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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **March 31, 2016**
OR

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

For the transition period from ____ to ____

Commission file number **001-37386**

FORTRESS
TRANSPORTATION
& INFRASTRUCTURE

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
(Exact name of registrant as specified in its charter)

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

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

____
(Former name, former address and former fiscal year,
if changed since last report)

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

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

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

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

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 75,730,165 common shares representing limited liability company interests outstanding at April 29, 2016.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

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FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

CONSOLIDATED BALANCE SHEETS (Unaudited)
(Dollar amounts in thousands, except share and per share data)

	Notes	March 31, 2016	December 31, 2015
Assets			
Cash and cash equivalents		$ 347,912	$ 381,703
Restricted cash	2	65,985	21,610
Accounts receivable, net		16,200	14,466
Leasing equipment, net	3	651,175	636,681
Finance leases, net	4	10,026	82,521
Property, plant, and equipment, net	5	301,822	299,678
Investments in and advances to unconsolidated entities	6	10,329	10,675
Intangible assets, net	7	41,545	44,129
Goodwill		116,584	116,584
Other assets	2	44,870	36,758
Total assets		**$ 1,606,448**	**$ 1,644,805**
Liabilities			
Accounts payable and accrued liabilities		$ 31,086	$ 34,995
Debt, net	8	264,340	266,221
Maintenance deposits		28,353	30,494
Security deposits		16,145	15,990
Other liabilities		7,447	6,419
Total liabilities		**347,371**	**354,119**
Commitments and Contingencies	16		
Equity			
Common Shares ($0.01 par value per share; 2,000,000,000 shares authorized; 75,730,165 and 75,718,183 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively)		757	757
Additional Paid In Capital		1,159,319	1,184,198
Accumulated Deficit		(24,551)	(18,769)
Accumulated other comprehensive income		—	97
Shareholders' equity		1,135,525	1,166,283
Non-controlling interest in equity of consolidated subsidiaries		123,552	124,403
Total equity		**1,259,077**	**1,290,686**
Total liabilities and equity		**$ 1,606,448**	**$ 1,644,805**

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(Dollar amounts in thousands, except share and per share data)

	Notes	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Revenues			
Equipment leasing revenues		$ 19,575	$ 23,038
Infrastructure revenues		11,878	10,935
Total revenues	10	31,453	33,973
Expenses			
Operating expenses		14,358	14,719
General and administrative		2,588	348
Acquisition and transaction expenses		1,059	368
Management fees and incentive allocation to affiliate	13	4,348	2,414
Depreciation and amortization	2, 5, 7	13,217	10,562
Interest expense		5,303	4,815
Total expenses		40,873	33,226
Other income			
Equity in earnings of unconsolidated entities	6	85	1,241
Gain on sale of equipment and finance leases, net		1,722	3
Loss on extinguishment of debt		(1,579)	—
Interest income		9	187
Other income (expense)		40	(6)
Total other income		277	1,425
(Loss) Income before income taxes		**(9,143)**	**2,172**
Provision (benefit) for income taxes	12	(66)	230
Net (loss) income		**(9,077)**	**1,942**
Less: Net income (loss) attributable to non-controlling interests in consolidated subsidiaries		(3,295)	(3,506)
Net (loss) income attributable to shareholders		**$ (5,782)**	**$ 5,448**
Basic and Diluted (Loss) Earnings Per Share	15	$ (0.08)	$ 0.10
Weighted Average Shares Outstanding		75,727,369	53,502,873

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (Unaudited)
(Dollar amounts in thousands, unless otherwise noted)

	Three Months Ended March 31,	
	2016	**2015**
Net (loss) income	$ (9,077)	$ 1,942
Other comprehensive (loss) income:		
Change in fair value of cash flow hedge	(97)	(139)
Comprehensive (loss) income	**$ (9,174)**	**$ 1,803**
Comprehensive (loss) income attributable to non-controlling interest	$ (3,295)	$ (3,506)
Comprehensive (loss) income attributable to shareholders	**$ (5,879)**	**$ 5,309**

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)
(Dollar amounts in thousands, unless otherwise noted)

	Common Stock	Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Non-Controlling Interest in Equity of Consolidated Subsidiaries	Total Equity
Equity - December 31, 2015	**$ 757**	**$ 1,184,198**	**$ (18,769)**	**$ 97**	**$ 124,403**	**$ 1,290,686**
Comprehensive (loss) income:						
Net (loss) income for the period			(5,782)		(3,295)	(9,077)
Other comprehensive (loss) income			—	(97)	—	(97)
Total comprehensive (loss) income			(5,782)	(97)	(3,295)	(9,174)
Capital contributions	—	—			6,420	6,420
Issuance of common shares	—	112			—	112
Dividends declared		(24,991)			(13)	(25,004)
Equity-based compensation		—			(3,963)	(3,963)
Equity - March 31, 2016	**$ 757**	**$ 1,159,319**	**$ (24,551)**	**$ —**	**$ 123,552**	**$ 1,259,077**

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Dollar amounts in thousands, unless otherwise noted)

	Three Months Ended March 31,	
	2016	**2015**
Cash flows from operating activities:		
Net (loss) income	$ (9,077)	$ 1,942
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in earnings of unconsolidated entities	(85)	(1,241)
Gain on sale of equipment	(1,722)	(3)
Security deposits and maintenance claims included in earnings	—	(1,120)
Loss on extinguishment of debt	1,579	—
Equity based compensation	(3,963)	1,420
Depreciation and amortization	13,217	10,562
Change in current and deferred income taxes	(389)	32
Change in fair value of non-hedge derivative	3	8
Amortization of lease intangibles and incentives	1,637	2,156
Amortization of deferred financing costs	585	366
Operating distributions from unconsolidated entities	30	54
Bad debt expense	32	4
Other	138	(207)
Change in:		
Accounts receivable	(1,769)	(141)
Other assets	(2,849)	441
Accounts payable and accrued liabilities	(1,284)	(7,387)
Management fees payable to affiliate	(81)	(1,212)
Other liabilities	199	548
Net cash (used in) provided by operating activities	**$ (3,799)**	**$ 6,222**
Cash flows from investing activities:		
Release of restricted cash	$ 14,207	$ 4,653
Payments to restricted cash	(17,124)	—
Investment in notes receivable	(408)	—
Principal collections on finance leases	2,204	2,941
Acquisition of leasing equipment	(27,317)	(33)
Acquisition of property plant and equipment	(8,622)	(44,296)
Purchase deposit for aircraft and aircraft engines	(3,275)	—
Proceeds from sale of finance leases	71,000	—
Proceeds from sale of property, plant and equipment	36	121
Proceeds from sale of leasing equipment	4,392	—
Return of capital distributions from unconsolidated entities	401	933
Net cash provided by (used in) investing activities	**$ 35,494**	**$ (35,681)**

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Dollar amounts in thousands, unless otherwise noted)

	Three Months Ended March 31,	
	2016	**2015**
Cash flows from financing activities:		
Proceeds from debt	$ 103,158	$ 200
Repayment of debt	(146,410)	(4,255)
Payment of deferred financing costs	(2,494)	—
Receipt of security deposits	455	500
Return of security deposits	(124)	(69)
Receipt of maintenance deposits	3,071	1,552
Release of maintenance deposits	(5,385)	(3,386)
Capital contributions from shareholders	—	61,991
Capital distributions to shareholders	—	(23,718)
Capital contributions from non-controlling interests	6,420	11,922
Capital distributions to non-controlling interests	—	(111)
Cash dividends paid	(24,177)	—
Net cash (used in) provided by financing activities	**$ (65,486)**	**$ 44,626**
Net (decrease) increase in cash and cash equivalents	**(33,791)**	**15,167**
Cash and cash equivalents, beginning of period	381,703	22,125
Cash and cash equivalents, end of period	**$ 347,912**	**$ 37,292**
Supplemental disclosure of non-cash investing and financing activities:		
Restricted cash proceeds from borrowings of debt	$ 44,342	$ —
Acquisition of leasing equipment	(1,920)	(555)
Proceeds from sale of leasing equipment	500	—
Acquisition of property, plant and equipment	(353)	—
Settled and assumed security deposits	(176)	(143)
Billed and assumed maintenance deposits	173	1,523
Issuance of common stock	112	—
Deferred financing costs	(3,072)	—
Dividends payable	(827)	—
Change in fair value of cash flow hedge	—	(139)

See accompanying notes to consolidated financial statements.

1. ORGANIZATION

Fortress Transportation and Infrastructure Investors LLC (the "Company") is a Delaware limited liability company which, through its subsidiary, Fortress Transportation and Infrastructure General Partnership (the "Partnership"), is engaged in the ownership and leasing of aviation equipment, offshore energy equipment and shipping containers, and also owns and operates a short line railroad in North America, Central Maine and Québec Railway ("CMQR"), and a multi-modal crude oil and refined products terminal in Beaumont, Texas ("Jefferson Terminal"). The Company has five reportable segments, Aviation Leasing, Offshore Energy, Shipping Containers, Jefferson Terminal and Railroad, which operate in two primary businesses, Equipment Leasing and Infrastructure (Note 14).

The Company is managed by FIG LLC (the "Manager"), an affiliate of Fortress Investment Group LLC ("Fortress"), pursuant to a management agreement (the "Management Agreement") which provides for the Company to bear obligations for management fees and expense reimbursements payable to the Manager (Note 13).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—-The unaudited consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States ("GAAP") and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial reporting. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. The consolidated balance sheet at December 31, 2015 has been derived from audited financial statements but does not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair statement of the Company's financial position, results of operations and cash flows have been included and are of a normal and recurring nature. The operating results presented for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the entire year. The interim financial information contained herein should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2015 included in Form 10-K.

Principles of Consolidation—The Company consolidates all entities in which it has a controlling financial interest and in which it has control over significant operating decisions, as well as variable interest entities ("VIEs") in which the Company is the primary beneficiary. All significant intercompany transactions and balances have been eliminated. The ownership interest of other investors in consolidated subsidiaries is recorded as non-controlling interest.

The Company uses the equity method of accounting for investments in entities in which the Company exercises significant influence but which do not meet the requirements for consolidation. Under the equity method, the Company records its proportionate share of the underlying net income (loss) of these entities.

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.

The VIE in which the Company has an interest is WWTAI IES MT6015 Ltd. ("MT6015"), an entity formed in 2014 which has entered into a contract with a shipbuilder for the construction of an offshore multi service / inspection, maintenance and repair vessel (the "Vessel") for a price of approximately $75 million. A subsidiary of the Company and a third party each hold a 50% interest in MT6015 and have equal representation on its board of directors. In connection with the initial capitalization of MT6015, another subsidiary of the Company provided the third party partner with a $3,725 loan which was utilized by the third party partner to fund its equity contribution to MT6015. In addition, the agreement provides the Company with disproportionate voting rights, in certain situations, as defined in the agreement. Accordingly, the Company determined that MT6015 is a VIE and that it was the primary beneficiary; accordingly, MT6015 has been presented on a consolidated basis in the accompanying financial statements.

In connection with the formation of MT6015, the joint venture partner is obligated to fund an additional equity contribution of $11,925 and secure a charter for the vessel, at which time the Company would be obligated to contribute additional equity of $11,925.

At March 31, 2016 and December 31, 2015, MT6015 had total assets of $7,533, which are available only to settle the obligations of MT6015. Other than entering into the above commitment, MT6015 has conducted no operations, and no creditors of MT6015 have recourse to any assets or to the general credit of the Company.

Reclassifications—Certain prior period amounts have been reclassified to conform to current period presentation.

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, the Company encounters 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 the Company operates which could adversely impact the pricing of the services offered by the Company 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 the Company's leasing equipment or operating assets. Capital market risk is the risk that the Company is unable to obtain capital at reasonable rates to fund the growth of its business or to refinance existing debt facilities. The Company, through its subsidiaries, also conducts operations outside of the United States; such international operations are subject to the same risks as those associated with its 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. The Company does not have significant exposure to foreign currency risk as all of its leasing arrangements, terminal services revenue and the majority of freight rail revenue are denominated in U.S. dollars.

Restricted Cash—Restricted cash of $65,985 and $21,610 at March 31, 2016 and December 31, 2015, respectively, consists of cash held in segregated accounts pursuant to the requirements of the Company's debt agreements (Note 8).

Concentration of Credit Risk—The Company is subject to concentrations of credit risk with respect to amounts due from customers on its finance leases and operating leases. The Company attempts to limit its credit risk by performing ongoing credit evaluations. During the three months ended March 31, 2016, the Company earned approximately 12.3% of its revenue from one customer in the Jefferson Terminal segment. During the three months ended March 31, 2015, the Company earned approximately 14% of its revenue from one lessee in the offshore energy segment. As of March 31, 2016, accounts receivable from two customers in the offshore segment each represented 23.6% and 22.7% of total accounts receivable, net. As of December 31, 2015, accounts receivable from two customers in the offshore segment each represented 27.1% and 25.4% of total accounts receivable, net.

The Company maintains cash and restricted cash balances, which generally exceed federally insured limits, and subject the Company to credit risk, in high credit quality financial institutions. The Company monitors the financial condition of these institutions and has not experienced any losses associated with these accounts.

Provision for Doubtful Accounts—The Company determines the provision for doubtful accounts based on its assessment of the collectability of its receivables on a customer-by-customer basis. The provision for doubtful accounts at March 31, 2016 and December 31, 2015 was $444 and $392, respectively. Bad debt expense was $32 and $4 for the three months ended March 31, 2016 and 2015, respectively.

Comprehensive Income (Loss)—Comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances, excluding those resulting from investments by and distributions to owners. The Company's comprehensive income (loss) represents net income (loss), as presented in the accompanying Consolidated Statements of Operations, adjusted for fair value changes related to derivatives accounted for as cash flow hedges and the Company's pro-rata share of items of comprehensive income derived from investments in unconsolidated entities.

The Company had reclassification adjustments of $97 and $37, which impacted accumulated other comprehensive income during the three months ended March 31, 2016 and 2015, respectively.

Derivative Financial Instruments**—**In the normal course of business the Company may utilize interest rate derivatives to manage its exposure to interest rate risks, principally related to the hedging of variable rate interest payments on various debt facilities. If certain conditions are met, an interest rate derivative may be specifically designated as a cash flow hedge. In connection with its debt obligations, the Company had entered into one interest rate derivative designated as a cash flow hedge and one non-hedge derivative. The Company terminated both derivatives during the three months ended March 31, 2016 when the related debt obligations were paid in full. For the interest rate derivative designated as a cash flow hedge, all remaining net gains or losses in accumulated other comprehensive income at the date of termination were reclassified into earnings during the three months ended March 31, 2016.

The Company does not enter into speculative derivative transactions.

Other Assets**—**Other Assets is primarily comprised of notes receivables of $19,656 and $19,468, leasing equipment purchase deposits of $10,728 and $7,450, capitalized costs for potential asset acquisitions of $7,007 and $5,473, as of March 31, 2016 and December 31, 2015, respectively. Additionally, during the three months ended March 31, 2016, the Company purchased and took physical delivery of heavy crude for blending for $1,558. The crude inventory has been also been recorded within Other Assets on the Consolidated Balance Sheet, at lower of cost or market as of March 31, 2016.

Dividends**—**Dividends are recorded when declared by the Board of Directors. During the three months ended March 31, 2016, the Board of Directors declared a cash dividend of $0.33 per share.

Recent Accounting Pronouncements—In February 2015, the FASB issued ASU 2015-02, *Amendments to the Consolidation Analysis* ("ASU 2015-02"). ASU 2015-02 amends the consolidation guidance for VIEs and general partners' investments in limited partnerships and modifies the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities. ASU 2015-02 is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted. The Company has adopted ASU 2015-02 as of January 1, 2016 and the adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, *Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03"). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The guidance is effective for reporting periods beginning after December 15, 2015 and interim periods within those fiscal years with early adoption permitted. ASU 2015-03 should be applied on a retrospective basis, wherein the balance sheet of each period presented should be adjusted to reflect the effects of adoption. The Company has adopted ASU 2015-03 as of January 1, 2016 and revised its consolidated balance sheet to present debt issuance costs as a direct deduction from Debt rather than within Other Assets, for all periods presented.

In August 2015, the FASB issued ASU No. 2015-15, *Interest - Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated With Line-Of-Credit Arrangements* ("ASU 2015-15"). ASU 2015-15 provides further guidance related to the presentation or subsequent measurement of debt issuance costs related to line-of-credit arrangements. ASU 2015-15 allows companies to defer and present debt issuance costs as an asset or as a direct deduction from the carrying amount of that debt liability and subsequently amortize the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings of the line-of-credit arrangement. The guidance is effective for reporting periods beginning after December 15, 2015 and interim periods within those fiscal years with early adoption permitted. The Company has adopted ASU 2015-15 as of January 1, 2016 and revised its consolidated balance sheet to present debt issuance costs related to debt drawn under a line-of-credit arrangements as a direct deduction from Debt rather than within Other Assets, for all periods presented.

In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations- Simplifying the Accounting for Measurement-Period Adjustments* ("ASU 2015-16"). ASU 2015-16 requires an acquirer in a business combination to recognize adjustments to the initial purchase accounting that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendments in this update require that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. ASU No. 2015-16 is effective for annual and interim reporting periods beginning after December 15, 2015. The Company has adopted ASU 2015-16 as of January 1, 2016 and the adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

Unadopted Accounting Pronouncements—In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“ASU-2014-09”) which provides a single comprehensive model for recognizing revenue from contracts with customers and supersedes existing revenue recognition guidance. The new standard requires that a company recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration the company expects to receive in exchange for those goods or services. Companies will need to use more judgment and estimates than under the guidance currently in effect, including estimating the amount of variable revenue to recognize over each identified performance obligation. Additional disclosures will be required to help users of financial statements understand the nature, amount and timing of revenue and cash flows arising from contracts. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date,* to defer the effective date of ASU 2014-09 by one year, making it effective for annual reporting periods beginning after December 15, 2017 while also providing for early adoption but not before the original effective date. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In August 2015, the FASB issued ASU No. 2015-11, *“Simplifying the Measurement of Inventory” (Topic 330)* (“ASU 2015-11”), which simplifies the measurement of inventory by requiring certain inventory to be measured at the “lower of cost and net realizable value” and the previous parameters for “market value” will be eliminated. ASU 2015-11 defines net realizable value as the “estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.” The standard will be effective for fiscal years beginning after December 15, 2016, with earlier adoption permitted. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* (“ASU 2016-01”). ASU 2016-01 requires (i) equity investments, except those accounted for under the equity method of accounting or those that result in consolidation of the investee, to be measured at fair value with changes in fair value recognized in net income, (ii) public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, and (iii) separate presentation of financial assets and financial liabilities by measurement category and form of financial asset. ASU 2016-01 also eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. The pronouncement is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017, with early adoption permitted. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (“ASU 2016-02”). ASU 2016-02 amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. ASU 2016-02 will be effective beginning in the first quarter of 2019, with early adoption permitted. ASU 2016-02 requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-06, *Contingent put and call options in debt instruments* ("ASU 2016-06"). ASU 2016-06 simplifies the embedded derivative analysis for debt instruments containing contingent call or put options. ASU 2016-06 will be effective fiscal years beginning after December 15, 2016, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Consideration (Reporting Revenue Gross versus Net)* ("ASU 2016-08"). ASU 2016-08 clarifies how an entity should identify the unit of accounting for the principal versus agent evaluation, how it should apply the control principle to certain types of arrangements, and provides indicators of when an entity controls the good or service and is acting as principal. ASU 2016-08 will be effective beginning in the first quarter of 2018, with early adoption permitted in the first quarter of 2017. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"). ASU 2016-09 requires the income tax effects of awards to be recognized in the income statement when the awards vest or are settled, increases the amount an employer can withhold to cover income taxes on awards and still qualify for the exception to liability classification, and allow recognizing forfeitures of awards as they occur. ASU 2016-09 will be effective beginning in the first quarter of 2017, with early adoption permitted. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

(Dollar amounts in thousands, unless otherwise noted)

3. LEASING EQUIPMENT, NET

Leasing equipment, net is summarized as follows:

	March 31, 2016			
Equipment	**Aviation Leasing**	**Offshore Energy**	**Jefferson Terminal**	**Total**
Leasing equipment:	$ 475,677	$ 184,995	$ 44,326	$ 704,998
Less: Accumulated depreciation	(40,708)	(11,292)	(1,823)	(53,823)
Leasing equipment, net	$ 434,969	$ 173,703	$ 42,503	$ 651,175

	December 31, 2015			
Equipment	**Aviation Leasing**	**Offshore Energy**	**Jefferson Terminal**	**Total**
Leasing equipment:	$ 452,602	$ 184,284	$ 44,326	$ 681,212
Less: Accumulated depreciation	(33,281)	(9,704)	(1,546)	(44,531)
Leasing equipment, net	$ 419,321	$ 174,580	$ 42,780	$ 636,681

During the three months ended March 31, 2016, the Company acquired six commercial jet engines and sold one commercial jet engine. During the three months ended March 31, 2015, the Company did not acquire or sell any equipment held for lease. Depreciation expense for leasing equipment for the three months ended March 31, 2016 and 2015 was $9,292 and $7,022, respectively.

4. FINANCE LEASES, NET

Finance leases, net are summarized as follows:

	March 31, 2016	December 31, 2015		
	Total	**Offshore Energy**	**Shipping Containers**	**Total**
Finance leases	$ 19,535	$ 20,037	$ 82,332	$ 102,369
Unearned revenue	(9,509)	(9,915)	(9,933)	(19,848)
Finance leases, net	$ 10,026	$ 10,122	$ 72,399	$ 82,521

During the three months ended March 31, 2016, the Company completed the sale of approximately 42,000 shipping containers that were subject to direct finance leases for a modest gain. As of March 31, 2016, the Company's remaining finance lease is related to the Offshore Energy segment.

At March 31, 2016, future minimum lease payments to be received under finance leases for the remainder of the lease terms are as follows:

	Total
2016	$ 1,511
2017	2,008
2018	2,008
2019	2,008
2020	2,013
Thereafter	9,987
Total	$ 19,535

(Dollar amounts in thousands, unless otherwise noted)

5. PROPERTY, PLANT AND EQUIPMENT, NET

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

	March 31, 2016		
	Railroad	Jefferson Terminal	Total
Land and site improvements	$ 5,478	$ 14,049	$ 19,527
Construction in progress	1,583	44,232	45,815
Buildings and improvements	557	2,193	2,750
Crude oil terminal machinery and equipment	—	225,210	225,210
Track and track related assets	17,433	—	17,433
Railroad equipment	777	—	777
Railcars and locomotives	2,361	—	2,361
Computer hardware and software	133	34	167
Furniture and fixtures	121	289	410
Vehicles	766	44	810
	29,209	286,051	315,260
Less: accumulated depreciation	(3,450)	(12,819)	(16,269)
Spare parts	—	2,831	2,831
Property, plant and equipment, net	$ 25,759	$ 276,063	$ 301,822

	December 31, 2015		
	Railroad	Jefferson Terminal	Total
Land and site improvements	$ 5,478	$ 14,014	$ 19,492
Construction in progress	893	55,034	55,927
Buildings and improvements	557	2,193	2,750
Crude oil terminal machinery and equipment	—	210,857	210,857
Track and track related assets	17,159	—	17,159
Railroad equipment	1,050	—	1,050
Railcars and locomotives	1,720	—	1,720
Computer hardware and software	118	34	152
Furniture and fixtures	121	289	410
Vehicles	503	44	547
	27,599	282,465	310,064
Less: accumulated depreciation	(2,907)	(10,308)	(13,215)
Spare parts	—	2,829	2,829
Property, plant and equipment, net	$ 24,692	$ 274,986	$ 299,678

During three months ended March 31, 2016 additional property, plant and equipment of $5,234 was acquired, and is included within construction in progress, vehicles, land and site improvements, and computer hardware and software. During the three months ended March 31, 2016, disposals of railroad equipment totaled $36. During the three months ended March 31, 2015, additional property, plant and equipment of $38,857 was acquired, and is included within land and improvements, buildings and improvements, crude oil machinery and equipment, and construction in progress. During the three months ended March 31, 2015, disposals of railroad equipment totaled $119. Depreciation expense for property, plant and equipment was $3,026 and $2,645, for the three months ended March 31, 2016 and 2015, respectively.

(Dollar amounts in thousands, unless otherwise noted)

6. INVESTMENT IN UNCONSOLIDATED ENTITY

The Company acquired a 51% non-controlling interest in Intermodal Finance I, Ltd., a joint venture, in 2012. Intermodal Finance I, Ltd owns a portfolio of multiple finance leases, representing six customers and comprising approximately 57,000 shipping containers as well as a portfolio of approximately 37,000 shipping containers subject to multiple operating leases. As of March 31, 2016 and December 31, 2015, the carrying value of this investment was $10,329 and $10,675, respectively.

Summary financial information for Intermodal Finance I, Ltd is follows:

	Three Months Ended March 31,	
	2016	**2015**
Revenue		
Total revenues	$ 3,400	$ 4,318
Expenses		
Operating expenses	230	193
General and administrative	302	161
Depreciation and amortization	1,794	597
Interest expense	791	1,043
Total expenses	3,117	1,994
Other Income		
Loss on disposal of equipment	(179)	—
Total Other Income	(179)	—
Net income	104	2,324
Other comprehensive income	—	—
Comprehensive income	$ 104	$ 2,324
Company's equity in earnings	$ 85	$ 1,241

(Dollar amounts in thousands, unless otherwise noted)

	March 31, 2016	December 31, 2015
Assets		
Cash and cash equivalents	$ 6	$ 4,796
Restricted cash	6,083	2,117
Accounts Receivable	961	1,153
Leasing equipment, net of accumulated depreciation of $8,822 and $7,305, respectively	44,445	47,735
Finance Leases, net	29,515	34,261
Other assets	149	31
Total Assets	$ 81,159	$ 90,093
Liabilities		
Accounts payable and accrued liabilities	157	154
Syndication liabilities	2,209	3,201
Debt, net	75,772	82,991
Other liabilities	4	458
Total Liabilities	$ 78,142	$ 86,804
Members' Equity		
Members' Equity	3,017	3,289
Total members' equity	3,017	3,289
Total liabilities and members' equity	$ 81,159	$ 90,093
Company's investment in and advances to unconsolidated entity	$ 10,329	$ 10,675

(Dollar amounts in thousands, unless otherwise noted)

7. INTANGIBLE ASSETS AND LIABILITIES, NET

The Company's intangible assets and liabilities, net are summarized as follows:

	March 31, 2016			
	Aviation Leasing	Jefferson Terminal	Railroad	Total
Intangible assets:				
Acquired favorable lease intangibles	$ 22,881	$ —	$ —	$ 22,881
Accumulated amortization	(11,382)	—	—	(11,382)
Total acquired favorable lease intangibles, net	11,499	—	—	11,499
Customer relationships	—	35,513	225	35,738
Accumulated amortization	—	(5,606)	(86)	(5,692)
Total acquired customer relationships, net	—	29,907	139	30,046
Total intangible assets, net	$ 11,499	$ 29,907	$ 139	$ 41,545
Intangible liabilities:				
Acquired unfavorable lease intangibles	$ 1,171	$ —	$ —	$ 1,171
Accumulated amortization	(258)	—	—	(258)
Total acquired unfavorable lease intangibles, net	$ 913	$ —	$ —	$ 913

	December 31, 2015			
	Aviation Leasing	Jefferson Terminal	Railroad	Total
Intangible assets:				
Acquired favorable lease intangibles	$ 22,881	$ —	$ —	$ 22,881
Accumulated amortization	(9,697)	—	—	(9,697)
Total acquired favorable lease intangibles, net	13,184	—	—	13,184
Customer relationships	—	35,513	225	35,738
Accumulated amortization	—	(4,718)	(75)	(4,793)
Total acquired customer relationships, net	—	30,795	150	30,945
Total intangible assets, net	$ 13,184	$ 30,795	$ 150	$ 44,129
Intangible liabilities:				
Acquired unfavorable lease intangibles	$ 1,171	$ —	$ —	$ 1,171
Accumulated amortization	(151)	—	—	(151)
Total acquired unfavorable lease intangibles, net	$ 1,020	$ —	$ —	$ 1,020

Intangible liabilities relate to unfavorable lease intangibles and are included as a component of other liabilities in the accompanying Consolidated Balance Sheets. Amortization of intangible assets and liabilities is recorded in the Consolidated Statements of Operations as follows:

(Dollar amounts in thousands, unless otherwise noted)

	Three Months Ended March 31,		Classification in Consolidated Statements of Operations
	2016	2015	
Lease intangibles	$ 1,578	$ 2,096	Equipment leasing revenues
Customer relationships	899	895	Depreciation and amortization
Total	$ 2,477	$ 2,991	

As of March 31, 2016, estimated net annual amortization of intangibles is as follows:

2016	$ 6,796
2017	6,757
2018	5,941
2019	4,530
2020	3,580
Thereafter	13,028
Total	$ 40,632

8. DEBT, NET

The Company’s debt, net is summarized as follows:

	March 31, 2016	December 31, 2015
Loans payable		
Container Loan #1	$ —	$ 34,761
Container Loan #2	—	11,338
FTAI Pride Credit Agreement	65,625	67,188
CMQR Credit Agreement	12,860	9,407
Jefferson Terminal Credit Agreement	—	98,750
Total loans payable	78,485	221,444
Bonds payable		
Series 2012 Bonds (including unamortized premium of $1,738 and $1,751 at March 31, 2016 and December 31, 2015, respectively)	47,248	47,261
Series 2016 Bonds	144,200	—
Total bonds payable	191,448	47,261
Note payable to non-controlling interest		
Note payable to non-controlling interest	2,352	2,352
Total note payable to non-controlling interest	2,352	2,352
Debt	$ 272,285	$ 271,057
less: Debt issuance costs	(7,945)	(4,836)
Total debt, net	264,340	266,221
Debt due within one year	$ 8,243	$ 24,791

Container Loan #1—On December 27, 2012, a subsidiary of the Company entered into a Credit Agreement ("Container Loan #1") with a bank for an initial aggregate amount of approximately $55,991 in connection with the acquisition of a portfolio of shipping containers subject to finance leases. Container Loan #1 required monthly payments of interest and scheduled principal payments through its maturity on December 27, 2017 and could be prepaid without penalty after the third anniversary of the closing of the loan. In connection with Container Loan #1, the Company entered into an interest rate swap agreement (the "Swap") on January 17, 2013 with respect to 70% of the outstanding balance of Container Loan #1 and designated as a cash flow hedge which fixed the LIBOR rate at 0.681%. During the three months ended March 31, 2016, all amounts outstanding under Container Loan #1 and the Swap were paid in full using the proceeds from the sale of the underlying assets, and such agreements were terminated.

Container Loan #2—On August 15, 2013, a subsidiary of the Company entered into a Credit Agreement ("Container Loan #2") with a bank for an initial aggregate amount of approximately $21,548 in connection with the acquisition of a portfolio of shipping containers subject to finance leases. Container Loan #2 required quarterly payments of interest and scheduled principal payments through its maturity on August 28, 2018 and could be prepaid without penalty at any time. In connection with Container Loan #2, the Company entered into an interest rate cap agreement (the "Cap") on September 20, 2013, with respect to 50% of the portion of the outstanding balance of Container Loan #2, not designated as a cash flow hedge, which capped LIBOR at 2.5%. During the three months ended March 31, 2016, all amounts outstanding under Container Loan #2 and the Cap were paid in full using the proceeds from the sale of the underlying assets, and such agreements were terminated.

CMQR Credit Agreement—On March 28, 2016, CMQR amended its credit agreement (the "CMQR Credit Agreement") with a financial institution for a revolving line of credit to increase the aggregate amount from $10,000 to $20,000 and to extend the maturity date to September 18, 2018. Borrowings under the CMQR Credit Agreement bear interest at either (i) Adjusted LIBOR plus a spread of 2.50% or 4.50%, (ii) the U.S. or Canadian Base Rate plus a spread of 1.50% or 3.50%, or (iii) the Canadian Fixed Rate plus a spread of 2.50% or 4.50%, as defined by the CMQR Credit Agreement.

The CMQR Credit Agreement is also indirectly supported by Fortress Transportation and Infrastructure Investors LLC (the "Sponsor"). In the event of a default under the credit agreement, CMQR's lenders can cause CMQR to call up to a total of $29 million in capital from the Sponsor, and in the event of CMQR's bankruptcy, the lenders can put the debt back to the Sponsor. The CMQR Credit Agreement contains affirmative and negative covenants which limit certain actions of CMQR.

Jefferson Terminal Credit Agreement—On August 27, 2014, a subsidiary of the Company, entered into a credit agreement (the "Jefferson Terminal Credit Agreement") with a financial institution for an aggregate amount of $100,000. The Jefferson Terminal Credit Agreement required quarterly payments of $250 beginning with the quarter ending December 31, 2014, with such quarterly payments increasing to $1,250 beginning with the quarter ending December 31, 2016, and could be prepaid or repaid at any time prior to its maturity on February 27, 2018. On March 8, 2016, all amounts outstanding under the Jefferson Terminal Credit Agreement were paid in full and such agreement was terminated. Accordingly, during the three months ended March 31, 2016, the Company recorded a loss on extinguishment of debt of $1,579.

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

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

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

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

The Company was in compliance with all debt covenants as of March 31, 2016.

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 the Company to develop its own assumptions about how market participants price the asset or liability.

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

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

The following tables set forth the Company's financial assets measured at fair value on a recurring basis as of March 31, 2016 and December 31, 2015, by level within the fair value hierarchy. Assets measured at fair value are classified in their entirety based on the lowest level of input that is significant to their fair value measurement.

(Dollar amounts in thousands, unless otherwise noted)

	Fair Value as of March 31, 2016	Fair Value Measurements at March 31, 2016 Using Fair Value Hierarchy			
	Total	**Level 1**	**Level 2**	**Level 3**	Valuation Technique
Assets:					
Cash and cash equivalents	$ 347,912	$ 347,912	$ —	$ —	Market
Restricted cash	65,985	65,985	—	—	Market
Total	$ 413,897	$ 413,897	$ —	$ —	

	Fair Value as of December 31, 2015	Fair Value Measurements at December 31, 2015 Using Fair Value Hierarchy			
	Total	**Level 1**	**Level 2**	**Level 3**	Valuation Technique
Assets:					
Cash and cash equivalents	$ 381,703	$ 381,703	$ —	$ —	Market
Restricted cash	21,610	21,610	—	—	Market
Derivative assets	101	—	101	—	Income
Total	$ 403,414	$ 403,313	$ 101	$ —	

At March 31, 2016 and December 31, 2015, the Company had no liabilities that were measured at fair value on a recurring basis.

The Company's cash and cash equivalents and restricted cash consist largely of demand deposit accounts with maturities of 90 days or less when purchased that are considered to be highly liquid. These instruments are valued using inputs observable in active markets for identical instruments and are therefore classified as Level 1 within the fair value hierarchy.

Except as discussed below, the Company's financial instruments other than cash and cash equivalents and restricted cash, consist principally of accounts receivable, accounts payable and accrued liabilities, loans payable, bonds payable, security deposits, maintenance deposits and management fees payable, whose fair value approximates their carrying value based on an evaluation of pricing data, vendor quotes, and historical trading activity or due to their short maturity profiles.

The Company's notes receivable at March 31, 2016 and December 31, 2015, which is included as a component of other assets on the accompanying Consolidated Balance Sheets, consist of a $3,725 loan bearing interest at 12.0% made to the Company's joint venture partner in MT 6015 (Note 2) which is collateralized by other property owned by the joint venture partner. At March 31, 2016 and December 31, 2015, the Company's notes receivable also included a $15,277 and $14,869, respectively, loan bearing interest at 10% related to a terminal site under development, collateralized by property at that site. The fair value of these notes receivable approximate carrying value due to both bearing a market rate of interest for similar types of loans and is classified as Level 2 within the fair value hierarchy.

The fair value of Series 2012 bonds, reported in Debt on the Consolidated Balance Sheets, was approximately $49,268 at both March 31, 2016 and December 31, 2015, based upon market prices for similar municipal securities. The fair values of all other items reported as Debt on 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.

The Company measures the fair value of certain assets and liabilities on a non-recurring basis when GAAP requires the application of fair value, including events or changes in circumstances that indicate that the carrying amounts of assets may not be recoverable. Assets subject to these measurements include goodwill, intangible assets, property, plant and equipment and leasing equipment. The Company records 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 the Company's assumptions as to future cash flows from operation of the underlying businesses and the leasing and eventual sale of assets.

During the three months ended March 31, 2016 and 2015, no impairment charges were recognized.

(Dollar amounts in thousands, unless otherwise noted)

10. REVENUES

Components of revenue are as follows:

	Three Months Ended March 31, 2016					
	Equipment Leasing			Infrastructure		
Revenues	**Aviation Leasing**	**Offshore Energy**	**Shipping Containers**	**Jefferson Terminal**	**Railroad**	**Total**
Equipment leasing revenues						
Lease income	$ 12,847	$ 75	$ —	$ —	$ —	$ 12,922
Maintenance revenue	5,106	—	—	—	—	5,106
Finance lease income	—	410	1,112	—	—	1,522
Other revenue	—	—	25	—	—	25
Total equipment leasing revenues	$ 17,953	$ 485	$ 1,137	$ —	$ —	$ 19,575
Infrastructure revenues						
Lease income	—	—	—	—	—	—
Rail revenues	—	—	—	—	7,999	7,999
Terminal services revenues	—	—	—	3,879	—	3,879
Total infrastructure revenues	$ —	$ —	$ —	$ 3,879	$ 7,999	$ 11,878
Total revenues	$ 17,953	$ 485	$ 1,137	$ 3,879	$ 7,999	$ 31,453

	Three Months Ended March 31, 2015					
	Equipment Leasing			Infrastructure		
Revenues	**Aviation Leasing**	**Offshore Energy**	**Shipping Containers**	**Jefferson Terminal**	**Railroad**	**Total**
Equipment leasing revenues						
Lease income	$ 9,739	$ 6,266	$ —	$ —	$ —	$ 16,005
Maintenance revenue	3,386	—	—	—	—	3,386
Finance lease income	—	410	1,901	—	—	2,311
Other revenue	1,120	191	25	—	—	1,336
Total equipment leasing revenues	$ 14,245	$ 6,867	$ 1,926	$ —	$ —	$ 23,038
Infrastructure revenues						
Lease income	—	—	—	1,410	—	1,410
Rail revenues	—	—	—	—	6,289	6,289
Terminal services revenues	—	—	—	3,236	—	3,236
Total infrastructure revenues	—	—	—	$ 4,646	$ 6,289	$ 10,935
Total revenues	$ 14,245	$ 6,867	$ 1,926	$ 4,646	$ 6,289	$ 33,973

Minimum future annual revenues contracted to be received under existing operating leases of equipment at March 31, 2016 are as follows:

2016	$ 39,997
2017	37,396
2018	24,779
2019	14,417
2020	7,206
Thereafter	1,452
Total	$ 125,247

11. EQUITY BASED COMPENSATION

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

As of March 31, 2016, the Incentive Plan provides for the issuance of up to 30,000,000 shares. The Company accounts for equity-based compensation expense in accordance with Accounting Standards Codification 718 *Compensation-Stock Compensation* ("ASC 718") and is reported within Operating Expenses and General and Administrative in the Consolidated Statements of Operations.

Information on equity based compensation as of March 31, 2016 is as follows:

Stock Options

	Options	Weighted-Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Stock options outstanding at January 1, 2016	15,000	16.98		
Granted				
Exercised	—			
Forfeited and cancelled	—			
Stock options outstanding and exercisable as of March 31, 2016	15,000	16.98	9.17	$ —

Restricted Shares

The Company granted equity based compensation to employees of a subsidiary consisting of 1.3 million restricted shares of such subsidiary's equity instruments in exchange for services to be provided. At issuance, the restricted shares had an assumed forfeiture rate of zero. One award for 1.25 million restricted shares can vest in three tranches over three years, subject to continued employment and the achievement of three separate performance conditions based on EBITDA for that subsidiary, as defined. The award expires in August 2017. The award is equity based, with compensation expense recognized ratably over the remaining service period when it is probable that the performance conditions will be achieved. The grant date fair value of the award is $23,879 which was based on the fair value per share on August 27, 2014, the date of grant, and estimated using a market approach. As of March 31, 2016, the achievement of all performance conditions was not deemed probable and accordingly expense previously recognized in prior periods was reversed of $4,402 in Operating Expenses in the Consolidated Statement of Operations.

A second award, expected to vest over four years, was partially accelerated and the remainder forfeited, according to the original terms of the agreement, when employment ended during the three months ended March 31, 2016. The grant date fair value of the award was $800, based on the fair value per share on the date of grant, estimated using a market approach. As of March 31, 2016, 50% of this award vested, with the remaining 50% forfeited.

As of March 31, 2016, 20,939 restricted shares were vested and 1.25 million restricted shares were unvested and outstanding. All restricted shares were outstanding and unvested December 31, 2015.

Common Units

The Company has granted equity based compensation to employees of a subsidiary consisting of 1.4 million common units of such subsidiary's equity instruments with an aggregate grant date fair value of $1,688 in exchange for services to be provided. The awards have varying terms, ranging between 16 and 36 months, and vest subject to continued employment through each respective vesting date. The awards are equity based, with compensation expense recognized ratably over the vesting periods. The awards have an assumed forfeiture rate of zero. As of March 31, 2016 and December 31, 2015, 717 and 733 common units were nonvested, respectively. During the three months ended March 31, 2016, 16 common units vested, with a fair value of $23.

The fair value of the awards are based on the fair value of the operating subsidiary on each date of grant, which was estimated using a discounted cash flow analysis which requires the application of discount factors and terminal multiples to projected cash flows. Discount factors and terminal multiples were based on market based inputs and transactions, as available at the measurement dates.

(Dollar amounts in thousands, unless otherwise noted)

The Company's Statements of Operations includes the following (income) expense related to its stock-based compensation arrangements:

	Three Months Ended March 31, 2016	Remaining Expense To Be Recognized, If All Vesting Conditions Are Met
Stock Options	$ —	$ —
Restricted Shares	(4,168)	23,879
Common Units	205	263
Total	$ (3,963)	$ 24,142

During the three months ended March 31, 2015, the Company recorded stock-based compensation expense related to restricted shares and common units of $853 and $567, respectively.

12. INCOME TAXES

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

	March 31,	
	2016	2015
Current:		
Federal	$ 20	$ 29
State and local	31	8
Foreign	10	115
Total current provision	61	152
Deferred:		
Federal	4	15
State and local	—	(1)
Foreign	(131)	64
Total deferred provision	(127)	78
Total provision (benefit) for income taxes	$ (66)	$ 230

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

The Company's effective tax rate differs from the U.S. federal tax rate of 35% primarily due to a significant portion of its income that is not subject to U.S. corporate tax rates or that is deemed to be foreign sourced and is either not taxable or taxable at effectively lower tax rates.

As of and for the period ended March 31, 2016, the Company had not established a liability for uncertain tax positions as no such positions existed. In general, the Company's tax returns and the tax returns of its corporate subsidiaries are subject to U.S. federal, state, local and foreign income tax examinations by tax authorities. Generally, the Company is not subject to examination by taxing authorities for tax years prior to 2012. The Company does 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.

13. MANAGEMENT AGREEMENT AND AFFILIATE TRANSACTIONS

The Manager is paid annual fees in exchange for advising the Company on various aspects of its business, formulating its investment strategies, arranging for the acquisition and disposition of assets, arranging for financing, monitoring performance, and managing its 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 the Company’s behalf, including the costs of legal, accounting and other administrative activities. In May 2015, in connection with the Company's initial public offering (the “IPO”), the Company entered into a new management agreement with the Manager, (the “Management Agreement”) which replaced its then-existing management agreement as a private fund. Additionally, the Company has entered into certain incentive allocation arrangements with the Master GP.

Pre-IPO Management Agreement

The pre-IPO management fee was calculated at an annual rate of 1.25% for any Onshore Fund or Offshore Fund investor (collectively, the “Fund Investors”) with a capital commitment of at least $100 million and 1.50% for any capital commitment of less than $100 million, payable semi-annually in arrears. Commencing with the date of the initial closing of the Onshore Fund and the Offshore Fund and continuing through the third anniversary of their final closing (the “Fund Commitment Period”), this percentage was applied to the weighted average of all capital called, reduced for any return of capital resulting from the partial or complete disposition of any Portfolio Investment, as defined therein. During the three months ended March 31, 2015, pre-IPO management fees were $2,414.

Post-IPO Management Agreement and Other Incentive Allocation

The Manager is entitled to a management fee and reimbursement of certain expenses. The post-IPO management fee is determined by taking the average value of total equity (excluding non-controlling interests) determined on a consolidated basis in accordance with GAAP at the end of the two most recently completed months multiplied by an annual rate of 1.50%, and is payable monthly in arrears in cash. The total post-IPO management fees for the three months ended March 31, 2016 was $4,348.

Additionally, the Company has entered into certain incentive allocation arrangements with the Master GP. No Income Incentive Allocation or Capital Gains Incentive Allocation was due to the Master GP for the three months ended March 31, 2016. During the three months ended March 31, 2016, expense reimbursement of $1,758 was recorded in General and Administrative and $1,013 was recorded in Acquisition and Transaction expenses in the Consolidated Statements of Operations.

As of March 31, 2016 and December 31, 2015, no amounts were receivable from the Manager. As of March 31, 2016 and December 31, 2015, amounts due to the Manager or its affiliates of $936 and $994, excluding accrued management fees, respectively, are included within other liabilities on the Consolidated Balance Sheets. As of March 31, 2016 and December 31, 2015, amounts due to the Manager or its affiliates of $1,479 and $1,506, respectively, related to accrued management fees, are included within accounts payable and accrued liabilities on the Consolidated Balance Sheets.

Other Affiliate Transactions

As of March 31, 2016 and December 31, 2015, an affiliate of the Company's Manager owns an approximately 20% interest in Jefferson Terminal which has been accounted for as a component of non-controlling interest in consolidated subsidiaries in the accompanying consolidated financial statements. The carrying amount of this non-controlling interest at March 31, 2016 and December 31, 2015 was $76,108 and $71,321. For the three months ending March 31, 2016 and March 31, 2015, the amount of this non-controlling interest share of net loss was $1,633 and $1,549, respectively.

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

A non-controlling interest holder of Jefferson Terminal provides construction services for Jefferson Terminal. At March 31, 2016 and December 31, 2015, accounts payable due to this vendor was $913 and $4,708, respectively.

14. SEGMENT INFORMATION

The Company's reportable segments represent strategic business units comprised of investments in different types of transportation and infrastructure assets. The Company has five reportable segments which operate in the Equipment Leasing and Infrastructure businesses across several market sectors. The Company's reportable segments are Aviation Leasing, Offshore Energy, Shipping Containers, Jefferson Terminal and Railroad. Aviation Leasing consists of aircraft and aircraft engines held for lease and are typically held long-term. Offshore Energy consists of vessels and equipment that support offshore oil and gas drilling and production which are typically subject to long-term operating leases. Shipping Containers consists of an investment in an unconsolidated entity engaged in the acquisition and leasing of shipping containers (on both an operating lease and finance lease basis). Jefferson Terminal consists of a multi-modal crude oil and refined products terminal and other related assets. Railroad consists of our CMQR railroad operations.

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

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

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

(Dollar amounts in thousands, unless otherwise noted)

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

I. For the Three Months Ended March 31, 2016

	Three Months Ended March 31, 2016						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Corporate	Total
Revenues							
Equipment leasing	$ 17,953	$ 485	$ 1,137	$ —	$ —	$ —	$ 19,575
Infrastructure	—	—	—	3,879	7,999	—	11,878
Total revenues	17,953	485	1,137	3,879	7,999	—	31,453
Expenses							
Operating expenses	817	3,601	30	2,688	7,222	—	14,358
General and administrative	—	—	—	—	—	2,588	2,588
Acquisition and transaction expense	—	—	—	—	—	1,059	1,059
Management fees and incentive allocation to affiliate	—	—	—	—	—	4,348	4,348
Depreciation and amortization	7,427	1,588	—	3,676	526	—	13,217
Interest expense	—	935	410	3,804	154	—	5,303
Total expenses	8,244	6,124	440	10,168	7,902	7,995	40,873
Other income (expense)							
Equity in earnings of unconsolidated entities	—	—	85	—	—	—	85
Gain on sale of equipment	1,208	—	304	—	210	—	1,722
Loss on extinguishment of debt	—	—	—	(1,579)	—	—	(1,579)
Interest income	1	2	—	6	—	—	9
Other income (expense)	—	—	(2)	42	—	—	40
Total other income (expense)	1,209	2	387	(1,531)	210	—	277
Income before income taxes	10,918	(5,637)	1,084	(7,820)	307	(7,995)	(9,143)
Provision (benefit) for income taxes	(97)	—	(4)	35	—	—	(66)
Net income (loss)	11,015	(5,637)	1,088	(7,855)	307	(7,995)	(9,077)
Less: Net income (loss) attributable to non-controlling interests in consolidated subsidiaries	97	(247)	—	(3,156)	13	(2)	(3,295)
Net income (loss) attributable to shareholders	$ 10,918	$ (5,390)	$ 1,088	$ (4,699)	$ 294	$ (7,993)	$ (5,782)

(Dollar amounts in thousands, unless otherwise noted)

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

	Three Months Ended March 31, 2016						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Corporate	Total
Adjusted Net Income (Loss)	$ 10,475	$ (5,390)	$ 1,087	$ (6,257)	$ 491	$ (6,938)	$ (6,532)
Add: Non-controlling share of adjustments to Adjusted Net Income							(989)
Add: Equity in earnings of unconsolidated entities							85
Add: Cash payments for income taxes							351
Less: Incentive allocations							—
Less: Pro-rata share of Adjusted Net Income from investments in unconsolidated entities							(85)
Less: Asset impairment charges							—
Less: Changes in fair value of non-hedge derivative instruments							(3)
Less: Losses on the modification or extinguishment of debt and capital lease obligations							(1,579)
Less: Acquisition and transaction expenses							(1,059)
Less: Equity-based compensation expense							3,963
Less: Provision for income taxes							66
Net income (loss) attributable to shareholders							(5,782)

Summary information with respect to the Company’s geographic sources of revenue, based on location of customer, is as follows:

	Three Months Ended March 31, 2016						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Corporate	Total
Revenues							
Africa	$ 2,779	$ —	$ —	$ —	$ —	$ —	$ 2,779
Asia	9,383	—	809	—	—	—	10,192
Europe	4,966	75	—	—	—	—	5,041
North America	460	410	328	3,879	7,999	—	13,076
South America	365	—	—	—	—	—	365
Total revenues	$ 17,953	$ 485	$ 1,137	$ 3,879	$ 7,999	$ —	$ 31,453

(Dollar amounts in thousands, unless otherwise noted)

II. As of and for the Three Months Ended March 31, 2015

	Three Months Ended March 31, 2015						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Corporate	Total
Revenues							
Equipment leasing	$ 14,245	$ 6,867	$ 1,926	$ —	$ —	$ —	$ 23,038
Infrastructure	—	—	—	4,646	6,289	—	10,935
Total revenues	14,245	6,867	1,926	4,646	6,289	—	33,973
Expenses							
Operating expenses	338	571	53	6,673	7,084	—	14,719
General and administrative	—	—	—	—	—	348	348
Acquisition and transaction expense	—	—	—	—	—	368	368
Management fees	—	—	—	—	—	2,414	2,414
Depreciation and amortization	5,256	1,489	—	3,308	509	—	10,562
Interest expense	—	956	642	3,087	130	—	4,815
Total expenses	5,594	3,016	695	13,068	7,723	3,130	33,226
Other income (expense)							
Equity in earnings of unconsolidated entities	—	—	1,241	—	—	—	1,241
Gain on sale of equipment	—	—	—	—	3	—	3
Interest income	8	139	—	40	—	—	187
Other income (expense)	—	—	(7)	1	—	—	(6)
Total other income (expense)	8	139	1,234	41	3	—	1,425
Income before income taxes	8,659	3,990	2,465	(8,381)	(1,431)	(3,130)	2,172
Provision for income taxes	214	—	16	—	—	—	230
Net income (loss)	8,445	3,990	2,449	(8,381)	(1,431)	(3,130)	1,942
Less: Net income attributable to non-controlling interests in consolidated subsidiaries	—	181	—	(3,654)	(33)	—	(3,506)
Net income (loss) attributable to shareholders	$ 8,445	$ 3,809	$ 2,449	$ (4,727)	$ (1,398)	$ (3,130)	$ 5,448

(Dollar amounts in thousands, unless otherwise noted)

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

	Three Months Ended March 31, 2015						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Corporate	Total
Adjusted Net Income (Loss)	$ 8,462	$ 3,809	$ 2,473	$ (4,215)	$ (844)	$ (2,762)	$ 6,923
Add: Non-controlling share of adjustments to Adjusted Net Income							354
Add: Equity in earnings of unconsolidated entities							1,241
Add: Cash payments for income taxes							197
Less: Pro-rata share of Adjusted Net Income from investments in unconsolidated entities							(1,241)
Less: Asset impairment charges							—
Less: Changes in fair value of non-hedge derivative instruments							(8)
Less: Losses on the modification or extinguishment of debt and capital lease obligations							—
Less: Acquisition and transaction expenses							(368)
Less: Equity-based compensation expense							(1,420)
Less: Provision for income taxes							(230)
Net income attributable to shareholders							$ 5,448

Summary information with respect to the Company's geographic sources of revenue, based on location of customer, is as follows:

	Three Months Ended March 31, 2015						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Corporate	Total
Revenues							
Africa	$ 3,116	$ —	$ —	$ —	$ —	$ —	$ 3,116
Asia	5,988	1,844	1,378	—	—	—	9,210
Europe	4,526	4,613	—	—	—	—	9,139
North America	480	410	548	4,646	6,289	—	12,373
South America	135	—	—	—	—	—	135
Total revenues	$ 14,245	$ 6,867	$ 1,926	$ 4,646	$ 6,289	$ —	$ 33,973

(Dollar amounts in thousands, unless otherwise noted)

III. Balance Sheet and location of long-lived assets

The following tables sets forth summarized balance sheet information and the geographic location of property, plant and equipment, net and leasing equipment, net as of March 31, 2016 and December 31, 2015:

	March 31, 2016						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Corporate	Total
Total assets	$ 457,618	$ 212,505	$ 10,351	$ 533,656	$ 38,922	$ 353,396	$ 1,606,448
Debt, net	—	67,169	—	184,798	12,373	—	264,340
Total liabilities	50,686	71,042	—	195,104	23,938	6,601	347,371
Non-controlling interests in equity of consolidated subsidiaries	997	7,444	—	112,610	1,931	570	123,552
Total equity	406,932	141,463	10,351	338,552	14,984	346,795	1,259,077
Total liabilities and equity	$ 457,618	$ 212,505	$ 10,351	$ 533,656	$ 38,922	$ 353,396	$ 1,606,448

	March 31, 2016						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Corporate	Total
Property, plant and equipment and leasing equipment, net							
Africa	$ 56,145	$ —	$ —	$ —	$ —	$ —	$ 56,145
Asia	192,255	39,149	—	—	—	—	231,404
Europe	135,002	134,554	—	—	—	—	269,556
North America	47,197	—	—	318,566	25,759	—	391,522
South America	4,370	—	—	—	—	—	4,370
Total property, plant and equipment and leasing equipment, net	$ 434,969	$ 173,703	$ —	$ 318,566	$ 25,759	$ —	$ 952,997

	December 31, 2015						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Corporate	Total
Total assets	$ 443,532	$ 213,946	$ 85,917	$ 483,346	$ 33,936	$ 384,128	$ 1,644,805
Debt, net	—	68,673	45,778	142,835	8,935	—	266,221
Total liabilities	50,873	74,228	45,903	159,570	19,463	4,082	354,119
Non-controlling interests in equity of consolidated subsidiaries	899	7,692	—	113,514	1,714	584	124,403
Total equity	$ 392,659	$ 139,718	$ 40,014	$ 323,776	$ 14,473	$ 380,046	$ 1,290,686
Total liabilities and equity	$ 443,532	$ 213,946	$ 85,917	$ 483,346	$ 33,936	$ 384,128	$ 1,644,805

	December 31, 2015						
	Equipment Leasing			Infrastructure			
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Corporate	Total
Property, plant and equipment and leasing equipment, net							
Africa	$ 56,927	$ —	$ —	$ —	$ —	$ —	$ 56,927
Asia	189,364	39,138	—	—	—	—	228,502
Europe	130,632	135,442	—	—	—	—	266,074
North America	37,950	—	—	317,766	24,692	—	380,408
South America	4,448	—	—	—	—	—	4,448
Total property, plant and equipment and leasing equipment, net	$ 419,321	$ 174,580	$ —	$ 317,766	$ 24,692	$ —	$ 936,359

15. EARNINGS PER SHARE

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

The Company completed an IPO on May 20, 2015 in which its previous beneficial owners, the Fortress Worldwide Transportation and Infrastructure Investors LP and Fortress Worldwide Transportation and Infrastructure Offshore LP, immediately prior to the consummation of the IPO, received shares in proportion to their respective ownership percentages. As a result, the Company has retrospectively presented the shares outstanding for all prior periods presented.

The calculation of basic and diluted EPS is presented below (in thousands, except share and per share data).

	Three Months Ended March 31,	
	2016	2015
Net Income Attributable to Shareholders	$ (5,782)	$ 5,448
Weighted Average Shares Outstanding	75,727,369	53,502,873
Basic and Diluted EPS	$ (0.08)	$ 0.10

For the three months ended March 31, 2016, 10,945 shares have been excluded from the calculation of Diluted EPS because the impact would be anti-dilutive.

(Dollar amounts in thousands, unless otherwise noted)

16. COMMITMENTS AND CONTINGENCIES

In the normal course of business the Company and its subsidiaries may be involved in various claims, legal proceedings, or may enter into contracts that contain a variety of representations and warranties and which provide general indemnifications. Within the Company's Offshore Energy segment, a lessee has asserted that it is entitled to certain reimbursable expenses or adjustments per the terms of the related charter agreement. Although the Company believes it has strong defenses against these claims, the range of potential damages is $0 to $3,247. No amount has been recorded for this matter in the Company's consolidated financial statements as of March 31, 2016, and the Company will continue to vigorously defend against these claims. The Company's maximum exposure under other arrangements is unknown as no additional claims have been made. The Company believes the risk of loss in connection with such arrangement is remote.

In connection with the formation of MT6015, a consolidated VIE (Note 2), the joint venture partner is obligated to fund an additional equity contribution of $11,925 and secure a charter for the vessel, at which time the Company would be obligated to contribute additional equity of $11,925.

Two of the Company's subsidiaries are lessees under various operating and capital leases. Total rent expense for operating leases was $1,214 and $756 for the three months ended March 31, 2016 and 2015, respectively.

As of March 31, 2016, minimum future rental payments under operating and capital leases are as follows:

	March 31, 2016
2016	$ 4,387
2017	5,669
2018	5,571
2019	5,141
2020	4,466
Thereafter	76,998
Total	$ 102,232

17. SUBSEQUENT EVENTS

On May 2, 2016, the Company's Board of Directors declared a cash dividend on its common stock of $0.33 per share for the quarter ended March 31, 2016, payable on May 31, 2016 to the holders of record on May 20, 2016.

FORWARD-LOOKING STATEMENTS

This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact but instead are based on our present beliefs and assumptions and on information currently available to the Company. You can identify these forward-looking statements by the use of forward-looking words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates," "target," "projects," "contemplates" or the negative version of those words or other comparable words. Any forward-looking statements contained in this report are based upon our historical performance and on our current plans, estimates and expectations in light of information currently available to us. The inclusion of this forward-looking information should not be regarded as a representation by us, that the future plans, estimates or expectations contemplated by us will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to our operations, financial results, financial condition, business, prospects, growth strategy and liquidity. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to:

- changes in economic conditions generally and specifically in our industry sectors, and other risks relating to the global economy;
- reductions in cash flows received from our assets, as well as contractual limitations on the use of our aviation assets to secure debt for borrowed money;
- our ability to take advantage of acquisition opportunities at favorable prices;
- a lack of liquidity surrounding our assets, which could impede our ability to vary our portfolio in an appropriate manner;
- the relative spreads between the yield on the assets we acquire and the cost of financing;
- adverse changes in the financing markets we access affecting our ability to finance our acquisitions;
- customer defaults on their obligations;
- our ability to renew existing contracts and win additional contracts with existing or potential customers;
- the availability and cost of capital for future acquisitions;
- concentration of a particular type of asset or in a particular sector;
- competition within the aviation, energy, intermodal transport and rail sectors;
- the competitive market for acquisition opportunities;
- risks related to operating through joint ventures or partnerships or through consortium arrangements;
- obsolescence of our assets or our ability to sell, re-lease or re-charter our assets;
- exposure to uninsurable losses and force majeure events;
- infrastructure operations may require substantial capital expenditures;
- the legislative/regulatory environment and exposure to increased economic regulation;
- exposure to the oil and gas industry's volatile oil and gas prices;
- difficulties in obtaining effective legal redress in jurisdictions in which we operate with less developed legal systems;
- our ability to maintain our exemption from registration under the Investment Company Act of 1940 and the fact that maintaining such exemption imposes limits on our operations;
- our ability to successfully utilize leverage in connection with our investments;
- foreign currency risk and risk management activities;
- effectiveness of our internal control over financial reporting;
- exposure to environmental risks, including increasing environmental legislation and the broader impacts of climate change;

- changes in interest rates and/or credit spreads, as well as the success of any hedging strategy we may undertake in relation to such changes;
- actions taken by national, state, or provincial governments, including nationalization, or the imposition of new taxes, could materially impact the financial performance or value of our assets;
- our dependence on our Manager and its professionals and conflicts of interest in our relationship with our Manager;
- volatility in the market price of our common shares;
- the inability to pay dividends to our shareholders in the future; and
- other risks described in the "Risk Factors" section of this report.

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

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

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"). The Company's MD&A should be read in conjunction with its unaudited consolidated financial statements and the accompanying notes, and with Part II, Item 1A, "Risk Factors" included elsewhere in this Quarterly Report on Form 10-Q.

Overview

We own and acquire high quality infrastructure and related equipment that is essential for the transportation of goods and people globally. We target assets that, on a combined basis, generate strong cash flows with potential for earnings growth and asset appreciation. We believe that there are a large number of acquisition opportunities in our markets, and that our Manager's expertise and business and financing relationships, together with our access to capital, will allow us to take advantage of these opportunities. We are externally managed by FIG LLC (the "Manager"), an affiliate of Fortress Investment Group LLC ("Fortress"), which has a dedicated team of professionals who collectively have acquired over $17 billion in transportation and infrastructure assets since 2002. As of March 31, 2016, we had total consolidated assets of $1.6 billion and total equity of $1.3 billion.

Operating Segments

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

Our reportable segments are comprised of interests in different types of infrastructure and equipment leasing assets. We currently conduct our business through our corporate operating segment and the following five reportable segments: Aviation Leasing, Offshore Energy, Shipping Containers, all of which are within Equipment Leasing Business, and Jefferson Terminal and Railroad, which together comprise our Infrastructure Business. The Aviation Leasing segment consists of aircraft and aircraft engines held for lease and are typically held long-term. The Offshore Energy segment consists of vessels and equipment that support offshore oil and gas activities and are typically subject to long-term operating leases. The Shipping Containers segment consists of an investment in an unconsolidated entity engaged in the acquisition and leasing of shipping containers on both an operating lease and finance lease basis. The Jefferson Terminal segment consists of a multi-modal crude and refined products terminal and other related assets which were acquired in 2014. The Railroad segment consists of our Central Maine and Quebec Railway ("CMQR") short line railroad operations also acquired in 2014. The Corporate operating segment primarily consists of unallocated corporate general and administrative expenses and management fees.

The Company's reportable segments are comprised of investments in different types of transportation infrastructure and equipment. Each segment requires different investment strategies. The accounting policies of the segments are the same as those described in the summary of significant accounting policies; however, financial information presented by segment includes the impact of intercompany eliminations.

Results of Operations

Adjusted Net Income (Non-GAAP)

The Chief Operating Decision Maker ("CODM") utilizes Adjusted Net Income as the key performance measure. This performance measure provides the CODM with the information necessary to assess operational performance, as well as make resource and allocation decisions. Adjusted Net Income should not be considered as an alternative to net income attributable to shareholders as determined in accordance with U.S. generally accepted accounting principles ("GAAP").

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

Adjusted EBITDA (Non-GAAP)

In addition, we view Adjusted EBITDA as a secondary measurement to Adjusted Net Income, which serves as a useful supplement to investors, analysts and management to measure operating performance of deployed assets before the effect of financing and capital investment and to compare the Company's operating results to the operating results of our peers and between periods on a consistent basis. Adjusted EBITDA may not be comparable to similarly titled measures of other companies because other entities may not calculate Adjusted EBITDA in the same manner.

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

Discussed below are our consolidated results of operations for each of our reportable segments (all U.S. dollar amounts, expressed in thousands).

Comparison of the three months ended March 31, 2016 to the three months ended March 31, 2015

The following table presents our consolidated results of operations and reconciliation of net (loss) income attributable to shareholders to Adjusted Net Income in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015:

	Three Months Ended March 31,		Change
	2016	2015	
	(in thousands)		
Revenues			
Equipment leasing revenues			
Lease income	$ 12,922	$ 16,005	$ (3,083)
Maintenance revenue	5,106	3,386	1,720
Finance lease income	1,522	2,311	(789)
Other revenue	25	1,336	(1,311)
Total equipment leasing revenues	19,575	23,038	(3,463)
Infrastructure revenues			
Lease income	—	1,410	(1,410)
Rail revenues	7,999	6,289	1,710

	Three Months Ended March 31,		Change
	2016	2015	
	(in thousands)		
Terminal services revenues	3,879	3,236	643
Total infrastructure revenues	11,878	10,935	943
Total revenues	**31,453**	**33,973**	**(2,520)**
Expenses			
Operating expenses	14,358	14,719	(361)
General and administrative	2,588	348	2,240
Acquisition and transaction expenses	1,059	368	691
Management fees and incentive allocation to affiliate	4,348	2,414	1,934
Depreciation and amortization	13,217	10,562	2,655
Interest expense	5,303	4,815	488
Total expenses	**40,873**	**33,226**	**7,647**
Other income			
Equity in earnings of unconsolidated entities	85	1,241	(1,156)
Gain on sale of equipment and finance leases, net	1,722	3	1,719
Loss on extinguishment of debt	(1,579)	—	(1,579)
Interest income	9	187	(178)
Other income	40	(6)	46
Total other income	277	1,425	(1,148)
Income (loss) before income taxes	**(9,143)**	**2,172**	**(11,315)**
Provision (benefit) for income taxes	(66)	230	(296)
Net (loss) income	**(9,077)**	**1,942**	**(11,019)**
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	(3,295)	(3,506)	211
Net (loss) income attributable to shareholders	**$ (5,782)**	**$ 5,448**	**$ (11,230)**
Add: Provision for income taxes	(66)	230	(296)
Add: Equity-based compensation expense	(3,963)	1,420	(5,383)
Add: Acquisition and transaction expenses	1,059	368	691
Add: Losses on the modification or extinguishment of debt and capital lease obligations	1,579	—	1,579
Add: Changes in fair value of non-hedge derivative instruments	3	8	(5)
Add: Asset impairment charges	—	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities [1]	85	1,241	(1,156)
Add: Incentive allocations	—	—	—
Less: Cash payments for income taxes	(351)	(197)	(154)
Less: Equity in earnings of unconsolidated entities	(85)	(1,241)	1,156
Less: Non-controlling share of adjustments to Adjusted Net Income [2]	989	(354)	1,343
Adjusted Net (Loss) Income (non-GAAP)	**$ (6,532)**	**$ 6,923**	**$ (13,455)**

[1] Pro-rata share of Adjusted Net Income from unconsolidated entities includes the Company's proportionate share of the unconsolidated entities' net income adjusted for the excluded and included items detailed in the table above, for which there were no adjustments.

[2] Non-controlling share of Adjusted Net Income is comprised of the following for the three months ended March 31, 2016 and 2015: (i) equity-based compensation of $(1,619) and $354, (ii) provision for income tax of $14 and $0, and (iii) loss on extinguishment of debt of $616 and $0, respectively.

The following table sets forth a reconciliation of net (loss) income attributable to shareholders to Adjusted EBITDA for the three months ended March 31, 2016 as compared to the three months ended March 31, 2015:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Change
	(in thousands)		
Net (loss) income attributable to shareholders	$ (5,782)	$ 5,448	$ (11,230)
Add: Provision for income taxes	(66)	230	(296)
Add: Equity-based compensation expense	(3,963)	1,420	(5,383)
Add: Acquisition and transaction expenses	1,059	368	691
Add: Losses on the modification or extinguishment of debt and capital lease obligations	1,579	—	1,579
Add: Changes in fair value of non-hedge derivative instruments	3	8	(5)
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation & amortization expense [(3)]	14,854	12,718	2,136
Add: Interest expense	5,303	4,815	488
Add: Principal collections on direct finance leases	2,204	2,941	(737)
Add: Pro-rata share of the Adjusted EBITDA from unconsolidated entities [(4)]	3,792	5,425	(1,633)
Less: Equity in earnings of unconsolidated entities	(85)	(1,241)	1,156
Less: Non-controlling share of Adjusted EBITDA [(5)]	(2,033)	(2,983)	950
Adjusted EBITDA (non-GAAP)	**$ 16,865**	**$ 29,149**	**$ (12,284)**

[(3)] Depreciation and amortization expense includes $13,217 and $10,562 of depreciation and amortization expense, $1,578 and $2,096 of lease intangible amortization, and $59 and $60 of amortization for lease incentives for the three months ended March 31, 2016 and 2015, respectively.

[(4)] The Company's pro-rata share of Adjusted EBITDA from unconsolidated entities includes adjustments for the following items for the three months ended March 31, 2016 and 2015: (i) net income of $53 and $1,185, (ii) interest expense of $404 and $533, (iii) depreciation and amortization expense of $915 and $304, and (iv) principal collections of finance leases of $2,420 and $3,403, respectively.

[(5)] Non-controlling share of Adjusted EBITDA is comprised of the following items for the three months ended March 31, 2016 and 2015: (i) equity based compensation of $(1,619) and $354, (ii) provision for income taxes of $14 and $0, (iii) interest expense of $1,466 and $1,238, (iv) depreciation and amortization expense of $1,556 and $1,391, and (v) loss of extinguishment of debt of $616 and $0 respectively.

Revenues

Total revenue decreased by $2,520 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015, driven mainly by lower revenues in the Offshore Energy and Shipping Containers segments offset by higher revenues in the Aviation and Railroad segments.

In Equipment Leasing, lease income decreased by $3,083 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015, driven by lower lease income in the Offshore Energy segment as certain vessels were off-lease during the three months ended March 31, 2016. This was offset by higher lease income in the Aviation Leasing segment, due to recent asset acquisitions and more assets on lease in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015.

Maintenance revenue increased by $1,720 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 also as a result of an increase in the number of aircraft and engines on lease. Finance revenue decreased by $789 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 primarily due the sale of two container portfolios in the three months ended March 31, 2016. Other revenue decreased by $1,311 primarily due to income from the forfeiture of a security deposit in the Aviation Leasing segment in the three months ended March 31, 2015, with no similar forfeitures occurring in the three months ended March 31, 2016.

In Infrastructure, the Railroad segment contributed higher revenues of $1,710, which was offset by lower revenues at Jefferson Terminal in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015.

Expenses

Total expenses increased by $7,647 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 mainly due to increases in depreciation and amortization, general and administrative expenses, management fees to affiliate, and acquisition and transaction expenses.

Depreciation and amortization increased by $2,655 mainly due to the depreciation and amortization of additional aircraft and engines owned and on lease in the Aviation segment and assets placed into service at the Jefferson Terminal segment.

General and administrative expenses and management fees and incentive allocation payment to an affiliate of our Manager increased by $2,240 and $1,934, respectively, driven by higher fees and reimbursements to our Manager, both pursuant to new agreements put in place subsequent to our initial public offering in May of 2015 (the "IPO"). No incentive allocations were recorded since the IPO.

Acquisition and transaction expenses increased by $691 primarily due to increased investment activities in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015.

Other Income

Total other income decreased by $1,148 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 due to a loss on extinguishment of debt and lower equity in earnings from unconsolidated entities, both offset by a higher gain on sale of equipment. The loss on extinguishment of debt of $1,579 recognized in the three months ended March 31, 2016 related to the early repayment of debt in the Jefferson Terminal segment. Equity in earnings from unconsolidated entities decreased by $1,156 due to lower revenues and higher depreciation expense. Gain on sale of equipment was driven by the Aviation Leasing and Shipping Containers segment, which had sales of equipment in the three months ended March 31, 2016, of $1,208 and $304, respectively.

Net Income

Net income attributable to shareholders decreased by $11,230 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015, driven primarily by the changes discussed above under "—Other Income".

Adjusted Net Income (Non-GAAP)

Adjusted Net Income decreased $13,455 in the three months ended March 31, 2016 as compared the three months ended March 31, 2015 due to changes in net (loss) income attributable to shareholders noted above of $11,230 and lower equity-based compensation expense, offset by the loss on extinguishment of debt, as well as lower non-controlling share of adjusted net income.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA decreased $12,284 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015. In addition to the changes in net (loss) income attributable to shareholders noted above, Adjusted EBITDA was impacted by lower equity-based compensation expense and pro-rata share of the adjusted EBITDA from unconsolidated entities of $5,383 and $1,633, respectively. These impacts were offset by (i) a loss on extinguishment of debt of $1,579 in the three months ended March 31, 2016, as well as (ii) higher depreciation and amortization expense of $2,136, (iii) higher equity in earnings of unconsolidated entities of $1,156, and (iv) higher non-controlling share of Adjusted EBITDA of $950 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015.

Additional discussion of our results of operations in three months ended March 31, 2016 as compared to the three months ended March 31, 2015 by segment is as follows:

Aviation Leasing Segment

In our Aviation Leasing segment, we own and manage 65 aviation assets, including 18 commercial passenger aircraft and 47 commercial jet engines.

As of March 31, 2016, 17 of our commercial aircraft and 24 of our jet engines were leased to operators or other third parties. The majority of our aviation assets currently off lease are held in short term storage awaiting a future lease. There were three engines either undergoing repair and/or maintenance as of March 31, 2016. Our aviation equipment was approximately 83% utilized as of March 31, 2016, based on the equity value of our on-hire leasing equipment as a percentage of the total equity value of our aviation leasing equipment. Our aircraft currently have a weighted average remaining lease term of 30 months, and our jet engines currently on-lease have an average remaining lease term of 11 months. In April 2016 we extended three aircraft leases resulting in a weighted average lease term of 36 months. The table below provides additional information on the assets in our Aviation Leasing segment:

Aviation Assets	Widebody	Narrowbody	Total
Aircraft			
Assets at January 1, 2016	3	15	18
Purchases	—	—	—
Sales	—	—	—
Assets at March 31, 2016	3	15	18
Jet Engines			
Assets at January 1, 2016	18	24	42
Purchases	3	3	6
Sales	—	(1)	(1)
Assets at March 31, 2016	21	26	47

The following table presents our results of operations and reconciliation of net income attributable to shareholders to Adjusted Net Income in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 for the Aviation Leasing segment:

	Three Months Ended March 31,		Change
	2016	2015	
		(in thousands)	
Revenues			
Equipment leasing revenues			
Lease income	$ 12,847	$ 9,739	$ 3,108
Maintenance revenue	5,106	3,386	1,720
Other revenue	—	1,120	(1,120)
Total revenues	**17,953**	**14,245**	**3,708**
Expenses			
Operating expenses	817	338	479
Depreciation and amortization	7,427	5,256	2,171
Total expenses	**8,244**	**5,594**	**2,650**
Other income			
Gain on sale of equipment and finance leases, net	1,208	—	1,208
Interest income	1	8	(7)
Total other income	1,209	8	1,201
Income before income taxes	**10,918**	**8,659**	**2,259**
Provision (benefit) for income taxes	(97)	214	(311)
Net income	**11,015**	**8,445**	**2,570**
Less: Net income attributable to non-controlling interest in consolidated subsidiaries	(97)	—	(97)
Net income attributable to shareholders	**$ 10,918**	**$ 8,445**	**$ 2,473**
Add: Provision (benefit) for income taxes	(97)	214	(311)
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—

	Three Months Ended March 31,				Change	
	2016		2015			
			(in thousands)			
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities		—		—		—
Add: Incentive allocations		—		—		—
Less: Cash payments for income taxes		(346)		(197)		(149)
Less: Equity in earnings of unconsolidated entities		—		—		—
Less: Non-controlling share of adjustments to Adjusted Net Income		—		—		—
Adjusted Net Income (non-GAAP)	**$**	**10,475**	**$**	**8,462**	**$**	**2,013**

The following table sets forth a reconciliation of net income attributable to shareholders to Adjusted EBITDA in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 for the Aviation Leasing segment:

	Three Months Ended March 31,				Change	
	2016		2015			
			(in thousands)			
Net Income attributable to shareholders	$	10,918	$	8,445	$	2,473
Add: Provision (benefit) for income taxes		(97)		214		(311)
Add: Equity-based compensation expense		—		—		—
Add: Acquisition and transaction expenses		—		—		—
Add: Losses on the modification or extinguishment of debt and capital lease obligations		—		—		—
Add: Changes in fair value of non-hedge derivative instruments		—		—		—
Add: Asset impairment charges		—		—		—
Add: Incentive allocations		—		—		—
Add: Depreciation & amortization expense [(1)]		9,064		7,412		1,652
Add: Interest expense		—		—		—
Add: Principal collections on direct finance leases		—		—		—
Add: Pro-rata share of the Adjusted EBITDA from unconsolidated entities		—		—		—
Less: Equity in earnings of unconsolidated entities		—		—		—
Less: Non-controlling share of Adjusted EBITDA[(2)]		(41)		—		(41)
Adjusted EBITDA (non-GAAP)	**$**	**19,844**	**$**	**16,071**	**$**	**3,773**

[(1)] Depreciation and amortization expense includes $7,427 and $5,256 of depreciation expense, $1,578 and $2,096 of lease intangible amortization, and $59 and $60 of amortization for lease incentives for the three months ended March 31, 2016 and 2015, respectively.
[(2)] Non-controlling share of Adjusted EBITDA is comprised of depreciation expense of $41 and $0 for the three months ended March 31, 2016 and 2015, respectively.

Revenues

Total revenue in the Aviation Leasing segment increased by $3,708 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015, driven by higher lease income and maintenance revenue, offset by a decrease within other revenue. Lease income increased by $3,108 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 due to higher (i) aircraft lease income of $1,854 primarily driven by the purchase of four on lease aircraft in the second half of 2015, and (ii) engine lease income of $745 primarily driven by an increase in the number of engines which generated revenue during the quarter, from 19 to 26 in the three months ended March 31, 2015 and March 31, 2016, respectively. Maintenance revenue increased by $1,720 due to an increase in the number of aircraft and engines on lease. Other revenue decreased by $1,120 due to income from the forfeiture of a security deposit which occurred in the three months ended March 31, 2015, with no similar forfeitures occurring in the three months ended March 31, 2016.

Expenses

Total expenses in the Aviation Leasing segment increased by $2,650 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 primarily due to an increase in depreciation and amortization expense and an increase in operating expenses. Depreciation and amortization expense increased by $2,171 driven by the additional aircraft and engines owned and on lease in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015. Operating expenses increased by $479 primarily due to increased professional services fees of $223 due to the growth of the aviation portfolio and repairs and maintenance expense of $146.

Other Income

Total other income in the Aviation Leasing segment increased by $1,201 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015, driven by a $1,208 gain on sale of equipment in the three months ended March 31, 2016.

Net Income

Net income attributable to shareholders increased $2,473 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015, primarily due to the changes noted above.

Adjusted Net Income (Non-GAAP)

Adjusted Net Income in the Aviation Leasing segment was $10,475 in the three months ended March 31, 2016 as compared to $8,462 in the three months ended March 31, 2015, an increase of $2,013 primarily driven by the changes to net income attributable to shareholders noted above and the net impact of the provision for income tax less cash paid for taxes.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA increased $3,773 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 due to changes in net income attributable to shareholders noted above and increased depreciation and amortization expense from the additional aircraft and engines owned and on-lease in the three months ended March 31, 2016.

Offshore Energy Segment

In our Offshore Energy segment, we own one remotely operated vehicle ("ROV") support vessel, one construction support vessel and one anchor handling tug supply ("AHTS") vessel. In addition, we have contracted with a Norwegian shipyard to build a new inspection, maintenance and repair ("IMR") vessel. The chart below describes the assets in our Offshore Energy segment as of March 31, 2016:

Offshore Energy Assets				
Asset Type	Year Built	Description	Lease Expiration	Economic Interest (%)
AHTS Vessel	2010	Anchor handling tug supply vessel with accommodation for 30 personnel and a total bollard pull of 68.5 tons	November 2023	100%
Construction Support Vessel	2014	Construction support vessel with 250-ton crane, 2,000 square meter deck space, a moon pool, and accommodation for 100 personnel	Off-lease	100%
ROV Support Vessel	2011	Construction support vessel with accommodation for 120 personnel, a moon pool, and a 50-ton crane	Off-lease (1)	85%
IMR Vessel	Estimated Q2 2016	IMR vessel with 150-ton crane, 1,100 square meter deck space, a moon pool, accommodation for 90 personnel	Estimated March 2024	50%

(1) On February 16, 2016, the Company terminated its lease arrangement related to its ROV support vessel and is actively pursuing a new charter.

The following table presents our results of operations and reconciliation of net (loss) income attributable to shareholders to Adjusted Net (Loss) Income in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 for the Offshore Energy segment:

	Three Months ended March 31, 2016	Three Months ended March 31, 2015	Change
	(in thousands)		
Revenues			
Equipment leasing revenues			
Lease income	$ 75	$ 6,266	$ (6,191)
Finance lease income	410	410	—
Other revenue	—	191	(191)
Total revenues	**485**	**6,867**	**(6,382)**
Expenses			
Operating expenses	3,601	571	3,030
Depreciation and amortization	1,588	1,489	99
Interest expense	935	956	(21)
Total expenses	**6,124**	**3,016**	**3,108**
Other income			
Interest income	2	139	(137)
Total other income	2	139	(137)
(Loss) income before income taxes	**(5,637)**	**3,990**	**(9,627)**
Provision for income taxes	—	—	—
Net (loss) income	**(5,637)**	**3,990**	**(9,627)**
Less: Net income (loss) attributable to non-controlling interest in consolidated subsidiaries	(247)	181	(428)
Net (loss) income attributable to shareholders	**$ (5,390)**	**$ 3,809**	**$ (9,199)**
Add: Provision for income taxes	—	—	—
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	—	—	—
Add: Incentive allocations	—	—	—
Less: Cash payments for income taxes	—	—	—
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of adjustments to Adjusted Net Income	—	—	—
Adjusted Net (Loss) Income (non-GAAP)	**$ (5,390)**	**$ 3,809**	**$ (9,199)**

The following table sets forth a reconciliation of net (loss) income attributable to shareholders to Adjusted EBITDA in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 for the Offshore Energy segment:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Change
	(in thousands)		
Net (loss) income attributable to shareholders	$ (5,390)	$ 3,809	$ (9,199)
Add: Provision for income taxes	—	—	—
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation & amortization expense	1,588	1,489	99
Add: Interest expense	935	956	(21)
Add: Principal collections on direct finance leases	94	80	14
Add: Pro-rata share of the Adjusted EBITDA from unconsolidated entities	—	—	—
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of Adjusted EBITDA [1]	(84)	(87)	3
Adjusted EBITDA (non-GAAP)	**$ (2,857)**	**$ 6,247**	**$ (9,104)**

[1] Non-controlling share of Adjusted EBITDA is comprised of the following items for the three months ended March 31, 2016 and 2015: (i) depreciation expense of $59 and $56, (ii) and interest expense of $25 and $31, respectively.

Revenues

Total revenue in the Offshore Energy segment decreased by $6,382 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015, primarily driven by lower lease income related to the offshore construction vessel acquired and put into service in September 2014 and the ROV support vessel which terminated its lease arrangement in February 2016.

Expenses

Total expenses in the Offshore Energy segment increased by $3,108 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015. The increase in operating expenses primarily resulted from the offshore construction support vessel and ROV support vessel which were off charter at March 31, 2016. Key drivers for the increases in operating expenses were operating costs of $2,193 which were historically paid by bareboat charterers, professional services fees of $747, and repairs and maintenance of $119, in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015.

Other Income

Total other income in the Offshore Energy segment decreased by $137 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 due to a decrease in interest income and fees earned related to the loan made to our third party partner in the MT6015 joint venture.

Net (Loss) Income

Net income attributable to shareholders decreased $9,199 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015, primarily due to the changes in revenues expenses and other income noted above.

Adjusted Net (Loss) Income (Non-GAAP)

Adjusted Net Loss was $5,390 for the three months ended March 31, 2016 as compared to Adjusted Net Income of $3,809 for the three months ended March 31, 2015, a decrease of $9,199. This decrease was due to the changes noted above.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA decreased $9,104 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015, due to a decrease in net income attributable to shareholders of $9,199 as noted above, offset by an increase in depreciation and amortization expense of $99 related to the offshore construction vessel.

Shipping Containers Segment

In our Shipping Containers segment, we own, through a joint venture, interests in approximately 94,000 maritime shipping containers and related equipment through one portfolio. The chart below describes the assets in our Shipping Containers segment as of March 31, 2016:

Shipping Containers Assets					
Number	Type	Average Age	Lease Type	Customer Mix	Economic Interest (%)
Portfolio #1 94,000	20’ Dry 20’ Reefer 40’ Dry 40’ HC Dry 40’ HC Reefer 40’ Specials 45’ Dry	~8.8 Years	Direct Finance Lease/Operating Lease	6 Customers	51%
Portfolio #2 39,000 (1)	20' Dry 40' Dry 40' HC Dry	~11 years	Direct Finance Lease	1 customer	0%
Portfolio #3 3,000 (2)	45' Dry 53' Dry 53' Chassis	~7.7 years	Direct Finance Lease	1 customer	0%

(1) On March 9, 2016, the Company consummated the sale of Portfolio #2.
(2) On March 30, 2016, the Company consummated the sale of Portfolio #3.

The following table presents our results of operations and reconciliation of net income attributable to shareholders to Adjusted Net Income in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 for the Shipping Containers segment:

	Three Months Ended March 31,		Change
	2016	2015	
	(in thousands)		
Revenues			
Equipment leasing revenues			
Finance lease income	$ 1,112	$ 1,901	$ (789)
Other revenue	25	25	—
Total revenues	**1,137**	**1,926**	**(789)**
Expenses			
Operating expenses	30	53	(23)
Interest expense	410	642	(232)
Total expenses	**440**	**695**	**(255)**
Other income			
Equity in earnings of unconsolidated entities	85	1,241	(1,156)
Gain on sale of equipment	304	—	304
Other income (expense)	(2)	(7)	5
Total other income	387	1,234	(847)
Income before income taxes	**1,084**	**2,465**	**(1,381)**
Provision for income taxes	(4)	16	(20)
Net income attributable to shareholders	**$ 1,088**	**$ 2,449**	**$ (1,361)**

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Change
	(in thousands)		
Add: Provision for income taxes	(4)	16	(20)
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	3	8	(5)
Add: Asset impairment charges	—	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities[(1)]	85	1,241	(1,156)
Add: Incentive allocations	—	—	—
Less: Cash payments for income taxes	—	—	—
Less: Equity in earnings of unconsolidated entities	(85)	(1,241)	1,156
Less: Non-controlling share of adjustments to Adjusted Net Income	—	—	—
Adjusted Net Income (non-GAAP)	**$ 1,087**	**$ 2,473**	**$ (1,386)**

[(1)] Pro-rata share of Adjusted Net Income from unconsolidated entities includes the Company's proportionate share of the unconsolidated entities' net income adjusted for the excluded and included items detailed in the table above for the three months ended March 31, 2016 and the three months ended March 31, 2015.

The following table sets forth a reconciliation of net income attributable to shareholders to Adjusted EBITDA in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 for the Shipping Containers segment:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Change
	(in thousands)		
Net income attributable to shareholders	$ 1,088	$ 2,449	$ (1,361)
Add: Provision for income taxes	(4)	16	(20)
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	3	8	(5)
Add: Asset impairment charges	—	—	—
Add: Depreciation & amortization expense	—	—	—
Add: Interest expense	410	642	(232)
Add: Principal collections on direct finance leases	2,110	2,861	(751)
Add: Pro-rata share of the Adjusted EBITDA from unconsolidated entities [(2)]	3,792	5,425	(1,633)
Less: Equity in earnings of unconsolidated entities	(85)	(1,241)	1,156
Less: Non-controlling share of Adjusted EBITDA	—	—	—
Adjusted EBITDA (non-GAAP)	**$ 7,314**	**$ 10,160**	**$ (2,846)**

[(2)] The Company's pro-rata share of Adjusted EBITDA from unconsolidated entities includes the following items for the three months ended March 31, 2016 and 2015: (i) net income of $53 and $1,185, (ii) interest expense of $404 and $533, (iii) depreciation and amortization expense of $915 and $304, and (iv) principal collections of finance leases of $2,420 and $3,403, respectively.

Revenues

Total revenue in the Shipping Containers segment decreased by $789 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 driven primarily by lower finance lease income as a result of the amortization of the underlying principal balances and due to the sale of Portfolio #2 on March 9, 2016.

Expenses

Total expenses in the Shipping Containers segment decreased by $255 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 due to a decrease in interest expense of $232 due to lower principal balances on the term loans, along with the termination of the term loan in conjunction with the sale of Portfolio #2 on March 9, 2016.

Other Income

Total other income in the Shipping Containers segment decreased $847 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 driven by lower equity in earnings of unconsolidated entities from our shipping containers joint venture of $1,156 due to increased depreciation expense and loss on disposals of containers related to the operating leases within our shipping containers joint venture. Offsetting this decrease was a gain on sale of equipment of $304 from the sale of Portfolio #2 and Portfolio #3 during the three months ended March 31, 2016.

Net Income

Net income attributable to shareholders decreased $1,361 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015, primarily due to the changes noted above.

Adjusted Net Income (Non-GAAP)

Adjusted net income decreased $1,386 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015, primarily due to the changes noted above and the provision for income taxes.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA decreased $2,846 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 due to changes in net income attributable to shareholders noted above of $1,361, lower pro-rata share of Adjusted EBITDA from unconsolidated entities driven by lower principal collections on direct finance leases and increased depreciation expenses, lower principal collections on direct finance leases from the sale of two container portfolios, offset by lower equity in earnings of unconsolidated entities.

Jefferson Terminal Segment

The following table presents our results of operations and reconciliation of net loss attributable to shareholders to Adjusted Net Loss in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 for the Jefferson Terminal segment:

	Three Months Ended March 31,		Change
	2016	2015	
	(in thousands)		
Revenues			
Infrastructure revenues			
Lease income	$ —	$ 1,410	$ (1,410)
Terminal services revenues	3,879	3,236	643
Total revenues	**3,879**	**4,646**	**(767)**
Expenses			
Operating expenses	2,688	6,673	(3,985)
Depreciation and amortization	3,676	3,308	368
Interest expense	3,804	3,087	717
Total expenses	**10,168**	**13,068**	**(2,900)**
Other income			
Loss on extinguishment of debt	(1,579)	—	(1,579)
Interest income	6	40	(34)
Other income	42	1	41
Total other income	(1,531)	41	(1,572)
Loss before income taxes	**(7,820)**	**(8,381)**	**561**
Provision for income taxes	35	—	35
Net loss	**(7,855)**	**(8,381)**	**526**
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	(3,156)	(3,654)	498
Net loss attributable to shareholders	**$ (4,699)**	**$ (4,727)**	**$ 28**
Add: Provision for income taxes	35	—	35
Add: Equity-based compensation expense	(4,168)	853	(5,021)
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	1,579	—	1,579
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	—	—	—
Add: Incentive allocations	—	—	—
Less: Cash payments for income taxes	(1)	—	(1)
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of adjustments to Adjusted Net Income [(1)]	997	(341)	1,338
Adjusted Net Loss (non-GAAP)	**$ (6,257)**	**$ (4,215)**	**$ (2,042)**

[(1)] Non-controlling share of Adjusted Net Loss is comprised of the following for the three months ended March 31, 2016 and 2015: (i) equity-based compensation of $(1,627) and $341, (ii) provision for income tax of $14 and $0, and (iii) loss on extinguishment of debt of $616 and $0, respectively.

The following table sets forth a reconciliation of net loss attributable to shareholders to Adjusted EBITDA in the three months ended March 31, 2016 for the Jefferson Terminal segment:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Change
	(in thousands)		
Net loss attributable to shareholders	$ (4,699)	$ (4,727)	$ 28
Add: Provision for income taxes	35	—	35
Add: Equity-based compensation expense	(4,168)	853	(5,021)
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	1,579	—	1,579
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation & amortization expense	3,676	3,308	368
Add: Interest expense	3,804	3,087	717
Add: Principal collections on direct finance leases	—	—	—
Add: Pro-rata share of the Adjusted EBITDA from unconsolidated entities	—	—	—
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of Adjusted EBITDA [2]	(1,873)	(2,868)	995
Adjusted EBITDA (non-GAAP)	**$ (1,646)**	**$ (347)**	**$ (1,299)**

[2] Non-controlling share of Adjusted EBITDA is comprised of the following items for the three months ended March 31, 2016 and 2015: (i) equity-based compensation of $(1,627) and $341, (ii) provision for income taxes of $14 and $0, (iii) interest expense of $1,435 and $1,204, loss on extinguishment of debt of $616 and $0, and (iv) depreciation and amortization expense of $1,435 and $1,323, respectively.

Revenues

Total revenue in the Jefferson Terminal segment decreased by $767 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 due to lower lease income offset by higher terminal service revenue. Lease income decreased as rail cars were off-lease during the three months ended March 31, 2016. Terminal services revenue increased by $643 in the three months ended March 31, 2016, reflecting revenues from the terminal's expanded storage tank capacity, which was built out during 2015.

Expenses

Total expenses in the Jefferson Terminal segment decreased by $2,900 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015. Expenses decreased primarily due to lower operating expenses of $3,985, driven by lower equity-based compensation expense of $5,021 as the achievement of all performance conditions for one award was not deemed probable and accordingly $4,402 of expense previously recognized in prior periods was reversed and a second award was partially accelerated and the remainder forfeited and canceled, according to the original terms of the agreement, when employment ended during the three months ended March 31, 2016. This decrease was offset by higher (i) interest expense of $717 driven by the 2016 bonds issued in March 2016 and (ii) depreciation expense of $364 related to property, plant and equipment placed into service in the second half of 2015.

Other Income

Total other income decreased by $1,572 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 driven by the loss on extinguishment of debt of $1,579 recognized in the three months ended March 31, 2016 related to the early repayment of debt in the Jefferson Terminal segment.

Net Loss

Net loss attributable to shareholders decreased $28 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015. In addition to the changes discussed above, net loss attributable to shareholders was also affected by net loss attributable to non-controlling interest in consolidated subsidiaries, which decreased $498 in the three months ended March 31, 2016.

Adjusted Net Loss (Non-GAAP)

Adjusted Net Loss increased by $2,042 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015. In addition to the changes in net loss attributable to shareholders noted above, the three months ended March 31, 2016 was impacted by lower equity-based compensation expense of $5,021 and a loss on extinguishment of debt of $1,579, which did not occur in the three months ended March 31, 2015. Adjusted Net Loss was also affected by lower non-controlling share of Adjusted Net Loss of $1,338 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA decreased by $1,299 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015. In the three months ended March 31, 2016, in addition to the changes in net loss attributable to shareholders noted above, Adjusted EBITDA was impacted by lower equity-based compensation expense of $5,021, offset by (i) a loss on extinguishment of debt of $1,579 in the three months ended March 31, 2016, as well as (ii) lower non-controlling share of Adjusted EBITDA of $995, comprised of lower equity-based compensation expense of $1,968, higher loss on extinguishment of debt of $616, higher interest expense of $231, and higher depreciation and amortization expense of $112, in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015. Adjusted EBITDA was also impacted by higher interest expense of $717 and depreciation and amortization expense of $368 related to property, plant and equipment placed in service during 2015.

Railroad Segment

The following table presents our results of operations and reconciliation of net income (loss) attributable to shareholders to Adjusted Net Loss in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 for the Railroad segment:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Change
	(in thousands)		
Revenues			
Infrastructure revenues			
Rail revenues	$ 7,999	$ 6,289	$ 1,710
Total revenues	**7,999**	**6,289**	**1,710**
Expenses			
Operating expenses	7,222	7,084	138
Depreciation and amortization	526	509	17
Interest expense	154	130	24
Total expenses	**7,902**	**7,723**	**179**
Other income			
Gain on sale of equipment and finance leases, net	210	3	207
Total other income	210	3	207
Income before income taxes	**307**	**(1,431)**	**1,738**
Provision for income taxes	—	—	—
Net income (loss)	**307**	**(1,431)**	**1,738**
Less: Net income (loss) attributable to non-controlling interest in consolidated subsidiaries	13	(33)	46
Net income (loss) attributable to shareholders	**$ 294**	**$ (1,398)**	**$ 1,692**
Add: Provision for income taxes	—	—	—
Add: Equity-based compensation expense	205	567	(362)
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	—	—	—
Add: Incentive allocations	—	—	—
Less: Cash payments for income taxes	—	—	—
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of adjustments to Adjusted Net Income (1)	(8)	(13)	5
Adjusted Net Income (Loss) (non-GAAP)	**$ 491**	**$ (844)**	**$ 1,335**

(1) Non-controlling share of Adjusted Net Loss is comprised of equity-based compensation of $8 and $13 for the three months ended March 31, 2016 and 2015, respectively.

The following table sets forth a reconciliation of net income (loss) attributable to shareholders to Adjusted EBITDA in the three months ended March 31, 2016 for the Railroad segment:

	Three Months Ended March 31,		Change
	2016	2015	
	(in thousands)		
Net income (loss) attributable to shareholders	$ 294	$ (1,398)	$ 1,692
Add: Provision for income taxes	—	—	—
Add: Equity-based compensation expense	205	567	(362)
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation & amortization expense	526	509	17
Add: Interest expense	154	130	24
Add: Principal collections on direct finance leases	—	—	—
Add: Pro-rata share of the Adjusted EBITDA from unconsolidated entities	—	—	—
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of Adjusted EBITDA [2]	(35)	(28)	(7)
Adjusted EBITDA (non-GAAP)	**$ 1,144**	**$ (220)**	**$ 1,364**

[2] Non-controlling share of Adjusted EBITDA is comprised of the following items for the three months ended March 31, 2016 and 2015: (i) equity-based compensation of $8 and $13, (ii) interest expense of $6 and $3 and (iii) depreciation and amortization expense of $21 and $12, respectively.

Revenues

Total Railroad segment revenues increased by $1,710 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 due to higher traffic and expanded service offerings to customers.

Expenses

Total expenses in the Railroad segment increased $179 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015. This was driven by higher operating expenses of $138 incurred in connection with increased railroad operations and increased interest expense of $24 related to borrowings under the CMQR Credit Agreement used to finance construction and improvements to the railroad.

Net Income (Loss)

Net income attributable to shareholders increased $1,692 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015. In addition to the changes discussed above, the increase was offset by higher net income attributable to non-controlling interest in consolidated subsidiaries of $46 for the three months ended March 31, 2016.

Adjusted Net Income (Loss) (Non-GAAP)

Adjusted Net Income increased by $1,335 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015. In addition to the changes in net loss attributable to shareholders noted above, Adjusted Net Income was impacted by lower equity-based compensation expense of $362 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA increased by $1,364 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015. In addition to the changes in net income attributable to shareholders noted above, Adjusted EBITDA was also impacted by lower equity-based compensation expense and non-controlling share of Adjusted EBITDA of $362 and $7, respectively, offset by higher interest expense and depreciation and amortization expense of $24 and $17, respectively.

Corporate

The following table presents our results of operations and reconciliation of net loss attributable to shareholders to Adjusted Net Loss in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 for Corporate:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Change
	(in thousands)		
Expenses			
General and administrative	$ 2,588	$ 348	$ 2,240
Acquisition and transaction expenses	1,059	368	691
Management fees and incentive allocation to affiliate	4,348	2,414	1,934
Interest expense	—	—	—
Total expenses	**7,995**	**3,130**	**4,865**
Provision for income taxes	—	—	—
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	(2)	—	(2)
Net loss attributable to shareholders	**$ (7,993)**	**$ (3,130)**	**$ (4,863)**
Add: Provision for income taxes	—	—	—
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	1,059	368	691
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	—	—	—
Add: Incentive allocations	—	—	—
Less: Cash payments for income taxes	(4)	—	(4)
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of adjustments to Adjusted Net Income	—	—	—
Adjusted Net Loss (non-GAAP)	**$ (6,938)**	**$ (2,762)**	**$ (4,176)**

The following table sets forth a reconciliation of Net Loss attributable to shareholders to Adjusted EBITDA in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015 for Corporate:

	Three Months Ended March 31,		Change
	2016	2015	
	(in thousands)		
Net loss attributable to shareholders	$ (7,993)	$ (3,130)	$ (4,863)
Add: Provision for income taxes	—	—	—
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	1,059	368	691
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 & amortization expense	—	—	—
Add: Interest expense	—	—	—
Add: Principal collections on direct finance leases	—	—	—
Add: Pro-rata share of the Adjusted EBITDA from unconsolidated entities	—	—	—
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of Adjusted EBITDA	—	—	—
Adjusted EBITDA (non-GAAP)	**$ (6,934)**	**$ (2,762)**	**$ (4,172)**

Expenses

In Corporate, total expenses increased by $4,865 in the three months ended March 31, 2016 compared to the three months ended March 31, 2015. This was mainly due to higher (i) general and administrative expenses of $2,240, which include reimbursements to our Manager of $2,772, (ii) management fees of $1,934 which results from our management agreement put in place subsequent to our IPO and (iii) acquisition and transaction expenses for additional investment activities of $691 in the three months ended March 31, 2016 compared to the three months ended March 31, 2015.

Adjusted Net Loss (Non-GAAP)

Adjusted Net Loss increased $4,176 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015. In addition to the changes in net loss attributable to shareholders noted above, Adjusted Net Loss was primarily impacted by higher acquisition and transaction expenses of $691 incurred for potential acquisition opportunities in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA decreased $4,172 in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015. In addition to the changes in net loss attributable to shareholders noted above, the decrease was primarily impacted by higher acquisition and transaction expenses of $691 incurred for potential acquisition opportunities in the three months ended March 31, 2016 as compared to the three months ended March 31, 2015.

Transactions with Affiliates and Affiliated Entities

We are managed by FIG LLC (the "Manager"), an affiliate of Fortress, pursuant to a management agreement (the "Management Agreement") which provides for us to bear obligations for management fees and expense reimbursements payable to the Manager. Our Management Agreement requires our Manager to manage our business affairs in conformity with a broad asset acquisition strategy adopted and monitored by our board of directors. From time to time, we may engage (subject to our strategy) in material transactions with our Manager or another entity managed by our Manager or one of its affiliates or other affiliates of Fortress, which may include, but are not limited to, certain financing arrangements, acquisition of assets, acquisition of debt obligations, debt, co-investments, and other assets that present an actual, potential or perceived conflict of interest. Please see Note 13 to our consolidated financial statements included elsewhere in this filing for more information.

Subsequent Events

On May 2, 2016, the Company's Board of Directors declared a cash dividend on its common stock of $0.33 per share for the quarter ended March 31, 2016, payable on May 31, 2016 to the holders of record on May 20, 2016.

Liquidity and Capital Resources

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

- In the three months ended March 31, 2016 and 2015, cash used for the purpose of making investments was $39,622 and $44,329, respectively.
- In three months ended March 31, 2016 and 2015, distributions to shareholders including cash dividends were $24,177 and $23,718, respectively, and distributions to non-controlling interest were $0 and $111, 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 (i) revenues from our transportation infrastructure and equipment assets (including finance lease collections and maintenance reserve collections) net of operating expenses, (ii) borrowings, (iii) distributions received from unconsolidated investees, (iv) capital contributions from our shareholders, (v) proceeds from asset sales and (vi) proceeds from the issuance of common shares.

- During three months ended March 31, 2016 and 2015, cash flows from operating activities, plus the principal collections on finance leases and maintenance reserve collections were $1,476 and $10,715, respectively.
- During three months ended March 31, 2016, additional borrowings were obtained in connection with the Series 2016 Bonds of $99,858 and the CMQR Credit Agreement of $3,300. We made total principal repayments of $146,410 primarily relating to the termination of the Jefferson Terminal Credit Agreement, Container Loan #1 and Container Loan #2. During three months ended March 31, 2015, additional borrowings of $200 were obtained in connection with the CMQR Credit Agreement and we made total principal repayments of $4,255.
- During three months ended March 31, 2016 and 2015, we received $431 and $987 in cash distributions from our unconsolidated investees, respectively, of which $30 and $54 was included in cash flows from operating activities, respectively.
- During three months ended March 31, 2016 and 2015, proceeds from the sale of assets were $75,428 and $121, respectively.
- During three months ended March 31, 2016 and 2015, capital contributions from shareholders were $0 and $61,991, respectively, and capital contributions from non-controlling interests were $6,420 and $11,922, respectively.

The Company is currently evaluating over $2.0 billion of potential Infrastructure and Equipment Leasing transactions, which could occur within the next 12 months. However, as of the date of this filing, none of the above-referenced pipeline transactions or negotiations are definitive or included within the planned liquidity needs of the Company.

Historical Cash Flow

Comparison of the three months ended March 31, 2016 and March 31, 2015

The following table compares the historical cash flow for the three months ended March 31, 2016 and March 31, 2015:

	Three Months Ended	
	March 31, 2016	**March 31, 2015**
	(in thousands)	
Cash Flow Data:		
Net cash (used in) provided by operating activities	$ (3,799)	$ 6,222
Net cash provided by (used in) investing activities	35,494	(35,681)
Net cash (used in) provided by financing activities	(65,486)	44,626

Net cash used in operating activities was $3,799 in the three months ended March 31, 2016 as compared to cash provided by operating activities of $6,222 in the three months ended March 31, 2015, representing a $10,021 decrease. Net loss of $9,077 in the three months ended March 31, 2016, compared to net income of $1,942 in the three months ended March 31, 2015, a decrease of $11,019, was the primary driver of the decrease in net cash used in operating activities for the period. The decrease was further impacted by non-cash adjustments to reconcile net income which include a decrease of (i) $5,383 relating to equity based compensation, (ii) $1,120 of security deposits and maintenance claims included in earnings, (iii) $1,156 relating to equity and earnings from unconsolidated entities, offset by an increase in (iv) depreciation and amortization of $2,655, (v) loss on extinguishment of debt of $1,579 and (vi) gain on sale of equipment of $1,719. These changes were offset by an increase in cash provided by operating activities primarily due to an decrease in cash used in accounts payable and accrued liabilities of $6,103, and an increase in other assets of $3,290 primarily related to increased operations at Jefferson Terminal.

Net cash provided by investing activities was $35,494 in the three months ended March 31, 2016 as compared to cash used in investing activities of $35,681 in the three months ended March 31, 2015, an increase of $71,175. Cash provided by investing increased due cash received for the sale of two finance leases resulting in proceeds of $71,000, and a decrease in cash paid for property, plant and equipment of $35,674 in three months ended March 31, 2016 as compared to March 31, 2015. Offsetting these increases was cash used in the acquisition of leasing equipment for $27,317 and purchase deposits for leasing equipment of $3,275 in the three months ended March 31, 2016, primarily due to the increased acquisitions of commercial jet engines and aircraft as compared to the three months ended March 31, 2015.

Net cash used in financing activities was $65,486 in the three months ended March 31, 2016 as compared to cash provided by financing activities of $44,626 in the three months ended March 31, 2015, representing a $110,112 decrease. Such decrease was attributable to (i) a decrease in capital contributions from shareholders of $61,991, (ii) an increase in repayments of debt, net of proceeds of $39,197, (iii) a decrease in capital contributions from non-controlling interest of $5,502 and (iv) an increase in payment of deferred financing costs of $2,494.

Funds Available for Distribution (Non-GAAP)

The Company uses Funds Available for Distribution ("FAD") in evaluating its ability to meet its stated dividend policy. FAD is not a financial measure in accordance with GAAP. The GAAP measure most directly comparable to FAD is net cash provided by operating activities. The Company believes FAD is a useful metric for investors and analysts for similar purposes.

The Company defines FAD as: net cash provided by or used in operating activities plus principal collections on finance leases, proceeds from sale of assets, and return of capital distributions from unconsolidated entities, less required payments on debt obligations and capital distributions to non-controlling interest, and excluding changes in working capital. The following table sets forth a reconciliation of Net Cash (Used in) Provided by Operating Activities to FAD:

	Three Months Ended	
	March 31, 2016	**March 31, 2015**
	(in thousands)	
Net Cash (Used in) Provided by Operating Activities	$ (3,799)	$ 6,222
Add: Principal Collections on Finance Leases	2,204	2,941
Add: Proceeds from sale of assets[1]	75,928	121
Add: Return of Capital Distributions from Unconsolidated Entities	401	933
Less: Required Payments on Debt Obligations[2]	(47,660)	(4,255)
Less: Capital Distributions to Non-Controlling Interest	—	(111)
Exclude: Changes in Working Capital	5,784	7,751
Funds Available for Distribution (FAD)	**$ 32,858**	**$ 13,602**

[1] Proceeds from sale of assets includes $500 received in December 2015 for a deposit on the sale of a commercial jet engine, which was completed in the three months ended March 31, 2016.
[2] Required payments on debt obligations excludes $98,750 repayment upon the termination of the Jefferson Terminal Credit Agreement in the three months ended March 31, 2016, which was a voluntary refinancing as repayment of this amount was not required at this time.

Limitations

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

- FAD does not include equity capital called from the Company's existing limited partners, proceeds from any debt issuance or future equity offering, historical cash and cash equivalents and expected investments in the Company's operations.

- FAD does not give pro forma effect to prior acquisitions, certain of which cannot be quantified.
- While FAD reflects the cash inflows from sale of certain assets, FAD does not reflect the cash outflows to acquire assets as the Company relies on alternative sources of liquidity to fund such purchases.
- FAD does not reflect expenditures related to capital expenditures, acquisitions and other investments as the Company has multiple sources of liquidity and intends to fund these expenditures with future incurrences of indebtedness, additional capital contributions and/or future issuances of equity.
- FAD does not reflect any maintenance capital expenditures necessary to maintain the same level of cash generation from our capital investments.
- FAD does not reflect changes in working capital balances as management believes that changes in working capital are primarily driven by short term timing differences, which are not meaningful to the Company's distribution decisions.
- Management has significant discretion to make distributions, and the Company is not bound by any contractual provision that requires it to use cash for distributions.

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

Debt Obligations

Additional information regarding our debt agreements is disclosed in our Form 10-K for the year ended December 31, 2015.

Container Loan #1—On December 27, 2012, a subsidiary of the Company entered into a Credit Agreement ("Container Loan #1") with a bank for an initial aggregate amount of approximately $55,991 in connection with the acquisition of a portfolio of shipping containers subject to finance leases. Container Loan #1 required monthly payments of interest and scheduled principal payments through its maturity on December 27, 2017 and could be prepaid without penalty after the third anniversary of the closing of the loan. In connection with Container Loan #1, the Company entered into an interest rate swap agreement (the "Swap") on January 17, 2013 with respect to 70% of the outstanding balance of Container Loan #1 and designated as a cash flow hedge which fixed the LIBOR rate at 0.681%. During the three months ended March 31, 2016, all amounts outstanding under Container Loan #1 and the Swap were paid in full using the proceeds from the sale of the underlying assets, and such agreements were terminated.

Container Loan #2—On August 15, 2013, a subsidiary of the Company entered into a Credit Agreement ("Container Loan #2") with a bank for an initial aggregate amount of approximately $21,548 in connection with the acquisition of a portfolio of shipping containers subject to finance leases. Container Loan #2 required quarterly payments of interest and scheduled principal payments through its maturity on August 28, 2018 and could be prepaid without penalty at any time. In connection with Container Loan #2, the Company entered into an interest rate cap agreement (the "Cap") on September 20, 2013, with respect to 50% of the portion of the outstanding balance of Container Loan #2, not designated as a cash flow hedge, which capped LIBOR at 2.5%. During the three months ended March 31, 2016, all amounts outstanding under Container Loan #2 and the Cap were paid in full using the proceeds from the sale of the underlying assets, and such agreements were terminated.

CMQR Credit Agreement—On March 28, 2016, CMQR amended its credit agreement (the "CMQR Credit Agreement") with a financial institution for a revolving line of credit to increase the aggregate amount from $10,000 to $20,000 and to extend the maturity date to September 18, 2018. Borrowings under the CMQR Credit Agreement bear interest at either (i) Adjusted LIBOR plus a spread of 2.50% or 4.50%, (ii) the U.S. or Canadian Base Rate plus a spread of 1.50% or 3.50%, or (iii) the Canadian Fixed Rate plus a spread of 2.50% or 4.50%, as defined by the CMQR Credit Agreement.

The CMQR Credit Agreement is also indirectly supported by Fortress Transportation and Infrastructure Investors LLC (the "Sponsor"). In the event of a default under the credit agreement, CMQR's lenders can cause CMQR to call up to a total of $29 million in capital from the Sponsor, and in the event of CMQR's bankruptcy, the lenders can put the debt back to the Sponsor. The CMQR Credit Agreement contains affirmative and negative covenants which limit certain actions of CMQR.

Jefferson Terminal Credit Agreement—On August 27, 2014, a subsidiary of the Company, entered into a credit agreement (the "Jefferson Terminal Credit Agreement") with a financial institution for an aggregate amount of $100,000. The Jefferson Terminal Credit Agreement required quarterly payments of $250 beginning with the quarter ending December 31, 2014, with such quarterly payments increasing to $1,250 beginning with the quarter ending December 31, 2016, and could be prepaid or repaid at any time prior to its maturity on February 27, 2018. On March 8, 2016, all amounts outstanding under the Jefferson Terminal Credit Agreement were paid in full and such agreement was terminated. Accordingly, during the three months ended March 31, 2016, the Company recorded a loss on extinguishment of debt of $1,579.

Series 2016 Bonds—On March 7, 2016, the Port of Beaumont Navigation District of Jefferson County, Texas (the "District") issued $144,200 of Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) (the "Series 2016

Bonds"). Proceeds from the issuance of the Series 2016 Bonds were used, in part, to reimburse Jefferson Railport Terminal II, LLC ("Jefferson Railport II") for certain costs related to the development, construction and acquisition of certain facilities for the transport, loading, unloading, and storage of petroleum products (the "Facilities") on behalf of the District, and settle the Jefferson Terminal Credit Agreement. Construction of the Facilities has occurred, and will occur, on property leased by the District to Jefferson Railport II pursuant to a First Amended and Restated Ground Lease between Jefferson Railport II, as lessee, and the District, as lessor. All such Facilities will be leased by the District to Jefferson Railport II pursuant to a Lease and Development Agreement between the District and Jefferson Railport II.

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

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

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

The Company was in compliance with all debt covenants as of March 31, 2016.

Contractual Obligations

The following table summarizes our future obligations, by period due, as of March 31, 2016, under our various contractual obligations and commitments. We had no off-balance sheet arrangements as of March 31, 2016.

	Payments Due by Period (in thousands)						
	Total	2016	2017	2018	2019	2020	Thereafter
Note payable to non-controlling interest	$ 2,352	$ 572	$ 403	$ 403	$ 403	$ 571	$ —
FTAI Pride Credit Agreement	65,625	4,687	6,250	6,250	48,438	—	—
CMQR Credit Agreement	12,860	—	—	12,860	—	—	—
Jefferson Bonds Payable	189,710	1,320	1,425	1,545	1,670	146,010	37,740
Total principal payments on loans and bonds payable	270,547	6,579	8,078	21,058	50,511	146,581	37,740
Total estimated interest payments (1)	87,024	10,880	17,495	16,937	15,615	4,517	21,580
Operating lease obligations	101,678	4,299	5,551	5,453	5,023	4,364	76,988
Capital lease obligations	554	88	118	118	118	102	10
Total contractual obligations	$ 459,803	$ 21,846	$ 31,242	$ 43,566	$ 71,267	$ 155,564	$ 136,318

(1) Estimated interest payments based on rates as of March 31, 2016.

Application of Critical Accounting Policies

There were no material changes in our critical accounting policies as disclosed in our Form 10-K for the year ended December 31, 2015.

Recent Accounting Pronouncements

Please see Note 2 to our consolidated financial statements included elsewhere in this filing 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.

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

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

As of March 31, 2016, assuming we do not hedge our exposure to interest rate fluctuations related to our outstanding floating rate debt, a hypothetical 100-basis point increase/decrease in our variable interest rate on our borrowings would result in an interest expense increase/(decrease) of approximately \$772 and \$(772), respectively, over the next 12 months before the impact of interest rate derivatives.

Foreign Currency Exchange Risk

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

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this report, an evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of its disclosure controls and procedures (as defined in Rule 13a-15(e) under the U.S. Securities Exchange Act of 1934 (the "Exchange Act")) as of March 31, 2016. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective as of March 31, 2016.

Change in Internal Control over Financial Reporting

In addition, no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during its most recent fiscal quarter that has materially affected, or is 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 common stock. Any of the following risks, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, could materially and adversely affect our results of operations or financial condition. The risk factors generally have been separated into the following categories: risks related to our business, risks related to our Manager, risks related to taxation and risks related to our common shares. However, these categories do overlap and should not be considered exclusive.

Risks Related to Our Business

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

Uncertainty and negative trends in general economic conditions in the United States and abroad, including significant tightening of credit markets and commodity price volatility, historically have created difficult operating environments for owners and operators in the transportation industry. Many factors, including factors that are beyond our control, may impact our operating results or financial condition and/or affect the lessees and charterers that form our customer base. For some years, the world has experienced weakened economic conditions and volatility following adverse changes in global capital markets. More recently, excess supply in oil and gas markets has 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 particular, the significant decline in oil prices during 2015 has resulted in lower exploration and production budgets worldwide, with industry experts predicting that exploration and production spending will decrease by approximately 25% in 2016, as compared to 2015. These conditions have resulted in significant contraction, de-leveraging and reduced liquidity in the credit markets. A number of governments have implemented, or are considering implementing, a broad variety of governmental actions or new regulations for the financial markets. In addition, limitations on the availability of capital, higher costs of capital for financing expenditures or the desire to preserve liquidity, may cause our current or prospective customers to make reductions in future capital budgets and spending.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We operate in highly competitive markets.

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

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

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

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

Certain liens may arise on our assets.

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

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

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

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

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

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

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

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

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

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

We believe that our rail operations are in substantial compliance with applicable laws and regulations. However, these laws and regulations, and the interpretation or enforcement thereof, are subject to frequent change and varying interpretation by regulatory authorities, and we are unable to predict the ongoing cost to us of complying with these laws and regulations or the future impact of these laws and regulations on our operations. In addition, from time to time we are subject to inspections and investigations by various regulators. In April 2015, we received a notice from Transport Canada that it is investigating a possible violation under the Railway Safety Act related to inspections of our operations conducted in March 2015. We believe we are in compliance with applicable requirements, and, while we cannot predict with certainty the outcome of the investigation, we do not believe it will have a material adverse effect on the Company. Violation of environmental or other laws, regulations and permits can result in the imposition of significant administrative, civil and criminal penalties, injunctions and construction bans or delays.

Legislation passed by the U.S. Congress or Canadian Parliament or new regulations issued by federal agencies can significantly affect the revenues, costs and profitability of our business. For instance, in December 2009, a proposed bill called the "Surface Transportation Board Reauthorization Act of 2009" was introduced in the Senate but not advanced. In addition, more recently proposed bills such as the "Rail Shipper Fairness Act of 2015," if adopted, could increase government involvement in railroad pricing, service and operations and significantly change the federal regulatory framework of the railroad industry. Several of the changes under consideration could have a significant negative impact on FTAI's ability to determine prices for rail services, meet service standards and could force a reduction in capital spending. Statutes imposing price constraints or affecting rail-to-rail competition could adversely affect FTAI's profitability.

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

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

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

As a result of hydraulic fracturing and other improvements in extraction technologies, there has been a substantial increase in the volume of crude oil and liquid hydrocarbons produced and transported in North America, and a geographic shift in that production versus historical production. The increase in volume and shift in geography has resulted in a growing percentage of crude oil being transported by rail. High-profile accidents involving crude-oil-carrying trains in Quebec, North Dakota and Virginia, and more recently in West Virginia and Illinois, have raised concerns about the environmental and safety risks associated with crude oil transport by rail and the associated risks arising from railcar design.

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

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

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

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

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

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

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

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

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

On July 6, 2013, prior to our ownership, a train carrying crude oil on the MM&A line derailed near Lac-Mégantic, Quebec which resulted in fires that claimed the lives of 47 individuals (the "Incident"). Approximately two million gallons of crude oil were either burned or released into the environment, including into the nearby Chaudière River. Prior to our acquisition of the MM&A assets in May and June 2014, we received written assurance from the Quebec Ministry of Sustainable Development, Environment, Wildlife and Parks that it would take full responsibility for the environmental clean-up and that it would not hold CMQR liable for any environmental damages or costs relating to clean-up or restoration of the affected area as a result of the Incident. While we don't anticipate any liability relating to the Incident, including liability for claims alleging personal injury, property damage or natural resource damages, there can be no assurance that such claims relating to the Incident will not arise in the future. No claims have been made or threatened against us as of March 31, 2016 and we do not anticipate any expenditures relating to environmental clean-up (including impacts to the Chaudière River) as a result of the Incident.

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

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

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

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

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

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

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

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

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

- U.S. and foreign sanctions or trade embargoes;
- restrictions on the transfer of funds into or out of countries in which we operate;
- compliance with U.S. Treasury sanctions regulations restricting doing business with certain nations or specially designated nationals;
- regulatory or financial requirements to comply with foreign bureaucratic actions;
- compliance with applicable anti-corruption laws and regulations;
- changing taxation policies, including confiscatory taxation;
- other forms of government regulation and economic conditions that are beyond our control; and
- governmental corruption.

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

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

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

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

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

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

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

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

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

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

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

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

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

Because we are a recently formed company with a limited operating history, our historical financial and operating data may not be representative of our future results.

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

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

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

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

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

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

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

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

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

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

If we are deemed an "investment company" under the Investment Company Act of 1940, it could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

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

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

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

Risks Related to Our Manager

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

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

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

Our Management Agreement, the Partnership Agreement and our operating agreement were negotiated among affiliated parties, and their terms, including fees 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 - including investment funds, private investment funds, or businesses managed by our Manager, including Seacastle Ships Holdings Inc., Trac Intermodal and Florida East Coast Railway, L.L.C. - invest in transportation and transportation-related infrastructure assets and whose investment objectives overlap with our asset acquisition objectives. Certain opportunities appropriate for us may also be appropriate for one or more of these other investment vehicles. Certain members of our board of directors and employees of our Manager who are our officers also serve as officers and/or directors of these other entities. For example, we have some of the same directors and officers as Seacastle Ships Holdings Inc., Trac Intermodal and Florida East Coast Railway, L.L.C. Although we have the same Manager, we may compete with entities affiliated with our Manager or Fortress, including Seacastle Ships Holdings Inc., Trac Intermodal and Florida East Coast Railway, L.L.C., for certain target assets. From time to time, affiliates of

Fortress focus on investments in assets with a similar profile as our target assets that we may seek to acquire. These affiliates may have meaningful purchasing capacity, which may change over time depending upon a variety of factors, including, but not limited to, available equity capital and debt financing, market conditions and cash on hand. Fortress has multiple existing and planned funds focused on investing in one or more of our target sectors, each with significant current or expected capital commitments. We may co-invest with these funds in transportation and transportation-related infrastructure assets. Fortress funds generally have a fee structure similar to ours, but the fees actually paid will vary depending on the size, terms and performance of each fund. Fortress had approximately $70.6 billion of assets under management as of March 31, 2016.

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

The ability of our Manager and its officers and employees to engage in other business activities, subject to the terms of our Management Agreement, may reduce the amount of time our Manager, its officers or other employees spend managing us. In addition, we may engage (subject to our strategy) in material transactions with our Manager or another entity managed by our Manager or one of its affiliates, including Seacastle Ships Holdings Inc., Trac Intermodal and Florida East Coast Railway, L.L.C., 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 has given, and may in the future give, rise to investor dissatisfaction, litigation or regulatory inquiries or enforcement actions. Appropriately dealing with conflicts of interest is complex and difficult, and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with one or more potential, actual or perceived conflicts of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on our reputation, which could materially adversely affect our business in a number of ways, including causing an inability to raise additional funds, a reluctance of counterparties to do business with us, a decrease in the prices of our equity securities and a resulting increased risk of litigation and regulatory enforcement actions.

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

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

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

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

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

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

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

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

Risks Related to Taxation

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

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

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

Under our operating agreement, in the event of an inadvertent partnership termination in which the Internal Revenue Service (“IRS”) has granted us limited relief, each shareholder also is obligated to make such adjustments as are required by the IRS to maintain our status as a partnership. Such adjustments may require shareholders to recognize additional amounts in income during the years in which they have held common shares. We may also be required to make payments to the IRS.

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

If a sale of our common shares by a shareholder is taxable in the United States, the shareholder will recognize gain or loss equal to the difference between the amount realized by such shareholder on such sale and such shareholder’s adjusted tax basis in those shares. Prior distributions to such shareholder in excess of the total net taxable income allocated to such shareholder, which will have decreased such shareholder’s adjusted tax basis in its shares, will effectively increase any gain recognized by such shareholder if the shares are sold at a price greater than such shareholder’s adjusted tax basis in those shares, even if the price is less than their original cost to such shareholder. 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 is indirectly reduced by such taxes, and the post-tax return to our shareholders is similarly reduced by such taxes.

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

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

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

Qualifying income generally includes dividends, interest, capital gains from the sale or other disposition of stocks and securities and certain other forms of investment income. We currently expect that a substantial portion of our income will constitute either “Subpart F” income (defined below) derived from CFCs or QEF Inclusions (as defined below). While we believe that such income constitutes qualifying income, no assurance can be given that the IRS will agree with such position. We also believe that our return from investments will include interest, dividends, capital gains and other types of qualifying income, but no assurance can be given as to the types of income that will be earned in any given year.

If we fail to satisfy the Qualifying Income Exception, we would be required to pay U.S. federal income tax at regular corporate rates on our worldwide income. In addition, we would likely be liable for state and local income and/or franchise taxes on such income. Dividends to shareholders would constitute ordinary dividend income taxable to such shareholders to the extent of our earnings and profits, and the payment of these dividends would not be deductible by us. Taxation of us as a publicly traded partnership taxable as a corporation could result in a material adverse effect on our cash flow and the after-tax returns for shareholders and thus could result in a substantial reduction in the value of our common shares.

Non-U.S. Holders (defined below) should anticipate being required to file U.S. tax returns and may be required to pay U.S. tax solely on account of owning and disposing of our common shares.

In light of our intended investment activities, we may be, or may become, engaged in a U.S. trade or business for U.S. federal income tax purposes, in which case some portion of our income would be treated as effectively connected income with respect to Non-U.S. Holders. Moreover, we anticipate that, in the future, we will sell interests in U.S. real holding property corporations (each a "USRPHC") and therefore be deemed to be engaged in a U.S. trade or business for that reason 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. Holders generally would be required to file U.S. federal income tax returns and would be subject to U.S. federal withholding tax on their allocable share of the effectively connected income on gain at the highest marginal U.S. federal income tax rates applicable to ordinary income. Non-U.S. holders that are corporations may also be subject to a branch profits tax on their allocable share of such income. In addition, if we were treated as being engaged in a U.S. trade or business, a portion of any gain recognized by a Non-U.S. Holder on the sale or exchange of its common shares could be treated for U.S. federal income tax purposes as effectively connected income, and hence such Non-U.S. Holder could be subject to U.S. federal income tax on the sale or exchange. Accordingly, Non-U.S. Holders should anticipate being required to file U.S. tax returns and may be required to pay U.S. tax solely on account of owning our common shares.

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

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

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

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

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

Certain of our investments may be in non-U.S. corporations or may be acquired through a non-U.S. subsidiary that would be classified as a corporation for U.S. federal income tax purposes. Such an entity may be a PFIC or a CFC for U.S. federal income tax purposes. U.S. Holders indirectly owning an interest in a PFIC or a CFC may experience adverse U.S. tax consequences.

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

We expect 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 of not in excess of 4% as provided in Section 887 of the Code. If, contrary to expectations, 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 is such administrative guidelines (in the case of time-charter leases), such subsidiary's U.S. source rental income would be treated as income effectively connected with a trade or business in the United States. In such case, such subsidiary's U.S. source international transport rental income would be subject to U.S. federal income tax at a maximum rate of 35%. In addition, such subsidiary would be subject to the U.S. federal branch profits tax on its effectively connected earnings and profits at a rate of 30%. The imposition of such taxes would adversely affect our business and would result in decreased funds available for distribution to our shareholders.

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

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

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

The U.S. federal income tax treatment of our shareholders depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. Prospective investors should be aware that the U.S. federal income tax rules are constantly under review by persons involved in the legislative process, the IRS, and the U.S. Treasury Department, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. The IRS pays close attention to the proper application of tax laws to partnerships. The present U.S. federal income tax treatment of an investment in our common shares may 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.

We cannot match transferors and transferees of our shares, and 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 may 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 it 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.

The sale or exchange of 50% or more of our common shares within a 12-month period will result in our termination for U.S. federal income tax purposes.

We will be considered to have terminated as a partnership for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of our common shares within a 12-month period. Our termination would, among other things, result in the closing of our taxable year for all shareholders and could result in a deferral of depreciation and amortization deductions allowable in computing our taxable income.

Risks Related to Our Common Shares

There can be no assurance that the market for our shares will provide you with adequate liquidity.

Our common shares began trading on the NYSE on May 15, 2015. There can be no assurance that an active trading market for our common shares will develop or be sustained in the future. Accordingly, if an active trading market for our common shares does not develop or is not maintained, the liquidity of our common shares, your ability to sell your common shares when desired and the prices that you may obtain for your common shares will be adversely affected.

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

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

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

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

We are an emerging growth company within the meaning of the Securities Act, and due to our taking advantage of certain exemptions from various reporting requirements applicable to emerging growth companies, our common shares could be less attractive to investors.

We are an "emerging growth company" as defined in the Securities Act. As such, we have taken advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. As a result, our shareholders may not have access to certain information they may deem important. We will remain an emerging growth company until the earliest of (a) the last day of the first fiscal year in which our annual gross revenues exceed $1 billion, (b) the last day of the fiscal year following the fifth anniversary of our initial public offering, (c) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common shares that are held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter or (d) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three-year period. Because we have taken advantage of each of these exemptions, we do not know if some investors will find our common shares less attractive as a result. The result may be a less active trading market for our common shares and our share price may be more volatile.

We will be 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.

As a public company, we are required to comply with Section 404 of the Sarbanes-Oxley Act (the timing of when to comply with the auditor attestation requirements will be determined based on whether we take advantage of certain JOBS Act provisions applicable to emerging growth companies). Section 404 requires that we evaluate our internal control over financial reporting to enable management to report on the effectiveness of those controls. We have undertaken a review of our internal controls and procedures. The outcome of our review 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. Furthermore, if we discover a material weakness, 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 that may be granted to our Manager pursuant to our Management Agreement. Upon the successful completion of an offering of our common shares or other equity securities (including securities issued as consideration in an acquisition), we will grant our Manager options to purchase common shares in an amount equal to 10% of the number of common shares being sold in such 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 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 Fortress Transportation and Infrastructure Investors Nonqualified Stock Option and Incentive Award Plan (the "Incentive Plan"), which provides for the grant of equity-based awards, including restricted stock, stock options, stock appreciation rights, performance awards, restricted stock 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; on the date of any equity issuance by the Company during the ten-year term of the Incentive Plan (including in respect of securities issued as consideration in an acquisition), the maximum number of shares available for issuance under the Plan will be increased to include an additional number of common shares equal to ten percent (10%) of either (i) the total number of common shares newly issued by the Company 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 (i) the gross capital raised in an equity issuance of equity securities other than common shares during the ten-year term of the Incentive Plan, divided by (ii) the fair market value of a common share as of the date of such equity issuance.

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

Sales of substantial amounts of shares 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. 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. 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, restrictions imposed by applicable law, our taxable income, our operating expenses and other factors our board of directors deem relevant. Our long term goal is to maintain a payout ratio of between 50-60% of funds available for distribution, with remaining amounts used primarily to fund our future acquisitions and opportunities. There can be no assurance that we will continue to pay dividends in amounts or on a basis consistent with prior distributions to our investors, if at all. Because we are a holding company and have no direct operations, we will only be able to pay dividends from our available cash on hand and any funds we receive from our subsidiaries and our ability to receive distributions from our subsidiaries may be limited by the financing agreements to which they are subject. In addition, pursuant to the Partnership Agreement, the General Partner will be entitled to receive incentive allocations before any amounts are distributed by the Company based both on our consolidated net income and capital gains income in each fiscal quarter and for each fiscal year, respectively.

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

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

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

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

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

As a newly public company with shares listed on the NYSE, we need to comply with an extensive body of regulations that did not apply to us previously, including certain provisions of the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, regulations of the SEC and requirements of the NYSE. We expect these rules and regulations will increase our legal and financial compliance costs and make some activities to our board of directors more time-consuming and costly. For example, as a result of becoming a public company, we have added independent directors and created additional board committees. In addition, we may incur additional costs associated with our public company reporting requirements and maintaining directors' and officers' liability insurance. We are currently evaluating and monitoring developments with respect to these rules, which may impose additional costs on us and have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

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

The trading market for our common shares will be 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

Not applicable.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On May 2, 2016, Wesley R. Edens resigned, effective as of May 2, 2016, from his positions as director and as Chairman of our Board of Directors. Mr. Edens' resignation was not due to any disagreement with the Company. On May 2, 2016, our Board of Directors unanimously appointed our current Chief Executive Officer, Joseph P. Adams, Jr., as our new Chairman, and Kenneth J. Nicholson as a new Class III director, each effective immediately upon Mr. Edens' resignation. Mr. Nicholson will hold office until the 2018 annual meeting of shareholders and until his successor is duly elected and qualified, subject to earlier retirement, resignation or removal. Mr. Nicholson, 45, is a Managing Director at Fortress focusing on investments in the transportation, infrastructure and energy industries, including investments made by the Company. Mr. Nicholson joined Fortress in May 2006. Previously, Mr. Nicholson worked in investment banking at UBS Investment Bank and Donaldson, Lufkin & Jenrette where he was a member of the transportation industry group. Mr. Nicholson holds a B.S. in Economics from the Wharton School at the University of Pennsylvania.

On May 2, 2016, Jonathan G. Atkeson resigned, effective as of May 5, 2016, from his positions as our Chief Financial Officer and Chief Operating Officer. Our Board of Directors has named Scott Christopher, 43, our current Chief Accounting Officer, as our interim Chief Financial Officer, effective immediately upon Mr. Atkeson's resignation. Mr. Christopher has been our Chief Accounting Officer since May 2015. From 2010 to 2015, Mr. Christopher worked as Deputy Corporate Controller at American International Group, Inc. Prior to that, he worked at Deloitte & Touche LLP in various capacities in Audit, Advisory and Merger & Acquisition Services. Mr. Christopher received a Bachelor of Business Administration in Accounting from the University of Wisconsin - Madison and is a certified public accountant.

Item 6. Exhibits

See Index to Exhibits immediately following the signature page of this Quarterly Report on Form 10-Q.

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.
	Chief Executive Officer
May 4, 2016	
By:	/s/ Jonathan G. Atkeson
	Jonathan G. Atkeson
	Chief Financial Officer and Chief Operating Officer
May 4, 2016	
By:	/s/ Scott Christopher
	Scott Christopher
	Chief Accounting Officer
May 4, 2016	

INDEX TO EXHIBITS

Exhibit No.	Description
3.1	First Amendment to Amended and Restated Limited Liability Company Agreement of Fortress Transportation and Infrastructure Investors LLC (incorporated by reference to exhibit 3.3 to the Company's Annual Report on Form 10-K, filed with the SEC on March 9, 2016).
10.1	Trust Indenture and Security Agreement between the District and The Bank of New York Mellon Trust Company, National Association, dated as of February 1, 2016 (incorporated by reference to exhibit 10.7 to the Company's Annual Report on Form 10-K, filed with the SEC on March 9, 2016).
10.2	Standby Bond Purchase Agreement among the Port of Beaumont Navigation District of Jefferson County, Texas, The Bank of New York Mellon Trust Company, National Association, Jefferson Railport Terminal II Holdings LLC and Jefferson Railport Terminal II LLC dated as of February 1, 2016 (incorporated by reference to exhibit 10.8 to the Company's Annual Report on Form 10-K, filed with the SEC on March 9, 2016).
10.3	Capital Call Agreement, by and among Fortress Transportation and Infrastructure Investors LLC, FTAI Energy Holdings LLC, FTAI Partner Holdings LLC, FTAI Midstream GP Holdings LLC, FTAI Midstream GP LLC, FTAI Midstream Holdings LLC, FTAI Energy Partners LLC and Jefferson Railport Terminal II Holdings LLC, dated as of February 1, 2016 (incorporated by reference to exhibit 10.9 to the Company's Annual Report on Form 10-K, filed with the SEC on March 9, 2016).
10.4	Fee and Support Agreement, among FTAI Energy Holdings LLC, FEP Terminal Holdings LLC, FTAI Energy Partners LLC and Jefferson Railport Terminal II LLC, dated as of March 7, 2016 (incorporated by reference to exhibit 10.10 to the Company's Annual Report on Form 10-K/A, filed with the SEC on April 29, 2016).
10.5	Lease and Development Agreement (Facilities Lease), dated as of February 1, 2016, by and between the Port of Beaumont Navigation District of Jefferson County, Texas and Jefferson Railport Terminal II LLC (incorporated by reference to exhibit 10.11 to the Company's Annual Report on Form 10-K, filed with the SEC on March 9, 2016).
10.6	Deed of Trust of Jefferson Railport Terminal II LLC, dated as of February 1, 2016 (incorporated by reference to exhibit 10.12 to the Company's Annual Report on Form 10-K, filed with the SEC on March 9, 2016).
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

EXHIBIT 31.1

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;

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 officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) 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) [Paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];

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 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 officers 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 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.

May 4, 2016	/s/ Joseph P. Adams, Jr.
(Date)	Joseph P. Adams, Jr.
	Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Jonathan G. Atkeson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Fortress Transportation and Infrastructure Investors LLC;

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 officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) 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) [Paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];

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 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 officers 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 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.

May 4, 2016	/s/ Jonathan G. Atkeson
(Date)	Jonathan G. Atkeson
	Chief Financial Officer

EXHIBIT 32.1

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

In connection with the Quarterly Report on Form 10-Q of Fortress Transportation and Infrastructure Investors LLC (the “Company”) for the quarterly period ended March 31, 2016 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
May 4, 2016

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

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

EXHIBIT 32.2

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

In connection with the Quarterly Report on Form 10-Q of Fortress Transportation and Infrastructure Investors LLC (the "Company") for the quarterly period ended March 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Jonathan G. Atkeson, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jonathan G. Atkeson

Jonathan G. Atkeson
Chief Financial Officer
May 4, 2016

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

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

End of Filing