed to such securities in connection with an acquisition (or the fair market value of a common share as of the date of the equity issuance if it relates to equity securities other than our common shares), and any such offering or the exercise of the option in connection with such offering would cause dilution.

Our board of directors has adopted the Incentive Plan, which provides for the grant of equity-based awards, including restricted shares, stock options, stock appreciation rights, performance awards, restricted share units, tandem awards and other equity-based and non-equity based awards, in each case to our Manager, to the directors, officers, employees, service providers, consultants and advisors of our Manager who perform services for us, and to our directors, officers, employees, service providers, consultants and advisors. We have initially reserved 30,000,000 common shares for issuance under the Incentive Plan. As of March 31, 2021, rights relating to 2,599,624 of our common shares were outstanding under the Incentive Plan. In the future on the date of any equity issuance by us during the ten-year term of the Incentive Plan (including in respect of securities issued as consideration in an acquisition), the maximum number of shares available for issuance under the Plan will be increased to include an additional number of common shares equal to ten percent (10%) of either (i) the total number of common shares newly issued by us in such equity issuance or (ii) if such equity issuance relates to equity securities other than our common shares, a number of our common shares equal to 10% of (A) the gross capital raised in an equity issuance of equity securities other than common shares during the ten-year term of the Incentive Plan, divided by (B) the fair market value of a common share as of the date of such equity issuance.

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

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

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

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

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

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

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

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

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

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

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

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

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

As a relatively new public company with shares listed on the NYSE, we need to comply with an extensive body of regulations that did not apply to us previously, including certain provisions of the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, regulations of the SEC and requirements of the NYSE. These rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly. For example, as a result of becoming a public company, we have independent directors and board committees. In addition, we may continue to incur additional costs associated with maintaining directors' and officers' liability insurance and with the termination of our status as an emerging growth company as of the end of 2017. Because we are no longer an emerging growth company, we are subject to the independent auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and enhanced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We are currently evaluating and monitoring developments with respect to these rules, which may impose additional costs on us and have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

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

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

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated as of November 19, 2019, by and among Soo Line Corporation, Black Bear Acquisition LLC, Railroad Acquisition Holdings LLC and Fortress Worldwide Transportation and Infrastructure General Partnership (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K, filed January 6, 2020).
3.1	Certificate of Formation (incorporated by reference to Exhibit 3.1 of Amendment No. 4 to the Company's Registration Statement on Form S-1, filed on April 30, 2015).
3.2	Fourth Amended and Restated Limited Liability Company Agreement of Fortress Transportation and Infrastructure Investors LLC, dated as of March 25, 2021 (incorporated by reference to Exhibit 3.2 to Fortress Transportation and Infrastructure Investors LLC's Form 8-A, filed March 25, 2021).
3.3	Share Designation with respect to the 8.25% Fixed-to-Floating Series A Cumulative Perpetual Redeemable Preferred Shares, dated as of September 12, 2019 (included as part of Exhibit 3.2).
3.4	Share Designation with respect to the 8.00% Fixed-to-Floating Series B Cumulative Perpetual Redeemable Preferred Shares, dated as of November 27, 2019 (included as part of Exhibit 3.2).
3.5	Share Designation with respect to the 8.25% Fixed-Rate Reset Series C Cumulative Perpetual Redeemable Preferred Shares, dated as of March 25, 2021 (included as part of Exhibit 3.2).
4.1	Indenture, dated March 15, 2017, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.75% senior unsecured notes due 2022 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on March 15, 2017).
4.2	Form of global note representing the Company's 6.75% senior unsecured notes due 2022 (included in Exhibit 4.1).
4.3	First Supplemental Indenture, dated June 8, 2017, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.75% senior unsecured notes due 2022 (incorporated by reference to Exhibit 4.3 of the Company's Annual Report on Form 10-K, filed on March 1, 2018).
4.4	Second Supplemental Indenture, dated August 23, 2017, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.75% senior unsecured notes due 2022 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on August 23, 2017).
4.5	Third Supplemental Indenture, dated December 20, 2017, between Fortress Transportation and Infrastructure LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.75% senior unsecured notes due 2022 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K filed on December 20, 2017).
4.6	Fourth Supplemental Indenture, dated May 31, 2018, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.75% senior unsecured notes due 2022 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed May 31, 2018).
4.7	Fifth Supplemental Indenture, dated February 8, 2019, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.75% senior unsecured notes due 2022 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed February 8, 2019).
4.8	Indenture, dated September 18, 2018, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.50% senior unsecured notes due 2025 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on September 18, 2018).
4.9	Form of global note representing the Company's 6.50% senior unsecured notes due 2025 (included in Exhibit 4.8).
4.10	First Supplemental Indenture, dated May 21, 2019, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.50% senior unsecured notes due 2025 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on May 21, 2019).
4.11	Second Supplemental Indenture, dated December 23, 2020, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.50% senior unsecured notes due 2025 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on December 23, 2020).
4.12	Indenture, dated April 12, 2021, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to Fortress Transportation and Infrastructure Investors LLC's Form 8-K, filed April 12, 2021).
4.13	Form of global note representing the Company's 5.50% senior unsecured notes due 2028 (included in Exhibit 4.12).
4.14	Form of certificate representing the 8.25% Fixed-to-Floating Rate Series A Cumulative Perpetual Redeemable Preferred Shares of Fortress Transportation and Infrastructure Investors LLC (incorporated by reference to Exhibit 4.1 of the Company's Form 8-A, filed September 12, 2019).
4.15	Form of certificate representing the 8.00% Fixed-to-Floating Rate Series B Cumulative Perpetual Redeemable Preferred Shares of Fortress Transportation and Infrastructure Investors LLC (incorporated by reference to Exhibit 4.1 to the Company's Form 8-A, filed November 27, 2019).
4.16	Form of certificate representing the 8.25% Fixed-Rate Reset Series C Cumulative Perpetual Redeemable Preferred Shares of Fortress Transportation and Infrastructure Investors LLC (incorporated by reference to Exhibit 4.1 to Fortress Transportation and Infrastructure Investors LLC's Form 8-A, filed March 25, 2021).

	Exhibit No.	Description
	4.17	Description of Securities Registered under Section 12 of the Exchange Act (incorporated by reference to Exhibit 4.13 to the Company's Form 10-K, filed February 28, 2020).
	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 June 16, 2017, among Fortress Transportation and Infrastructure Investors LLC, as Borrower, the lenders and issuing banks from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed on June 22, 2017).
	10.7	Credit Agreement Amendment No. 1, dated as of August 2, 2018, among Fortress Transportation and Infrastructure Investors LLC, as borrower, Fortress Worldwide Transportation and Infrastructure General Partnership, the lenders and issuing banks from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.15 of the Company's Quarterly Report on Form 10-Q, filed on August 3, 2018).
	10.8	Credit Agreement Amendment No. 2 dated as of February 8, 2019, among Fortress Transportation and Infrastructure Investors LLC, as borrower, Fortress Worldwide Transportation and Infrastructure General Partnership, as grantor, JPMorgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc. and Barclays Bank PLC, as lenders and issuing banks, and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed on February 11, 2019).
	10.9	Credit Agreement Amendment No. 3 dated as of August 6, 2019, among Fortress Transportation and Infrastructure Investors LLC, as borrower, Fortress Worldwide Transportation and Infrastructure General Partnership, as grantor, JPMorgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc. and Barclays Bank PLC, as lenders and issuing banks, and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed on August 9, 2019).
	10.10	Credit Agreement Amendment No. 4 dated as of May 11, 2020, among Fortress Transportation and Infrastructure Investors LLC, as borrower, Fortress Worldwide Transportation and Infrastructure General Partnership, as grantor, JPMorgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc. and Barclays Bank PLC, as lenders and issuing banks, and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.10 of the Company's Quarterly Report on Form 10-Q, filed on July 31, 2020).
*	10.11	Engineering, Procuring and Construction Agreement dated as of February 15, 2019, between Long Ridge Energy Generation LLC and Kiewit Power Constructors Co. (incorporated by reference to Exhibit 10.17 of the Company's Quarterly Report on Form 10-Q, filed on May 3, 2019).
*	10.12	Purchase and Sale of Power Generation Equipment and Related Services Agreement dated as of February 15, 2019, between Long Ridge Energy Generation LLC and General Electric Company (incorporated by reference to Exhibit 10.18 of the Company's Quarterly Report on Form 10-Q, filed on May 3, 2019).
	10.13	First Lien Credit Agreement dated as of February 15, 2019, among Ohio River PP Holdco LLC, Ohio Gasco LLC, Long Ridge Energy Generation LLC, the lenders and issuing banks from time to time party thereto, and Cortland Capital Market Services LLC, as administrative agent (incorporated by reference to Exhibit 10.19 of the Company's Quarterly Report on Form 10-Q, filed on May 3, 2019).
	10.14	Second Lien Credit Agreement dated as of February 15, 2019, among Ohio River PP Holdco LLC, Ohio Gasco LLC, Long Ridge Energy Generation LLC, the lenders from time to time party thereto, and Cortland Capital Market Services LLC, as administrative agent (incorporated by reference to Exhibit 10.20 of the Company's Quarterly Report on Form 10-Q, filed on May 3, 2019).
†	10.15	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).
	10.16	Credit Agreement, dated as of February 11, 2020, among Jefferson 2020 Bond Borrower LLC, as the borrower and Fortress Transportation and Infrastructure Investors LLC, acting through one or more affiliates, as the lender (incorporated by reference to Exhibit 10.15 of the Company's Quarterly Report on Form 10-Q, filed on May 1, 2020).
	10.17	Senior Loan Agreement, dated as of February 1, 2020, between Port of Beaumont Navigation District of Jefferson County, Texas, as issuer and Jefferson 2020 Bond Borrower LLC, as borrower (incorporated by reference to Exhibit 10.16 of the Company's Quarterly Report on Form 10-Q, filed on May 1, 2020).
	10.18	Deed of Trust, Security Agreement, Financing Statement and Fixture Filing, dated February 1, 2020, from Jefferson 2020 Bond Borrower LLC, as grantor, and Jefferson 2020 Bond Lessee LLC, as grantor, to Ken N. Whitlow, as Deed of Trust Trustee for the benefit of Deutsche Bank National Trust Company, as beneficiary (incorporated by reference to Exhibit 10.17 of the Company's Quarterly Report on Form 10-Q, filed on May 1, 2020).
	10.19	Amended and Restated Lease and Development Agreement, effective as of January 1, 2020, by and between Port of Beaumont Navigation District of Jefferson County, Texas, as lessor, and Jefferson 2020 Bond Lessee LLC, as lessee (incorporated by reference to Exhibit 10.18 of the Company's Quarterly Report on Form 10-Q, filed on May 1, 2020).

Exhibit No.	Description
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	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements of Comprehensive Income (Loss); (iv) Consolidated Statements of Changes in Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† *Management contracts and compensatory plans or arrangements.*

* *Portions of this exhibit have been omitted.*

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:	April 30, 2021
By:	/s/ Scott Christopher Scott Christopher Chief Financial Officer	Date:	April 30, 2021
By:	/s/ Eun Nam Eun Nam Chief Accounting Officer	Date:	April 30, 2021

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.

April 30, 2021	/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.

April 30, 2021	/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 March 31, 2021 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
April 30, 2021

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 March 31, 2021 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
April 30, 2021