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 **September 30, 2022**

OR

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

For the transition period from ____ to ____

Commission file number **001-37386**

FORTRESS TRANSPORTATION & INFRASTRUCTURE

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

(Exact name of registrant as specified in its charter)

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

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

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

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

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

Title of each class:	Trading Symbol:	Name of exchange on which registered:
Class A common shares, $0.01 par value per share	FTAI	The Nasdaq Global Select Market
8.25% Fixed-to-Floating Rate Series A Cumulative Perpetual Redeemable Preferred Shares	FTAIP	The Nasdaq Global Select Market
8.00% Fixed-to-Floating Rate Series B Cumulative Perpetual Redeemable Preferred Shares	FTAIO	The Nasdaq Global Select Market
8.25% Fixed-Rate Reset Series C Cumulative Perpetual Redeemable Preferred Shares	FTAIN	The Nasdaq Global Select Market

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 99,378,771 common shares outstanding representing limited liability company interests at October 28, 2022.

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, the Russia-Ukraine conflict, the 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;
- changes in our asset composition, investment strategy and liquidity as a result of the recently completed spin-off of our infrastructure business or other factors;
- 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 sector;
- the competitive market for acquisition opportunities;
- risks related to operating through joint ventures, partnerships, consortium arrangements or other collaborations with third parties;
- our ability to successfully integrate acquired businesses;
- obsolescence of our assets or our ability to sell, re-lease or re-charter our assets;
- exposure to uninsurable losses and force majeure events;
- 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;
- the risk that the spin-off of our infrastructure business may not achieve the intended benefits; 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 (*unaudited)*
(Dollars in thousands, except share and per share data)

	Notes	September 30, 2022	December 31, 2021
Assets			
Cash and cash equivalents	2	**$ 72,742**	$ 138,206
Accounts receivable, net		**94,867**	124,924
Leasing equipment, net	4	**1,692,182**	1,855,637
Property, plant, and equipment, net	5	**47,669**	38,263
Investments	6	**22,280**	22,917
Intangible assets, net	7	**29,416**	30,962
Inventory, net	2	**160,019**	100,307
Other assets	2	**158,810**	110,337
Assets of discontinued operations	3	**—**	2,442,301
Total assets		**$ 2,277,985**	$ 4,863,854
Liabilities			
Accounts payable and accrued liabilities		**$ 102,506**	$ 87,035
Debt, net	8	**2,024,549**	2,501,587
Maintenance deposits		**51,430**	106,836
Security deposits		**27,409**	40,149
Other liabilities		**46,043**	23,892
Liabilities of discontinued operations	3	**—**	980,255
Total liabilities		**$ 2,251,937**	**$ 3,739,754**
Commitments and contingencies	15		
Equity			
Common shares ($0.01 par value per share; 2,000,000,000 shares authorized; 99,378,771 and 99,180,385 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively)		**$ 994**	$ 992
Preferred shares ($0.01 par value per share; 200,000,000 shares authorized; 13,320,000 and 13,320,000 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively)		**133**	133
Additional paid in capital		**376,800**	1,411,940
Accumulated deficit		**(352,403)**	(132,392)
Accumulated other comprehensive loss		**—**	(156,381)
Shareholders' equity		**25,524**	1,124,292
Non-controlling interest in equity of consolidated subsidiaries		**524**	(192)
Total equity		**26,048**	1,124,100
Total liabilities and equity		**$ 2,277,985**	$ 4,863,854

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 September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Revenues	10	**$ 230,365**	$ 99,174	**$ 434,120**	$ 237,352
Expenses					
Operating expenses	2	**27,393**	15,339	**108,197**	34,191
Cost of sales	2	**95,948**	5,367	**120,139**	8,577
General and administrative		**3,354**	3,679	**11,821**	9,618
Acquisition and transaction expenses		**2,848**	6,583	**8,340**	12,626
Management fees and incentive allocation to affiliate	12	**4**	16	**4**	704
Depreciation and amortization	4, 5	**34,853**	36,237	**115,461**	106,374
Asset impairment		**4,495**	859	**128,171**	3,048
Interest expense		**40,171**	50,096	**132,197**	115,598
Total expenses		**209,066**	118,176	**624,330**	290,736
Other (expense) income					
Equity in losses of unconsolidated entities	6	**(358)**	(369)	**(125)**	(1,050)
Gain on sale of assets, net		**—**	12,685	**79,933**	17,467
Loss on extinguishment of debt		**(19,861)**	—	**(19,861)**	(3,254)
Other (expense) income		**(1,038)**	(1,341)	**208**	(717)
Total other (expense) income		**(21,257)**	10,975	**60,155**	12,446
Income (loss) from continuing operations before income taxes		**42**	(8,027)	**(130,055)**	(40,938)
Provision for income taxes	11	**4,189**	485	**7,357**	824
Net loss from continuing operations		**(4,147)**	(8,512)	**(137,412)**	(41,762)
Net loss from discontinued operations, net of income taxes	3	**(14,782)**	(30,931)	**(101,416)**	(69,165)
Net loss		**(18,929)**	(39,443)	**(238,828)**	(110,927)
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries:					
Continuing operations		**—**	—	**—**	—
Discontinued operations	3	**(2,871)**	(7,363)	**(18,817)**	(18,949)
Less: Dividends on preferred shares		**6,791**	6,791	**20,373**	17,967
Net loss attributable to shareholders		**$ (22,849)**	$ (38,871)	**$ (240,384)**	$ (109,945)
Loss per share:	14				
Basic					
Continuing operations		**$ (0.11)**	$ (0.17)	**$ (1.59)**	$ (0.69)
Discontinued operations		**$ (0.12)**	$ (0.27)	**$ (0.83)**	$ (0.58)
Diluted					
Continuing operations		**$ (0.11)**	$ (0.17)	**$ (1.59)**	$ (0.69)
Discontinued operations		**$ (0.12)**	$ (0.27)	**$ (0.83)**	$ (0.58)
Weighted average shares outstanding:					
Basic		**99,378,771**	88,277,897	**99,372,016**	86,787,072
Diluted		**99,378,771**	88,277,897	**99,372,016**	86,787,072

See accompanying notes to consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Net loss	**$ (18,929)**	$ (39,443)	**$ (238,828)**	$ (110,927)
Other comprehensive loss:				
Other comprehensive loss related to equity method investees, net [(1)] in discontinued operations	**(40,470)**	(54,640)	**(182,963)**	(77,518)
Comprehensive loss	**(59,399)**	(94,083)	**(421,791)**	(188,445)
Comprehensive loss attributable to non-controlling interest:				
Continuing operations	**—**	—	**—**	—
Discontinued operations	(2,871)	(7,363)	(18,817)	(18,949)
Comprehensive loss attributable to shareholders	**$ (56,528)**	$ (86,720)	**$ (402,974)**	$ (169,496)

[(1)] Net of deferred tax expense (benefit) of $— and $1,798 for the three months ended September 30, 2022 and 2021, respectively, and $— and $(2,674) for the nine months ended September 30, 2022 and 2021, 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 and Nine Months Ended September 30, 2022						
	Common Shares	Preferred Shares	Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non-Controlling Interest in Equity of Consolidated Subsidiaries	Total Equity
Equity - December 31, 2021	**$ 992**	**$ 133**	**$ 1,411,940**	**$ (132,392)**	**$ (156,381)**	**$ (192)**	**$ 1,124,100**
Net loss				(203,953)		(15,946)	(219,899)
Other comprehensive loss					(142,493)		(142,493)
Total comprehensive loss				(203,953)	(142,493)	(15,946)	(362,392)
Acquisition of consolidated subsidiary						3,054	3,054
Contributions from non-controlling interest						1,187	1,187
Issuance of common shares			399				399
Dividends declared - common shares			(65,789)				(65,789)
Dividends declared - preferred shares			(13,582)				(13,582)
Equity-based compensation						2,294	2,294
Equity - June 30, 2022	**$ 992**	**$ 133**	**$ 1,332,968**	**$ (336,345)**	**$ (298,874)**	**$ (9,603)**	**$ 689,271**
Net loss				(16,058)		(2,871)	(18,929)
Other comprehensive loss					(40,470)		(40,470)
Total comprehensive loss				(16,058)	(40,470)	(2,871)	(59,399)
Spin-off of FTAI Infrastructure, Inc., net of distributions			(916,582)		339,344	12,817	(564,421)
Settlement of equity-based compensation						(148)	(148)
Issuance of common shares	2						2
Dividends declared - common shares			(32,795)				(32,795)
Dividends declared - preferred shares			(6,791)				(6,791)
Equity-based compensation						329	329
Equity - September 30, 2022	**$ 994**	**$ 133**	**$ 376,800**	**$ (352,403)**	**$ —**	**$ 524**	**$ 26,048**

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

See accompanying notes to consolidated financial statements.

	Three and Nine Months Ended September 30, 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				(59,898)		(11,586)	(71,484)
Other comprehensive loss					(22,878)		(22,878)
Total comprehensive loss				(59,898)	(22,878)	(11,586)	(94,362)
Settlement of equity-based compensation						(183)	(183)
Issuance of common shares			455				455
Dividends declared - common shares			(56,795)				(56,795)
Issuance of preferred shares		42	101,158				101,200
Dividends declared - preferred shares			(11,176)				(11,176)
Equity-based compensation						2,553	2,553
Equity - June 30, 2021	$ 856	$ 133	$ 1,163,748	$ (88,056)	$ (49,115)	$ 13,447	$ 1,041,013
Net loss				(32,080)		(7,363)	(39,443)
Other comprehensive loss					(54,640)		(54,640)
Total comprehensive loss				(32,080)	(54,640)	(7,363)	(94,083)
Settlement of equity-based compensation						(238)	(238)
Issuance of common shares	123		291,701				291,824
Conversion of participating securities			(2)				(2)
Dividends declared - common shares			(28,409)				(28,409)
Dividends declared - preferred shares			(6,791)				(6,791)
Equity-based compensation						728	728
Equity - September 30, 2021	**$ 979**	**$ 133**	**$ 1,420,247**	**$ (120,136)**	**$ (103,755)**	**$ 6,574**	**$ 1,204,042**

See accompanying notes to consolidated financial statements.

(Dollars in thousands)

	Nine Months Ended September 30,	
	2022	2021
Cash flows from operating activities:		
Net loss	**$ (238,828)**	$ (110,927)
Adjustments to reconcile net loss to net cash used in operating activities:		
Equity in losses of unconsolidated entities	**46,727**	9,860
Gain on sale of assets, net	**(106,427)**	(17,483)
Security deposits and maintenance claims included in earnings	**(31,558)**	(30,866)
Loss on extinguishment of debt	**19,861**	3,254
Equity-based compensation	**2,623**	3,281
Depreciation and amortization	**155,780**	145,274
Asset impairment	**128,171**	3,048
Change in deferred income taxes	**14,923**	(2,311)
Change in fair value of non-hedge derivative	**(1,567)**	(1,979)
Amortization of lease intangibles and incentives	**30,315**	21,348
Amortization of deferred financing costs	**17,142**	18,853
Provision for credit losses	**47,226**	817
Other	**(693)**	(240)
Change in:		
Accounts receivable	**(61,892)**	(100,821)
Other assets	**(23,576)**	(34,499)
Inventory	**(13,370)**	—
Accounts payable and accrued liabilities	**4,329**	71,285
Management fees payable to affiliate	**(2,530)**	(844)
Other liabilities	**(7,955)**	2,242
Net cash used in operating activities	**(21,299)**	(20,708)
Cash flows from investing activities:		
Investment in unconsolidated entities	**(7,344)**	(54,499)
Principal collections on finance leases	**2,165**	1,707
Acquisition of business, net of cash acquired	**(3,819)**	(627,399)
Acquisition of leasing equipment	**(360,642)**	(299,564)
Acquisition of property, plant and equipment	**(138,750)**	(109,405)
Acquisition of lease intangibles	**(6,542)**	(7,403)
Purchase deposits for acquisitions	**(28,621)**	(13,790)
Proceeds from sale of leasing equipment	**262,096**	78,463
Proceeds from sale of property, plant and equipment	**5,289**	—
Proceeds for deposit on sale of aircraft and engine	**7,801**	600
Return of purchase deposits	**—**	1,010
Net cash used in investing activities	**$ (268,367)**	$ (1,030,280)

See accompanying notes to consolidated financial statements.

(Dollars in thousands)

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Cash flows from financing activities:		
Proceeds from debt	**$ 503,980**	$ 2,553,600
Repayment of debt	**(984,529)**	(1,452,704)
Payment of deferred financing costs	**(18,151)**	(45,123)
Receipt of security deposits	**2,636**	1,390
Return of security deposits	**(941)**	(1,034)
Receipt of maintenance deposits	**37,586**	23,075
Release of maintenance deposits	**(878)**	(19,615)
Capital contributions from non-controlling interests	**1,187**	—
Proceeds from issuance of common shares, net of underwriter's discount	**—**	291,822
Proceeds from issuance of preferred shares, net of underwriter's discount and issuance costs	**—**	101,201
Dividend from spin-off of FTAI Infrastructure, net of cash transferred	**500,562**	—
Settlement of equity-based compensation	**(148)**	(421)
Cash dividends - common shares	**(98,584)**	(85,204)
Cash dividends - preferred shares	**(20,373)**	(17,967)
Net cash (used in) provided by financing activities	**(77,653)**	1,349,020
Net (decrease) increase in cash and cash equivalents and restricted cash	**(367,319)**	298,032
Cash and cash equivalents and restricted cash, beginning of period	**440,061**	161,418
Cash and cash equivalents and restricted cash, end of period	**$ 72,742**	$ 459,450
Supplemental disclosure of non-cash investing and financing activities:		
Acquisition of leasing equipment	**$ 124,932**	$ 66,988
Acquisition of property, plant and equipment	**(762)**	(1,062)
Settled and assumed security deposits	**(12,161)**	(1,909)
Billed, assumed and settled maintenance deposits	**(73,808)**	(30,302)
Non-cash change in equity method investment	**(182,963)**	(77,518)
Conversion of interests in unconsolidated entities	**(21,302)**	—
Issuance of common shares	**399**	455

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 develops, manufactures, repairs and sells aftermarket components for aircraft engines. Additionally, we own and lease offshore energy equipment. We have two reportable segments, (i) Aviation Leasing and (ii) Aerospace Products (see Note 13).

On August 1, 2022, the Company completed the spin-off of its infrastructure business into an independent publicly traded company. Accordingly, the operating results of, and costs to separate, the infrastructure business are reported in Net loss from discontinued operations, net of income taxes in the Consolidated Statements of Operations for all periods presented. In addition, the related assets and liabilities held prior to the spin-off are reported as Assets and Liabilities of Discontinued Operations on the Consolidated Balance Sheets. All amounts and disclosures included in the Notes to Consolidated Financial Statements reflect only the Company's continuing operations unless otherwise noted. For additional information, see Note 3, "Discontinued Operations."

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 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.

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.

Inventory—We hold aircraft engine modules, spare parts and used material inventory for trading and to support operations. Inventory is carried at the lower of cost or net realizable value on our balance sheet.

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 $30.9 million and $43.0 million as of September 30, 2022 and December 31, 2021, 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 $5.6 million and $2.4 million as of September 30, 2022 and December 31, 2021, respectively, which are included in Other assets in the Consolidated Balance Sheets.

Amortization expense was $3.5 million and $13.7 million for the three months ended September 30, 2022 and 2021, respectively, and $15.2 million and $17.1 million for the nine months ended September 30, 2022 and 2021, respectively, and is included in Interest expense in the Consolidated Statements of Operations.

Revenues

Operating Leases—We lease equipment pursuant to 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 cost of maintenance events 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 relative fair value of the aircraft and lease. The fair value of the lease may include a lease premium or discount, which is recorded as a favorable or unfavorable lease intangible.

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.

Asset sales revenue—Asset sales revenue primarily consists of the transaction price related to the sale of aircraft and aircraft engines from our Aviation Leasing segment. From time to time, the Company may assign the related lease agreements to the customer as part of the sale of these assets. We routinely sell leasing equipment to customers and such transactions are considered recurring and ordinary in nature to our business. As such, these sales are accounted for within the scope of ASC 606. Revenue is recognized when a performance obligation is satisfied by transferring control over an asset to a customer. Revenue is recorded with corresponding costs of sales, presented on a gross basis in the Consolidated Statements of Operations. See Note 10 for additional information.

Aerospace Products revenue—Aerospace Products revenue primarily consists of the transaction price related to the sale of repaired CFM56-7B and CFM56-5B engines, engine modules, spare parts and used material inventory, and are accounted for within the scope of ASC 606. Revenue is recognized when a performance obligation is satisfied by transferring control over the related asset to a customer. Revenue is recorded with corresponding costs of sales, presented on a gross basis in the Consolidated Statements of Operations.

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 included in Other assets and Other liabilities in our Consolidated Balance Sheets, respectively. Finance lease ROU assets are recognized in Other assets 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. We attempt to limit our credit risk by performing ongoing credit evaluations and, when deemed necessary, enter into collateral arrangements. During the three and nine months ended September 30, 2022, no customer accounted for more than 10% of total revenue. During the three and nine months ended September 30, 2021, one customer in the Aviation Leasing segment accounted for approximately 14% and 14% of total revenue, respectively.

As of September 30, 2022, there were two customers in the Aviation Leasing segment that represented 28% and 12% of total Accounts receivable, net. As of December 31, 2021, Accounts receivable from two customers in the Aviation Leasing segment represented 51% and 18% of total Accounts receivable, net. As of September 30, 2022 and December 31, 2021, no other customers in other segments represented more than 10% of total Accounts receivable, net.

We maintain 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 $55.0 million and $16.9 million as of September 30, 2022 and December 31, 2021, respectively. There was no provision for credit losses and $1.5 million of provision for credit losses for the three months ended September 30, 2022 and 2021, respectively. There were provisions for credit losses of $47.1 million and $0.8 million for the nine months ended September 30, 2022 and 2021, respectively, and is included in Operating expenses in the Consolidated Statements of Operations.

Economic sanctions and export controls against Russia and Russia’s aviation industry were imposed due to its invasion of Ukraine during the first quarter of 2022. As a result of the sanctions imposed on Russian airlines, we terminated all lease agreements with Russian airlines during the first quarter of 2022 and recognized approximately $47.1 million in provision for credit losses during the nine months ended September 30, 2022. Our allowance for doubtful accounts at September 30, 2022 includes all accounts receivable exposure to Russian and Ukrainian customers.

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 for pensions and other postretirement benefits of discontinued operations, and other comprehensive income related to cash flow hedges of our equity method investees of discontinued operations. These changes are also recorded in Accumulated other comprehensive loss in our Consolidated Balance Sheets. The cash flow impact of derivative contracts held by the equity method investees that are not designated as hedging instruments is recognized in Equity in losses (earnings) in unconsolidated entities in our Consolidated Statements of Cash Flows, and the cash flow impact of commodity derivatives held by our consolidated subsidiaries is recognized in Change in fair value of non-hedge derivatives in our Consolidated Statements of Cash Flows.

Other Assets—Other assets is primarily comprised of lease incentives of $35.5 million and $46.9 million, purchase deposits of $28.6 million and $13.7 million, prepaid expenses of $3.5 million and $4.0 million, notes receivable of $56.0 million and $22.4 million, maintenance right assets of $12.4 million and $5.1 million, operating lease right-of-use assets, net of $3.2 million and $3.8 million, and finance leases, net of $7.1 million and $7.6 million as of September 30, 2022 and December 31, 2021, respectively. As a result of the sanctions imposed on Russian airlines, we terminated all lease agreements with Russian airlines and recognized approximately $7.5 million in amortization for the remaining lease incentives during the three and nine months ended September 30, 2022.

Dividends—Dividends are recorded if and when declared by the Board of Directors. For the three months ended September 30, 2022 and 2021, the Board of Directors declared cash dividends of $0.30 and $0.33 per common share, respectively. For the nine months ended September 30, 2022 and 2021, the Board of Directors declared cash dividends of $0.96 and $0.99 per common share, respectively.

Additionally, in the quarters ended September 30, 2022 and 2021, the Board of Directors declared cash dividends on the Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares of $0.52, $0.50 and $0.52 per share, respectively.

Recent Accounting Pronouncements—In July 2021, the FASB issued ASU 2021-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*. This ASU requires lessors to classify and account for a lease with variable lease payments that do not depend on a reference index or a rate as an operating lease if (i) the lease would have been classified as a sales-type lease or a direct financing lease under Topic 842 and (ii) the lessor would have otherwise recognized a day-one loss. This standard is effective for all reporting periods beginning after December 15, 2021. We adopted this guidance in the first quarter of 2022, which did not have a material impact on our consolidated financial statements.

3. DISCONTINUED OPERATIONS

FTAI Infrastructure Inc. ("FTAI Infrastructure") Spin-Off

On April 28, 2022, the Board of Directors of the Company unanimously approved the previously announced spin-off of the Company's infrastructure business held by FTAI Infrastructure (a wholly owned subsidiary of the Company). The spin-off was effected as a distribution of all of the shares owned by the Company of common stock of FTAI Infrastructure to the holders of the Company's common shares as of July 21, 2022. The distribution was completed on August 1, 2022. Under ASC 205-20, *Presentation of Financial Statements – Discontinued Operations*, the spin-off met the criteria to be reported as a discontinued operation. Therefore, FTAI Infrastructure is presented as a discontinued operation within FTAI's financial statements for all periods prior to August 1, 2022.

FTAI Infrastructure is a corporation for U.S. federal income tax purposes and holds, among other things, the Company's previously held interests in the (i) Jefferson Terminal business, (ii) Repauno business, (iii) Long Ridge investment, and (iv) Transtar business. FTAI Infrastructure retained all related project-level debt of those entities. In connection with the spin-off, FTAI Infrastructure paid a dividend of $730.3 million to the Company. The Company used these proceeds to repay all outstanding borrowings under its 2021 bridge loans, $200.0 million of its 6.50% senior unsecured notes due 2025, and approximately $175.0 million of the outstanding borrowings under its revolving credit facility. FTAI retained the aviation business and certain other assets, and FTAI's remaining outstanding corporate indebtedness.

In connection with the spin-off, the Company and FIG LLC (the "Manager") assigned the Company's then-existing management agreement to FTAI Infrastructure, and FTAI Infrastructure and the Manager executed an amended and restated agreement. The Company and certain of its subsidiaries executed a new management agreement with the Manager. The new management agreement has an initial term of six years. The Manager is entitled to a management fee and reimbursement of certain expenses on substantially similar terms as the previous arrangements with the Manager, which were assigned to FTAI Infrastructure. Prior to the merger described below, our Manager will remain entitled to incentive allocations (comprised of income incentive allocation and capital gains incentive allocation) on the same terms as they exist today. Following the merger, the Company will enter into a Services and Profit Sharing Agreement (the "Services and Profit Sharing Agreement"), with a subsidiary of the Company and Fortress Worldwide Transportation and Infrastructure Master GP LLC ("Master GP"), pursuant to which Master GP will be entitled to incentive allocations on substantially similar terms as the previous arrangements. The Company is pursuing a merger transaction with a subsidiary of the Company pursuant to which the Company will become a wholly-owned subsidiary of a company organized under the laws of the Cayman Islands and shareholders of the Company would become shareholders of the Cayman Islands entity. This merger transaction will be subject to approval by holders of the Company's common shares.

Critical Accounting Policies

Revenue Recognition

Revenues of discontinued operations consist of the following revenue streams:

Terminal Services Revenues—Terminal services are provided to customers for the receipt and redelivery of various commodities. These revenues relate to performance obligations that are recognized over time using the right to invoice practical expedient, i.e., invoiced as the services are rendered and the customer simultaneously receives and consumes the benefit over the contract term. The Company's performance of service and right to invoice corresponds with the value delivered to our customers. Revenues are typically invoiced and paid on a monthly basis.

Rail Revenues—Rail revenues generally consist of the following performance obligations: industrial switching, interline services, demurrage and storage. Switching revenues are derived from the performance of switching services, which involve the movement of cars from one point to another within the limits of an individual plant, industrial area, or a rail yard. Switching revenues are recognized as the services are performed, and the services are generally completed on the same day they are initiated.

Interline revenues are derived from transportation services for railcars that originate or terminate at our railroads and involve one or more other carriers. We record revenue related to interline traffic for transportation service segments provided by carriers along railroads that are not owned or controlled by us on a net basis. Interline revenues are recognized as the transportation movements occur.

(Dollars in tables in thousands, unless otherwise noted)

Ancillary services revenue primarily relates to demurrage and storage services. Demurrage represents charges assessed by railroads for the detention of cars by shippers or receivers of freight beyond a specified free time and is recognized on a per day basis. Storage services revenue is earned for the provision of storage of shippers' railcars and is generally recognized on a per day, per car basis, as the storage services are provided.

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

Other Revenue—Other revenue primarily consists of revenue related to the handling, storage and sale of raw materials. Revenues for the handling and storage of raw materials relate to performance obligations that are recognized over time using the right to invoice practical expedient, i.e., invoiced as the services are rendered and the customer simultaneously receives and consumes the benefit over the contract term. Our performance of service and right to invoice corresponds with the value delivered to our customers. Revenues for the sale of raw materials relate to contracts that contain performance obligations to deliver the product over the term of the contract. The revenues are recognized when the control of the product is transferred to the customer, based on the volume delivered and the price within the contract. Other revenues are typically invoiced and paid on a monthly basis.

Additionally, other revenue consists of revenue related to derivative trading activities and also includes revenue related to providing roadside assistance services to customers in the intermodal and over-the-road trucking industries. Revenue is recognized when a performance obligation is satisfied by completing a repair service at a point in time. Revenues are typically invoiced for each repair and generally have 30-day payment terms.

Variable Interest Entity

At December 31, 2021, we held an approximately 98% economic interest, and a 100% voting interest in Delaware River Partners LLC ("DRP"). DRP was solely reliant on us to finance its activities and therefore was a VIE. We concluded that we were the primary beneficiary; and accordingly, DRP has been presented on a consolidated basis in the tables below. Total VIE assets of DRP were $316.5 million and total VIE liabilities were $32.6 million as of December 31, 2021.

Financial Information of Discontinued Operations

The following table summarizes the significant line items pertaining to discontinued operations included in Net loss attributable to shareholders for the three and nine months ended September 30, 2022 and 2021, respectively, in the Consolidated Statements of Operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Revenues				
Total revenues	$ 27,993	$ 36,788	$ 140,009	$ 72,674
Expenses				
Operating expenses	12,365	30,865	92,478	64,747
Cost of sales	4,920	1,222	12,732	1,459
General and administrative expenses	466	743	2,694	2,711
Acquisition and transaction expenses	3,813	547	13,971	546
Management fees and incentive allocation to affiliate	908	3,829	8,134	11,244
Depreciation and amortization	6,004	17,131	40,319	38,900
Interest expense	2,160	4,404	15,105	9,396
Other expense	7,641	9,957	47,765	15,625
Losses before income taxes	**(10,284)**	**(31,910)**	**(93,189)**	**(71,954)**
Provision for (benefit from) income taxes	4,498	(979)	8,227	(2,789)
Net loss from discontinued operations, net of income taxes	**(14,782)**	**(30,931)**	**(101,416)**	**(69,165)**
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	(2,871)	(7,363)	(18,817)	(18,949)
Net loss attributable to shareholders	**(11,911)**	**(23,568)**	**(82,599)**	**(50,216)**

The following table summarizes the carrying value of the major classes of assets and liabilities of discontinued operations as of December 31, 2021:

(Dollars in tables in thousands, unless otherwise noted)

		December 31, 2021
Assets		
Cash and cash equivalents	$	49,872
Restricted cash		251,983
Accounts receivable, net		50,301
Leasing equipment, net		36,012
Operating lease right-of-use assets, net		71,547
Property, plant and equipment, net		1,517,594
Investments		54,408
Intangible assets, net		67,737
Goodwill		257,137
Other assets		85,710
Total assets of discontinued operations		2,442,301
Liabilities		
Accounts payable and accrued liabilities		115,634
Debt, net		718,624
Operating lease liabilities		70,404
Other liabilities		75,593
Total liabilities of discontinued operations		980,255

The cash flows related to discontinued operations have not been segregated, and are included in the Consolidated Statements of Cash Flows for all periods presented. The following table summarizes depreciation and amortization, capital expenditures, and other significant operating and investing noncash items of discontinued operations for each period presented:

	Nine Months Ended September 30,			
		2022		**2021**
Operating activities:				
Equity in losses of unconsolidated entities	**$**	**46,601**	$	8,810
Depreciation and amortization		**40,319**		38,900
Equity-based compensation		**2,623**		3,281
Investing activities:				
Acquisition of property, plant and equipment	**$**	**(129,920)**	$	(97,506)
Acquisition of business, net of cash acquired		**(3,819)**		(627,399)
Investment in unconsolidated entities		**7,954**		(54,499)
Proceeds from sale of property, plant and equipment		**5,289**		—
Non-cash change in equity method investment		**(182,963)**		(77,518)
Conversion of interests in unconsolidated entities		**(21,302)**		—

The Company accounted for Long Ridge Terminal LLC, included in liabilities of discontinued operations at December 31, 2021 included above, using the equity method of accounting. Summarized financial data for Long Ridge Terminal LLC are shown in the following tables for the periods in which the Company held the equity investment.

(Dollars in tables in thousands, unless otherwise noted)

	December 31, 2021
Balance Sheet	
Assets	
Cash and cash equivalents	$ 2,932
Restricted cash	32,469
Accounts receivable, net	17,896
Property, plant, and equipment, net	764,607
Intangible assets, net	4,940
Goodwill	89,390
Inventory, net	1,691
Other assets	12,750
Total assets	$ 926,675
Liabilities	
Accounts payable and accrued liabilities	$ 16,121
Debt, net	604,261
Derivative liabilities	339,033
Other liabilities	2,246
Total liabilities	961,661
Equity	
Shareholders' equity	(1,035)
Accumulated deficit	(33,951)
Total equity	(34,986)
Total liabilities and equity	$ 926,675

	Three Months Ended September 30,		Nine Months Ended September 30,	
Income Statement	**2022**	**2021**	**2022**	**2021**
Total revenues	**$ 156**	$ 21,071	**$ 15,199**	$ 38,341
Expenses				
Operating expenses	**4,337**	5,581	**36,693**	16,568
Depreciation and amortization	**4,383**	5,891	**29,381**	13,327
Interest expense	**4,580**	547	**30,622**	1,493
Total expenses	**13,300**	12,019	**96,696**	31,388
Total other expense	**(21)**	(16,614)	**(234)**	(25,440)
Net loss	**$ (13,165)**	$ (7,562)	**$ (81,731)**	$ (18,487)

(Dollars in tables in thousands, unless otherwise noted)

4. LEASING EQUIPMENT, NET

Leasing equipment, net is summarized as follows:

	September 30, 2022	December 31, 2021
Leasing equipment	**$ 2,179,728**	$ 2,312,040
Less: Accumulated depreciation	**(487,546)**	(456,403)
Leasing equipment, net	**$ 1,692,182**	$ 1,855,637

Economic sanctions and export controls against Russia and Russia's aviation industry have been imposed due to its invasion of Ukraine during the nine months ended September 30, 2022. As a result of the sanctions imposed on Russian airlines, we terminated all lease agreements with Russian airlines. As of September 30, 2022, four aircraft and two engines were still located in Ukraine and eight aircraft and seventeen engines were still located in Russia. We determined that it is unlikely that we will regain possession of the aircraft that have not yet been recovered from Ukraine and Russia. As a result, we recognized an impairment charge totaling $120.0 million, net of maintenance deposits, to write-off the entire carrying value of leasing equipment assets that we do not expect to recover from Ukraine and Russia. Additionally, we identified certain assets in our leasing equipment portfolio with indicators of impairment. As a result, we adjusted the carrying value of these assets to fair value and recognized transactional impairment charges of $8.2 million, net of redelivery compensation during the nine months ended September 30, 2022.

The following table presents information related to our acquisitions and dispositions of aviation leasing equipment during the nine months ended September 30, 2022:

Acquisitions:	
Aircraft	23
Engines	45
Dispositions:	
Aircraft	5
Engines	50

Depreciation expense for leasing equipment is summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Depreciation expense for leasing equipment	**$ 34,704**	$ 36,130	**$ 115,074**	$ 106,172

5. PROPERTY, PLANT AND EQUIPMENT, NET

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

	September 30, 2022	December 31, 2021
Construction in progress	**45,621**	36,777
Furniture and fixtures	**1,445**	1,374
Other	**1,410**	533
	48,476	38,684
Less: Accumulated depreciation	**(807)**	(421)
Property, plant and equipment, net	**$ 47,669**	$ 38,263

During the nine months ended September 30, 2022, we added property, plant and equipment of $9.8 million, primarily consisting of $8.8 million for the build out of the well intervention tower for the Pride vessel and $0.9 million for the purchase of additional aviation module containers.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Depreciation expense	**$ 149**	$ 107	**$ 387**	$ 202

(Dollars in tables in thousands, unless otherwise noted)

6. INVESTMENTS

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

			Carrying Value	
	Investment	Ownership Percentage	September 30, 2022	December 31, 2021
Advanced Engine Repair JV	Equity method	25%	**$ 20,439**	$ 21,317
Falcon MSN 177 LLC	Equity method	50%	**1,841**	1,600
			$ 22,280	$ 22,917

We did not recognize any other-than-temporary impairments for the three and nine months ended September 30, 2022 and 2021.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Advanced Engine Repair JV	**$ (314)**	$ (369)	**$ (879)**	$ (1,050)
Falcon MSN 177 LLC	**(44)**	—	**754**	—
Total	**$ (358)**	$ (369)	**$ (125)**	$ (1,050)

Equity Method Investments

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 cost 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.

Falcon MSN 177 LLC

In November 2021, we invested $1.6 million for a 50% interest in Falcon MSN 177 LLC, an entity that consists of one Dassault Falcon 2000 aircraft. Falcon MSN 177 LLC leases the aircraft to charter operators on aircraft, crew, maintenance and insurance contracts. We account for our investment in Falcon as an equity method investment as we have significant influence through our interest.

7. INTANGIBLE ASSETS AND LIABILITIES, NET

Intangible assets and liabilities, net are summarized as follows:

	September 30, 2022	December 31, 2021
Intangible assets		
Acquired favorable lease intangibles	**$ 59,789**	$ 67,013
Less: Accumulated amortization	**(30,373)**	(36,051)
Total intangible assets, net	**$ 29,416**	$ 30,962
Intangible liabilities		
Acquired unfavorable lease intangibles	**$ 13,114**	$ 14,795
Less: Accumulated amortization	**(2,216)**	(6,068)
Acquired unfavorable lease intangibles, net	**$ 10,898**	$ 8,727

Intangible assets and liabilities are all held within the Aviation Leasing segment. Intangible liabilities relate to unfavorable lease intangibles and are included as a component of Other liabilities in the Consolidated Balance Sheets.

(Dollars in tables in thousands, unless otherwise noted)

Amortization of intangible assets and liabilities is as follows:

	Classification in Consolidated Statements of Operations	Three Months Ended September 30,		Nine Months Ended September 30,	
		2022	2021	2022	2021
Lease intangibles	Revenues	**$ 3,291**	$ 1,266	**$ 10,259**	$ 3,216

As of September 30, 2022, estimated net annual amortization of intangible assets and liabilities is as follows:

Remainder of 2022	$ 3,323
2023	8,398
2024	4,848
2025	1,962
2026	519
Thereafter	(532)
Total	$ 18,518

8. DEBT, NET

Our debt, net is summarized as follows:

	September 30, 2022			December 31, 2021
	Outstanding Borrowings	Stated Interest Rate	Maturity Date	Outstanding Borrowings
Loans payable				
Revolving Credit Facility [1]	**$ —**	(i) Base Rate + 1.75%; or (ii) Adjusted Term SOFR Rate + 2.75%	9/20/25	$ 189,473
2021 Bridge Loans	**—**	(i) Base Rate + 1.75%; or (ii) Adjusted Term SOFR Rate + 2.75%	12/15/22	100,527
Total loans payable	**—**			290,000
Bonds payable				
Senior Notes due 2025 [2]	**653,269**	6.50%	10/1/25	852,198
Senior Notes due 2027	**400,000**	9.75%	8/1/27	400,000
Senior Notes due 2028 [3]	**1,002,174**	5.50%	5/1/28	1,002,416
Total bonds payable	**2,055,443**			2,254,614
Debt	**2,055,443**			2,544,614
Less: Debt issuance costs	**(30,894)**			(43,027)
Total debt, net	**$ 2,024,549**			$ 2,501,587
Total debt due within one year	**$ —**			$ 100,527

[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] Includes an unamortized discount of $1,431 and $3,509 at September 30, 2022 and December 31, 2021, respectively, and an unamortized premium of $4,700 and $5,707 at September 30, 2022 and December 31, 2021, respectively.

[3] Includes an unamortized premium of $2,174 and $2,416 at September 30, 2022 and December 31, 2021, respectively.

On September 20, 2022, the Company amended its Revolving Credit Facility by executing a Second Amended and Restated Credit Agreement (the “Amendment”) to the Amended and Restated Credit Agreement, dated as of December 2, 2021 (as amended by Amendment No. 1, dated as of April 28, 2022). The Amendment provides for revolving loans to be made available to the Company in an aggregate principal amount of up to $225.0 million, of which up to $25.0 million may be utilized for the issuance of letters of credit.

In conjunction with the spin-off of FTAI Infrastructure, the Company repaid all outstanding borrowings under its 2021 bridge loans and $200.0 million of its 6.50% senior unsecured notes due 2025, and approximately $175.0 million of the outstanding borrowings under its revolving credit facility. The Company recorded a loss on extinguishment of debt of $19.9 million as a result of these paydowns.

(Dollars in tables in thousands, unless otherwise noted)

We were in compliance with all debt covenants as of September 30, 2022.

9. FAIR VALUE MEASUREMENTS

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

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

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

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

Our cash and cash equivalents 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 consist principally of accounts receivable, notes receivable, accounts payable and accrued liabilities, loans 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 values of our notes payable reported as Debt, net in the Consolidated Balance Sheets are presented in the table below and classified as Level 2 within the fair value hierarchy:

	September 30, 2022	December 31, 2021
Senior Notes due 2025	**611,806**	881,408
Senior Notes due 2027	**391,920**	448,848
Senior Notes due 2028	**805,430**	1,019,470

The fair values of all other items reported as Debt, net in the Consolidated Balance Sheets 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 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 intangible assets, property, plant and equipment, leasing equipment and inventory. We record such assets at fair value when it is determined the carrying value may not be recoverable. Fair value measurements for assets subject to impairment tests are based on an income approach which uses Level 3 inputs, which include our assumptions as to future cash flows from operation of the underlying businesses and the leasing and eventual sale of assets.

10. 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 are within the scope of ASC 842, *Leases* and ASC 606, *Revenue from contracts with customers*, unless otherwise noted. We have elected to exclude sales and other similar taxes from revenues.

(Dollars in tables in thousands, unless otherwise noted)

During the three months ended September 30, 2022, we updated our corporate strategy based on the opportunities available in the market such that the sale of aircraft and engines is now an output of our recurring, ordinary activities. As a result of this update, the transaction price allocated to the sale of assets is included in Revenues in the Consolidated Statement of Operations for the three months ended September 30, 2022 and are accounted for in accordance with ASC 606. The corresponding net book values of the assets sold are recorded in Cost of sales in the Consolidated Statement of Operations for the three months ended September 30, 2022. Sales transactions of aircraft and engines prior to the three months ended September 30, 2022 were accounted for in accordance with ASC 610-20, *Gains and losses from the derecognition of nonfinancial assets* and were included in Gain on sale of assets, net on the Consolidated Statement of Operations, as we were previously only occasionally selling these assets. Generally, assets sold were under leasing arrangements with customers prior to sales and are included in Leasing equipment, net, on the Consolidated Balance Sheets.

	Three Months Ended September 30, 2022			
	Aviation Leasing	**Aerospace Products**	**Corporate and Other**	**Total**
Revenues				
Lease income	**$ 40,273**	**$ —**	**$ 9,806**	**$ 50,079**
Maintenance revenue	**35,507**	**—**	**—**	**35,507**
Finance lease income	**119**	**—**	**—**	**119**
Asset sales revenue	**85,488**	**—**	**—**	**85,488**
Aerospace products revenue	**—**	**53,401**	**—**	**53,401**
Other revenue	**3,461**	**—**	**2,310**	**5,771**
Total revenues	**$ 164,848**	**$ 53,401**	**$ 12,116**	**$ 230,365**

	Three Months Ended September 30, 2021			
	Aviation Leasing	**Aerospace Products**	**Corporate and Other**	**Total**
Revenues				
Lease income	$ 40,392	$ —	$ 2,386	$ 42,778
Maintenance revenue	40,252	—	—	40,252
Finance lease income	439	—	—	439
Aerospace products revenue	—	7,730	—	7,730
Other revenue	5,125	—	2,850	7,975
Total revenues	$ 86,208	$ 7,730	$ 5,236	$ 99,174

	Nine Months Ended September 30, 2022			
	Aviation Leasing	**Aerospace Products**	**Corporate and Other**	**Total**
Revenues				
Lease income	**$ 111,316**	**$ —**	**$ 17,515**	**$ 128,831**
Maintenance revenue	**112,171**	**—**	**—**	**112,171**
Finance lease income	**332**	**—**	**—**	**332**
Asset sales revenue	**85,488**	**—**	**—**	**85,488**
Aerospace products revenue	**—**	**94,211**	**—**	**94,211**
Other revenue	**8,687**	**—**	**4,400**	**13,087**
Total revenues	**$ 317,994**	**$ 94,211**	**$ 21,915**	**$ 434,120**

(Dollars in tables in thousands, unless otherwise noted)

	Nine Months Ended September 30, 2021			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Revenues				
Lease income	$ 120,389	$ —	$ 5,518	$ 125,907
Maintenance revenue	87,763	—	—	87,763
Finance lease income	1,285	—	—	1,285
Aerospace products revenue	—	13,284	—	13,284
Other revenue	5,761	—	3,352	9,113
Total revenues	$ 215,198	$ 13,284	$ 8,870	$ 237,352

Presented below are the contracted minimum future annual revenues to be received under existing operating and finance leases:

	September 30, 2022
Remainder of 2022	$ 37,708
2023	111,850
2024	70,428
2025	43,890
2026	24,835
Thereafter	65,820
Total	**$ 354,531**

11. INCOME TAXES

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Current:				
Federal	**$ 247**	$ 368	**$ 582**	$ 808
State and local	**(442)**	95	**69**	213
Foreign	**106**	31	**174**	(25)
Total current provision	**(89)**	494	**825**	996
Deferred:				
Federal	**2,915**	—	**4,517**	—
State and local	**304**	—	**610**	—
Foreign	**1,059**	(9)	**1,405**	(172)
Total deferred provision (benefit)	**4,278**	(9)	**6,532**	(172)
Provision for income taxes	**$ 4,189**	$ 485	**$ 7,357**	$ 824

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 nine months ended September 30, 2022, 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 2018. 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 September 30, 2022.

(Dollars in tables in thousands, unless otherwise noted)

12. MANAGEMENT AGREEMENT AND AFFILIATE TRANSACTIONS

In connection with the spin-off of FTAI Infrastructure on August 1, 2022, we assigned our then-existing management and advisory agreement, dated as of May 20, 2015, with our Manager to FTAI Infrastructure. On July 31, 2022, we entered into a new management and advisory agreement (the “Management Agreement”), by and among FTAI, FTAI Finance Holdco Ltd. (a wholly owned subsidiary of the Company), and each of the subsidiaries that are party thereto and the Manager, with substantially similar terms and conditions as the existing management and advisory agreement.

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.

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
Management fees	**$ 4**	$ 16	**$ 4**	$ 704
Income incentive allocation	**—**	—	**—**	—
Capital gains incentive allocation	**—**	—	**—**	—
Total	**$ 4**	$ 16	**$ 4**	$ 704

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.

(Dollars in tables in thousands, unless otherwise noted)

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 from continuing operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Classification in the Consolidated Statements of Operations:				
General and administrative	**$ 1,466**	$ 1,184	**$ 4,933**	$ 3,427
Acquisition and transaction expenses	**154**	617	**883**	1,588
Total	**$ 1,620**	$ 1,801	**$ 5,816**	$ 5,015

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

Upon the successful completion of 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 Investment Group LLC ("Fortress").

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

	September 30, 2022	**December 31, 2021**
Accrued management fees	**$ 386**	$ 1,495
Other payables	**1,020**	2,283

13. SEGMENT INFORMATION

During the third quarter of 2022, as a result of the spin-off of FTAI Infrastructure effective on August 1, 2022, the Company reevaluated its operating segments. The key factors used to identify the reportable segments are the organization and alignment of our internal operations and the nature of our products and services. Our two reportable segments are (i) Aviation Leasing and (ii) Aerospace Products. The Aviation Leasing segment owns and manages aviation assets, including aircraft and aircraft engines, which it leases and sells to customers. The Aerospace Products segment develops, manufactures, repairs, and sells aircraft engines and aftermarket components for aircraft engines. The interim periods will disclose the reportable segments under this basis with prior periods restated to reflect the change in accordance with the requirements of ASC 280.

Corporate and Other primarily consists of debt, unallocated corporate general and administrative expenses, shared services costs, and management fees. Additionally, Corporate and Other also includes offshore energy related assets, which consist of vessels and equipment that support offshore oil and gas activities and production which are typically subject to operating leases.

Additionally, during the third quarter of 2022, the Company changed its measure of segment profit to include the add back of dividends on preferred shares in Adjusted EBITDA. Prior period Adjusted EBITDA amounts and the reconciliation to net income (loss) attributable to shareholders from continuing operations have been recast to reflect this change in the measure of segment profit.

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 Chief Executive Officer is our CODM. Segment information is presented in the same manner that our CODM reviews the operating results in assessing performance and allocating resources. The CODM evaluates performance for each reportable segment primarily based on Adjusted EBITDA. Historically, the CODM's assessment of segment performance included asset information. During the third quarter of 2022, the CODM determined that segment asset information is not a key factor in measuring performance or allocating resources. Therefore, segment asset information is not included in the tables below as it is not provided to or reviewed by our CODM.

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, dividends on preferred shares 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 from continuing operations, 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 September 30, 2022

	Three Months Ended September 30, 2022			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Revenues	$ 164,848	$ 53,401	$ 12,116	$ 230,365
Expenses				
Operating expenses	10,533	3,491	13,369	27,393
Cost of sales	64,855	31,093	—	95,948
General and administrative	—	—	3,354	3,354
Acquisition and transaction expenses	247	15	2,586	2,848
Management fees and incentive allocation to affiliate	—	—	4	4
Depreciation and amortization	32,728	77	2,048	34,853
Asset impairment	4,495	—	—	4,495
Interest expense	—	—	40,171	40,171
Total expenses	112,858	34,676	61,532	209,066
Other income (expense)				
Equity in losses of unconsolidated entities	(45)	(313)	—	(358)
Gain on sale of assets, net	—	—	—	—
Loss on extinguishment of debt	—	—	(19,861)	(19,861)
Other income (expense)	42	—	(1,080)	(1,038)
Total other expense	(3)	(313)	(20,941)	(21,257)
Income (loss) from continuing operations before income taxes	51,987	18,412	(70,357)	42
Provision for income taxes	926	2,586	677	4,189
Net income (loss) from continuing operations	51,061	15,826	(71,034)	(4,147)
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries	—	—	—	—
Less: Dividends on preferred shares	—	—	6,791	6,791
Net income (loss) attributable to shareholders from continuing operations	$ 51,061	$ 15,826	$ (77,825)	$ (10,938)

(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 September 30, 2022			
	Aviation Leasing	**Aerospace Products**	**Corporate and Other**	**Total**
Adjusted EBITDA	$ 95,994	$ 18,560	$ (5,691)	$ 108,863
Add: Non-controlling share of Adjusted EBITDA				—
Add: Equity in losses of unconsolidated entities				(358)
Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities				241
Less: Interest expense and dividends on preferred shares				(46,962)
Less: Depreciation and amortization expense				(41,329)
Less: Incentive allocations				—
Less: Asset impairment charges				(4,495)
Less: Changes in fair value of non-hedge derivative instruments				—
Less: Losses on the modification or extinguishment of debt and capital lease obligations				(19,861)
Less: Acquisition and transaction expenses				(2,848)
Less: Equity-based compensation expense				—
Less: Provision for income taxes				(4,189)
Net loss attributable to shareholders from continuing operations				$ (10,938)

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

	Three Months Ended September 30, 2022			
	Aviation Leasing	**Aerospace Products**	**Corporate and Other**	**Total**
Revenues				
Africa	$ 250	$ —	$ —	$ 250
Asia	23,496	1,200	12,116	36,812
Europe	41,869	15,511	—	57,380
North America	90,183	36,690	—	126,873
South America	9,050	—	—	9,050
Total	$ 164,848	$ 53,401	$ 12,116	$ 230,365

(Dollars in tables in thousands, unless otherwise noted)

II. For the Nine Months Ended September 30, 2022

	Nine Months Ended September 30, 2022			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Revenues	$ 317,994	$ 94,211	$ 21,915	$ 434,120
Expenses				
Operating expenses	72,135	8,094	27,968	108,197
Cost of sales	64,855	55,284	—	120,139
General and administrative	—	—	11,821	11,821
Acquisition and transaction expenses	624	15	7,701	8,340
Management fees and incentive allocation to affiliate	—	—	4	4
Depreciation and amortization	109,147	178	6,136	115,461
Asset impairment	128,171	—	—	128,171
Interest expense	—	—	132,197	132,197
Total expenses	374,932	63,571	185,827	624,330
Other income (expense)				
Equity in earnings (losses) of unconsolidated entities	753	(878)	—	(125)
Gain on sale of assets, net	61,371	18,562	—	79,933
Loss on extinguishment of debt	—	—	(19,861)	(19,861)
Other income (expense)	245	—	(37)	208
Total other income (expense)	62,369	17,684	(19,898)	60,155
Income (loss) before income taxes	5,431	48,324	(183,810)	(130,055)
Provision for income taxes	2,116	5,055	186	7,357
Net income (loss)	3,315	43,269	(183,996)	(137,412)
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries	—	—	—	—
Less: Dividends on preferred shares	—	—	20,373	20,373
Net income (loss) attributable to shareholders from continuing operations	$ 3,315	$ 43,269	$ (204,369)	$ (157,785)

(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:

	Nine Months Ended September 30, 2022			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Adjusted EBITDA	$ 273,788	$ 48,685	$ (17,915)	$ 304,558
Add: Non-controlling share of Adjusted EBITDA				—
Add: Equity in losses of unconsolidated entities				(125)
Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities				(165)
Less: Interest expense and dividends on preferred shares				(152,570)
Less: Depreciation and amortization expense				(145,754)
Less: Incentive allocations				—
Less: Asset impairment charges				(128,171)
Less: Changes in fair value of non-hedge derivative instruments				—
Less: Losses on the modification or extinguishment of debt and capital lease obligations				(19,861)
Less: Acquisition and transaction expenses				(8,340)
Less: Equity-based compensation expense				—
Less: Provision for income taxes				(7,357)
Net loss attributable to shareholders from continuing operations				$ (157,785)

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

	Nine Months Ended September 30, 2022			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Revenues				
Africa	$ 250	$ 850	$ —	$ 1,100
Asia	60,111	2,601	21,915	84,627
Europe	94,751	26,410	—	121,161
North America	130,362	64,350	—	194,712
South America	32,520	—	—	32,520
Total	$ 317,994	$ 94,211	$ 21,915	$ 434,120

(Dollars in tables in thousands, unless otherwise noted)

III. For the Three Months Ended September 30, 2021

	Three Months Ended September 30, 2021			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Revenues	$ 86,208	$ 7,730	$ 5,236	$ 99,174
Expenses				
Operating expenses	7,282	1,774	6,283	15,339
Cost of sales	—	5,367	—	5,367
General and administrative	—	—	3,679	3,679
Acquisition and transaction expenses	234	—	6,349	6,583
Management fees and incentive allocation to affiliate	—	—	16	16
Depreciation and amortization	34,181	40	2,016	36,237
Asset impairment	859	—	—	859
Interest expense	—	—	50,096	50,096
Total expenses	42,556	7,181	68,439	118,176
Other income (expense)				
Equity in losses of unconsolidated entities	—	(369)	—	(369)
Gain on sale of assets, net	10,961	1,724	—	12,685
Other expense	(1,341)	—	—	(1,341)
Total other income	9,620	1,355	—	10,975
Income (loss) before income taxes	53,272	1,904	(63,203)	(8,027)
Provision for (benefit from) income taxes	595	(110)	—	485
Net income (loss)	52,677	2,014	(63,203)	(8,512)
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries	—	—	—	—
Less: Dividends on preferred shares	—	—	6,791	6,791
Net income (loss) attributable to shareholders from continuing operations	$ 52,677	$ 2,014	$ (69,994)	$ (15,303)

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

(Dollars in tables in thousands, unless otherwise noted)

	Three Months Ended September 30, 2021			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Adjusted EBITDA	$ 94,990	$ 2,001	$ (4,742)	$ 92,249
Add: Non-controlling share of Adjusted EBITDA				—
Add: Equity in income of unconsolidated entities				(369)
Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities				312
Less: Interest expense and dividends on preferred shares				(56,887)
Less: Depreciation and amortization expense				(42,681)
Less: Incentive allocations				—
Less: Asset impairment charges				(859)
Less: Changes in fair value of non-hedge derivative instruments				—
Less: Losses on the modification or extinguishment of debt and capital lease obligations				—
Less: Acquisition and transaction expenses				(6,583)
Less: Equity-based compensation expense				—
Less: Provision for income taxes				(485)
Net loss attributable to shareholders from continuing operations				$ (15,303)

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

	Three Months Ended September 30, 2021			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Revenues				
Asia	$ 36,420	$ —	$ 5,236	$ 41,656
Europe	35,709	—	—	35,709
North America	10,422	7,730	—	18,152
South America	3,657	—	—	3,657
Total	$ 86,208	$ 7,730	$ 5,236	$ 99,174

(Dollars in tables in thousands, unless otherwise noted)

IV. For the Nine Months Ended September 30, 2021

	Nine Months Ended September 30, 2021			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Revenues	$ 215,198	$ 13,284	$ 8,870	$ 237,352
Expenses				
Operating expenses	14,177	3,519	16,495	34,191
Cost of sales	—	8,577	—	8,577
General and administrative	—	—	9,618	9,618
Acquisition and transaction expenses	804	—	11,822	12,626
Management fees and incentive allocation to affiliate	—	—	704	704
Depreciation and amortization	100,381	40	5,953	106,374
Asset impairment	3,048	—	—	3,048
Interest expense	—	—	115,598	115,598
Total expenses	118,410	12,136	160,190	290,736
Other income (expense)				
Equity in losses of unconsolidated entities	—	(1,050)	—	(1,050)
Gain on sale of assets, net	15,751	1,716	—	17,467
Loss on extinguishment of debt	—	—	(3,254)	(3,254)
Other expense	(717)	—	—	(717)
Total other income (expense)	15,034	666	(3,254)	12,446
Income (loss) before income taxes	111,822	1,814	(154,574)	(40,938)
Provision for (benefit from) income taxes	909	(11)	(74)	824
Net income (loss)	110,913	1,825	(154,500)	(41,762)
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries	—	—	—	—
Less: Dividends on preferred shares	—	—	17,967	17,967
Net income (loss) attributable to shareholders from continuing operations	$ 110,913	$ 1,825	$ (172,467)	$ (59,729)

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

	Nine Months Ended September 30, 2021			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Adjusted EBITDA	$ 237,404	$ 1,998	$ (17,947)	$ 221,455
Add: Non-controlling share of Adjusted EBITDA				—
Add: Equity in losses of unconsolidated entities				(1,050)
Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities				906
Less: Interest expense and dividends on preferred shares				(133,565)
Less: Depreciation and amortization expense				(127,723)
Less: Incentive allocations				—
Less: Asset impairment charges				(3,048)
Less: Changes in fair value of non-hedge derivative instruments				—
Less: Losses on the modification or extinguishment of debt and capital lease obligations				(3,254)
Less: Acquisition and transaction expenses				(12,626)
Less: Equity-based compensation expense				—
Less: Provision for income taxes				(824)
Net loss attributable to shareholders from continuing operations				$ (59,729)

(Dollars in tables in thousands, unless otherwise noted)

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

	Nine Months Ended September 30, 2021			
	Aviation Leasing	**Aerospace Products**	**Corporate and Other**	**Total**
Revenues				
Africa	$ 235	$ —	$ —	$ 235
Asia	93,925	—	8,870	102,795
Europe	88,296	812	—	89,108
North America	26,630	12,472	—	39,102
South America	6,112	—	—	6,112
Total	$ 215,198	$ 13,284	$ 8,870	$ 237,352

V. Location of Long-Lived Assets

The following tables sets forth summarized geographic location of property, plant and equipment and leasing equipment, net:

	September 30, 2022
	Total
Property, plant and equipment and leasing equipment, net	
Africa	**$ 17,776**
Asia	**401,057**
Europe	**602,833**
North America	**393,268**
South America	**324,917**
Total	**$ 1,739,851**

	December 31, 2021
	Total
Property, plant and equipment and leasing equipment, net	
Asia	$ 543,610
Europe	839,555
North America	265,203
South America	245,532
Total	$ 1,893,900

14. EARNINGS PER SHARE AND EQUITY

Basic earnings per common share ("EPS") is calculated by dividing net income (loss) attributable to shareholders by the weighted average number of common shares outstanding, plus any participating securities. Diluted EPS is calculated by dividing net income 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 September 30,		Nine Months Ended September 30,	
(in thousands, except share and per share data)	**2022**	**2021**	**2022**	**2021**
Net loss from continuing operations	**$ (4,147)**	$ (8,512)	**$ (137,412)**	$ (41,762)
Net loss from discontinued operations, net of income taxes	**(14,782)**	(30,931)	**(101,416)**	(69,165)
Net loss	**$ (18,929)**	$ (39,443)	**$ (238,828)**	(110,927)
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries:				
Continuing operations	**—**	—	**—**	—
Discontinued operations	**(2,871)**	(7,363)	**(18,817)**	(18,949)
Less: Dividends on preferred shares	**6,791**	6,791	**20,373**	17,967
Net loss attributable to shareholders	**$ (22,849)**	$ (38,871)	**$ (240,384)**	$ (109,945)
Weighted Average Common Shares Outstanding - Basic [1]	**99,378,771**	88,277,897	**99,372,016**	86,787,072
Weighted Average Common Shares Outstanding - Diluted [1]	**99,378,771**	88,277,897	**99,372,016**	86,787,072
Loss per share:				
Basic				
Continuing operations	**$ (0.11)**	$ (0.17)	**$ (1.59)**	$ (0.69)
Discontinued operations	**$ (0.12)**	$ (0.27)	**$ (0.83)**	$ (0.58)
Diluted				
Continuing operations	**$ (0.11)**	$ (0.17)	**$ (1.59)**	$ (0.69)
Discontinued operations	**$ (0.12)**	$ (0.27)	**$ (0.83)**	$ (0.58)

[1] Three and nine months ended September 30, 2022 and 2021 include participating securities which can be converted into a fixed amount of our shares.

For the three months ended September 30, 2022 and 2021, 326,747 and 950,524 shares, respectively, and for the nine months ended September 30, 2022 and 2021, 654,693 and 940,254 shares, respectively, have been excluded from the calculation of Diluted EPS because the impact would be anti-dilutive.

During the nine months ended September 30, 2022, we issued 19,811 common shares to certain directors as compensation.

15. 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.

16. SUBSEQUENT EVENTS

On October 27, 2022, our Board of Directors declared a cash dividend on our common shares and eligible participating securities of $0.30 per share for the quarter ended September 30, 2022, payable on November 28, 2022 to the holders of record on November 14, 2022.

Additionally, on October 27, 2022, our Board of Directors also declared cash dividends on the Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares of $0.52, $0.50 and $0.52 per share, respectively, payable on December 15, 2022 to the holders of record on December 1, 2022.

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 September 30, 2022, we had total consolidated assets of $2,278.0 million and total equity of $26.0 million.

Impact of Russia's Invasion of Ukraine

Due to Russia's invasion of Ukraine during the first quarter of 2022, the United States, European Union, United Kingdom, and others have imposed economic sanctions and export controls against Russia and Russia's aviation industry. The sanctions include but are not limited to the ban on the export and sale or lease of all aircraft, engines, and equipment and on all related repair and maintenance services to Russia and Russian airlines. We have complied, and will continue to comply, with all applicable sanctions and we have terminated the leases of all our aircraft and engines with Russian airlines. As a result of the sanctions imposed on Russian airlines and related lease terminations, we recognized approximately $47.1 million in provision for credit losses during the nine months ended September 30, 2022.

We continue to pursue efforts to remove and repossess all of our aircraft and engines from Russia and Ukraine. As of September 30, 2022, four aircraft and two engines were still located in Ukraine and eight aircraft and seventeen engines were still located in Russia. We determined that it is unlikely that we will regain possession of the aircraft that had not been recovered from Ukraine and Russia during the first quarter of 2022. As a result, we recognized an impairment charge totaling $120.0 million, net of maintenance deposits, to write-off the carrying value of leasing equipment assets that we have not recovered from Ukraine and Russia for the nine months ended September 30, 2022.

Our lessees are required to provide insurance coverage with respect to leased aircraft and engines, and we are named as insureds under those policies in the event of a total loss of an aircraft or engine. We also purchase insurance which provides us with coverage when our aircraft or engines are not subject to a lease or where a lessee's policy fails to indemnify us. The insured value of the aircraft and engines that remain in Ukraine and Russia is approximately $294.0 million. We are pursuing all our claims under these policies. However, the timing and amount of any recoveries under these policies are uncertain.

The extent of the impact of Russia's invasion of Ukraine and the related sanctions on our operational and financial performance, including the ability for us to recover our leasing equipment in the region, will depend on future developments, including the duration of the conflict, sanctions and restrictions imposed by Russian and international governments, all of which remain uncertain.

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 revenues during the years ended December 31, 2021 and 2020. However, our revenues have continued to recover during the nine months ended September 30, 2022. 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."

Spin-Off of FTAI Infrastructure Inc. ("FTAI Infrastructure")

On April 28, 2022, the Board of Directors of the Company unanimously approved the spin-off of the Company's infrastructure business held by FTAI Infrastructure (a wholly owned subsidiary of the Company). The spin-off was effected as a distribution of all of the shares owned by the Company of common stock of FTAI Infrastructure to the holders of the Company's common shares as of July 21, 2022. The distribution was completed on August 1, 2022.

FTAI Infrastructure is a corporation for U.S. federal income tax purposes and holds, among other things, the Company's previously held interests in the (i) Jefferson Terminal business, (ii) Repauno business, (iii) Long Ridge investment, and (iv) Transtar business. FTAI Infrastructure retained all related project-level debt of those entities. In connection with the spin-off, FTAI Infrastructure paid a dividend of $730.3 million to the Company. The Company used these proceeds to repay all outstanding borrowings under its 2021 bridge loans, $200.0 million of its 6.50% senior unsecured notes due 2025, and approximately $175.0 million of the outstanding borrowings under its revolving credit facility. FTAI retained the aviation business and certain other assets, and FTAI's remaining outstanding corporate indebtedness.

In connection with the spin-off, the Company and the Manager assigned the Company's then-existing management agreement to FTAI Infrastructure, and FTAI Infrastructure and the Manager executed an amended and restated agreement. The Company and certain of its subsidiaries executed a new management agreement with the Manager. The new management agreement has an initial term of six years. The Manager is entitled to a management fee and reimbursement of certain expenses on substantially similar terms as the previous arrangements with the Manager, which were assigned to FTAI Infrastructure. Prior to the merger described below, our Manager will remain entitled to incentive allocations (comprised of income incentive allocation and capital gains incentive allocation) on the same terms as they exist today. Following the merger, the Company will enter into a Services and Profit Sharing Agreement (the "Services and Profit Sharing Agreement"), with a subsidiary of the Company and Fortress Worldwide Transportation and Infrastructure Master GP LLC ("Master GP"), pursuant to which Master GP will be entitled to incentive allocations on substantially similar terms as the previous arrangements.

On August 12, 2022, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among the Company, FTAI Finance Holdco Ltd. (which following the completion of the merger will be named FTAI Aviation Ltd.), a Cayman Islands exempted company and an indirect subsidiary of the Company ("FTAI Aviation"), and FTAI Aviation Merger Sub LLC, a Delaware limited liability company and a direct, wholly-owned subsidiary of FTAI Aviation ("Merger Sub"), pursuant to which, among other things, Merger Sub will merge with and into the Company (the "merger"), with the Company surviving as a wholly owned subsidiary of FTAI Aviation. If the merger is approved by the Company's public common shareholders, shares of the Company will be exchanged automatically for shares of FTAI Aviation without any further action from the shareholders.

The merger is subject to a number of conditions to closing as specified in the Merger Agreement. These closing conditions include, among others, holders of Company common shares having approved the merger. A proposal to approve and adopt the merger agreement will be presented at a special meeting of the Company's shareholders to be held on November 9, 2022 at 8:00 a.m.

Operating Segments

During the third quarter of 2022, as a result of the spin-off of FTAI Infrastructure effective on August 1, 2022, the Company reevaluated its operating segments. The key factors used to identify the reportable segments are the organization and alignment of our internal operations and the nature of our products and services. Our two reportable segments are (i) Aviation Leasing and (ii) Aerospace Products. The Aviation Leasing segment owns and manages aviation assets, including aircraft and aircraft engines, which it leases and sells to customers. The Aerospace Products segment develops, manufactures, repairs, and sells aircraft engines and aftermarket components for aircraft engines. The interim periods disclose the reportable segments under the basis that prior periods were restated to reflect the change in accordance with the requirements of ASC 280.

Corporate and Other primarily consists of debt, unallocated corporate general and administrative expenses, shared services costs, and management fees. Additionally, Corporate and Other also includes offshore energy related assets, which consist of vessels and equipment that support offshore oil and gas activities and production which are typically subject to operating leases.

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. Adjusted EBITDA is not a financial measure in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). 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.

During the third quarter of 2022, the Company changed its measure of segment profit to include the add back of dividends on preferred shares in 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, dividends on preferred shares and interest expense, (b) to include the impact of our pro-rata share of Adjusted EBITDA from unconsolidated entities, and (c) to exclude the impact of equity in earnings (losses) of unconsolidated entities and the non-controlling share of Adjusted EBITDA.

Comparison of the three and nine months ended September 30, 2022 and 2021

The following table presents our consolidated results of operations:

(in thousands)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Change
Revenues						
Lease income	**$ 50,079**	$ 42,778	$ 7,301	**$ 128,831**	$ 125,907	$ 2,924
Maintenance revenue	**35,507**	40,252	(4,745)	**112,171**	87,763	24,408
Finance lease income	**119**	439	(320)	**332**	1,285	(953)
Aerospace products revenue	**53,401**	7,730	45,671	**94,211**	13,284	80,927
Asset sales revenue	**85,488**	—	85,488	**85,488**	—	85,488
Other revenue	**5,771**	7,975	(2,204)	**13,087**	9,113	3,974
Total revenues	**230,365**	99,174	131,191	**434,120**	237,352	196,768
Expenses						
Operating expenses	**27,393**	15,339	12,054	**108,197**	34,191	74,006
Cost of sales	**95,948**	5,367	90,581	**120,139**	8,577	111,562
General and administrative	**3,354**	3,679	(325)	**11,821**	9,618	2,203
Acquisition and transaction expenses	**2,848**	6,583	(3,735)	**8,340**	12,626	(4,286)
Management fees and incentive allocation to affiliate	**4**	16	(12)	**4**	704	(700)
Depreciation and amortization	**34,853**	36,237	(1,384)	**115,461**	106,374	9,087
Asset impairment	**4,495**	859	3,636	**128,171**	3,048	125,123
Interest expense	**40,171**	50,096	(9,925)	**132,197**	115,598	16,599
Total expenses	**209,066**	118,176	90,890	**624,330**	290,736	333,594
Other (expense) income						
Equity in losses of unconsolidated entities	**(358)**	(369)	11	**(125)**	(1,050)	925
Gain on sale of assets, net	**—**	12,685	(12,685)	**79,933**	17,467	62,466
Loss on extinguishment of debt	**(19,861)**	—	(19,861)	**(19,861)**	(3,254)	(16,607)
Other (expense) income	**(1,038)**	(1,341)	303	**208**	(717)	925
Total other (expense) income	**(21,257)**	10,975	(32,232)	**60,155**	12,446	47,709
Income (loss) from continuing operations before income taxes	**42**	(8,027)	8,069	**(130,055)**	(40,938)	(89,117)
Provision for income taxes	**4,189**	485	3,704	**7,357**	824	6,533
Net loss from continued operations	**(4,147)**	(8,512)	4,365	**(137,412)**	(41,762)	(95,650)
Net loss from discontinued operations, net of income taxes	**(14,782)**	(30,931)	16,149	**(101,416)**	(69,165)	(32,251)
Net loss	**(18,929)**	(39,443)	20,514	**(238,828)**	(110,927)	(127,901)
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries:						
Continuing operations	**—**	—	—	**—**	—	—
Discontinued operations	**(2,871)**	(7,363)	4,492	**(18,817)**	(18,949)	132
Less: Dividends on preferred shares	**6,791**	6,791	—	**20,373**	17,967	2,406
Net loss attributable to shareholders	**$ (22,849)**	$ (38,871)	$ 16,022	**$ (240,384)**	$ (109,945)	$ (130,439)

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

(in thousands)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Change
Net loss attributable to shareholders from continuing operations	**$ (10,938)**	$ (15,303)	$ 4,365	**$ (157,785)**	$ (59,729)	$ (98,056)
Add: Provision for income taxes	**4,189**	485	3,704	**7,357**	824	6,533
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**2,848**	6,583	(3,735)	**8,340**	12,626	(4,286)
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**19,861**	—	19,861	**19,861**	3,254	16,607
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**4,495**	859	3,636	**128,171**	3,048	125,123
Add: Incentive allocations	**—**	—	—	**—**	—	—
Add: Depreciation and amortization expense [1]	**41,329**	42,681	(1,352)	**145,754**	127,723	18,031
Add: Interest expense and dividends on preferred shares	**46,962**	56,887	(9,925)	**152,570**	133,565	19,005
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities [2]	**(241)**	(312)	71	**165**	(906)	1,071
Less: Equity in losses of unconsolidated entities	**358**	369	(11)	**125**	1,050	(925)
Less: Non-controlling share of Adjusted EBITDA	**—**	—	—	**—**	—	—
Adjusted EBITDA (non-GAAP)	**$ 108,863**	$ 92,249	$ 16,614	**$ 304,558**	$ 221,455	$ 83,103

____

[1] Includes the following items for the three months ended September 30, 2022 and 2021: (i) depreciation and amortization expense of $34,853 and $36,237, (ii) lease intangible amortization of $3,291 and $1,266 and (iii) amortization for lease incentives of $3,185 and $5,178, respectively. Includes the following items for the nine months ended September 30, 2022 and 2021: (i) depreciation and amortization expense of $115,461 and $106,374, (ii) lease intangible amortization of $10,259 and $3,216 and (iii) amortization for lease incentives of $20,034 and $18,133, respectively.

[2] Includes the following items for the three months ended September 30, 2022 and 2021: (i) net loss of $358 and $369 and (ii) depreciation and amortization expense of $117 and $57, respectively. Includes the following items for the nine months ended September 30, 2022 and 2021: (i) net loss of $125 and $1,050 and (ii) depreciation and amortization expense of $290 and $144, respectively.

Revenues

Presentation of assets sales

During the three months ended September 30, 2022, we updated our corporate strategy based on the opportunities available in the market such that the sale of aircraft and engines is now an output of our recurring, ordinary activities. As a result of this update, the transaction price allocated to the sale of assets is included in Revenues in the Consolidated Statement of Operations for the three months ended September 30, 2022 and are accounted for in accordance with ASC 606. The corresponding net book values of the assets sold are recorded in Cost of sales in the Consolidated Statement of Operations for the three months ended September 30, 2022. Sales transactions of aircraft and engines prior to the three months ended September 30, 2022 were accounted for in accordance with ASC 610-20, *Gains and losses from the derecognition of nonfinancial assets* and were included in Gain on sale of assets, net on the Consolidated Statement of Operations, as we were previously only occasionally selling these assets. Generally, assets sold were under leasing arrangements with customers prior to sales and are included in leasing equipment, net, on the Consolidated Balance Sheets.

Comparison of the three months ended September 30, 2022 and 2021

Total revenues increased $131.2 million driven by an increase in asset sales revenue, Aerospace Products revenue and lease income partially offset by decreases in maintenance revenue and other revenue.

Asset sales revenue increased $85.5 million primarily due to an increase in the sale of commercial aircraft and engines in our Aviation Leasing segment during 2022. See above discussion regarding presentation of asset sales.

Aerospace Products revenue increased $45.7 million driven by an increase in sales relating to the CFM56-7B and CFM56-5B engines, engine modules, spare parts and used material inventory as operations continue to ramp-up in 2022. See above discussion regarding presentation of asset sales.

Lease income increased $7.3 million, which primarily reflects an increase of $7.4 million in the Offshore Energy business as two of our vessels were on-hire longer in 2022 compared to 2021.

Maintenance revenue decreased $4.7 million in the Aviation Leasing segment, primarily due to the early redelivery of aircraft and lower maintenance billings related to the early termination of aircraft leases with Russian airlines as a result of the sanctions imposed on Russian airlines, partially offset by an increase in the number of aircraft and engines placed on lease and higher aircraft and engine utilization.

Other revenue decreased $2.2 million, which primarily reflects a decrease of $1.7 million in the Aviation Leasing segment due to lower end-of lease redelivery compensation.

Comparison of the nine months ended September 30, 2022 and 2021

Total revenues increased $196.8 million driven by an increase in asset sales revenue, Aerospace Products revenue, maintenance revenue, other revenue and lease income.

Asset sales revenue increased $85.5 million primarily due to an increase in the sale of commercial aircraft and engines in our Aviation Leasing segment in 2022. See above discussion regarding presentation of asset sales.

Aerospace Products revenue increased $80.9 million driven by an increase in sales relating to the CFM56-7B and CFM56-5B engines, engine modules, spare parts and used material inventory as operations continue to ramp-up in 2022. See above discussion regarding presentation of asset sales.

Maintenance revenue increased $24.4 million in the Aviation Leasing segment, primarily due to an increase in the number of aircraft and engines placed on lease, higher aircraft and engine utilization and higher end-of-lease return compensation, partially offset by a decrease in the recognition of maintenance deposits due to the early redelivery of aircraft and lower maintenance billings related to the early termination of aircraft leases with Russian airlines as a result of the sanctions imposed on Russian airlines.

Other revenue increased $4.0 million, which primarily reflects (i) an increase of $2.9 million in the Aviation Leasing segment due to an increase in end-of lease redelivery compensation and (ii) an increase of $1.0 million in the Offshore Energy business as two of our vessels were on-hire longer in 2022 compared to 2021.

Lease income increased $2.9 million, which primarily reflects (i) an increase of $12.0 million in the Offshore Energy business as two of our vessels were on-hire longer in 2022 compared to 2021, partially offset by (ii) a decrease of $9.1 million in the Aviation Leasing segment primarily due to the early termination of aircraft and engine leases as a result of the sanctions imposed on Russian airlines. Basic lease revenues from our owned aircraft and engines leased to Russian airlines would have been approximately $30.2 million for the nine months ended September 30, 2022. This decrease is partially offset by an increase in the number of aircraft and engines placed on lease.

Expenses

Comparison of the three months ended September 30, 2022 and 2021

Total expenses increased $90.9 million, primarily due to higher (i) cost of sales, (ii) operating expenses, and (iii) asset impairment, partially offset by lower (iv) interest expense, (v) acquisition and transaction expenses, and (vi) depreciation and amortization.

Cost of Sales increased $90.6 million primarily as a result of increased asset sales and the gross presentation of asset sales revenue and Aerospace Product revenues as described above.

Operating expenses increased $12.1 million which primarily reflects:

- an increase of $7.1 million in the Offshore Energy business which reflects increases of offshore crew expenses, project costs and other operating expenses as our vessels were on-hire longer in 2022 compared to 2021.
- an increase of $3.3 million in the Aviation Leasing Segment primarily as a result of an increase in insurance expense, shipping and storage fees, professional fees and other operating expenses, partially offset by a decrease in provision for credit losses.
- an increase of $1.7 million in the Aerospace Products Segment primarily due to an increase in commission expenses due to the increase in sales from the used material program as well as an increase in professional fees and other operating expenses due to the ramp-up of Aerospace Products.

Asset impairment increased $3.6 million for the adjustment of the carrying value of leasing equipment to fair value in our Aviation Leasing segment. See Note 4 to the consolidated financial statements for additional information.

Interest expense decreased $9.9 million, which reflects a decrease in the average outstanding debt of approximately $113.2 million due to decreases in (i) the Bridge Loans of $433 million, which were fully paid off in September 2021, (ii) the Senior Notes due 2025 of $132.8 million, which were partially redeemed in August 2022, partially offset by increases in (iii) the Senior Notes due 2028 of $334.7 million, (iv) the 2021 Bridge Loans issued in December 2021 and February 2022 of $113.3 million, and (v) the Revolving Credit Facility of $5.0 million.

Acquisition and transaction expenses decreased $3.7 million primarily due to a decrease in professional fees related to the Transtar acquisition in 2021.

Depreciation and amortization decreased $1.4 million primarily due to an increase in the number of aircraft redelivered and parted out into our engine leasing pool.

Comparison of the nine months ended September 30, 2022 and 2021

Total expenses increased $333.6 million, primarily due to higher (i) asset impairment charges, (ii) cost of sales, (iii) operating expenses, (iv) interest expense, (v) depreciation and amortization, partially offset by lower (vi) acquisition and transaction expenses.

Asset impairment increased $125.1 million primarily due to the write down of aircraft and engines located in Ukraine and Russia that may not be recoverable. See Note 4 to the consolidated financial statements for additional information.

Cost of sales increased $111.6 million primarily as a result of an increase in asset sales and the gross presentation of asset sales revenue and Aerospace Product revenues as described above.

Operating expenses increased $74.0 million which primarily reflects:

- an increase of $58.0 million in the Aviation Leasing segment primarily as a result of an increase in provision for credit losses as a result of the sanctions imposed on Russian airlines, an increase in insurance expense, shipping and storage fees, professional fees and repairs and maintenance expenses.
- an increase of $11.5 million in the Offshore Energy business which reflects increases of offshore crew expenses, project costs and other operating expenses as our vessels were on-hire longer in 2022 compared to 2021.
- an increase of $4.6 million in the Aerospace Products segment primarily due to an increase in commission expenses due to the increase in sales from the used material program as well as an increase in professional fees and other operating expenses due to the ramp-up of Aerospace Products.

Interest expense increased $16.6 million, which reflects an increase in the average outstanding debt of approximately $577.8 million due to increases in (i) the Senior Notes due 2028 of $613.1 million, (ii) the 2021 Bridge Loans issued in December 2021 and February 2022 of $237.7 million and (iii) the Revolving Credit Facility of $73.4 million, partially offset by a decrease in (iv) the Bridge Loans of $144.4 million, (v) the Senior Notes due 2022 of $177.4 million, which was redeemed in full in May 2021, and (vi) the Senior Notes due 2025 of $44.6 million, which were partially redeemed in August 2022.

Depreciation and amortization increased $9.1 million primarily driven by an increase in the number of assets owned and on lease in the Aviation Leasing segment, partially offset by an increase in the number of aircraft redelivered and parted out into our engine leasing pool.

Acquisition and transaction expenses decreased $4.3 million primarily due to a decrease in professional fees related to the Transtar acquisition in 2021.

Other income (expense)

Total other income decreased $32.2 million during three months ended September 30, 2022 which primarily reflects (i) a loss on extinguishment of debt of $19.9 million related to the pay-down of the 2021 Bridge Loan issued in December 2021 and February 2022 and the partial redemption of the Senior Notes due 2025 and (ii) a decrease of $12.7 million in gain on sale of assets, net in the Aviation Leasing and Aerospace Products segments from less opportunistic asset sales. See above discussion regarding presentation of asset sales.

Total other income increased $47.7 million during nine months ended September 30, 2022 which primarily reflects (i) an increase of $62.4 million in gain on sale of assets, net in the Aviation Leasing and Aerospace Products segments from opportunistic asset sales transactions, partially offset by (ii) an increase of $16.6 million in loss on extinguishment of debt primarily related to the 2022 pay-down of the 2021 Bridge Loan issued December 2021 and February 2022 and the partial redemption of the Senior Notes due 2025. See above discussion regarding presentation of asset sales.

Net income (loss) from continuing operations

Net loss from continuing operations decreased $4.4 million for the three months ended September 30, 2022 and increased $95.7 million for the nine months ended September 30, 2022 as compared to the same periods during the prior year primarily due to the changes noted above.

Net income (loss) from discontinued operations

Net loss from discontinued operations decreased $16.1 million for the three months ended September 30, 2022 compared to the prior year due to:

- Increased terminal services revenues at Jefferson due to additional storage and increased volume year over year;
- An increase from a full quarter of income from Transtar, which was acquired in July 28, 2021; and
- Offset by an increase in our equity pick-up in net losses of the Long Ridge investment.

Net loss from discontinued operations increased $32.3 million for the nine months ended September 30, 2022 as compared to the prior year due to:

- An increase in acquisition and transaction expenses due to spin-related costs incurred during 2022 for the spin-off of Infrastructure on August 1, 2022;
- An increase in interest expense related to the Series 2021A Bonds issued during Q3 2021;
- An increase in our equity pick-up in net losses of the Long Ridge investment; and
- Offset by a full quarter of income from Transtar, which was acquired in July 28, 2021.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA increased $16.6 million and $83.1 million during the three and nine months ended September 30, 2022, respectively, primarily due to the changes noted above.

Aviation Leasing Segment

As of September 30, 2022, in our Aviation Leasing segment, we own and manage 325 aviation assets, consisting of 96 commercial aircraft and 229 engines, including four aircraft and two engines that were still located in Ukraine and eight aircraft and seventeen engines that were still located in Russia.

As of September 30, 2022, 73 of our commercial aircraft and 124 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 72% utilized during the three months ended September 30, 2022, 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 39 months, and our engines currently on-lease have an average remaining lease term of 13 months. The table below provides additional information on the assets in our Aviation Leasing segment:

Aviation Leasing Assets	Widebody	Narrowbody	Total
Aircraft			
Assets at January 1, 2022	**13**	**95**	**108**
Purchases	1	22	23
Sales	(3)	(2)	(5)
Transfers	(2)	(28)	(30)
Assets at September 30, 2022	**9**	**87**	**96**
Engines			
Assets at January 1, 2022	**68**	**139**	**207**
Purchases	2	43	45
Sales	(26)	(24)	(50)
Transfers	5	22	27
Assets at September 30, 2022	**49**	**180**	**229**

The following table presents our results of operations:

(in thousands)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Change
Revenues						
Lease income	**$ 40,273**	$ 40,392	$ (119)	**$ 111,316**	$ 120,389	$ (9,073)
Maintenance revenue	**35,507**	40,252	(4,745)	**112,171**	87,763	24,408
Finance lease income	**119**	439	(320)	**332**	1,285	(953)
Asset sales revenue	**85,488**	—	85,488	**85,488**	—	85,488
Other revenue	**3,461**	5,125	(1,664)	**8,687**	5,761	2,926
Total revenues	**164,848**	86,208	78,640	**317,994**	215,198	102,796
Expenses						
Operating expenses	**10,533**	7,282	3,251	**72,135**	14,177	57,958
Cost of sales	**64,855**	—	64,855	**64,855**	—	64,855
Acquisition and transaction expenses	**247**	234	13	**624**	804	(180)
Depreciation and amortization	**32,728**	34,181	(1,453)	**109,147**	100,381	8,766
Asset impairment	**4,495**	859	3,636	**128,171**	3,048	125,123
Total expenses	**112,858**	42,556	70,302	**374,932**	118,410	256,522
Other (expense) income						
Equity in (losses) earnings of unconsolidated entities	**(45)**	—	(45)	**753**	—	753
Gain on sale of assets, net	**—**	10,961	(10,961)	**61,371**	15,751	45,620
Other income (expense)	**42**	(1,341)	1,383	**245**	(717)	962
Total other (expense) income	**(3)**	9,620	(9,623)	**62,369**	15,034	47,335
Income before income taxes	**51,987**	53,272	(1,285)	**5,431**	111,822	(106,391)
Provision for income taxes	**926**	595	331	**2,116**	909	1,207
Net income	**51,061**	52,677	(1,616)	**3,315**	110,913	(107,598)
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**—**	—	—	**—**	—	—
Net income attributable to shareholders from continuing operations	**$ 51,061**	$ 52,677	$ (1,616)	**$ 3,315**	$ 110,913	$ (107,598)

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

(in thousands)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Change
Net income attributable to shareholders from continuing operations	**$ 51,061**	$ 52,677	$ (1,616)	**$ 3,315**	$ 110,913	$ (107,598)
Add: Provision for income taxes	**926**	595	331	**2,116**	909	1,207
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**247**	234	13	**624**	804	(180)
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	**4,495**	859	3,636	**128,171**	3,048	125,123
Add: Incentive allocations	**—**	—	—	—	—	—
Add: Depreciation and amortization expense [(1)]	**39,204**	40,625	(1,421)	**139,440**	121,730	17,710
Add: Interest expense and dividends on preferred shares	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities [(2)]	**16**	—	16	**875**	—	875
Less: Equity in (earnings) losses of unconsolidated entities	**45**	—	45	**(753)**	—	(753)
Less: Non-controlling share of Adjusted EBITDA	**—**	—	—	**—**	—	—
Adjusted EBITDA (non-GAAP)	**$ 95,994**	$ 94,990	$ 1,004	**$ 273,788**	$ 237,404	$ 36,384

____

(1) Includes the following items for the three months ended September 30, 2022 and 2021: (i) depreciation expense of $32,728 and $34,181, (ii) lease intangible amortization of $3,291 and $1,266 and (iii) amortization for lease incentives of $3,185 and $5,178, respectively. Includes the following items for the nine months ended September 30, 2022 and 2021: (i) depreciation expense of $109,147 and $100,381, (ii) lease intangible amortization of $10,259 and $3,216 and (iii) amortization for lease incentives of $20,034 and $18,133, respectively.

(2) Includes the following items for the three and nine months ended September 30, 2022: (i) net loss of $45 and net income of $753 and (ii) depreciation and amortization of $61 and $122, respectively.

Revenues

Comparison of the three months ended September 30, 2022 and 2021

Total revenue increased $78.6 million driven by an increase in asset sales revenue, partially offset by lower maintenance revenue and other revenue.

- Asset sales revenue increased $85.5 million primarily due to an increase in the sale of commercial aircraft and engines during 2022. See above discussion regarding presentation of asset sales.
- Maintenance revenue decreased $4.7 million primarily due to the early redelivery of aircraft and lower maintenance billings related to the early termination of aircraft leases with Russian airlines as a result of the sanctions imposed on Russian airlines, partially offset by an increase in the number of aircraft and engines placed on lease and higher aircraft and engine utilization.
- Other revenue decreased $1.7 million primarily due to lower end-of lease redelivery compensation.

Comparison of the nine months ended September 30, 2022 and 2021

Total revenue increased $102.8 million driven by an increase in asset sales revenue, maintenance revenue and other revenue, partially offset by a decrease in lease income.

- Asset sales revenue increased $85.5 million primarily due to an increase in the sale of commercial aircraft and engines during 2022. See above discussion regarding presentation of asset sales.
- Maintenance revenue increased $24.4 million primarily due to an increase in the number of aircraft and engines placed on lease, higher aircraft and engine utilization and higher end-of-lease return compensation, partially offset by a decrease in the recognition of maintenance deposits due to the early redelivery of aircraft and lower maintenance billings related to the early termination of aircraft leases with Russian airlines as a result of the sanctions imposed on Russian airlines.
- Other revenue increased $2.9 million primarily due to an increase in end-of lease redelivery compensation.

- Lease income decreased $9.1 million primarily due to the early termination of aircraft and engine leases as a result of the sanctions imposed on Russian airlines. Basic lease revenues from our owned aircraft and engines leased to Russian airlines would have been approximately $30.2 million for the nine months ended September 30, 2022. This decrease is partially offset by an increase in the number of aircraft and engines placed on lease.

Expenses

Comparison of the three months ended September 30, 2022 and 2021

Total expenses increased $70.3 million primarily driven by an increase in the cost of sales, asset impairment and operating expenses, partially offset by a decrease in depreciation and amortization expense.

- Cost of sales increased $64.9 million primarily as a result of an increase in asset sales and the gross presentation of asset sales revenues and related cost of sales as described above.
- Asset impairment increased $3.6 million for the adjustment of the carrying value of leasing equipment to fair value. See Note 4 to the consolidated financial statements for additional information.
- Operating expenses increased $3.3 million primarily as a result of an increase in insurance expense, shipping and storage fees, professional fees and other operating expenses, partially offset by a decrease in provision for credit losses.
- Depreciation and amortization expense decreased $1.5 million driven by an increase in the number of aircraft redelivered and parted out into our engine leasing pool.

Comparison of the nine months ended September 30, 2022 and 2021

Total expenses increased $256.5 million primarily driven by an increase in asset impairment, cost of sales, operating expenses and depreciation and amortization expense.

- Asset impairment increased $125.1 million primarily due to the write down of aircraft and engines located in Ukraine and Russia that may not be recoverable. See Note 4 to the consolidated financial statements for additional information.
- Cost of sales increased $64.9 million primarily as a result of an increase in asset sales and the gross presentation of asset sales revenues and related costs of sales as described above.
- Operating expenses increased $58.0 million primarily as a result of an increase in provision for credit losses as a result of the sanctions imposed on Russian airlines, an increase in insurance expense, shipping and storage fees, professional fees, and repairs and maintenance expenses.
- Depreciation and amortization expense increased $8.8 million driven by an increase in the number of assets owned and on lease, partially offset by an increase in the number of aircraft redelivered and parted out into our engine leasing pool.

Other income (expense)

Total other income decreased $9.6 million during the three months ended September 30, 2022 primarily due to a decrease of $11.0 million in gain on sale of assets, net. See above discussion regarding presentation of asset sales.

Total other income increased $47.3 million during the nine months ended September 30, 2022 primarily due to (i) an increase of $45.6 million in gain on the sale of assets, net due to more opportunistic sales transactions and (ii) an increase of $0.8 million in our proportionate share of unconsolidated entities' net income.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA increased $1.0 million and $36.4 million during the three and nine months ended September 30, 2022, respectively, primarily due to the changes noted above.

Aerospace Products Segment

The Aerospace Products segment develops, manufactures, repairs, and sells aircraft engines and aftermarket components primarily for the CFM56-7B and CFM56-5B commercial aircraft engines. Our engine and module sales are facilitated through The Module Factory, a dedicated commercial maintenance center designed to focus on modular repair and refurbishment of CFM56-7B and CFM56-5B engines. Used serviceable material is sold through our exclusive partnership with AAR Corp, who is responsible for the teardown, repair, marketing and sales of spare parts from our CFM56 engine pool. We also hold a 25% interest in the Advanced Engine Repair JV which focuses on developing new cost savings programs for engine repairs.

The following table presents our results of operations:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in thousands)	**2022**	**2021**	**Change**	**2022**	**2021**	**Change**
Aerospace products revenue	**$ 53,401**	$ 7,730	$ 45,671	**$ 94,211**	$ 13,284	$ 80,927
Expenses						
Operating expenses	**3,491**	1,774	1,717	**8,094**	3,519	4,575
Cost of sales	**31,093**	5,367	25,726	**55,284**	8,577	46,707
Acquisition and transaction expenses	**15**	—	15	**15**	—	15
Depreciation and amortization	**77**	40	37	**178**	40	138
Total expenses	**34,676**	7,181	27,495	**63,571**	12,136	51,435
Other (expense) income						
Equity in losses of unconsolidated entities	**(313)**	(369)	56	**(878)**	(1,050)	172
Gain on sale of assets, net	**—**	1,724	(1,724)	**18,562**	1,716	16,846
Total other (expense) income	**(313)**	1,355	(1,668)	**17,684**	666	17,018
Income before income taxes	**18,412**	1,904	16,508	**48,324**	1,814	46,510
Provision for (benefit from) income taxes	**2,586**	(110)	2,696	**5,055**	(11)	5,066
Net income	**15,826**	2,014	13,812	**43,269**	1,825	41,444
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	**—**	—	—	**—**	—	—
Net income attributable to shareholders from continuing operations	**$ 15,826**	$ 2,014	$ 13,812	**$ 43,269**	$ 1,825	$ 41,444

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

(in thousands)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Change
Net income attributable to shareholders from continuing operations	**$ 15,826**	$ 2,014	$ 13,812	**$ 43,269**	$ 1,825	$ 41,444
Add: Provision for (benefit from) income taxes	**2,586**	(110)	2,696	**5,055**	(11)	5,066
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**15**	—	15	**15**	—	15
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	**77**	40	37	**178**	40	138
Add: Interest expense and dividends on preferred shares	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities [(1)]	**(257)**	(312)	55	**(710)**	(906)	196
Less: Equity in losses of unconsolidated entities	**313**	369	(56)	**878**	1,050	(172)
Less: Non-controlling share of Adjusted EBITDA	**—**	—	—	**—**	—	—
Adjusted EBITDA (non-GAAP)	**$ 18,560**	$ 2,001	$ 16,559	**$ 48,685**	$ 1,998	$ 46,687

____

(1) Includes the following items for the three months ended September 30, 2022 and 2021: (i) net loss of $313 and $369 and (ii) depreciation and amortization of $56 and $57, respectively. Includes the following items for the nine months ended September 30, 2022 and 2021: (i) net loss of $878 and $1,050 and (ii) depreciation and amortization of $168 and $144, respectively.

Revenues

Comparison of the three and nine months ended September 30, 2022 and 2021

Total Aerospace Products revenue increased $45.7 million during the three months ended September 30, 2022 driven by an increase in sales relating to the CFM56-7B and CFM56-5B engines, engine modules, spare parts and used material inventory as operations continue to ramp-up in 2022. See above discussion regarding presentation of asset sales.

Total Aerospace Products revenue increased $80.9 million during the nine months ended September 30, 2022 driven by an increase in sales relating to the CFM56-7B and CFM56-5B engines, engine modules, spare parts and used material inventory as operations continue to ramp-up in 2022. See above discussion regarding presentation of asset sales.

Expenses

Comparison of the three months ended September 30, 2022 and 2021

Total expenses increased $27.5 million primarily due to an increase in costs of sales and operating expenses.

- Cost of sales increased $25.7 million primarily as a result of an increase in Aerospace product revenues and the gross presentation described above.
- Operating expenses increased $1.7 million primarily due to an increase in commission expenses due to the increase in sales from the used material program as well as an increase in professional fees and other operating expenses due to the ramp-up of Aerospace Products.

Comparison of the nine months ended September 30, 2022 and 2021

Total expenses increased $51.4 million primarily due to an increase in costs of sales and operating expenses.

- Cost of sales increased $46.7 million primarily as a result of an increase in Aerospace product revenues and the gross presentation described above.
- Operating expenses increased $4.6 million primarily due to an increase in commission expenses due to the increase in sales from the used material program as well as an increase in professional fees and other operating expenses due to the ramp-up of Aerospace Products.

Other income (expense)

Total other income decreased $1.7 million during three months ended September 30, 2022 which primarily reflects a decrease of $1.7 million in gain on sale of assets, net. See above discussion regarding presentation of asset sales.

Total other income increased $17.0 million during nine months ended September 30, 2022 which primarily reflects an increase of $16.8 million in gain on sale of assets, net due to an increase in sales relating to the CFM56-7B and CFM56-5B engines as operations continue to ramp-up in 2022.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA increased $16.6 million and $46.7 million during the three and nine months ended September 30, 2022, respectively, primarily due to the changes noted above.

Corporate and Other

The following table presents our results of operations:

(in thousands)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Change
Revenues						
Lease income	**$ 9,806**	$ 2,386	$ 7,420	**$ 17,515**	$ 5,518	$ 11,997
Other revenue	**2,310**	2,850	(540)	**4,400**	3,352	1,048
Total revenues	**12,116**	5,236	6,880	**21,915**	8,870	13,045
Expenses						
Operating expenses	**13,369**	6,283	7,086	**27,968**	16,495	11,473
General and administrative	**3,354**	3,679	(325)	**11,821**	9,618	2,203
Acquisition and transaction expenses	**2,586**	6,349	(3,763)	**7,701**	11,822	(4,121)
Management fees and incentive allocation to affiliate	**4**	16	(12)	**4**	704	(700)
Depreciation and amortization	**2,048**	2,016	32	**6,136**	5,953	183
Interest expense	**40,171**	50,096	(9,925)	**132,197**	115,598	16,599
Total expenses	**61,532**	68,439	(6,907)	**185,827**	160,190	25,637
Other expense						
Loss on extinguishment of debt	**(19,861)**	—	(19,861)	**(19,861)**	(3,254)	(16,607)
Other expense	**(1,080)**	—	(1,080)	**(37)**	—	(37)
Total other expense	**(20,941)**	—	(20,941)	**(19,898)**	(3,254)	(16,644)
Loss before income taxes	**(70,357)**	(63,203)	(7,154)	**(183,810)**	(154,574)	(29,236)
Provision for (benefit from) income taxes	**677**	—	677	**186**	(74)	260
Net loss	**(71,034)**	(63,203)	(7,831)	**(183,996)**	(154,500)	(29,496)
Less: Net (loss) income attributable to non-controlling interests in consolidated subsidiaries:	**—**	—	—	**—**	—	—
Less: Dividends on preferred shares	**6,791**	6,791	—	**20,373**	17,967	2,406
Net loss attributable to shareholders from continuing operations	**$ (77,825)**	$ (69,994)	$ (7,831)	**$ (204,369)**	$ (172,467)	$ (31,902)

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

(in thousands)	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Change
Net loss attributable to shareholders from continuing operations	**$ (77,825)**	$ (69,994)	$ (7,831)	**$ (204,369)**	$ (172,467)	$ (31,902)
Add: Provision for (benefit from) income taxes	**677**	—	677	**186**	(74)	260
Add: Equity-based compensation expense	**—**	—	—	**—**	—	—
Add: Acquisition and transaction expenses	**2,586**	6,349	(3,763)	**7,701**	11,822	(4,121)
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**19,861**	—	19,861	**19,861**	3,254	16,607
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Add: Depreciation and amortization expense	**2,048**	2,016	32	**6,136**	5,953	183
Add: Interest expense and dividends on preferred shares	**46,962**	56,887	(9,925)	**152,570**	133,565	19,005
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	**—**	—	—	**—**	—	—
Less: Equity in earnings of unconsolidated entities	**—**	—	—	**—**	—	—
Less: Non-controlling share of Adjusted EBITDA	**—**	—	—	**—**	—	—
Adjusted EBITDA (non-GAAP)	**$ (5,691)**	$ (4,742)	$ (949)	**$ (17,915)**	$ (17,947)	$ 32

Revenues

Total revenues increased $6.9 million during the three months ended September 30, 2022 due to an increase of $7.4 million in the Offshore Energy business as two of our vessels were on-hire longer in Q3 2022 compared to Q3 2021.

Total revenues increased $13.0 million during the nine months ended September 30, 2022 primarily due to an increase of $12.0 million in the Offshore Energy business as two of our vessels were on-hire longer in 2022 compared to 2021.

Expenses

Comparison of the three months ended September 30, 2022 and 2021

Total expenses decreased $6.9 million primarily due to lower interest expense and acquisition and transaction expenses, partially offset by higher operating expenses.

- Interest expense decreased $9.9 million, which reflects a decrease in the average outstanding debt of approximately $113.2 million due to decreases in (i) the Bridge Loans of $433 million, which were fully paid off in September 2021, (ii) the Senior Notes due 2025 of $132.8 million, which were partially redeemed in August 2022, partially offset by increases in (iii) the Senior Notes due 2028 of $334.7 million, (iv) the 2021 Bridge Loans issued in December 2021 and February 2022 of $113.3 million, and (v) the Revolving Credit Facility of $5.0 million.
- Acquisition and transaction expense decreased $3.8 million primarily due to a decrease in professional fees related to the Transtar acquisition in Q3 2021.
- Operating expenses increased $7.1 million which reflects increases of offshore crew expenses, project costs and other operating expenses as our vessels were on-hire longer in Q3 2022 compared to Q3 2021.

Comparison of the nine months ended September 30, 2022 and 2021

Total expenses increased $25.6 million primarily due to higher interest expense, operating expenses, general and administrative expenses partially offset by lower acquisition and transaction expenses.

- Interest expense increased $16.6 million, which reflects an increase in the average outstanding debt of approximately $577.8 million due to increases in (i) the Senior Notes due 2028 of $613.1 million, (ii) the 2021 Bridge Loans issued in December 2021 and February 2022 of $237.7 million and (iii) the Revolving Credit Facility of $73.4 million, partially offset by a decrease in (iv) the Bridge Loans of $144.4 million, (v) the Senior Notes due 2022 of $177.4 million, which was redeemed in full in May 2021, and (vi) the Senior Notes due 2025 of $44.6 million, which were partially redeemed in August 2022.
- Operating expenses increased $11.5 million, which reflects increases of of offshore crew expenses, project costs and other operating expenses as our vessels were on-hire longer in 2022 compared to 2021.

- General and administrative increased $2.2 million primarily due to an increase in reimbursable expenses to the Manager.
- Acquisition and transaction expense decreased $4.1 million primarily due a decrease in professional fees related to the Transtar acquisition in 2021.

Other expense

Total other expense increased $20.9 million during the three months ended September 30, 2022, which primarily reflects a loss on extinguishment of debt of $19.9 million related to the pay-down of the 2021 Bridge Loans and the partial redemption of the Senior Notes due 2025.

Total other expense increased $16.6 million during the nine months ended September 30, 2022, which primarily reflects $16.6 million increase in loss on extinguishment of debt primarily related to the pay-down of the 2021 Bridge Loans and the partial redemption of the Senior Notes due 2025.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA decreased $0.9 million and $0.0 million during the three and nine months ended September 30, 2022, respectively, primarily due to the changes noted above.

Liquidity and Capital Resources

On April 28, 2022, the Board of Directors unanimously approved the spin-off of FTAI Infrastructure. The spin-off was effected as a distribution of all of the shares owned by the Company of common stock of FTAI Infrastructure to the holders of the Company's common shares as of July 21, 2022. The distribution was completed on August 1, 2022.

In connection with the spin-off, FTAI Infrastructure paid a dividend of $730.3 million to the Company. The Company used these proceeds to repay all outstanding borrowings under its 2021 bridge loans, $200.0 million of its 6.50% senior unsecured notes due 2025, and approximately $175.0 million of the outstanding borrowings under its revolving credit facility. FTAI retained the aviation business and certain other assets, and FTAI's remaining outstanding corporate indebtedness.

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 investments amid the COVID-19 pandemic and market volatility.

Our principal uses of liquidity have been and continue to be (i) acquisitions of aircraft and engines, (ii) dividends to our common and preferred shareholders, (iii) expenses associated with our operating activities, and (iv) debt service obligations associated with our investments.

- Cash used for the purpose of making investments was $545.7 million and $1,112.1 million during the nine months ended September 30, 2022 and 2021, respectively.
- Dividends to shareholders were $119.0 million and $103.2 million during the nine months ended September 30, 2022 and 2021, 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 aviation 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 operating activities, plus the principal collections on finance leases and maintenance reserve collections were $18.5 million and $4.1 million during the nine months ended September 30, 2022 and 2021, respectively.
- During the nine months ended September 30, 2022, additional borrowings were obtained in connection with the (i) 2021 Bridge Loans of $239.5 million (ii) Revolving Credit Facility of $255.0 million and (iii) EB-5 Loan Agreement of $9.5 million. We made total principal repayments of (i) $444.5 million relating to the Revolving Credit Facility, (ii) $340.0 million related to the 2021 Bridge Loans and (iii) $200.0 million related to the Senior Notes due 2025. During the nine months ended September 30, 2021, additional borrowings were obtained in connection with the (i) Senior Notes due 2028 of $1,002.5 million, (ii) Bridge Loans of $650.0 million and (ii) Revolving Credit Facility of $450.0 million (iv) Series 2021 Bonds of $425.0 million and (v) EB-5 Loan Agreement of $26.1 million. We made total principal repayments of $1,452.7 million relating to the Bridge Loans, Senior Notes due 2022 and Revolving Credit Facility.
- Proceeds from the sale of assets were $267.4 million and $78.5 million during the nine months ended September 30, 2022 and 2021, respectively.

- Proceeds from the issuance of common shares, net of underwriter's discount were $291.8 million, and proceeds from the issuance of preferred shares, net of underwriter's discount and issuance costs were $101.2 million during the nine months ended September 30, 2021.

We are currently evaluating several potential transactions and related financings, which could occur within the next 12 months. None of these potential transactions, negotiations, or financings 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 or related financing.

Historical Cash Flow

Comparison of the nine months ended September 30, 2022 and 2021

The following table compares the historical cash flow for the nine months ended September 30, 2022 and 2021:

	Nine Months Ended September 30,	
(in thousands)	**2022**	**2021**
Cash Flow Data:		
Net cash used in operating activities	**$ (21,299)**	$ (20,708)
Net cash used in investing activities	**(268,367)**	(1,030,280)
Net cash (used in) provided by financing activities	**(77,653)**	1,349,020

Net cash used in operating activities increased $0.6 million, which primarily reflects (i) an increase in our net loss of $127.9 million, and certain adjustments to reconcile net loss to cash used in operating activities including (ii) an increase in gain on sale of assets of $88.9 million, and (iii) changes in working capital of $42.4 million, partially offset by (iv) increases in asset impairment of $125.1 million, provision for credit losses of $46.4 million, deferred income taxes of $17.2 million, equity in losses of unconsolidated entities of $36.9 million and loss on extinguishment of debt of $16.6 million.

Net cash used in investing activities decreased $761.9 million, primarily due to (i) an decrease in acquisitions of business, net of cash acquired, of $623.6 million, (ii) higher proceeds from the sale of leasing equipment of $183.6 million and (iii) a decrease in investment of unconsolidated entities of $47.2 million, partially offset by (iv) an increase in acquisition of leasing equipment of $61.1 million and (ii) an increase in acquisitions of property, plant and equipment of $29.3 million.

Net cash provided by financing activities decreased $1,426.7 million, primarily due to (i) a decrease in proceeds from debt of $2,049.6 million, partially offset by (ii) a decrease in repayments of debt of $468.2 million.

Cash Flows of Discontinued Operations

The cash flows related to discontinued operations have not been segregated and are included in the Consolidated Statements of Cash Flows for all periods presented.

The absence of cash flows from discontinued operations is not expected to adversely affect our liquidity or our ability to fund capital expenditures or working capital needs. The discontinued operations historically generated negative operating and investing cash flows. We also have current availability for borrowing of up to $225.0 million.

Debt Obligations

Refer to Note 8 of the Consolidated Financial Statements for additional information.

Contractual Obligations

Our material cash requirements include the following contractual and other obligations:

Debt Obligations—As of September 30, 2022, we had outstanding principal and interest payment obligations of $2.1 billion and $0.6 billion, respectively, of which, $0.0 million and $136.3 million, respectively, are due in the next twelve months. See Note 8 to the consolidated financial statements for additional information about our debt obligations.

Lease Obligations—As of September 30, 2022, we had outstanding operating and finance lease obligations of $3.1 million, of which, $0.8 million is due in the next twelve months.

Other Cash Requirements—In addition to our contractual obligations, we pay quarterly cash dividends on our common shares and preferred shares, which are subject to change at the discretion of our Board of Directors. During the last twelve months, we declared cash dividends of $131.4 million and $27.2 million on our common shares and preferred shares, respectively.

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.

Critical Accounting Estimates and Policies

There were no material changes to our critical accounting estimates described in our Annual Report on Form 10-K for the year ended December 31, 2021.

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. The ICE Benchmark Administration ceased publication of one-week and two-month USD LIBOR settings after December 31, 2021 and intends to cease publishing the remaining USD LIBOR settings after June 30, 2023. We are monitoring related reform proposals and evaluating the related risks and, as a result of LIBOR's phase out, amended our revolving credit facility to incorporate SOFR as the successor rate to LIBOR; 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, SOFR or other benchmark indices could result in adverse consequences to the rate of interest payable and receivable on, market value of and market liquidity for financial instruments tied to variable interest rate indices.

Our borrowing agreements generally require payments based on a variable interest rate index, such as SOFR. 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 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, if any. 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 and Series B preferred shares, on which distributions currently accrue interest at a fixed rate but will accrue interest at a floating rate based on a certain variable interest rate index plus a spread from and after September 15, 2024.

As of September 30, 2022, 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 have no impact to 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 been no 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

A pandemic, including COVID-19, could have an adverse impact on our business, financial condition, and results of operations.

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, and may in the future implement, numerous measures intended to mitigate the outbreak, such as travel bans and restrictions, quarantines, shutdowns and testing or vaccination mandates. The COVID-19 pandemic continues to be dynamic and evolving, including a resurgence of COVID-19 cases in certain geographies, and its ultimate scope, duration and impact, including the efficacy and 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 industries and customers, which in turn may impact our business, results of operations and financial condition. Effects of the current pandemic have included, or may in the future include, among others:

- deterioration of worldwide, regional or national economic conditions and activity, which could 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;
- asset impairment charges and a decline in revenues;
- 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 increasing the financial stress of our lessees;
- any related off hire due to global supply chain disruptions resulting from quarantines, worker health, regulations or other impacts of the COVID-19 pandemic, 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 or increased cost of 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 potential interest rate increases and declines in 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.

As the COVID-19 pandemic continues to evolve, the extent to which COVID-19 impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions that may be required to try and contain COVID-19 or treat its impact. We continue to monitor the pandemic and, the extent to which the continued spread of the virus adversely affects our customer base and therefore revenue. As the COVID-19 pandemic is complex and rapidly evolving, our plans as described above may change. At this point, we cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on our business, results of operations, financial position and cash flows.

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 aviation and offshore equipment industries. 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. Several 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 have in the past been exposed to increased credit risk from our customers and third parties who have obligations to us, which resulted in non-performance of contracts by our lessees and adversely impacted our business, financial condition, results of operations and cash flows. We cannot assure you that similar loss events may not occur in the future.

Instability in geographies where we have assets or where we derive revenue could have a material adverse effect on our business, customers, operations and financial results.

Economic, civil, military and political uncertainty exists and may increase in regions where we operate and derive our revenue. Various countries in which we operate are experiencing and may continue to experience military action and civil and political unrest. We have assets in the emerging market economies of Eastern Europe, including some assets in Russia and Ukraine. In late February 2022, Russian military forces launched significant military action against Ukraine. Sustained conflict and disruption in the region is likely. The impact to Russia and Ukraine, as well as actions taken by other countries, including new and stricter export controls and sanctions by Canada, the United Kingdom, the European Union, the U.S. and other countries and organizations against officials, individuals, regions, and industries in Russia and Ukraine, and each country's potential response to such sanctions, tensions and military actions, could have a material adverse effect on our business and delay or prevent us from accessing certain of our assets. We are actively monitoring the security of our remaining assets in the region.

The aviation and offshore industries 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;
- potential reduced cash flows and financial condition, including potential liquidity restraints;
- 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, aviation 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, 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 flows.

The airline industry is heavily regulated, and if we fail to comply with applicable requirements, our results of operations could suffer.

The Federal Aviation Administration ("FAA") and equivalent regulatory agencies have increasingly focused on the need to assure that airline industry products are designed with sufficient cybersecurity controls to protect against unauthorized access or other unwanted compromise. A failure to meet these evolving expectations could negatively impact sales into the industry and expose us to legal or contractual liability.

Governmental agencies throughout the world, including the FAA, prescribe standards and qualification requirements for aircraft components, including virtually all commercial airline and general aviation products. Specific regulations vary from country to country, although compliance with FAA requirements generally satisfies regulatory requirements in other countries. If any material authorization or approval qualifying us to supply our products is revoked or suspended, then sale of the product would be prohibited by law, which would have an adverse effect on our business, financial condition and results of operations.

From time to time, the FAA or equivalent regulatory agencies in other countries propose new regulations or changes to existing regulations, which often are more stringent than existing regulations. If such proposals are adopted and enacted, we may incur significant additional costs to achieve compliance, which could have a material adverse effect on our business, financial condition and results of operations.

Recent trends by China's aviation authority to relax restrictions on airspace may be reversed, and anticipated new regulations loosening airspace restrictions may not materialize, which could impact sales prospects in China for our commercial aerospace businesses.

The retirement or prolonged grounding of commercial aircraft could reduce our revenues and the value of any related inventory.

We sell aircraft components and replacement parts. If aircraft or engines for which we offer aircraft components and replacement parts are retired or grounded for prolonged periods of time and there are fewer aircraft that require these components or parts, our revenues may decline as well as the value of any related inventory.

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. 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 aviation and offshore energy equipment 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.

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, 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 inability to obtain certain components from suppliers could harm our business.

Our business is affected by the availability and price of the component parts that we use to manufacture our products. Our ability to manage inventory and meet delivery requirements may be constrained by our suppliers' ability to adjust delivery of long-lead time products during times of volatile demand. The supply chains for our business could also be disrupted by external events such as natural disasters, extreme weather events, pandemics, labor disputes, governmental actions and legislative or regulatory changes. As a result, our suppliers may fail to perform according to specifications when required and we may be unable to identify alternate suppliers or to otherwise mitigate the consequences of their non-performance.

Transitions to new suppliers may result in significant costs and delays, including those related to the required recertification of parts obtained from new suppliers with our customers and/or regulatory agencies. Our inability to fill our supply needs could jeopardize our ability to fulfill obligations under customer contracts, which could result in reduced revenues and profits, contract penalties or terminations, and damage to customer relationships. Further, increased costs of such components could reduce our profits if we were unable to pass along such price in-creases to our customers.

We could be negatively impacted by environmental, social, and governance (ESG) and sustainability-related matters.

Governments, investors, customers, employees and other stakeholders are increasingly focusing on corporate ESG practices and disclosures, and expectations in this area are rapidly evolving. We have announced, and may in the future announce, sustainability-focused investments, partnerships and other initiatives and goals. These initiatives, aspirations, targets or objectives reflect our current plans and aspirations and are not guarantees that we will be able to achieve them. Our efforts to accomplish and accurately report on these initiatives and goals present numerous operational, regulatory, reputational, financial, legal, and other risks, any of which could have a material negative impact, including on our reputation and stock price.

In addition, the standards for tracking and reporting on ESG matters are relatively new, have not been harmonized and continue to evolve. Our selection of disclosure frameworks that seek to align with various voluntary reporting standards may change from time to time and may result in a lack of comparative data from period to period. Moreover, our processes and controls may not always align with evolving voluntary standards for identifying, measuring, and reporting ESG metrics, our interpretation of reporting standards may differ from those of others, and such standards may change over time, any of which could result in significant revisions to our goals or reported progress in achieving such goals. In this regard, the criteria by which our ESG practices and disclosures are assessed may change due to the quickly evolving landscape, which could result in greater expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. The increasing attention to corporate ESG initiatives could also result in increased investigations and litigation or threats thereof. If we are unable to satisfy such new criteria, investors may conclude that our ESG and sustainability practices are inadequate. If we fail or are perceived to have failed to achieve previously announced initiatives or goals or to accurately disclose our progress on such initiatives or goals, our reputation, business, financial condition and results of operations could be adversely impacted.

We may be affected by fluctuating prices for fuel and energy.

Volatility in energy prices could have a significant effect on a variety of items including, but not limited to: the economy; demand for transportation services; business related to the energy sector including the fuel prices and fuel surcharges.

International, political, and economic factors, events and conditions, including current sanctions against Russia related to its invasion of Ukraine, affect the volatility of fuel prices and supplies. Weather can also affect fuel supplies and limit domestic refining capacity. A severe shortage of, or disruption to, domestic fuel supplies could have a material adverse effect on our results of operations, financial condition, and liquidity. In addition, lower fuel prices could have a negative impact on commodities we process and transport, such as crude oil and petroleum products, which could have a material adverse effect on our results of operations, financial condition, and liquidity.

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. A number of our contractual arrangements-for example, our leasing aircraft engines 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, aviation and offshore 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 aviation and offshore energy 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 and offshore sectors, we are actively evaluating potential acquisitions of assets and operating companies in other sectors of the aviation and offshore 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 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 amended and restated revolving credit facility entered into on December 2, 2021 (as amended by Amendment No. 1 dated as of April 28, 2022 and Amendment No. 2 dated as of September 20, 2022, the “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, pay dividends on our common and preferred shares 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 or other hostilities 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, 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 or other hostilities. 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 typically 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 and greenhouse gas emissions. Legislative and regulatory measures currently under consideration or being implemented by government authorities to address climate change could require reductions in our greenhouse gas or other emissions, establish a carbon tax or increase fuel or energy taxes. These legal requirements are expected to result in increased capital expenditures and compliance costs, and could result in higher costs and may require us to acquire emission credits or carbon offsets. These costs and restrictions could harm our business and results of operations by increasing our expenses or requiring us to alter our operations. The inconsistent international, regional and/or national requirements associated with climate change regulations also create economic and regulatory uncertainty.

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 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. In addition, a variety of new legislation is being enacted, or considered for enactment, at the federal, state and local levels relating to greenhouse gas emissions and climate change. While there has historically been a lack of consistent climate change legislation, as climate change concerns continue to grow, further legislation and regulations are expected to continue in areas such as greenhouse gas emissions control, emission disclosure requirements and building codes or other infrastructure requirements that impose energy efficiency standards. Government mandates, standards or regulations intended to mitigate or reduce greenhouse gas emissions or projected climate change impacts could result in increased energy and transportation costs, and increased compliance expenses and other financial obligations to meet permitting or development requirements that we may be unable to fully recover (due to market conditions or other factors), any of which could result in reduced profits and adversely affect our results of operations. While we typically maintain liability insurance coverage and typically require our lessees to provide us with indemnity against certain losses, the insurance coverage is subject to large deductibles, limits on maximum coverage and significant exclusions and may not be sufficient or available to protect against any or all liabilities and such indemnities may not cover or be sufficient to protect us against losses arising from environmental damage. In addition, changes to environmental standards or regulations in the industries in which we operate could limit the economic life of the assets we acquire or reduce their value, and also require us to make significant additional investments in order to maintain compliance, which would negatively impact our cash flows and results of operations.

The 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. 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. The IBA ceased publication of one-week and two-month USD LIBOR settings after December 31, 2021, and intends to cease publishing 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 of September 30, 2022, we had $0.0 million of total debt outstanding under facilities with interest rates based on floating-rate indices. As a result of LIBOR's phase out, our revolving credit facility was amended to incorporate SOFR as the successor rate to LIBOR, and our December 2021 bridge loan bears interest based on SOFR. There are significant differences between how LIBOR and SOFR are calculated, which could result in increased borrowing costs. We cannot predict to what extent the withdrawal and replacement of LIBOR will impact us. However, the implementation of alternative underlying floating-rate indices and reference rates may have an adverse impact on our business, results of operations or financial condition.

A cyberattack that bypasses our information technology ("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.

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

Aviation and offshore projects are exposed to unplanned interruptions caused by breakdown or failure of equipment, aging infrastructure, employee error or contractor or subcontractor failure, problems that delay or increase the cost of returning facilities to service after outages, limitations that may be imposed by equipment conditions or environmental, safety or other regulatory requirements, fuel supply or fuel transportation reductions or interruptions, labor disputes, difficulties with the implementation or operation of information systems, derailments, power outages, pipeline or electricity line ruptures, catastrophic events, such as hurricanes, cyclones, earthquakes, landslides, floods, explosions, fires, or other disasters. Any equipment or system outage or constraint can, among other things, reduce sales, increase costs and affect the ability to meet regulatory service metrics, customer expectations and regulatory reliability and security requirements. We have in the past experienced power outages at plants which disrupted their operations and negatively impacted our revenues. We cannot assure you that similar events may not occur in the future. 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.

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 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 as a holding and operating company in the transportation section. 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 payments distributed to the Master GP 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.

In connection with the SoftBank Merger, Fortress operates within SoftBank as an independent business headquartered in New York.

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

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

There are conflicts of interest inherent in our relationship with our Manager insofar as our Manager and its affiliates invest in aviation and offshore 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, some of our directors and officers are also directors or officers of FTAI Infrastructure. Although we have the same Manager, we may compete with entities affiliated with our Manager or Fortress for certain target assets. From time to time, entities affiliated with or managed by our Manager or Fortress may focus on investments in assets with a similar profile as our target assets that we may seek to acquire. These affiliates may have meaningful purchasing capacity, which may change over time depending upon a variety of factors, including, but not limited to, available equity capital and debt financing, market conditions and cash on hand. Fortress has multiple existing and planned funds focused on investing in one or more of 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 aviation and offshore 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 operating companies similar to us or pooled investment vehicles that invest in assets that meet our asset acquisition objectives. Our Manager has also engaged in additional transportation and infrastructure related management with FTAI Infrastructure in our recent spin-off of our infrastructure assets, and may be involved in other investment opportunities in the future, any of 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, 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 Master GP’s compensation arrangements may have unintended consequences for us. We have agreed to pay our Manager a management fee and Master GP is entitled to receive incentive payments from the Company or its subsidiaries 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 Master GP and our Manager are both affiliates of Fortress, the Income Incentive Payment paid to Master GP 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 payments. 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.

In connection with the spin-off, we entered into a new Management Agreement with our Manager, the terms of which are substantially similar to our previous management agreement.

The Management Agreement will remain in effect following the merger. In addition, prior to the merger, Master GP was entitled to certain incentive allocations (comprised of income incentive allocations and capital gains incentive allocations) pursuant to the partnership agreement for the Partnership which will be terminated in connection with the transaction. Following the closing of the merger, Master GP will be entitled to the same incentive allocations pursuant to the Services and Profit Sharing Agreement on substantially similar terms as the existing arrangements.

Our directors have approved a broad asset acquisition strategy for our Manager and will 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 will not review or pre-approve each proposed acquisition or our related financing arrangements. In addition, in conducting periodic reviews, the directors will 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 distributions 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, 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 distributions from us. Such shareholders may not receive cash distributions 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 certain shareholders could be subject to income inclusions in respect of the “subpart F income” and "global intangible low-taxed income" (“GILTI”) of the CFC. Treasury regulations, which are already effective with respect to GILTI and that will generally be effective beginning in 2023 with respect to subpart F income, 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 less than 10% of the voting power or value of such CFCs through their ownership in FTAI.

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, provided such PFIC is not also a CFC. 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). Treasury Regulations have been proposed that would require partners in a partnership – rather than the partnership itself – to make a QEF election with respect to stock of a PFIC held indirectly through a partnership, if a partner so chooses. A partner that makes such an election generally would be subject to tax on a current basis on its share of 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 the PFIC or from us. In addition, under the proposed regulations, the PFIC rules would apply with respect to a partner’s indirect interest in a PFIC that is held through a partnership even if such entity is also a CFC with respect to the partnership. As a result, if finalized in substantially their current form, these regulations would generally result in the PFIC rules applying to FTAI investors with respect to foreign corporations that are majority- or wholly-owned by us.

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, we do not anticipate allocating any items of our income, gain, loss or deduction to holders of our preferred shares, nor do we anticipate allocating them 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 in respect of the preferred coupon 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.

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 current law, any such gain that is treated as effectively connected will generally be subject to U.S. federal income tax. In addition, after December 31, 2022, certain brokers effecting transfers of our shares are 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 or certain exceptions apply. Additionally, we (or certain qualified intermediaries) may be required to deduct and withhold certain amounts with respect to distributions to the transferees of our shares. 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.

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 generally 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 or in certain other instances. A shareholder may therefore recognize a gain in a sale of our common shares even 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 Holdco 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 by FTAI 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.

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, which could 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.

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 may, in the future, 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 or gain at the regular U.S. federal income tax rates. 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 corporate tax rate, currently 21%. 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 could adversely affect our business and 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, which could adversely affect our business and result in decreased funds available for distribution to our shareholders.

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. 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. Investors should consult their own tax advisors regarding the potential U.S. federal, state, foreign, local and any other tax considerations of the ownership and disposition of our shares.

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 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.

An increase in market interest rates may have an adverse effect on the market price of our shares.

One of the factors that investors may consider in deciding whether to buy or sell our shares is our distribution rate as a percentage of our share price relative to market interest rates. If the market price of our shares is based primarily on the earnings and return that we derive from our investments and income with respect to our investments and our related distributions to shareholders, and not from the market value of the investments themselves, then interest rate fluctuations and capital market conditions will likely affect the market price of our shares. For instance, if market interest rates rise without an increase in our distribution rate, the market price of our shares could decrease, as potential investors may require a higher distribution yield on our shares or seek other securities paying higher distributions or interest. In addition, rising interest rates would result in increased interest expense on our outstanding and future (variable and fixed) rate debt, thereby adversely affecting cash flows and our ability to service our indebtedness and pay distributions.

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. 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 3,903,010 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 September 30, 2022, rights relating to 3,737,742 of our common shares were outstanding under the Incentive Plan. In the future on the date of any equity issuance by us during the remaining portion of 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 remaining portion of 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. Furthermore, in light of the recent spin-off of FTAI Infrastructure, we expect that the amount of our quarterly dividends will be reduced to give effect to the spin-off. 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, our existing indebtedness does, and our future indebtedness may, limit our ability to pay dividends on our common and preferred shares. Moreover, pursuant to the Services and Profit Sharing Agreement, the Master GP will be entitled to receive incentive payments 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.

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 August 12, 2022, between Fortress Transportation and Infrastructure Investors LLC, FTAI Finance Holdco Ltd. and FTAI Aviation Merger Sub LLC (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K, filed August 15, 2022).
	2.2	Separation and Distribution Agreement, dated as of August 1, 2022, between FTAI Infrastructure Inc. and Fortress Transportation and Infrastructure Investors LLC (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K, filed August 1, 2022)
	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).
	3.6	Form of Certificate of Designations (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K, filed July 1, 2022).
	4.1	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).
	4.2	Form of global note representing the Company's 6.50% senior unsecured notes due 2025 (included in Exhibit 4.8).
	4.3	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).
	4.4	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).
	4.5	Indenture, dated July 28, 2020, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 9.75% senior unsecured notes due 2027 (incorporated by reference to Exhibit 4.1 to Fortress Transportation and Infrastructure Investors LLC's Current Report on Form 8-K, filed July 28, 2020).
	4.6	Indenture, dated April 12, 2021, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 5.50% senior unsecured notes due 2028 (incorporated by reference to Exhibit 4.1 to Fortress Transportation and Infrastructure Investors LLC's Form 8-K, filed April 12, 2021).
	4.7	Form of global note representing the Company's 5.50% senior unsecured notes due 2028 (included in Exhibit 4.12).
	4.8	First Supplemental Indenture, dated as of September 24, 2021, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 5.50% senior unsecured notes due 2028 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on September 24, 2021).
	4.9	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).
	4.10	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).
	4.11	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).
	4.12	Description of Securities Registered under Section 12 of the Exchange Act (incorporated by reference to Exhibit 4.18 to Fortress Transportation and Infrastructure Investors LLC's Form 10-K, filed February 25, 2022).
	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 July 31, 2022, by and among Fortress Transportation and Infrastructure Investors LLC, FTAI Finance Holdco Ltd., the Subsidiaries that are party thereto and FIG LLC (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed August 1, 2022)
†	10.3	Form of Services and Profit Sharing Agreement (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, filed August 1, 2022)
†	10.4	Trademark License Agreement, dated as of August 1, 2022, between Fortress Transportation and Infrastructure Investors LLC and FTAI Infrastructure Inc. (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K, filed August 1, 2022)
	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).

	Exhibit No.	Description
†	10.6	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).
	10.7	Second Amended and Restated Credit Agreement, dated as of September 20, 2022, between Fortress Transportation and Infrastructure Investors LLC, 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 September 20, 2022)
	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 September 30, 2022, 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.*

** *Certain schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K.*

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:	October 31, 2022
By:	/s/ Eun (Angela) Nam Eun (Angela) Nam Chief Financial Officer	Date:	October 31, 2022

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.

October 31, 2022
(Date)

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

EXHIBIT 31.2

SECTION 302 CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Eun (Angela) Nam, 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.

October 31, 2022	/s/ Eun (Angela) Nam
(Date)	Eun (Angela) Nam Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Quarterly Report on Form 10-Q of Fortress Transportation and Infrastructure Investors LLC (the "Company") for the quarterly period ended September 30, 2022 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
October 31, 2022

EXHIBIT 32.2

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

In connection with the Quarterly Report on Form 10-Q of Fortress Transportation and Infrastructure Investors LLC (the “Company”) for the quarterly period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Eun (Angela) Nam, 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 her 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/ Eun (Angela) Nam

Eun (Angela) Nam
Chief Financial Officer
October 31, 2022