

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

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934  
Date of Report (Date of Earliest Event Reported): May 3, 2018

**Fortress Transportation and Infrastructure Investors LLC**

(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or Other Jurisdiction of Incorporation)

001-37386  
(Commission File Number)

32-0434238  
(IRS Employer Identification No.)

1345 Avenue of the Americas, 45th Floor, New York, New York 10105  
(Address of Principal Executive Offices) (Zip Code)

(212) 798-6100  
(Registrant's Telephone Number, Including Area Code)

Not Applicable  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

**Item 2.02. Results of Operations and Financial Condition.**

On May 3, 2018, the Company issued a press release announcing the Company's results for its fiscal quarter ended March 31, 2018. A copy of the Company's press release is attached to this Current Report on Form 8-K (the "Current Report") as Exhibit 99.1 and is incorporated herein solely for purposes of this Item 2.02 disclosure.

This Current Report, including the exhibit attached hereto, is being furnished and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into any of the Company's filings under the Securities Act of 1933, as amended, or the Exchange Act, unless expressly set forth as being incorporated by reference into such filing.

**Item 9.01 Financial Statements and Exhibits.****(d) Exhibits.**

<b>Exhibit Number</b>	<b>Description</b>
<a href="#">99.1</a>	Press release, dated May 3, 2018, issued by Fortress Transportation and Infrastructure Investors LLC

**SIGNATURE**

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 hereunto duly authorized.

FORTRESS TRANSPORTATION AND  
INFRASTRUCTURE INVESTORS LLC

By: /s/ Scott Christopher

Name: Scott Christopher

Title: Chief Financial Officer and Chief Accounting Officer

Date: May 3, 2018

---



## PRESS RELEASE

*FTAI Reports First Quarter 2018 Results, Dividend of \$0.33 per Common Share*

NEW YORK, [May 3, 2018] – Fortress Transportation and Infrastructure Investors LLC (NYSE:FTAI) (the “Company”) today reported financial results for the three months ended March 31, 2018. The Company’s consolidated comparative financial statements and key performance measures are attached as an exhibit to this press release.

**Financial Overview**

*(in thousands, except per share data)*

<b>Selected Financial Results<sup>(1)</sup></b>	<b>Q1’18</b>
Net Cash Provided by Operating Activities	\$ 11,470
Net Loss Attributable to Shareholders	\$ (572)
Basic and Diluted Loss per Share	\$ (0.01)
Funds Available for Distribution (“FAD”)	\$ 34,437
Adjusted Net Income	\$ 2,728
Adjusted Net Income per Share	\$ 0.03
Adjusted EBITDA	\$ 48,121

<sup>(1)</sup> For definitions and reconciliations of Non-GAAP measures, please refer to the exhibit to this press release.

For the first quarter of 2018, our total FAD was \$34.4 million. This amount includes \$62.0 million from equipment leasing activities, offset by \$(12.3) million and \$(15.3) million from infrastructure and corporate activities, respectively.

**First Quarter 2018 Dividend**

On May 3, 2018, the Company’s Board of Directors declared a cash dividend on its common shares of \$0.33 per share for the quarter ended March 31, 2018, payable on May 29, 2018 to the holders of record on May 17, 2018.

**Additional Information**

For additional information that management believes to be useful for investors, please refer to the presentation posted on the Investor Relations section of the Company’s website, [www.ftandi.com](http://www.ftandi.com), and the Company’s Quarterly Report on Form 10-Q, when available on the Company’s website. Nothing on the Company’s website is included or incorporated by reference herein.

**Conference Call**

The Company will host a conference call on Friday, May 4, 2018 at 8:00 A.M. Eastern Time. The conference call may be accessed by dialing 1-877-447-5636 (from within the U.S.) or 1-615-247-0080 (from outside of the U.S.) ten minutes prior to the scheduled start of the call; please reference “FTAI First Quarter Earnings Call.” A simultaneous webcast of the conference call will be available to the public on a listen-only basis at [www.ftandi.com](http://www.ftandi.com).

Following the call, a replay of the conference call will be available after 12:00 P.M. on Friday, May 4, 2018 through midnight Friday, May 11, 2018 at 1-855-859-2056 (from within the U.S.) or 1-404-537-3406 (from outside of the U.S.), Passcode: 7889396.

## **About Fortress Transportation and Infrastructure Investors LLC**

Fortress Transportation and Infrastructure Investors LLC owns and acquires high quality infrastructure and equipment that is essential for the transportation of goods and people globally. FTAI targets assets that, on a combined basis, generate strong and stable cash flows with the potential for earnings growth and asset appreciation. FTAI is externally managed by an affiliate of Fortress Investment Group LLC, a leading, diversified global investment firm.

### **Cautionary Note Regarding Forward-Looking Statements**

Certain statements in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and beliefs and are subject to a number of trends and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, many of which are beyond the Company's control. The Company can give no assurance that its expectations will be attained and such differences may be material. Accordingly, you should not place undue reliance on any forward-looking statements contained in this press release. For a discussion of some of the risks and important factors that could affect such forward-looking statements, see the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are available on the Company's website ([www.ftandi.com](http://www.ftandi.com)). In addition, new risks and uncertainties emerge from time to time, and it is not possible for the Company to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. Such forward-looking statements speak only as of the date of this press release. The Company expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or change in events, conditions or circumstances on which any statement is based. This release shall not constitute an offer to sell or the solicitation of an offer to buy any securities.

### **For further information, please contact:**

Alan Andreini  
Investor Relations  
Fortress Transportation and Infrastructure Investors LLC  
(212) 798-6128  
[aandreini@fortress.com](mailto:aandreini@fortress.com)

---

## Withholding Information for Withholding Agents

This announcement is intended to be a qualified notice as provided in the Internal Revenue Code (the "Code") and the Regulations thereunder. For U.S. federal income tax purposes, the dividend declared in May 2018 will be treated as a partnership distribution. For tax withholding purposes, the per share distribution components are as follows:

<b>Distribution Components</b>	
Non-U.S. Long Term Capital Gain	\$ —
U.S. Portfolio Interest Income <sup>(1)</sup>	\$ 0.1270
U.S. Dividend Income <sup>(2)</sup>	\$ —
Income Not from U.S. Sources <sup>(3)</sup>	\$ 0.2030
<b>Distribution Per Share</b>	<b>\$ 0.3300</b>

- (1) Eligible for the U.S. portfolio interest exemption for any holder not considered a 10-percent shareholder under §871(h)(3)(B) of the Code.
- (2) This income is subject to withholding under §1441 of the Code.
- (3) This income is not subject to withholding under §1441 or §1446 of the Code.

**For U.S. shareholders:** In computing your U.S. federal taxable income, you should not rely on this qualified notice, but should generally take into account your allocable share of the Company's taxable income as reported to you on your Schedule K-1.

---

## FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

## CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended March 31,	
	2018	2017
<i>(Dollar amounts in thousands, except share and per share data)</i>		
<b>Revenues</b>		
Equipment leasing revenues	\$ 55,784	\$ 31,388
Infrastructure revenues	13,060	13,285
Total revenues	<u>68,844</u>	<u>44,673</u>
<b>Expenses</b>		
Operating expenses	27,579	21,013
General and administrative	3,586	3,835
Acquisition and transaction expenses	1,766	1,452
Management fees and incentive allocation to affiliate	3,739	3,893
Depreciation and amortization	29,587	17,377
Interest expense	11,871	4,694
Total expenses	<u>78,128</u>	<u>52,264</u>
<b>Other income (expense)</b>		
Equity in earnings (losses) of unconsolidated entities	95	(1,266)
(Loss) gain on sale of equipment, net	(5)	2,018
Loss on extinguishment of debt	—	(2,456)
Interest income	176	283
Other income	180	12
Total other income (expense)	<u>446</u>	<u>(1,409)</u>
<b>Loss before income taxes</b>	<b>(8,838)</b>	<b>(9,000)</b>
Provision for income taxes	495	212
<b>Net loss</b>	<b>(9,333)</b>	<b>(9,212)</b>
Less: Net loss attributable to non-controlling interests in consolidated subsidiaries	(8,761)	(4,798)
<b>Net loss attributable to shareholders</b>	<b>\$ (572)</b>	<b>\$ (4,414)</b>
<b>Loss per share</b>		
Basic and Diluted	\$ (0.01)	\$ (0.06)
<b>Weighted Average Shares Outstanding:</b>		
Basic	81,534,454	75,762,283
Diluted	81,534,454	75,762,283

## CONSOLIDATED BALANCE SHEETS

	(Unaudited) March 31, 2018	December 31, 2017
<i>(Dollar amounts in thousands, except share and per share data)</i>		
<b>Assets</b>		
Cash and cash equivalents	\$ 80,916	\$ 59,400
Restricted cash	25,823	33,406
Accounts receivable, net	36,847	31,076
Leasing equipment, net	1,128,493	1,074,130
Finance leases, net	9,115	9,244
Property, plant, and equipment, net	512,052	489,949
Investments	43,702	42,538
Intangible assets, net	37,978	40,043
Goodwill	116,584	116,584
Other assets	56,316	59,436
<b>Total assets</b>	<b>\$ 2,047,826</b>	<b>\$ 1,955,806</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 56,031	\$ 68,226
Debt, net	710,638	703,264
Maintenance deposits	107,444	103,464
Security deposits	28,921	27,257
Other liabilities	18,298	18,520
<b>Total liabilities</b>	<b>921,332</b>	<b>920,731</b>
<b>Equity</b>		
Common shares (\$0.01 par value per share; 2,000,000,000 shares authorized; 82,779,232 and 75,771,738 shares issued and outstanding as of March 31, 2018 and December 31, 2017, respectively)	828	758
Additional paid in capital	1,085,492	985,009
Accumulated deficit	(39,271)	(38,699)
Accumulated other comprehensive income	—	—
Shareholders' equity	1,047,049	947,068
Non-controlling interest in equity of consolidated subsidiaries	79,445	88,007
<b>Total equity</b>	<b>1,126,494</b>	<b>1,035,075</b>
<b>Total liabilities and equity</b>	<b>\$ 2,047,826</b>	<b>\$ 1,955,806</b>



## CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(Dollar amounts in thousands, unless otherwise noted)

	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (9,333)	\$ (9,212)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Equity in (earnings) losses of unconsolidated entities	(95)	1,266
Loss (gain) on sale of equipment, net	5	(2,018)
Security deposits and maintenance claims included in earnings	(383)	—
Loss on extinguishment of debt	—	2,456
Equity-based compensation	208	87
Depreciation and amortization	29,587	17,377
Change in current and deferred income taxes	504	209
Change in fair value of non-hedge derivative	(624)	—
Amortization of lease intangibles and incentives	7,226	1,949
Amortization of deferred financing costs	1,151	1,133
Bad debt expense	1,441	31
Other	9	37
Change in:		
Accounts receivable	(7,387)	(1,626)
Other assets	1,176	11,227
Accounts payable and accrued liabilities	(9,768)	(4,992)
Management fees payable to affiliate	(1,300)	(347)
Other liabilities	(947)	103
<b>Net cash provided by operating activities</b>	<b>11,470</b>	<b>17,680</b>
<b>Cash flows from investing activities:</b>		
Investment in notes receivable	(912)	—
Investment in unconsolidated entities and available for sale securities	(1,115)	(14,654)
Principal collections on finance leases	129	110
Acquisition of leasing equipment	(86,043)	(67,695)
Acquisition of property plant and equipment	(23,641)	(14,796)
Acquisition of lease intangibles	(1,029)	—
Purchase deposits for acquisitions	(6,886)	(1,120)
Proceeds from sale of leasing equipment	6,136	9,834
Proceeds from sale of property, plant and equipment	38	52
Proceeds from deposit on sale of leasing equipment	240	60
Return of deposit on sale of engine	(400)	—
<b>Net cash used in investing activities</b>	<b>\$ (113,483)</b>	<b>\$ (88,209)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from debt	18,600	235,411
Repayment of debt	(12,612)	(1,562)
Payment of deferred financing costs	(71)	(366)
Receipt of security deposits	1,864	1,425
Return of security deposits	(700)	(32)
Receipt of maintenance deposits	9,720	4,424
Release of maintenance deposits	(1,840)	—
Proceeds from issuance of common shares, net of underwriter's discount	128,450	—
Common shares issuance costs	(132)	—
Cash dividends	(27,333)	(25,013)
<b>Net cash provided by financing activities</b>	<b>\$ 115,946</b>	<b>\$ 214,287</b>
<b>Net increase in cash and cash equivalents and restricted cash</b>	<b>\$ 13,933</b>	<b>\$ 143,758</b>
Cash and cash equivalents and restricted cash, beginning of period	92,806	133,496
<b>Cash and cash equivalents and restricted cash, end of period</b>	<b>\$ 106,739</b>	<b>\$ 277,254</b>

## Key Performance Measures

The Chief Operating Decision Maker (“CODM”) utilizes Adjusted Net Income and Adjusted EBITDA as performance measures.

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

The following table presents our consolidated reconciliation of net loss attributable to shareholders to Adjusted Net Income (Loss) for the three months ended March 31, 2018 and March 31, 2017:

<i>(in thousands)</i>	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Net loss attributable to shareholders</b>	<b>\$ (572)</b>	<b>\$ (4,414)</b>
Add: Provision for income taxes	495	212
Add: Equity-based compensation expense	208	87
Add: Acquisition and transaction expenses	1,766	1,452
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	2,456
Add: Changes in fair value of non-hedge derivative instruments	624	—
Add: Asset impairment charges	—	—
Add: Pro-rata share of Adjusted Net Income (Loss) from unconsolidated entities <sup>(1)</sup>	95	(1,266)
Add: Incentive allocations	—	—
Less: Cash payments for income taxes	9	(3)
Less: Equity in (earnings) losses of unconsolidated entities	(95)	1,266
Less: Non-controlling share of Adjusted Net Loss (Income) <sup>(2)</sup>	198	(39)
<b>Adjusted Net Income (Loss) (non-GAAP)</b>	<b>\$ 2,728</b>	<b>\$ (249)</b>

(1) Pro-rata share of Adjusted Net Income (Loss) 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.

(2) Non-controlling share of Adjusted Net (Loss) Income is comprised of the following for the three months ended March 31, 2018 and 2017: (i) equity-based compensation of \$37 and \$25, (ii) provision for income tax of \$4 and \$15, and (iii) changes in fair value of non-hedge derivative instruments of \$(244) and \$0, less (iv) cash tax payments of \$(5) and \$1, respectively.

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

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

The following table sets forth a reconciliation of net loss attributable to shareholders to Adjusted EBITDA for the three months ended March 31, 2018 and March 31, 2017:

<i>(in thousands)</i>	<b>Three Months Ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Net loss attributable to shareholders</b>	<b>\$ (572)</b>	<b>\$ (4,414)</b>
Add: Provision for income taxes	495	212
Add: Equity-based compensation expense	208	87
Add: Acquisition and transaction expenses	1,766	1,452
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	2,456
Add: Changes in fair value of non-hedge derivative instruments	624	—
Add: Asset impairment charges	—	—
Add: Incentive allocations	—	—
Add: Depreciation & amortization expense <sup>(3)</sup>	36,814	19,306
Add: Interest expense	11,871	4,694
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities <sup>(4)</sup>	175	(680)
Less: Equity in (earnings) losses of unconsolidated entities	(95)	1,266
Less: Non-controlling share of Adjusted EBITDA <sup>(5)</sup>	(3,165)	(2,242)
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$ 48,121</b>	<b>\$ 22,137</b>

(3) Depreciation and amortization expense includes the following items for the three months ended March 31, 2018 and 2017: (i) depreciation and amortization expense of \$29,587 and \$17,377, (ii) lease intangible amortization of \$1,992 and \$1,283, and (iii) amortization for lease incentives of \$5,235 and \$646, respectively.

(4) Pro-rata share of Adjusted EBITDA from unconsolidated entities includes the following items for the three months ended March 31, 2018 and 2017: (i) net income (loss) of \$48 and \$(1,309), (ii) interest expense of \$112 and \$251, and (iii) depreciation and amortization expense of \$15 and \$378, respectively.

(5) Non-controlling share of Adjusted EBITDA is comprised of the following items for the three months ended March 31, 2018 and 2017: (i) equity based compensation of \$37 and \$24, (ii) provision for income taxes of \$4 and \$15, (iii) interest expense of \$1,292 and \$529, (iv) depreciation and amortization expense of \$2,076 and \$1,674, and (v) changes in fair value of non-hedge derivative instruments of \$(244) and \$0, respectively.

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

We define FAD as: net cash provided by operating activities plus principal collections on finance leases, proceeds from sale of assets, and return of capital distributions from unconsolidated entities, less required payments on debt obligations and capital distributions to non-controlling interest, and excluding changes in working capital.

The following table sets forth a reconciliation of FAD to Cash from Operating Activities for the three months ended March 31, 2018 and 2017:

	Three Months Ended March 31,	
	2018	2017
<i>(in thousands)</i>		
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 11,470</b>	<b>\$ 17,680</b>
Add: Principal Collections on Finance Leases	129	110
Add: Proceeds from sale of assets	6,174	9,885
Add: Return of Capital Distributions from Unconsolidated Entities	—	—
Less: Required Payments on Debt Obligations <sup>(1)</sup>	(1,562)	(1,562)
Less: Capital Distributions to Non-Controlling Interest	—	—
Exclude: Changes in Working Capital	18,226	(4,365)
<b>Funds Available for Distribution (FAD)</b>	<b>\$ 34,437</b>	<b>\$ 21,748</b>

(1) Required payments on debt obligations for the three months ended March 31, 2018 excludes \$11,050 repayment of the Central Maine and Québec Railway ("CMQR") Credit Agreement, and for the three months ended March 31, 2017 excludes \$100,000 repayment of the Term Loan, both of which were voluntary refinancing as repayment of these amounts was not required at such time.

The following tables set forth a reconciliation of FAD to Cash from Operating Activities for the three months ended March 31, 2018:

	Three Months Ended March 31, 2018			
	Equipment Leasing	Infrastructure	Corporate	Total
<i>(in thousands)</i>				
<b>Funds Available for Distribution (FAD)</b>	<b>\$ 62,068</b>	<b>\$ (12,328)</b>	<b>\$ (15,303)</b>	<b>\$ 34,437</b>
Less: Principal Collections on Finance Leases				(129)
Less: Proceeds from sale of assets				(6,174)
Less: Return of Capital Distributions from Unconsolidated Entities				—
Add: Required Payments on Debt Obligations <sup>(1)</sup>				1,562
Add: Capital Distributions to Non-Controlling Interest				—
Include: Changes in Working Capital				(18,226)
<b>Net Cash provided by Operating Activities</b>				<b>\$ 11,470</b>

(1) Required payments on debt obligations for the three months ended March 31, 2018 excludes \$11,050 repayment of the CMQR loan, which was a voluntary refinancing, as repayment of this amount was not required at such time.

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.

---