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

FORM 10-Q

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

For the quarterly period ended **September 30, 2024**

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**

FTAI AVIATION

FTAI AVIATION LTD.

(Exact name of registrant as specified in its charter)

Cayman Islands	**98-1420784**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

415 West 13th Street, 7th Floor	**New York**	**NY**	**10014**
(Address of principal executive offices)			(Zip Code)

(Registrant's telephone number, including area code) **(332) 239-7600**

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

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

Title of each class:	Trading Symbol:	Name of exchange on which registered:
Ordinary shares, $0.01 par value per share	FTAI	The Nasdaq Global Select Market
8.25% Fixed-to-Floating Rate Series A Cumulative Perpetual Redeemable Preferred Shares	FTAIP	The Nasdaq Global Select Market (Redeemed)
8.00% Fixed-to-Floating Rate Series B Cumulative Perpetual Redeemable Preferred Shares	FTAIO	The Nasdaq Global Select Market
8.25% Fixed-Rate Reset Series C Cumulative Perpetual Redeemable Preferred Shares	FTAIN	The Nasdaq Global Select Market
9.50% F ixed-Rate Reset Series D Cumulative Perpetual Redeemable Preferred Shares	FTAIM	The Nasdaq Global Select Market

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

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

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

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

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

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

There were 102,549,679 ordinary shares outstanding at November 10, 2024.

FORWARD-LOOKING STATEMENTS AND RISK FACTORS SUMMARY

This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact but instead are based on our present beliefs and assumptions and on information currently available to us. You can identify these forward-looking statements by the use of forward-looking words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates," "target," "projects," "contemplates" or the negative version of those words or other comparable words. Any forward-looking statements contained in this report are based upon our historical performance and on our current plans, estimates and expectations in light of information currently available to us. The inclusion of this forward-looking information should not be regarded as a representation by us, that the future plans, estimates or expectations contemplated by us will be achieved.

Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to our operations, financial results, financial condition, business, prospects, growth strategy and liquidity. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements. The following is a summary of the principal risk factors that make investing in our securities risky and may materially adversely affect our business, financial condition, results of operations and cash flows. This summary should be read in conjunction with the more complete discussion of the risk factors we face, which are set forth in Part II, Item 1A. "Risk Factors" of this report. We believe that these factors include, but are not limited to:

- changes in economic conditions generally and specifically in our industry sectors, and other risks relating to the global economy, including, but not limited to, the Russia-Ukraine conflict, and any related responses or actions by businesses and governments;
- reductions in cash flows received from our assets, as well as contractual limitations on the use of our aviation assets to secure debt for borrowed money;
- our ability to take advantage of acquisition opportunities at favorable prices;
- a lack of liquidity surrounding our assets, which could impede our ability to vary our portfolio in an appropriate manner;
- the relative spreads between the yield on the assets we acquire and the cost of financing;
- adverse changes in the financing markets we access affecting our ability to finance our acquisitions;
- customer defaults on their obligations;
- our ability to renew existing contracts and enter into new contracts with existing or potential customers;
- the availability and cost of capital for future acquisitions;
- concentration of a particular type of asset or in a particular sector;
- competition within the aviation industry;
- the competitive market for acquisition opportunities;
- risks related to operating through joint ventures, partnerships, consortium arrangements or other collaborations with third parties;
- our ability to successfully integrate acquired businesses;
- obsolescence of our assets or our ability to sell, re-lease or re-charter our assets;
- exposure to uninsurable losses and force majeure events;
- the legislative/regulatory environment and exposure to increased economic regulation;
- exposure to the oil and gas industry's volatile oil and gas prices;
- difficulties in obtaining effective legal redress in jurisdictions in which we operate with less developed legal systems;
- our ability to maintain our exemption from registration under the Investment Company Act of 1940 and the fact that maintaining such exemption imposes limits on our operations;
- our ability to successfully utilize leverage in connection with our investments;
- foreign currency risk and risk management activities;
- effectiveness of our internal control over financial reporting;
- exposure to environmental risks, including natural disasters, increasing environmental legislation and the broader impacts of climate change;
- changes in interest rates and/or credit spreads, as well as the success of any hedging strategy we may undertake in relation to such changes;
- actions taken by national, state, or provincial governments, including nationalization, or the imposition of new taxes, could materially impact the financial performance or value of our assets;
- our ability to attract and retain highly skilled management and other personnel;
- risks relating to the Company entering into an Internalization Agreement (the "Internalization Agreement") with FIG LLC (the "Former Manager") and the impact on the Company's management functions and business operations;

- volatility in the market price of our shares;
- the inability to pay dividends to our shareholders in the future;
- impacts from our past and future acquisitions, and our ability to successfully integrate acquired assets and assumed liabilities; 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.

FTAI AVIATION LTD.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

FTAI AVIATION LTD.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share and per share data)

	Notes	(Unaudited) September 30, 2024	December 31, 2023
Assets			
Cash and cash equivalents	2	**$ 111,888**	$ 90,756
Restricted cash		**150**	150
Accounts receivable, net	2	**166,338**	115,156
Leasing equipment, net	5	**2,066,337**	2,032,413
Property, plant, and equipment, net	2	**103,605**	45,175
Investments	6	**19,448**	22,722
Intangible assets, net	7	**38,001**	50,590
Assets held for sale	2	**119,012**	—
Goodwill	4	**31,533**	4,630
Inventory, net	2	**490,997**	316,637
Other assets	2	**591,601**	286,456
Total assets		**$ 3,738,910**	$ 2,964,685
Liabilities			
Accounts payable and accrued liabilities		**$ 196,660**	$ 112,907
Debt, net	8	**3,218,343**	2,517,343
Maintenance deposits	2	**75,606**	65,387
Security deposits	2	**42,863**	41,065
Other liabilities		**86,906**	52,100
Total liabilities		**$ 3,620,378**	$ 2,788,802
Commitments and contingencies	15		
Equity			
Ordinary shares ($ 0.01 par value per share; 2,000,000,000 shares authorized; 102,549,679 and 100,245,905 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively)		**$ 1,025**	$ 1,002
Preferred shares ($ 0.01 par value per share; 200,000,000 shares authorized; 15,920,000 and 15,920,000 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively)		**159**	159
Additional paid in capital		**292,899**	255,973
Accumulated deficit		**(175,551)**	(81,785)
Shareholders' equity		**118,532**	175,349
Non-controlling interest in equity of consolidated subsidiaries		**—**	534
Total equity		**118,532**	175,883
Total liabilities and equity		**$ 3,738,910**	$ 2,964,685

See accompanying notes to consolidated financial statements.

FTAI AVIATION LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS *(unaudited)*
(Dollars in thousands, except share and per share data)

	Notes	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Revenues					
Lease income		**$ 65,450**	$ 45,622	**$ 189,365**	$ 161,141
Maintenance revenue		**59,917**	63,925	**156,894**	141,131
Asset sales revenue		**34,953**	61,400	**145,993**	246,927
Aerospace products revenue		**303,469**	118,675	**737,726**	296,513
Other revenue		**2,005**	1,474	**6,104**	12,447
Total revenues	13	**465,794**	291,096	**1,236,082**	858,159
Expenses					
Cost of sales		**219,496**	116,707	**568,157**	366,909
Operating expenses	2	**26,858**	33,887	**81,274**	81,218
General and administrative		**4,045**	3,015	**10,697**	10,270
Acquisition and transaction expenses		**9,341**	4,261	**23,539**	10,195
Management fees and incentive allocation to affiliate	12	**—**	4,577	**8,449**	13,137
Internalization fee to affiliate	16	**—**	—	**300,000**	—
Depreciation and amortization	5, 7	**56,775**	43,959	**163,386**	123,399
Asset impairment		**—**	—	**962**	1,220
Total expenses		**316,515**	206,406	**1,156,464**	606,348
Other (expense) income					
Equity in (losses) earnings of unconsolidated entities	6	**(438)**	46	**(1,799)**	(1,669)
Interest expense		**(57,937)**	(40,185)	**(160,840)**	(117,976)
Loss on extinguishment of debt		**—**	—	**(13,920)**	—
Other income		**2,909**	461	**3,045**	877
Total other expense		**(55,466)**	(39,678)	**(173,514)**	(118,768)
Income (loss) before income taxes		**93,813**	45,012	**(93,896)**	133,043
Provision for (benefit from) income taxes	11	**7,331**	3,705	**(130)**	7,586
Net income (loss)		**86,482**	41,307	**(93,766)**	125,457
Less: Dividends on preferred shares		**8,335**	8,334	**25,005**	23,460
Net income (loss) attributable to shareholders		**$ 78,147**	$ 32,973	**$ (118,771)**	$ 101,997
Earnings (loss) per share:	14				
Basic		**$ 0.76**	$ 0.33	**$ (1.17)**	$ 1.02
Diluted		**$ 0.76**	$ 0.33	**$ (1.17)**	$ 1.02
Weighted average shares outstanding:					
Basic		**102,380,659**	99,927,594	**101,199,356**	99,796,736
Diluted		**103,395,348**	100,482,309	**101,199,356**	100,269,203

See accompanying notes to consolidated financial statements.

FTAI AVIATION LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(unaudited)*

(Dollars in thousands)

	Three and Nine Months Ended September 30, 2024					
	Ordinary Shares	Preferred Shares	Additional Paid In Capital	Accumulated Deficit	Non-Controlling Interest in Equity of Consolidated Subsidiaries	Total Eq
Equity - December 31, 2023	$ 1,002	$ 159	$ 255,973	$ (81,785)	$ 534	$ 1
Net loss				**(180,248)**		**(18**
Total comprehensive loss				**(180,248)**		**(18**
Purchase of non-controlling interest					**(534)**	
Dividends declared - ordinary shares			**(60,148)**			**(6**
Dividends declared - preferred shares			**(16,670)**			**(1**
Issuance of ordinary shares	**20**		**150,116**			**15**
Equity-based compensation			**1,148**			
Equity - June 30, 2024	**$ 1,022**	**$ 159**	**$ 330,419**	**$ (262,033)**	**$ —**	**$ 6**
Net income				**86,482**		**8**
Total comprehensive income				**86,482**		**8**
Dividends declared - ordinary shares			**(30,661)**			**(3**
Dividends declared - preferred shares			**(8,335)**			**(**
Issuance of ordinary shares	**3**		**46**			
Equity-based compensation			**1,430**			
Equity - September 30, 2024	**$ 1,025**	**$ 159**	**$ 292,899**	**$ (175,551)**	**$ —**	**$ 1**

See accompanying notes to consolidated financial statements.

FTAI AVIATION LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(unaudited)*
(Dollars in thousands)

	Three and Nine Months Ended September 30, 2023					
	Ordinary Shares	Preferred Shares	Additional Paid In Capital	Accumulated Deficit	Non-Controlling Interest in Equity of Consolidated Subsidiaries	Total Equity
Equity - December 31, 2022	$ 997	$ 133	$ 343,350	$ (325,602)	$ 524	$ 19,402
Net income				84,150		84,150
Total comprehensive income				84,150		84,150
Contributions from non-controlling interest					10	10
Issuance of ordinary shares			389			389
Dividends declared - ordinary shares			(59,854)			(59,854)
Issuance of preferred shares		26	61,703			61,729
Dividends declared - preferred shares			(15,126)			(15,126)
Equity-based compensation			618			618
Equity - June 30, 2023	$ 997	$ 159	$ 331,080	$ (241,452)	$ 534	$ 91,318
Net income				41,307		41,307
Total comprehensive income				41,307		41,307
Issuance of ordinary shares	5		178			183
Dividends declared - ordinary shares			(29,922)			(29,922)
Dividends declared - preferred shares			(8,334)			(8,334)
Equity-based compensation			510			510
Equity - September 30, 2023	$ 1,002	$ 159	$ 293,512	$ (200,145)	$ 534	$ 95,062

See accompanying notes to consolidated financial statements.

FTAI AVIATION LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS *(unaudited)*
(Dollars in thousands)

	Nine Months Ended September 30,	
	2024	**2023**
Cash flows from operating activities:		
Net (loss) income	**$ (93,766)**	$ 125,457
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Equity in losses of unconsolidated entities	**1,799**	1,669
Gain on sale of assets	**(244,353)**	(110,511)
Security deposits and maintenance claims included in earnings	**(13,437)**	(34,458)
Loss on extinguishment of debt	**13,920**	—
Equity-based compensation	**2,578**	1,128
Non-cash termination fee to affiliate (issuance of ordinary shares)	**150,000**	—
Depreciation and amortization	**163,386**	123,399
Asset impairment	**962**	1,220
Change in deferred income taxes	**(2,470)**	5,974
Change in fair value of guarantees	**1,340**	(1,677)
Amortization of lease intangibles and incentives	**30,998**	33,685
Amortization of deferred financing costs	**7,996**	6,429
Provision for credit losses	**2,784**	6,583
Other	**(158)**	(995)
Change in:		
Accounts receivable	**(31,234)**	(34,358)
Inventory	**(163,900)**	(4,845)
Other assets	**(16,769)**	(3,727)
Accounts payable and accrued liabilities	**50,630**	321
Management fees payable to affiliate	**(3,967)**	824
Other liabilities	**(2,492)**	648
Net cash (used in) provided by operating activities	**(146,153)**	116,766
Cash flows from investing activities:		
Investment in unconsolidated entities	**—**	(19,500)
Principal collections on finance leases	**1,872**	3,624
Principal collections on notes receivable	**3,874**	2,438
Acquisition of business, net of cash acquired	**(143,634)**	—
Acquisition of leasing equipment	**(622,366)**	(506,923)
Investments in financing receivables	**(63,857)**	—
Acquisition of property, plant and equipment	**(2,968)**	(3,906)
Acquisition of lease intangibles	**1,174**	(10,474)
Investment in promissory notes	—	(11,500)
Deposits for acquisitions of aircraft and engines	**(162,708)**	(10,533)
Proceeds from sale of assets	**542,938**	366,065
Proceeds (refunds) from deposits on sale of aircraft and engines	**2,414**	(683)
Return of deposits for acquisition of aircraft and engines	**530**	300
Net cash used in investing activities	**$ (442,731)**	$ (191,092)

See accompanying notes to consolidated financial statements.

FTAI AVIATION LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS *(unaudited)*
(Dollars in thousands)

	Nine Months Ended September 30,	
	2024	**2023**
Cash flows from financing activities:		
Proceeds from debt	**$ 2,069,250**	$ 430,000
Repayment of debt	**(1,367,304)**	(330,000)
Payment of deferred financing costs	**(10,825)**	(1,805)
Receipt of security deposits under operating lease agreements	**6,120**	7,355
Return of security deposits under operating lease agreements	**—**	(2,385)
Receipt of maintenance deposits under operating lease agreements	**35,583**	22,747
Release of maintenance deposits under operating lease agreements	**(6,460)**	(275)
Capital contributions from non-controlling interests	**(534)**	10
Proceeds from issuance of preferred shares, net of underwriter's discount and issuance costs	**—**	61,729
Cash dividends - ordinary shares	**(90,809)**	(89,776)
Cash dividends - preferred shares	**(25,005)**	(23,460)
Net cash provided by financing activities	**$ 610,016**	$ 74,140
Net increase (decrease) in cash and cash equivalents and restricted cash	**21,132**	(186)
Cash and cash equivalents and restricted cash, beginning of period	**90,906**	53,065
Cash and cash equivalents and restricted cash, end of period	**$ 112,038**	$ 52,879
Supplemental disclosure of non-cash investing and financing activities (see Note 2 for additional non-cash information):		
Issuance of notes receivable in connection with the sale of aircraft and engines	**$ 69,826**	$ 27,634
Acquisition of leasing equipment in accrued expenses	**(11,772)**	(8,825)
Purchase deposits reclassified to leasing equipment from other assets	**(19,608)**	(6,371)
Security deposits settled with accounts receivable	**(4,365)**	(2,851)
Maintenance deposits settled with accounts receivable	**(38,795)**	(38,754)

See accompanying notes to consolidated financial statements.

1. ORGANIZATION

FTAI Aviation Ltd. (“we”, “us”, “our” or the “Company” and formerly “Fortress Transportation and Infrastructure Investors LLC”) is a Cayman Islands exempted company which through its subsidiaries owns, leases, and sells aviation equipment and also develops and manufactures, through a joint venture, and repairs and sells, through our maintenance facilities and exclusivity arrangements, aftermarket components for aircraft engines. Additionally, we own and lease offshore energy equipment. We have two reportable segments, (i) Aviation Leasing and (ii) Aerospace Products (see Note 13).

Prior to May 28, 2024, FTAI Aviation Ltd. operated under a management agreement (the “Management Agreement”) with FIG LLC (the “Former Manager”), and Fortress Worldwide Transportation and Infrastructure Master GP LLC (the “Master GP”), each an affiliate of Fortress Investment Group LLC (“Fortress”). For their services, the Former Manager was entitled to management fees and the Master GP was entitled to certain incentive allocations, both defined in, and in accordance with the terms of, the Management Agreement. On May 28, 2024, the Company entered into an Internalization Agreement with the Former Manager and the Master GP (the “Internalization Agreement”), pursuant to which the Management Agreement was terminated effective May 28, 2024 (the “Effective Date”), except that certain indemnification and other obligations survive, and the Company internalized its management functions (such transactions, the “Internalization”). As a result of the Internalization, the Company ceased to be externally managed and operates as an internally managed company. In connection with the termination of the Management Agreement, the Company (i) agreed to pay the Former Manager (for itself and on behalf of the Master GP, as applicable) $ 150.0 million (the “Cash Consideration”), the compensation accrued and payable, but not yet paid, under the Management Agreement, and the expenses that were reimbursable, but not yet reimbursed, under the Management Agreement; (ii) issued to the Former Manager (for itself and on behalf of the Master GP, as applicable) 1,866,949 ordinary shares of the Company (the “Share Consideration”); and (iii) purchased from Master GP all of its partnership interests in FTAI Aviation Holdco Ltd., a subsidiary of the Company, in exchange for $ 30 . In addition, the Former Manager repaid to the Company certain annual bonus payments due to certain employees of the Former Manager or its affiliates who provide services to the Company with respect to the 2024 calendar year on a pro rata basis. The Company financed the cash payments through one or more debt financings, along with cash on hand.

On May 28, 2024, the Company also entered into a Transition Services Agreement (the “Transition Services Agreement”) with the Former Manager. Under the Transition Services Agreement, the Former Manager was required to continue to provide the Company and its affiliates with all of the services provided by the Former Manager to the Company and its affiliates immediately prior to May 28, 2024 (the “Services”) for a transition period until October 31, 2024, during which the Company procured replacements for the Services. The Services were provided to the Company for a fee equal to the Former Manager’s cost of providing the Services, plus a mark-up of ten percent (10 %). In addition, the Former Manager is required to continue to provide the services that are reasonably required by the Company to prepare its quarterly and annual financial statements until May 31, 2025. The Transition Services Agreement may be terminated earlier (x) by mutual agreement of the parties, (y) by either the Former Manager or the Company in the event of a material breach by the non-terminating party that is not cured within thirty (30) days following written notification thereof, or (z) by the Former Manager if the Company fails to pay any undisputed sum overdue and payable for a period of at least thirty (30) days.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The accompanying consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and include the accounts of us and our subsidiaries. These financial statements and related notes should be read in conjunction with the Consolidated Financial Statements and related notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023.

Principles of Consolidation—We consolidate all entities in which we have a controlling financial interest and control over significant operating decisions. All adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The ownership interest of other investors in consolidated subsidiaries is recorded as non-controlling interest.

We use the equity method of accounting for investments in entities in which we exercise significant influence but which do not meet the requirements for consolidation. Under the equity method, we record our proportionate share of the underlying net income (loss) of these entities.

Use of Estimates—The preparation of financial statements in conformity with U.S. 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.

Restructuring Charges — The termination of the Management Agreement was a material change in the management structure of the business and is accounted for under ASC 420, *Exit or Disposal Cost Obligations* . The termination fee payment to the Former Manager under the Internalization Agreement is recorded within Internalization Fee to Affiliate in the Consolidated Statements of Operations. See Note 16 for additional discussion of the restructuring charges related to the Internalization.

Reclassifications—Certain amounts from prior periods in the Company's consolidated financial statements have been reclassified to align with the presentation in the current period.

Risks and Uncertainties—In the normal course of business, we encounter several significant types of economic risk including credit, market, and capital market risks. Credit risk is the risk of the inability or unwillingness of a lessee or customer to make contractually required payments or to fulfill its other contractual obligations. Market risk reflects the risk of a downturn or volatility in the underlying industry segments in which we operate, which could adversely impact the pricing of the services offered by us or a lessee's or customer's ability to make payments, increase the risk of unscheduled lease terminations and depress lease rates and the value of our leasing equipment or operating assets. Capital market risk is the risk that we are unable to obtain capital at reasonable rates to fund the growth of our business or to refinance existing debt facilities. We, through our subsidiaries, also conduct operations outside of the United States; such international operations are subject to the same risks as those associated with our United States operations as well as additional risks, including unexpected changes in regulatory requirements, heightened risk of political and economic instability, potentially adverse tax consequences and the burden of complying with foreign laws. We do not have significant exposure to foreign currency risk as all of our leasing arrangements are denominated in U.S. dollars.

Cash and Cash Equivalents—We consider all highly liquid short-term investments with a maturity of 90 days or less when purchased to be cash equivalents.

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

Revenues—We disaggregate our revenue by products and services. Revenues are within the scope of ASC 842,*Leases,* and ASC 606, *Revenue from contracts with customers*, unless otherwise noted. We have elected to exclude sales and other similar taxes from revenues.

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

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

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

For purchase and lease back transactions, we account for the transaction as a single arrangement. We allocate the consideration paid based on the relative fair value of the aircraft and lease and other related assets/liabilities acquired. The fair value of the lease may include a lease premium or discount, which is recorded as a favorable or unfavorable lease intangible.

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

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

Aerospace products revenue—Aerospace products revenue primarily consists of the transaction price related to the sale of CFM56-7B, CFM56-5B and V2500 engines, engine modules, spare parts and used material inventory, and are accounted for within the scope of ASC 606. Revenue is recognized when a performance obligation is satisfied by transferring control over the related asset to a customer. Revenue is recorded with corresponding costs of sales, presented on a gross basis. Aerospace products revenue also consists of engine management service contracts, where the Company has a stand-ready obligation to provide replacement CFM56-7B and CFM56-5B engines to customers as they become unserviceable during the contract term. The Company recognizes revenue over time using a straight-line attribution method and the costs related to fulfilling the performance obligation are expensed as incurred.

Concentration of Credit Risk—We are subject to concentrations of credit risk with respect to amounts due from customers. We attempt to limit our credit risk by performing ongoing credit evaluations. No single customer accounted for greater than 10% of total revenue during the three and nine months ended September 30, 2024 and September 30, 2023.

As of September 30, 2024 and December 31, 2023, no single customer accounted for greater than 10% of total accounts receivable, net.

We maintain cash and restricted cash balances, which generally exceed federally insured limits, and subject us to credit risk, in high credit quality financial institutions. We monitor the financial condition of these institutions and have not experienced any losses associated with these accounts.

Allowance for Doubtful Accounts and Credit Losses — For receivables related to operating lease arrangements, we determine the allowance for doubtful accounts based on our assessment of the collectability of our receivables on a customer-by-customer basis. The allowance for doubtful accounts was $ 74.9 million and $ 72.2 million as of September 30, 2024 and December 31, 2023, respectively. We determine the credit loss reserve for note receivables, receivables related to finance leases and inventory sales. There was provision for credit losses of $ 2.7 million for the three and nine months ended September 30, 2024. There was provision for credit losses of $ 5.6 million and $ 6.6 million for the three and nine months ended September 30, 2023.

Comprehensive Income—Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances, excluding those resulting from investments by and distributions to owners. Our comprehensive income represents net income, as presented in the Consolidated Statements of Operations.

Other Assets—Other assets is primarily comprised of lease incentives of $ 58.3 million and $ 43.5 million, purchase deposits of $ 46.5 million and $ 23.9 million, notes receivable for sales and exchanges of $ 152.2 million and $ 102.3 million, operating lease right-of-use assets, net of $ 12.2 million and $ 3.4 million, finance leases, net of $ 0.9 million and $ 3.0 million, maintenance right assets of $ 21.5 million and $ 16.3 million, financing receivable resulting from failed sale-leaseback transactions of $ 63.9 million and $ 0.0 million, and prepaid expenses including prepayments for maintenance that has not yet been incurred of $ 132.5 million and $ 7.8 million as of September 30, 2024 and December 31, 2023, respectively.

Assets Held for Sale— We classify assets as held for sale when the Company commits to a plan to sell and it is probable that the sale will be completed within one year. These assets are recorded at the lower of their carrying value or fair market value, less costs to sell, starting from the period in which they meet the criteria for this classification.

In September 2024, the Company committed to a formal plan to sell two vessels within Corporate and Other, which includes offshore energy related assets. Consequently, these vessels met the criteria to be classified as assets held for sale and have been presented separately. Any subsequent changes in our estimate of the fair value of these assets or costs to sell before their sale will be recorded as a gain or loss, with a corresponding adjustment to their carrying values. The disposal is expected to occur in the fourth quarter of 2024.

As of September 30, 2024 the vessels had a net book value of $ 119.0 million.

Dividends— Dividends are recorded if and when declared by the Board of Directors. For the three and nine months ended September 30, 2024 and 2023, the Board of Directors declared cash dividends of $ 0.30 and $ 0.90 per ordinary share, respectively.

Additionally, for the quarter ended September 30, 2024, the Board of Directors declared cash dividends on the Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares of $ 0.50 , $ 0.52 and $ 0.59 per share, respectively.

Cash Flow Presentation—Included in net cash (used in) provided by operating activities are inflows from the sale of engine modules and parts that were on engines originally purchased and reported as Leasing equipment, net on the Consolidated Balance Sheet. The purchase of the original engine was reported as an outflow in net cash used in investing activities at the time of purchase through the Acquisition of leasing equipment line item. As part of the Aerospace products business, the Company breaks down generally unserviceable engines with the intent to manufacture modules and parts for creation and sale of new assets. To manufacture the modules and parts and bring them into a salable condition, the Company spends significant costs, often over multiple reporting periods, for new inventory and capitalizable labor (e.g., engineering) that are included in net cash (used in) provided by operating activities as components of the changes in the related working capital accounts.

Therefore, when the costs to manufacture the assets are greater than (predominant to) the estimated value transferred from Leasing equipment into inventory, the related cash receipt has been recorded as an inflow in net cash (used in) provided by operating activities.

Additionally, the Company buys inventory from third parties with the intent to use the parts in the manufacturing of the items discussed above, which is reported as an outflow in net cash (used in) provided by operating activities. When rebuilding whole engines for resale, for which the cash inflow upon sale is reported as a cash inflow from investing activities, the Company will transfer modules and parts needed (those purchased from third parties as well as parts from engines previously transferred to inventory from leasing equipment and rebuilt as discussed above) in the rebuild from inventory to leasing equipment.

The cash and noncash related activities described above during the nine months ended September 30, 2024 and 2023 are detailed below:

	Nine Months Ended September 30,	
(in thousands)	**2024**	**2023**
Cost of modules and parts sold sourced from engines originally within leasing equipment	**$ 33,663**	$ 30,045
Transfers of engines from leasing equipment to inventory for manufacturing and sale	**143,678**	147,285
Transfers of inventory to leasing equipment for rebuilding and sale of engines	**(159,876)**	(53,533)
Total outflows related to manufacturing modules and parts - included in net cash (used in) provided by operating activities	**(270,679)**	(81,109)
Cash received for assets sold sourced from Leasing equipment - inflow included in cash (used in) provided by operating activities	**56,670**	59,115

Recent Accounting Pronouncements—In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures*. This ASU modifies the disclosure and presentation requirements of reportable segments. The new guidance requires the disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit and loss. In addition, the new guidance enhances interim disclosure requirements, clarifies circumstances in which an entity can disclose multiple segment measures of profit or loss, provides new segment disclosure requirements for entities with a single reportable segment, and contains other disclosure requirements. This standard is effective retrospectively for all public entities for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently assessing the impact this guidance will have on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740) - Improvements to Income Tax Disclosures.* This ASU enhances the transparency and decision usefulness of income tax disclosures by expanding the disclosures of an entity's income tax rate reconciliation and disaggregation of income taxes paid and income tax expense. Under the new guidance, public business entities must annually disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold, if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income (loss) by the applicable statutory income tax rate. This standard is effective prospectively for all public entities for annual periods beginning after December 15, 2024, with early adoption and retrospective application permitted. We are currently assessing the impact this guidance will have on our consolidated financial statements and related disclosures.

In March 2024, the FASB issued ASU 2024-02, *Codification Improvements - Amendments to Remove References to the Concept Statements.* This ASU amends the Codification to remove references to various concepts statements and impacts a variety of topics in the Codification. The amendments apply to all reporting entities within the scope of the affected accounting guidance. Generally, the amendments in ASU 2024-02 are not intended to result in significant accounting changes for most entities. ASU 2024-02 is effective January 1, 2025 and we are currently assessing the impact this guidance will have on our consolidated financial statements and related disclosures.

3. ACQUISITION OF LOCKHEED MARTIN COMMERCIAL ENGINE SOLUTIONS

On September 9, 2024, the Company, through its subsidiary FTAIC Aviation Inc. ("FTAIC") created on April 25, 2024, acquired certain assets and assumed certain liabilities of Lockheed Martin Commercial Engine Solutions ("LMCES") from Lockheed Martin Canada for a total cash consideration of $ 170.0 million. LMCES is a 526,000 -square-foot aircraft engine maintenance repair facility located in Montréal, Quebec. We acquired LMCES to further enhance our Maintenance, Repair, and Exchange business and establish permanent engine and module manufacturing capabilities in Canada. The facility operates within our Aerospace Products segment, providing extensive engine and piece-part repair capabilities for the CFM56 engines. See Note 13 for additional information. The results of operations at LMCES have been included in the Consolidated Statements of Operations as of the effective date of the acquisition. In connection with the acquisition, we recorded $ 4.8 million and $ 5.2 million of acquisition and transaction expense during the three and nine months ended September 30, 2024, respectively.

(Dollars in tables in thousands, unless otherwise noted)

The acquisition of LMCES was accounted for as a business combination and, as such, the following fair values were assigned to assets acquired and liabilities assumed based on management's estimates and assumptions and are preliminary. The significant assumptions used to estimate the fair values of the property, plant, and equipment and inventory included replacement cost estimates and market data for similar assets where available. The final valuation and related allocation of the purchase price is subject to change as additional information is received and will be completed no later than 12 months after the closing date. The final acquisition accounting adjustments may be materially different and may include (i) changes in fair values of property, plant and equipment and associated salvage values; (ii) changes in fair values of inventory; (iii) changes in allocations to intangible assets, including goodwill; (iv) changes due to net working capital adjustments; (v) changes due to deferred taxes and (vi) changes to other assets and other liabilities.

The following table summarizes the preliminary allocation of the net assets acquired:

	September 9, 2024
Fair value of assets acquired:	
Accounts receivable	$ 12,273
Property, plant, and equipment	71,376
Leasing equipment	5,675
Inventory	47,445
Other assets [1]	12,804
Total assets	149,573
Fair value of liabilities assumed:	
Accounts payable and accrued liabilities	9,847
Other liabilities	22,996
Total liabilities	32,843
Goodwill [2]	26,904
Net assets acquired [3]	$ 143,634

[1] Acquired Other assets include a favorable off-market lease component with an estimated fair value of $ 2,340 .

[2] Goodwill is primarily attributable to the assembled workforce of FTAIC and the synergies expected to be achieved. This goodwill is assigned to the Aerospace Products segment and is deductible for income tax purposes.

[3] Total consideration is calculated as cash paid, adjusted for the settlement of pre-existing relationships. Cash consideration is also preliminary, as it is subject to net working capital adjustments.

The following table presents preliminary fair values of the components of property, plant and equipment acquired and their estimated useful lives:

	Estimated useful life in years	Estimated Fair value
Buildings and improvements	25	$ 40,602
Machinery and equipment	2 - 21	29,973
Other	N/A	801
Total		$ 71,376

The results of operations for the acquired business are included in the accompanying Consolidated Statements of Operations from the acquisition date.

The following table presents supplemental pro-forma information as if the acquisitions had occurred at the beginning of fiscal year 2023. The pro-forma information does not necessarily reflect the results of operations that would have occurred had the acquisitions had taken place as of January 1, 2023. Cost savings are also not reflected in the pro-forma amounts presented below.

(Dollars in tables in thousands, unless otherwise noted)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Total revenue	$ 479,277	$ 315,666	$ 1,283,520	$ 929,297
Net income (loss) attributable to shareholders	$ 83,727	$ 34,753	$ (122,542)	$ 89,716

4. ACQUISITION OF QUICKTURN

On December 1, 2023, we completed the acquisition of the remaining equity interest of Quick Turn Engine Center LLC ("QuickTurn") from Unical Aviation Inc. ("Unical") for total cash consideration of $ 30.3 million to obtain full ownership.

We acquired QuickTurn to better position the Company to have tighter integration over the development and delivery of aerospace products. QuickTurn is a hospital maintenance and testing facility dedicated to the CFM56 engine located in Miami, Florida that operates within our Aerospace Products segment. The results of operations at QuickTurn have been included in the Consolidated Statements of Operations beginning on the acquisition date.

The acquisition of QuickTurn was accounted for as a business combination and, as such, the following fair values were assigned to assets acquired and liabilities assumed based on management's estimates and assumptions and are preliminary. The significant assumptions used to estimate the fair value of the property, plant, and equipment included replacement cost estimates and market data for similar assets where available. The significant assumptions used to estimate the value of the customer relationship intangible assets included the discount rate and future revenues and operating expenses. The final valuation and related allocation of the purchase price is subject to change as additional information is received and will be completed no later than 12 months after the closing date. The final acquisition accounting adjustment may be materially different and may include changes in fair values of Inventory.

The following table summarizes the preliminary allocation of the net assets acquired:

	December 1, 2023
Fair value of assets acquired:	
Cash and cash equivalents	$ 518
Restricted cash	150
Accounts receivable	5,133
Property, plant, and equipment	30,559
Intangible assets	2,377
Inventory	9,332
Other assets	4,301
Total assets	52,370
Fair value of liabilities assumed:	
Accounts payable and accrued liabilities	3,994
Other liabilities	2,410
Total liabilities	6,404
Goodwill [1]	4,630
Net assets acquired	$ 50,596

[1] Goodwill is primarily attributable to the assembled workforce of QuickTurn and the synergies expected to be achieved. This goodwill is assigned to the Aerospace Products segment and is deductible for income tax purposes.

The following table presents the identifiable intangible assets and their estimated useful lives:

	Estimated useful life in years	Estimated Fair value
Above market leases	4	$ 470
Customer relationships	5	$ 1,907
Total		$ 2,377

(Dollars in tables in thousands, unless otherwise noted)

The following table presents the property, plant and equipment and their estimated useful lives:

	Estimated useful life in years	Estimated Fair value
Land	N/A	$ 2,840
Buildings and improvements	25	13,790
Machinery and equipment	6 - 23	13,631
Other	5 - 7	298
Total		$ 30,559

The financial information in the table below summarizes the combined results of operations of FTAI and QuickTurn on a pro forma basis. These pro forma results were based on estimates and assumptions which we believe are reasonable. The pro forma adjustments are primarily comprised of the following:

- The allocation of the purchase price and related adjustments, including adjustments to depreciation and amortization expense related to the fair value of property, plant and equipment and intangible assets acquired;
- Associated tax-related impacts of adjustments.

The following pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place as of January 1, 2023.

	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2023
Total revenue	$ 296,480	$ 875,066
Net income attributable to shareholders	$ 31,350	$ 97,633

5. LEASING EQUIPMENT, NET

Leasing equipment, net is summarized as follows:

	September 30, 2024	December 31, 2023
Leasing equipment	**$ 2,621,016**	$ 2,574,394
Less: Accumulated depreciation	**(554,679)**	(541,981)
Leasing equipment, net	**$ 2,066,337**	$ 2,032,413

Due to specific transactions, we identified certain assets in our leasing equipment portfolio with indicators of impairment. As a result, we adjusted the carrying value of these assets to fair value and recognized transactional impairment charges of $ 1.0 million and $ 1.2 million, net of redelivery compensation, for the nine months ended September 30, 2024 and 2023, respectively. For the three months ended September 30, 2024 and 2023, no transactional impairment charges were recorded.

Depreciation expense for leasing equipment is summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Depreciation expense for leasing equipment	**$ 55,376**	$ 43,765	**159,936**	122,867

6. INVESTMENTS

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

			Carrying Value	
	Investment	Ownership Percentage	September 30, 2024	December 31, 2023
Advanced Engine Repair JV	Equity method	25 %	**$ 19,448**	$ 21,040
Falcon MSN 177 LLC	Equity method	50 %	**—**	1,682
			$ 19,448	$ 22,722

We did not recognize any other-than-temporary impairments for the three and nine months ended September 30, 2024 and 2023.

(Dollars in tables in thousands, unless otherwise noted)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Advanced Engine Repair JV	**$ (438)**	$ 1,063	**$ (1,592)**	$ 1,336
Falcon MSN 177 LLC	**—**	(108)	**(207)**	(242)
Quick Turn Engine Center LLC	**—**	(909)	**—**	(2,763)
Total	**$ (438)**	$ 46	**$ (1,799)**	$ (1,669)

Equity Method Investments

Advanced Engine Repair JV

In December 2016, we invested $ 15 million for a 25 % interest in an advanced engine repair joint venture. This joint venture is focused on developing new cost savings programs for engine repairs.

In August 2019, we expanded the scope of our joint venture and invested an additional $ 13.5 million and maintained a 25 % interest. We exercise significant influence over this investment and account for this investment as an equity method investment.

Falcon MSN 177 LLC

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

On May 3, 2024, we purchased the remaining interest from S7 Aerospace for total cash consideration of $ 0.8 million and obtained full ownership of the aircraft with a 100 % equity interest. On the acquisition date, the Company accounted for the Falcon investment on a consolidated basis and derecognized it as an equity method investment.

Quick Turn Engine Center LLC

On January 4, 2023, we invested $ 19.5 million for a 50 % interest (45 % pro rata distribution of income until return of the JV partner's initial investment) in Quick Turn Engine Center LLC (previously iAero Thrust LLC), a hospital maintenance and testing facility dedicated to the CFM56 engine. We account for our investment in QuickTurn as an equity method investment as we have significant influence through our interest.

On December 1, 2023, we purchased the remaining interest in QuickTurn from the joint venture partner for total cash consideration of $ 30.3 million to obtain full ownership with a 100 % equity interest. On the acquisition date, the Company accounted for QuickTurn on a consolidated basis and derecognized it as an equity method investment. See Note 4 for additional information.

(Dollars in tables in thousands, unless otherwise noted)

7. INTANGIBLE ASSETS AND LIABILITIES, NET

Intangible assets and liabilities, net are summarized as follows:

	September 30, 2024	December 31, 2023
Intangible assets		
Acquired favorable lease intangibles	**$ 66,535**	$ 68,041
Less: Accumulated amortization	**(30,123)**	(19,347)
Acquired favorable lease intangibles, net	**36,412**	48,694
Acquired customer relationships	**1,907**	1,907
Less: Accumulated amortization	**(318)**	(11)
Acquired customer relationships, net	**1,589**	1,896
Total intangible assets, net	**$ 38,001**	$ 50,590
Intangible liabilities		
Acquired unfavorable lease intangibles	**$ 3,085**	$ 3,151
Less: Accumulated amortization	**(1,040)**	(1,389)
Acquired unfavorable lease intangibles, net	**$ 2,045**	$ 1,762

Intangible liabilities relate to unfavorable lease intangibles and are included as a component of Other liabilities.

Amortization of intangible assets and liabilities is recorded as follows:

	Classification in Consolidated Statements of Operations	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Lease intangibles	Lease income	**$ 3,720**	$ 3,726	**$ 11,482**	$ 11,325
Customer relationships	Depreciation and amortization	**95**	—	**307**	—
Total		**$ 3,815**	3,726	**$ 11,789**	11,325

As of September 30, 2024, estimated net annual amortization of intangibles is as follows:

Remainder of 2024	$ 3,849
2025	12,652
2026	9,356
2027	4,348
2028	3,759
Thereafter	1,992
Total	$ 35,956

(Dollars in tables in thousands, unless otherwise noted)

8. DEBT, NET

Our debt, net is summarized as follows:

	September 30, 2024			December 31, 2023
	Outstanding Borrowings	**Stated Interest Rate**	**Maturity Date**	**Outstanding Borrowings**
Loans payable				
Revolving Credit Facility (1)	$ 150,000	(i) Base Rate + 1.75 %; or (ii) Adjusted Term SOFR Rate + 2.75 %	5/22/27	$ —
Total loans payable	150,000			—
Bonds payable				
Senior Notes due 2025 (2)	—	6.50 %	10/1/25	652,043
Senior Notes due 2027	130,500	9.75 %	8/1/27	400,000
Senior Notes due 2028 (3)	1,001,475	5.50 %	5/1/28	1,001,746
Senior Notes due 2030 (4)	496,976	7.88 %	12/1/30	496,704
Senior Notes due 2031	700,000	7.00 %	5/1/31	—
Senior Notes due 2032	800,000	7.00 %	6/15/32	—
Total bonds payable	3,128,951			2,550,493
Debt	3,278,951			2,550,493
Less: Debt issuance costs	(60,608)			(33,150)
Total debt, net	$ 3,218,343			$ 2,517,343
Total debt due within one year	$ —			$ —

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

(2) Includes an unamortized discount of $ 866 at December 31, 2023 and an unamortized premium of $ 2,908 at December 31, 2023.

(3) Includes an unamortized premium of $ 1,475 and $ 1,746 at September 30, 2024 and December 31, 2023, respectively.

(4) Includes unamortized discount of $ 3,024 and $ 3,296 at September 30, 2024 and December 31, 2023, respectively.

Revolving Credit Facility—On May 23, 2024, the Company amended and restated its Revolving Credit Facility by executing a Third Amended and Restated Credit Agreement (the "Revolver Amendment"). The Revolver Amendment provides for revolving loans to be made available to the Company in an aggregate principal amount of up to $ 400.0 million, of which up to $ 25.0 million may be utilized for the issuance of letters of credit.

Senior Notes due 2031—On April 11, 2024, we issued $ 700.0 million aggregate principal amount of senior unsecured notes due 2031 (the "Senior Notes due 2031"). The Senior Notes due 2031 bear interest at a rate of 7.00 % per annum, payable semi-annually in arrears on May 1 and November 1 of each year, commencing on November 1, 2024. Using a portion of the net proceeds, the Company completed a cash tender offer for $ 324.6 million aggregate principal amount of 2025 Notes validly tendered on April 11, 2024. Holders whose notes were accepted for purchase received equal consideration per $1,000 principal amount of 2025 Notes, plus accrued and unpaid interest to, but not including, April 11, 2024. The Company used the remaining net proceeds to redeem the remaining $ 325.4 million aggregate principal amount of Senior Notes due 2025, plus accrued and unpaid interest, and recognized a loss on extinguishment of debt of $ 2.7 million. The remaining net proceeds were used for general corporate purposes, including the funding of acquisitions and investments.

Senior Notes due 2032—On June 17, 2024, we issued $ 800.0 million aggregate principal amount of senior unsecured notes due 2032 (the "Senior Notes due 2032"). These notes bear interest at a rate of 7.00 % per annum, payable semi-annually in arrears on June 15 and December 15 of each year, commencing on December 15, 2024. The Company utilized the net proceeds from the issuance for several purposes: (i) to fully repay outstanding amounts under our Revolving Credit Facility provided under the Revolver Amendment, without reduction in commitments, (ii) to fund the cash termination fee for the previously announced management Internalization described in Note 12, (iii) to complete a cash tender offer for up to $ 300.0 million in aggregate principal amount of Senior Notes due 2027 validly tendered on June 18, 2024, plus accrued and unpaid interest, and recognized a loss on extinguishment of debt of $ 11.2 million, (iv) to cover fees and expenses related to the aforementioned transactions, and (v) for general corporate purposes.

We were in compliance with all debt covenants as of September 30, 2024.

(Dollars in tables in thousands, unless otherwise noted)

9. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

The fair values of our bonds payable are presented in the table below and classified as Level 2 within the fair value hierarchy:

	September 30, 2024	December 31, 2023
Senior Notes due 2025	**$ —**	$ 649,383
Senior Notes due 2027	**133,883**	416,432
Senior Notes due 2028	**997,080**	963,630
Senior Notes due 2030	**539,175**	521,440
Senior Notes due 2031	**736,162**	—
Senior Notes due 2032	**840,312**	—

The Company has contingent obligations under ASC 460,*Guarantees*, in connection with certain sales of aircraft on lease, which are measured at fair value. The guarantees are valued at $ 8.1 million and $ 6.8 million as of September 30, 2024 and December 31, 2023, respectively, and are reflected as a component of Other liabilities. The fair values of the guarantees are determined based on the estimated condition of the engines at the end of each lease term and the estimated cost of replacement and applicable discount rates and are classified as Level 3. During the three and nine months ended September 30, 2024, the Company recorded a $ 0.3 million and $ 1.3 million increase related to the change in fair value, which is recorded as Asset sales revenue. During the nine months ended September 30, 2023, the Company recorded a $ 4.9 million increase in guarantees related to the sale of seven aircrafts and a $ 1.7 million decrease related to the change in fair value, which is recorded as Asset sales revenue. During the three and nine months ended September 30, 2024 and 2023, there were no significant transfers into or out of Level 3**.**

We measure the fair value of certain assets on a non-recurring basis when U.S. GAAP requires the application of fair value, including events or changes in circumstances that indicate that the carrying amounts of assets may not be recoverable. Assets subject to these measurements include intangible assets, property, plant and equipment and leasing equipment. We record such assets at fair value when it is determined the carrying value may not be recoverable. Fair value measurements for assets subject to impairment tests are based on an income approach which uses Level 3 inputs, which include our assumptions as to future cash flows from operation of the leasing and eventual sale of assets.

10. EQUITY-BASED COMPENSATION

We have 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 to eligible employees, consultants, directors, and other individuals who provide services to us, each as determined by the Compensation Committee of the Board of Directors.

(Dollars in tables in thousands, unless otherwise noted)

As of September 30, 2024, the Incentive Plan provides for the issuance of up to 29.8 million shares. Equity-based compensation expense is reported within operating expenses and general and administrative.

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

	Three Months Ended September 30,		Nine Months Ended September 30,		Remaining Expense To Be Recognized, If All Vesting Conditions Are Met	Weighted Average Remaining Contractual Term (in years)
	2024	2023	2024	2023		
Stock Options	**$ 128**	$ —	**$ 170**	$ —	**$ 1,905**	**3.8 years**
Restricted Shares	**1,302**	510	**2,408**	1,128	**16,112**	**2.9 years**
Total	**$ 1,430**	$ 510	**$ 2,578**	$ 1,128	**$ 18,017**	

Options

During the nine months ended September 30, 2024, the Former Manager transferred 37,343 of its options to certain of the Former Manager's employees. All of these options were issued prior to the Internalization.

Additionally, the Company granted options to select employees of FTAI Aviation LLC (a wholly owned subsidiary of the Company) related to 60,000 ordinary shares at an exercise price of $ 79.13 , which had a grant date fair value of $ 2.1 million. The assumptions used in valuing the options were: a 4.52 % risk-free rate, a 1.50 % dividend yield, a 43.00 % volatility and a 6.8 year term.

Restricted Shares

During the nine months ended September 30, 2024, we issued the following restricted shares of the Company to select employees and officers of FTAI Aviation LLC:

In May 2024, we issued restricted shares to (i) select officers with a grant date fair value of $ 5.5 million, vesting over 3.0 years and (ii) select employees with a grant date fair value of $ 5.7 million, vesting over 4.0 years.

In September 2024, we issued restricted shares to select employees with a grant date fair value of $ 0.8 million, vesting over 3.0 years.

All awards are subject to continued employment, with compensation expense recognized ratably over the vesting periods. The fair value was based on the closing price of FTAI Aviation Ltd.'s ordinary shares on the respective grant dates.

(Dollars in tables in thousands, unless otherwise noted)

11. INCOME TAXES

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Current:				
Cayman Islands	**$ —**	$ —	**$ —**	$ —
Bermuda	**—**	—	**—**	—
United States:	**—**	—	**—**	—
Federal	**(296)**	(32)	**888**	(77)
State and local	**(72)**	39	**217**	20
Non-U.S.	**446**	851	**1,235**	1,669
Total current provision	**78**	858	**2,340**	1,612
Deferred:				
Cayman Islands	**—**	—	**—**	—
Bermuda	**4,738**	—	**(3,088)**	—
United States:	**—**	—	**—**	—
Federal	**1,422**	1,521	**2,733**	2,344
State and local	**317**	(430)	**584**	68
Non-U.S.	**776**	1,756	**(2,699)**	3,562
Total deferred provision	**7,253**	2,847	**(2,470)**	5,974
Total provision for income taxes	**$ 7,331**	$ 3,705	**$ (130)**	$ 7,586

The Company is an exempted entity domiciled in the Cayman Islands where income taxes are not imposed. The Company is considered a Passive Foreign Investment Company for U.S. income tax purposes and certain income taxes are imposed on our owners. Taxable income or loss generated by our corporate subsidiaries is subject to corporate income tax in locations where they conduct business.

Historically, the Company's Bermuda operations have not been subject to Bermuda income tax. However, on December 27, 2023, the Government of Bermuda enacted a 15 percent corporate income tax regime (the "Bermuda CIT") that applies to Bermuda businesses that are part of multinational enterprise groups with annual revenue of €750 million or more and is effective for tax years beginning on or after January 1, 2025. As a result of the Bermuda CIT, the exemption of certain of the Company's Bermuda subsidiaries from Bermuda corporate income taxes will cease in 2025. For the year ended December 31, 2023, we recorded a deferred tax asset of $ 72.2 million in connection with the Bermuda law change. As of September 30, 2024, we project the Bermuda subsidiaries to generate a net operating loss for the year ended December 31, 2024. As such, the Company recorded a tax benefit of $ 3.1 million to increase its Bermuda deferred tax asset.

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

As of and for the nine months ended September 30, 2024, we had not established a liability for uncertain tax positions as no such positions existed. In general, our tax returns and the tax returns of our corporate subsidiaries are subject to U.S. federal, state, local and foreign income tax examinations by tax authorities. Generally, we are not subject to examination by taxing authorities for tax years prior to 2020. We do not believe that it is reasonably possible that the total amount of unrecognized tax benefits will significantly change within 12 months of the reporting date.

12. AFFILIATE TRANSACTIONS

On May 28, 2024, the Company entered into definitive agreements with the Former Manager and Master GP to internalize the Company's management function. As part of the termination of the Management Agreement, the Company (i) paid the Former Manager (for itself and on behalf of the Master GP, as applicable) the Cash Consideration, the compensation accrued and payable, but not yet paid, under the Management Agreement and the expenses that were reimbursable, but not yet reimbursed, under the Management Agreement; (ii) issued to the Former Manager (for itself and on behalf of the Master GP, as applicable) the Share Consideration; and (iii) purchased from Master GP all of its partnership interests in FTAI Aviation Holdco Ltd., a subsidiary of the Company, in exchange for $ 30 . Following the Internalization, the Company no longer pays management fees or incentive distributions to the Former Manager and Master GP.

(Dollars in tables in thousands, unless otherwise noted)

In connection with the termination of the Management Agreement, the Company also entered into a Transition Services Agreement with the Former Manager. Under the Transition Services Agreement, the Former Manager was required to continue to provide the Company and its affiliates with all of the Services for a transition period through October 31, 2024, during which the Company procured replacements for the Services. The Services were provided to the Company for a fee equal to the Former Manager's cost of providing the Services, plus a mark-up of ten percent (10 %). In addition, the Former Manager is required to continue to provide the services that are reasonably required by the Company to prepare its quarterly and annual financial statements until May 31, 2025. The Transition Services Agreement may be terminated earlier (x) by mutual agreement of the parties, (y) by either the Former Manager or the Company in the event of a material breach by the non-terminating party that is not cured within thirty (30) days following written notification thereof, or (z) by the Former Manager if the Company fails to pay any undisputed sum overdue and payable for a period of at least thirty (30) days.

Prior to the Internalization, the Former Manager was paid annual fees in exchange for advising us on various aspects of our business, formulating our investment strategies, arranging for the acquisition and disposition of assets, arranging for financing, monitoring performance, and managing our day-to-day operations, inclusive of all costs incidental thereto. In addition, the Former Manager was reimbursed for various expenses incurred by the Former Manager on our behalf, including the costs of legal, accounting and other administrative activities. Additionally, we entered into certain incentive allocation arrangements with Master GP, which owned approximately 0.01 % of FTAI Aviation Holdco Ltd. (a wholly owned subsidiary of the Company).

The Former Manager was entitled to a management fee and reimbursement of certain expenses. The management fee was determined by taking the average value of total equity (excluding non-controlling interests) determined on a consolidated basis in accordance with U.S. GAAP at the end of the two most recently completed months multiplied by an annual rate of 1.50 %, and was payable monthly in arrears in cash.

Prior to the Internalization and the termination of the Management Agreement on May 28, 2024, Master GP, was entitled to incentive allocations (comprised of income incentive allocation and capital gains incentive allocation, defined below). The income incentive allocation was calculated and distributable quarterly in arrears based on the pre-incentive allocation net income for the immediately preceding calendar quarter (the "Income Incentive Allocation"). For this purpose, pre-incentive allocation net income means, with respect to a calendar quarter, net income attributable to shareholders during such quarter calculated in accordance with U.S. GAAP excluding our pro rata share of (1) realized or unrealized gains and losses, and (2) certain non-cash or one-time items, and (3) any other adjustments as may be approved by our independent directors. Pre-incentive allocation net income did not include any Income Incentive Allocation or Capital Gains Incentive Allocation (described below) paid to Master GP during the relevant quarter.

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

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

The following table summarizes the management fees, income incentive allocation and capital gains incentive allocation prior to the Internalization on May 28, 2024:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Management fees	**$ —**	$ 303	**$ 993**	$ 597
Income incentive allocation	**—**	4,274	**7,456**	12,540
Total	**$ —**	$ 4,577	**$ 8,449**	$ 13,137

(Dollars in tables in thousands, unless otherwise noted)

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

We paid or reimbursed the Former Manager and its affiliates for performing certain legal, accounting, due diligence tasks and other services that outside professionals or outside consultants otherwise would perform, provided that such costs and reimbursements were no greater than those which would be paid to outside professionals or consultants. The Former Manager was responsible for all of its other costs incident to the performance of its duties under the Management Agreement, including compensation of the Former Manager's employees, rent for facilities and other "overhead" expenses; we did not reimburse the Former Manager for these expenses.

The following table summarizes our reimbursements to the Former Manager:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Classification in the Consolidated Statements of Operations:				
General and administrative	**$ 2,557**	$ 1,592	**$ 6,115**	$ 5,096
Acquisition and transaction expenses	**967**	172	**1,654**	381
Total	**$ 3,524**	$ 1,764	**$ 7,769**	$ 5,477

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

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

	September 30, 2024	December 31, 2023
Accrued management fees	**$ —**	$ 224
Other payables	**2,500**	6,200

As of September 30, 2024 and December 31, 2023, there were no receivables from the Former Manager.

13. SEGMENT INFORMATION

The key factors used to identify the reportable segments are the organization and alignment of our internal operations and the nature of our products and services. Our two reportable segments are (i) Aviation Leasing and (ii) Aerospace Products. The Aviation Leasing segment owns and manages aviation assets, including aircraft and aircraft engines, which it leases and sells to customers. The Aerospace Products segment, through our maintenance facilities, equity method investment and exclusivity arrangements, develops and manufactures, repairs/refurbishes and sells aircraft engines and aftermarket components primarily for the CFM56-7B, CFM56-5B and V2500 commercial aircraft engines. During the fourth quarter of 2023, the Company changed the composition of its operating segments to include V2500 engines within the Aerospace Products segment. Prior periods have been restated to reflect the change in accordance with the requirements ASC 280, *Segment Reporting*. See Note 2 for additional information.

Corporate and Other primarily consists of debt, unallocated corporate general and administrative expenses, shared services costs, internalization fee and management fees and incentive compensation pursuant to the Management Agreement prior to the Internalization effective May 28, 2024. Additionally, Corporate and Other also includes offshore energy related assets, which consist of vessels and equipment that support offshore oil and gas activities and production which are typically subject to operating leases.

(Dollars in tables in thousands, unless otherwise noted)

The accounting policies of the segments are the same as those described in the summary of significant accounting policies; however, financial information presented by segment includes the impact of intercompany eliminations. Our Chief Executive Officer is our Chief Operating Decision Maker ("CODM"). Segment information is presented in the same manner that our CODM reviews the operating results in assessing performance and allocating resources. The CODM evaluates performance for each reportable segment primarily based on Adjusted EBITDA. Historically, the CODM's assessment of segment performance included asset information. The CODM determined that segment asset information is not a key factor in measuring performance or allocating resources. Therefore, segment asset information is not included in the tables below as it is not provided to or reviewed by our CODM.

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

We believe that net income (loss) attributable to shareholders, as defined by U.S. GAAP, is the most appropriate earnings measurement with which to reconcile Adjusted EBITDA. Adjusted EBITDA should not be considered as an alternative to net income (loss) attributable to shareholders as determined in accordance with U.S. GAAP. The following tables set forth certain information for each reportable segment:

I. For the Three Months Ended September 30, 2024

	Three Months Ended September 30, 2024			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Revenues				
Lease income	$ 57,322	$ —	$ 8,128	$ 65,450
Maintenance revenue	59,917	—	—	59,917
Asset sales revenue	34,953	—	—	34,953
Aerospace products revenue	—	303,469	—	303,469
Other revenue	74	—	1,931	2,005
Total revenues	$ 152,266	$ 303,469	$ 10,059	$ 465,794
Expenses				
Cost of sales	20,684	198,812	—	219,496
Operating expenses	9,995	2,617	14,246	26,858
General and administrative	—	—	4,045	4,045
Acquisition and transaction expenses	2,620	2,100	4,621	9,341
Depreciation and amortization	52,455	1,306	3,014	56,775
Total expenses	85,754	204,835	25,926	316,515
Other income (expense)				
Equity in losses of unconsolidated entities	—	(438)	—	(438)
Interest expense	—	—	(57,937)	(57,937)
Other income	1,982	—	927	2,909
Total other income (expense)	1,982	(438)	(57,010)	(55,466)
Income (loss) before income taxes	68,494	98,196	(72,877)	93,813
Provision for (benefit from) income taxes	8,898	4,408	(5,975)	7,331
Net income (loss)	59,596	93,788	(66,902)	86,482
Less: Dividends on preferred shares	—	—	8,335	8,335
Net income (loss) attributable to shareholders	$ 59,596	$ 93,788	$ (75,237)	$ 78,147

(Dollars in tables in thousands, unless otherwise noted)

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

	Three Months Ended September 30, 2024			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Adjusted EBITDA	$ 136,423	$ 101,814	$ (6,207)	$ 232,030
Add: Non-controlling share of Adjusted EBITDA				—
Add: Equity in losses of unconsolidated entities				(438)
Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities				382
Less: Interest expense and dividends on preferred shares				(66,272)
Less: Depreciation and amortization expense				(69,453)
Less: Incentive allocations				—
Less: Asset impairment charges				—
Less: Changes in fair value of non-hedge derivative instruments				—
Less: Losses on the modification or extinguishment of debt and capital lease obligations				—
Less: Acquisition and transaction expenses				(9,341)
Less: Equity-based compensation expense				(1,430)
Less: Provision for income taxes				(7,331)
Net income attributable to shareholders				$ 78,147

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

	Three Months Ended September 30, 2024			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Revenues				
Africa	$ 1,266	$ —	$ —	$ 1,266
Asia	46,459	65,714	10,059	$ 122,232
Europe	56,750	84,136	—	$ 140,886
North America	34,700	149,530	—	$ 184,230
South America	13,091	4,089	—	$ 17,180
Total revenues [(1)]	$ 152,266	$ 303,469	$ 10,059	$ 465,794

[(1)] The United States, included in North America, and Ireland, included in Europe, represent 35 % and 15 % of total revenues, respectively, based on the location of our customers and lessees. No other country represents more than 10% of total revenues.

(Dollars in tables in thousands, unless otherwise noted)

II. For the Nine Months Ended September 30, 2024

	Nine Months Ended September 30, 2024			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Revenues				
Lease income	$ 168,927	$ —	$ 20,438	$ 189,365
Maintenance revenue	156,894	—	—	156,894
Asset sales revenue	145,993	—	—	145,993
Aerospace products revenue	—	737,726	—	737,726
Other revenue	199	—	5,905	6,104
Total revenues	$ 472,013	$ 737,726	$ 26,343	$ 1,236,082
Expenses				
Cost of sales	111,542	456,615	—	568,157
Operating expenses	26,984	16,510	37,780	81,274
General and administrative	—	—	10,697	10,697
Acquisition and transaction expenses	7,350	2,871	13,318	23,539
Management fees and incentive allocation to affiliate	—	—	8,449	8,449
Internalization fee to affiliate	—	—	300,000	300,000
Depreciation and amortization	151,211	3,177	8,998	163,386
Asset impairment	962	—	—	962
Total expenses	298,049	479,173	379,242	1,156,464
Other income (expense)				
Equity in losses of unconsolidated entities	(207)	(1,592)	—	(1,799)
Interest expense	—	—	(160,840)	(160,840)
Loss on extinguishment of debt	—	—	(13,920)	(13,920)
Other income	1,440	—	1,605	3,045
Total other income (expense)	1,233	(1,592)	(173,155)	(173,514)
Income (loss) before income taxes	175,197	256,961	(526,054)	(93,896)
Provision for (benefit from) income taxes	20,224	11,865	(32,219)	(130)
Net income (loss)	154,973	245,096	(493,835)	(93,766)
Less: Dividends on preferred shares	—	—	25,005	25,005
Net income (loss) attributable to shareholders	$ 154,973	$ 245,096	$ (518,840)	$ (118,771)

(Dollars in tables in thousands, unless otherwise noted)

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

	Nine Months Ended September 30, 2024			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Adjusted EBITDA	**$ 366,211**	**$ 263,331**	**$ (19,507)**	**$ 610,035**
Add: Non-controlling share of Adjusted EBITDA				**—**
Add: Equity in losses of unconsolidated entities				**(1,799)**
Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities				**1,547**
Less: Internalization fee to affiliate				**(300,000)**
Less: Interest expense and dividends on preferred shares				**(185,845)**
Less: Depreciation and amortization expense				**(194,384)**
Less: Incentive allocations				**(7,456)**
Less: Asset impairment charges				**(962)**
Less: Changes in fair value of non-hedge derivative instruments				**—**
Less: Losses on the modification or extinguishment of debt and capital lease obligations				**(13,920)**
Less: Acquisition and transaction expenses				**(23,539)**
Less: Equity-based compensation expense				**(2,578)**
Less: Benefit from income taxes				**130**
Net loss attributable to shareholders				**$ (118,771)**

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

	Nine Months Ended September 30, 2024			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Revenues				
Africa	**$ 3,389**	**$ 8,271**	**$ —**	**$ 11,660**
Asia	**105,220**	**122,744**	**26,343**	**$ 254,307**
Europe	**235,367**	**256,752**	**—**	**$ 492,119**
North America	**81,709**	**336,672**	**—**	**$ 418,381**
South America	**46,328**	**13,287**	**—**	**$ 59,615**
Total revenues [1]	**$ 472,013**	**$ 737,726**	**$ 26,343**	**$ 1,236,082**

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[1] The United States, included in North America, and Ireland, included in Europe, represent 32 % and 18 % of total revenues, respectively, based on the location of our customers and lessees. No other country represents more than 10% of total revenues.

Presented below are the contracted minimum future annual revenues to be received under existing operating leases as of September 30, 2024:

	Operating Leases
Remainder of 2024	$ 73,112
2025	203,217
2026	148,127
2027	111,158
2028	101,250
Thereafter	108,318
Total	**$ 745,182**

(Dollars in tables in thousands, unless otherwise noted)

III. For the Three Months Ended September 30, 2023

	Three Months Ended September 30, 2023			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Revenues				
Lease income	$ 35,981	$ —	$ 9,641	$ 45,622
Maintenance revenue	63,925	—	—	63,925
Asset sales revenue	61,400	—	—	61,400
Aerospace products revenue	—	118,675	—	118,675
Other revenue	82	—	1,392	1,474
Total revenues	$ 161,388	$ 118,675	$ 11,033	$ 291,096
Expenses				
Cost of sales	46,511	70,196	—	116,707
Operating expenses	13,944	5,947	13,996	33,887
General and administrative	—	—	3,015	3,015
Acquisition and transaction expenses	2,329	110	1,822	4,261
Management fees and incentive allocation to affiliate	—	—	4,577	4,577
Depreciation and amortization	41,141	115	2,703	43,959
Total expenses	103,925	76,368	26,113	206,406
Other income (expense)				
Equity in (losses) earnings of unconsolidated entities	(108)	154	—	46
Interest expense	—	—	(40,185)	(40,185)
Other income	444	—	17	461
Total other income (expense)	336	154	(40,168)	(39,678)
Income (loss) before income taxes	57,799	42,461	(55,248)	45,012
Provision for income taxes	2,332	1,131	242	3,705
Net income (loss)	55,467	41,330	(55,490)	41,307
Less: Dividends on preferred shares	—	—	8,334	8,334
Net income (loss) attributable to shareholders	$ 55,467	$ 41,330	$ (63,824)	$ 32,973

(Dollars in tables in thousands, unless otherwise noted)

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

	Three Months Ended September 30, 2023			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Adjusted EBITDA	$ 116,858	$ 43,289	$ (5,929)	$ 154,218
Add: Non-controlling share of Adjusted EBITDA				—
Add: Equity in earnings of unconsolidated entities				46
Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities				(642)
Less: Interest expense and dividends on preferred shares				(48,519)
Less: Depreciation and amortization expense				(59,380)
Less: Incentive allocations				(4,274)
Less: Asset impairment charges				—
Less: Changes in fair value of non-hedge derivative instruments				—
Less: Losses on the modification or extinguishment of debt and capital lease obligations				—
Less: Acquisition and transaction expenses				(4,261)
Less: Equity-based compensation expense				(510)
Less: Provision for income taxes				(3,705)
Net income attributable to shareholders				$ 32,973

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

	Three Months Ended September 30, 2023			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Revenues				
Africa	$ 154	$ —	$ —	$ 154
Asia	48,267	952	11,033	60,252
Europe	56,679	34,961	—	91,640
North America	44,369	77,213	—	121,582
South America	11,919	5,549	—	17,468
Total revenues (1)	$ 161,388	$ 118,675	$ 11,033	$ 291,096

(1) The United States, included in North America, and Ireland, included in Europe, represent 35 % and 10 % of total revenues, respectively, based on the location of our customers and lessees. No other country represents more than 10% of total revenues.

(Dollars in tables in thousands, unless otherwise noted)

III. For the Nine Months Ended September 30, 2023

	Nine Months Ended September 30, 2023			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Revenues				
Lease income	$ 132,978	$ —	$ 28,163	$ 161,141
Maintenance revenue	141,131	—	—	141,131
Asset sales revenue	246,927	—	—	246,927
Aerospace products revenue	—	296,513	—	296,513
Other revenue	6,773	—	5,674	12,447
Total revenues	$ 527,809	$ 296,513	$ 33,837	$ 858,159
Expenses				
Cost of sales	188,343	178,566	—	366,909
Operating expenses	28,610	12,838	39,770	81,218
General and administrative	—	—	10,270	10,270
Acquisition and transaction expenses	4,960	1,137	4,098	10,195
Management fees and incentive allocation to affiliate	—	—	13,137	13,137
Depreciation and amortization	114,994	298	8,107	123,399
Asset impairment	1,220	—	—	1,220
Total expenses	338,127	192,839	75,382	606,348
Other income (expense)				
Equity in losses of unconsolidated entities	(242)	(1,427)	—	(1,669)
Interest expense	—	—	(117,976)	(117,976)
Other income	860	—	17	877
Total other income (expense)	618	(1,427)	(117,959)	(118,768)
Income (loss) before income taxes	190,300	102,247	(159,504)	133,043
Provision for income taxes	4,414	2,631	541	7,586
Net income (loss)	185,886	99,616	(160,045)	125,457
Less: Dividends on preferred shares	—	—	23,460	23,460
Net income (loss) attributable to shareholders	$ 185,886	$ 99,616	$ (183,505)	$ 101,997

(Dollars in tables in thousands, unless otherwise noted)

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

	Nine Months Ended September 30, 2023			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Adjusted EBITDA	$ 345,580	$ 105,413	$ (16,042)	$ 434,951
Add: Non-controlling share of Adjusted EBITDA				—
Add: Equity in losses of unconsolidated entities				(1,669)
Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities				(96)
Less: Interest expense and dividends on preferred shares				(141,436)
Less: Depreciation and amortization expense				(157,084)
Less: Incentive allocations				(12,540)
Less: Asset impairment charges				(1,220)
Less: Changes in fair value of non-hedge derivative instruments				—
Less: Losses on the modification or extinguishment of debt and capital lease obligations				—
Less: Acquisition and transaction expenses				(10,195)
Less: Equity-based compensation expense				(1,128)
Less: Provision for income taxes				(7,586)
Net income attributable to shareholders				$ 101,997

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

	Nine Months Ended September 30, 2023			
	Aviation Leasing	Aerospace Products	Corporate and Other	Total
Revenues				
Africa	$ 154	$ 875	$ —	$ 1,029
Asia	81,285	2,737	33,837	117,859
Europe	188,498	84,547	—	273,045
North America	225,769	198,359	—	424,128
South America	32,103	9,995	—	42,098
Total revenues [(1)]	$ 527,809	$ 296,513	$ 33,837	$ 858,159

[(1)] The United States, included in North America, represents 46 % of total revenues based on the location of our customers and lessees. No other country represents more than 10% of total revenues.

V. Location of Long-Lived Assets

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

	September 30, 2024	December 31, 2023
Property, plant and equipment and leasing equipment, net		
Africa	**$ 35,419**	$ 18,380
Asia	**446,744**	478,120
Europe	**939,380**	934,817
North America	**559,433**	416,811
South America	**188,966**	229,460
Total property, plant and equipment and leasing equipment, net [(1)]	**$ 2,169,942**	$ 2,077,588

[(1)] The United States, included in North America, and Italy, included in Europe, represent 21 % and 14 % of property, plant and equipment and leasing equipment, net as of September 30, 2024, and 17 % as of December 31, 2023, respectively. No other country represents more than 10% of property, plant and equipment and leasing equipment, net.

14. EARNINGS PER SHARE AND EQUITY

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

The calculation of basic and diluted EPS is presented below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except share and per share data)	**2024**	**2023**	**2024**	**2023**
Net income (loss)	**$ 86,482**	$ 41,307	**$ (93,766)**	$ 125,457
Less: Dividends on preferred shares	**8,335**	8,334	**25,005**	23,460
Net income (loss) attributable to shareholders	**$ 78,147**	$ 32,973	**$ (118,771)**	$ 101,997
Weighted Average Ordinary Shares Outstanding - Basic	**102,380,659**	99,927,594	**101,199,356**	99,796,736
Weighted Average Ordinary Shares Outstanding - Diluted	**103,395,348**	100,482,309	**101,199,356**	100,269,203
Earnings (loss) per share:				
Basic	**$ 0.76**	$ 0.33	**$ (1.17)**	$ 1.02
Diluted	**$ 0.76**	$ 0.33	**$ (1.17)**	$ 1.02

For both the three months ended September 30, 2024 and 2023, 0 shares, and for the nine months ended September 30, 2024 and 2023, 859,940 and 0 shares, respectively, were excluded from the calculation of diluted EPS due to an anti-dilutive impact.

During the three months ended September 30, 2024 and 2023, 482 and 0 ordinary shares, respectively, and for the nine months ended September 30, 2024 and 2023, 4,852 and 18,457 ordinary shares, respectively, were issued to certain directors as compensation.

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

The Company has contingent obligations under ASC 460, *Guarantees*, in connection with certain sales of aircraft on lease. Under the agreements, we provide certain guarantees at the end of the lease term for the condition of the aircraft engines that were sold to the buyer. The guarantees are valued at $ 8.1 million and $ 6.8 million as of September 30, 2024 and December 31, 2023, respectively, and are reflected as a component of Other liabilities.

Given variability in the condition of the engines at the end of the lease terms, which range from 4 to 8 years, the maximum potential amount of undiscounted future payments that could be required under the guarantees at September 30, 2024 was $ 37.2 million, which is not reasonably expected.

Internalization—During the second quarter of 2024, the Company entered into the Internalization Agreement with the Former Manager and Master GP. Pursuant to the Internalization Agreement, the Management Agreement was terminated effective May 28, 2024, except that certain indemnification and other obligations survive, and the Company was no longer required to pay management fees or incentive distributions with respect to any period thereafter. As a result of the Internalization, the Company ceased to be externally managed and operates as an internally managed company. In connection with the termination of the Management Agreement, the Company (i) agreed to pay the Former Manager (for itself and on behalf of the Master GP, as applicable) the Cash Consideration, the compensation accrued and payable, but not yet paid, under the Management Agreement and the expenses that were reimbursable, but not yet reimbursed, under the Management Agreement; (ii) issued to the Former Manager (for itself and on behalf of the Master GP, as applicable) the Share Consideration; and (iii) purchased from Master GP all of its partnership interests in FTAI Aviation Holdco Ltd., a subsidiary of the Company, in exchange for $ 30 .

16. RESTRUCTURING CHARGES

In connection with the Internalization and termination of the Management Agreement, the Company agreed to pay a total of $ 300.0 million to its Former Manager (for itself and on behalf of the Master GP, as applicable). At closing, the Company issued 1,866,949 ordinary shares valued at $ 150.0 million. The remaining balance was paid in cash on June 17, 2024. The restructuring charge paid in connection with the Internalization and termination of the Management Agreement is reflected in Internalization Fee to Affiliate expense in the Consolidated Statements of Operations for the three and nine months ended September 30, 2024. See Note 12 for additional discussion. There were no restructuring charges recorded for the three and nine months ended September 30, 2023.

17. SUBSEQUENT EVENTS

Senior Notes due 2033

On October 9, 2024, we issued $ 500.0 million aggregate principal amount of senior unsecured notes due 2033 (the “Senior Notes due 2033”). The Senior Notes due 2033 bear interest at a rate of 5.875 % per annum, payable semi-annually in arrears on April 15 and October 15 of each year, commencing on April 15, 2025. Using a portion of the net proceeds, the Company redeemed the remaining $ 130.5 million aggregate principal amount of Senior Notes due 2027, plus accrued and unpaid interest. The Company used the remaining net proceeds to pay down in full the Company’s Revolving Credit Facility, with any excess proceeds intended for general corporate purposes, including funding acquisitions and investments.

Series A Shares

On October 29, 2024, the Company redeemed in full the outstanding 4,180,000 8.25 % Fixed-to-Floating Rate Series A Cumulative Perpetual Redeemable Preferred Shares at a redemption price equal to $ 25.00 per share in cash, plus $ 1.6 million of accumulated and unpaid distributions thereon to, but not including, the redemption date of October 29, 2024.

Dividends

On October 30, 2024, our Board of Directors declared a cash dividend on our ordinary shares and eligible participating securities of $ 0.30 per share for the quarter ended September 30, 2024, payable on November 25, 2024 to the holders of record on November 14, 2024.

Additionally, on October 30, 2024, our Board of Directors also declared cash dividends on the Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares of $ 0.50 , $ 0.52 and $ 0.59 per share, respectively, payable on December 16, 2024 to the holders of record on December 2, 2024.

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 FTAI Aviation Ltd. (the “Company,” “we,” “our” or “us”). Our MD&A should be read in conjunction with our unaudited consolidated financial statements and the accompanying notes, and with Part II, Item 1A, “Risk Factors” included elsewhere in this Quarterly Report on Form 10-Q.

Overview

We own, lease and sell aviation equipment. We also develop and manufacture through a joint venture, and repair and sell, through our maintenance facilities and exclusivity arrangements, aftermarket components for aircraft engines. Additionally, we own and lease offshore energy equipment. We target assets that, on a combined basis, generate strong cash flows with potential for earnings growth and asset appreciation. We believe that there is a large number of acquisition opportunities in our markets and that our expertise and business and financing relationships, together with our access to capital, will allow us to take advantage of these opportunities. As of September 30, 2024, we had total consolidated assets of $3.7 billion and total equity of $118.5 million.

Internalization of Management

On May 28, 2024, the Company entered into definitive agreements with the Former Manager and Master GP to internalize the Company’s management function. As part of the termination of the Management Agreement, the Company (i) agreed to pay the Former Manager (for itself and on behalf of the Master GP, as applicable) the Cash Consideration, the compensation accrued and payable, but not yet paid, under the Management Agreement and the expenses that were reimbursable, but not yet reimbursed, under the Management Agreement; (ii) issued to the Former Manager (for itself and on behalf of the Master GP, as applicable) the Share Consideration; (iii) purchased from Master GP all of its partnership interests in FTAI Aviation Holdco Ltd., a subsidiary of the Company, in exchange for $30. Following the Internalization, the Company no longer pays management fees or incentive distributions to the Former Manager and Master GP.

In connection with the termination of the Management Agreement, the Company also entered into a Transition Services Agreement with the Former Manager. Under the Transition Services Agreement, the Former Manager was required to continue to provide the Company and its affiliates with all of the Services for a transition period until October 31, 2024, during which the Company procured replacements for the Services. The Services were provided to the Company for a fee equal to the Former Manager’s cost of providing the Services, including the allocated cost of, among other things, overhead, employee wages and compensation, rent and related real estate expenses and actually incurred out-of-pocket expenses, plus a mark-up of ten percent (10%). The Company was required to use commercially reasonable efforts to make available to the Former Manager certain employees of the Company who were previously employees of the Former Manager to provide the Reverse Services, subject to certain exceptions. In addition, the Former Manager is required to continue to provide the services that are reasonably required by the Company to prepare its quarterly and annual financial statements until May 31, 2025. The Company is required to continue to provide the Reverse Services until the later to occur of the dissolution or sale of the entities receiving Reverse Services. The Transition Services Agreement may be terminated earlier (x) by mutual agreement of the parties, (y) by either the Former Manager or the Company in the event of a material breach by the non-terminating party that is not cured within thirty (30) days following written notification thereof, or (z) by the Former Manager if the Company fails to pay any undisputed sum overdue and payable for a period of at least thirty (30) days.

Impact of Russia’s Invasion of Ukraine

Economic sanctions and export controls against Russia and Russia’s aviation industry were imposed due to its invasion of Ukraine during the three months ended March 31, 2022. As a result of the sanctions imposed on Russian airlines, we terminated all lease agreements with Russian airlines. We determined that it is unlikely that we will regain possession of the aircraft and engines that had not yet been recovered from Ukraine and Russia. As a result we recognized an impairment charge totaling $120.0 million, net of maintenance deposits, to write-off the entire carrying value of leasing equipment assets that we did not expect to recover from Ukraine and Russia. As of September 30, 2024, eight aircraft and seventeen engines were still located in Russia.

Our lessees are required to provide insurance coverage with respect to leased aircraft and engines, and we are named as insureds under those policies in the event of a total loss of an aircraft or engine. We also purchase insurance which provides us with coverage when our aircraft or engines are not subject to a lease or where a lessee’s policy fails to indemnify us. The insured value of the aircraft and engines that remain in Russia is approximately $210.7 million. We intend to pursue all of our claims under these policies. However, the timing and amount of any recoveries under these policies are uncertain.

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

Operating Segments

The key factors used to identify the reportable segments are the organization and alignment of our internal operations and the nature of our products and services. Our two reportable segments are (i) Aviation Leasing and (ii) Aerospace Products. The Aviation Leasing segment owns and manages aviation assets, including aircraft and aircraft engines, which it leases and sells to customers. The Aerospace Products segment, through our maintenance facilities, equity method investment and exclusivity arrangements, develops and manufactures, repairs/refurbishes and sells aircraft engines and aftermarket components primarily for the CFM56-7B, CFM56-5B and V2500 commercial aircraft engines. During the fourth quarter of 2023, the Company changed the composition of its operating segments to include product offerings for V2500 engines within the Aerospace Products segment. Prior periods have been restated to reflect the change in accordance with the requirements of ASC 280, *Segment Reporting*.

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

Results of Operations

Adjusted EBITDA (Non-GAAP)

The chief operating decision maker (“CODM”) utilizes Adjusted EBITDA as the key performance measure. Adjusted EBITDA is not a financial measure in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”). This performance measure provides the CODM with the information necessary to assess operational performance and make resource and allocation decisions. We believe Adjusted EBITDA is a useful metric for investors and analysts for similar purposes of assessing our operational performance.

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

Comparison of the three and nine months ended September 30, 2024 and 2023

The following table presents our consolidated results of operations:

(in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Change	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Change
Revenues						
Lease income	**$ 65,450**	$ 45,622	$ 19,828	**$ 189,365**	$ 161,141	$ 28,224
Maintenance revenue	**59,917**	63,925	(4,008)	**156,894**	141,131	15,763
Asset sales revenue	**34,953**	61,400	(26,447)	**145,993**	246,927	(100,934)
Aerospace products revenue	**303,469**	118,675	184,794	**737,726**	296,513	441,213
Other revenue	**2,005**	1,474	531	**6,104**	12,447	(6,343)
Total revenues	**465,794**	291,096	174,698	**1,236,082**	858,159	377,923
Expenses						
Cost of sales	**219,496**	116,707	102,789	**568,157**	366,909	201,248
Operating expenses	**26,858**	33,887	(7,029)	**81,274**	81,218	56
General and administrative	**4,045**	3,015	1,030	**10,697**	10,270	427
Acquisition and transaction expenses	**9,341**	4,261	5,080	**23,539**	10,195	13,344
Management fees and incentive allocation to affiliate	**—**	4,577	(4,577)	**8,449**	13,137	(4,688)
Internalization fee to affiliate	**—**	—	—	**300,000**	—	300,000
Depreciation and amortization	**56,775**	43,959	12,816	**163,386**	123,399	39,987
Asset impairment	**—**	—	—	**962**	1,220	(258)
Total expenses	**316,515**	206,406	110,109	**1,156,464**	606,348	550,116
Other (expense) income						
Equity in (losses) earnings of unconsolidated entities	**(438)**	46	(484)	**(1,799)**	(1,669)	(130)
Interest expense	**(57,937)**	(40,185)	(17,752)	**(160,840)**	(117,976)	(42,864)
Loss on extinguishment of debt	**—**	—	—	**(13,920)**	—	(13,920)
Other income	**2,909**	461	2,448	**3,045**	877	2,168
Total other expense	**(55,466)**	(39,678)	(15,788)	**(173,514)**	(118,768)	(54,746)
Income (loss) from before income taxes	**93,813**	45,012	48,801	**(93,896)**	133,043	(226,939)
Provision for (benefit from) income taxes	**7,331**	3,705	3,626	**(130)**	7,586	(7,716)
Net income (loss)	**86,482**	41,307	45,175	**(93,766)**	125,457	(219,223)
Less: Dividends on preferred shares	**8,335**	8,334	1	**25,005**	23,460	1,545
Net income (loss) attributable to shareholders	**$ 78,147**	$ 32,973	$ 45,174	**$ (118,771)**	$ 101,997	$ (220,768)

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in thousands)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Net income (loss) attributable to shareholders	**$ 78,147**	$ 32,973	$ 45,174	**$ (118,771)**	$ 101,997	$ (220,768)
Add: Provision for (benefit from) income taxes	**7,331**	3,705	3,626	**(130)**	7,586	(7,716)
Add: Equity-based compensation expense	**1,430**	510	920	**2,578**	1,128	1,450
Add: Acquisition and transaction expenses	**9,341**	4,261	5,080	**23,539**	10,195	13,344
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**13,920**	—	13,920
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**962**	1,220	(258)
Add: Incentive allocations	**—**	4,274	(4,274)	**7,456**	12,540	(5,084)
Add: Depreciation and amortization expense [(1)]	**69,453**	59,380	10,073	**194,384**	157,084	37,300
Add: Interest expense and dividends on preferred shares	**66,272**	48,519	17,753	**185,845**	141,436	44,409
Add: Internalization fee to affiliate	**—**	—	—	**300,000**	—	300,000
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities [(2)]	**(382)**	642	(1,024)	**(1,547)**	96	(1,643)
Less: Equity in losses (earnings) of unconsolidated entities	**438**	(46)	484	**1,799**	1,669	130
Less: Non-controlling share of Adjusted EBITDA	**—**	—	—	**—**	—	—
Adjusted EBITDA (non-GAAP)	**$ 232,030**	$ 154,218	$ 77,812	**$ 610,035**	$ 434,951	$ 175,084

[(1)] Includes the following items for the three months ended September 30, 2024 and 2023: (i) depreciation and amortization expense of $56,775 and $43,959, (ii) lease intangible amortization of $3,720 and $3,726 and (iii) amortization for lease incentives of $8,958 and $11,695, respectively. Includes the following items for the nine months ended September 30, 2024 and 2023: (i) depreciation and amortization expense of $163,386 and $123,399, (ii) lease intangible amortization of $11,482 and $11,325 and (iii) amortization for lease incentives of $19,516 and $22,360, respectively.

[(2)] Includes the following items for the three months ended September 30, 2024 and 2023: (i) net (loss) income of $(438) and $46, (ii) depreciation and amortization expense of $56 and $367, and (iii) acquisition and transaction expenses of $0 and $229, respectively. Includes the following items for the nine months ended September 30, 2024 and 2023: (i) net loss of $1,799 and $1,669, (ii) depreciation and amortization expense of $252 and $1,202, and (iii) acquisition and transaction expenses of $0 and $563, respectively.

Revenues

Comparison of the three months ended September 30, 2024 and 2023

Total revenues increased by $174.7 million, driven by the following:

- Aerospace products revenue increased by $184.8 million, primarily due to a $164.3 million increase in CFM56-7B, CFM56-5B and V2500 engine and module sales, a $9.6 million increase in parts inventory sales, and other sales revenue of $7.7 million from the QuickTurn and LMCES acquisitions.
- Lease income increased by $19.8 million, primarily due to increases in aircraft lease revenue of $10.0 million, engine lease revenue of $7.2 million, and a decrease in lease incentive amortization of $4.1 million. Aircraft and engine revenue both increased due to an increased number of assets on lease in Q3 2024 compared to Q3 2023. This was partially offset by a decrease of $1.5 million in the Offshore Energy business driven by one of our vessels in the Offshore Energy business having fewer days on-hire in 2024 compared to 2023.
- Asset sales revenue decreased by $26.4 million, primarily due to an overall decrease in the number of sales transactions of commercial aircraft and engines. Specifically, one aircraft was sold in Q3 2024 as compared to one aircraft and eight engines sold in Q3 2023.
- Maintenance revenue decreased by $4.0 million. Aircraft maintenance revenue decreased by $14.8 million from Q3 2023 to Q3 2024, due to $18.2 million of higher maintenance reserves taken into revenue in Q3 2023, partially offset by an increased number of aircraft on lease in Q3 2024 generating maintenance revenue as compared to Q3 2023. This decrease in aircraft maintenance revenue was partially offset by increased engine maintenance revenue of $10.8 million, driven by an increased number of engines on lease in Q3 2024 generating maintenance revenue as compared to Q3 2023.

Comparison of the nine months ended September 30, 2024 and 2023

Total revenues increased by $377.9 million, driven by the following:

- Aerospace products revenue increased by $441.2 million, primarily due to a $387.2 million increase in CFM56-7B, CFM56-5B and V2500 engine and module sales, a $26.0 million increase in parts inventory sales, and other sales revenue of $22.5 million from the QuickTurn and LMCES acquisitions.
- Lease income increased by $28.2 million, primarily due to an increase in engine lease revenue of $30.4 million, driven by an increased number of engines on lease, and a decrease in lease amortization of $6.6 million, partially offset by a $7.7 million decrease in the Offshore Energy business due to one of our vessels having fewer days on-hire in 2024 compared to 2023 and a decrease in aircraft lease revenue of $0.9 million.
- Maintenance revenue increased by $15.8 million. Engine maintenance revenue increased by $41.2 million, driven by an increased number of engines on lease in 2024 as compared to 2023. This increase was partially offset by a decrease in aircraft maintenance revenue of $25.5 million, primarily due to $20.1 million of higher maintenance reserves taken into revenue in 2023 as well as lower utilization.
- Asset sales revenue decreased by $100.9 million, primarily due to an overall decrease in the number of sales transactions of commercial aircraft and engines. Specifically, one aircraft and 12 engines were sold in 2024 as compared to 11 aircraft and 18 engines sold in 2023.
- Other revenue decreased by $6.3 million, primarily due to a decrease in assets with end-of-lease redelivery compensation. During 2024, one aircraft and six engines had end-of-lease redelivery compensation, as compared to eight aircraft and four engines in 2023.

Expenses

Comparison of the three months ended September 30, 2024 and 2023

Total expenses increased by $110.1 million, driven by the following:

- Cost of sales increased by $102.8 million, driven by a $128.6 million increase in the Aerospace Products segment, primarily due to increases in CFM56-7B, CFM56-5B and V2500 engine and module sales, parts inventory sales, and directly corresponds to components of increases in Aerospace products revenue over the same period. This increase was partially offset by a $25.8 million decrease in the Aviation Leasing segment, primarily due to an overall decrease in the number of sales transactions of commercial aircraft and engines, which is in line with an overall decrease in the corresponding asset sales revenue. Specifically, one aircraft was sold in Q3 2024 as compared to one aircraft and eight engines sold in Q3 2023.
- Depreciation and amortization increased by $12.8 million, primarily driven by an increase in the number of assets owned and on lease, the acquisitions of LMCES and QuickTurn, partially offset by an increase in the number of aircraft redelivered.
- Acquisition and transaction expenses increased by $5.1 million, primarily due to higher legal and other professional fees incurred for the acquisition of LMCES on September 9, 2024.
- General and administrative expense increased by $1.0 million, primarily due to higher reimbursements to the Former Manager for certain services provided to the Company subsequent to the Internalization effective May 28, 2024.
- Operating expenses decreased by $7.0 million, primarily due to a $3.9 million decrease in the Aviation Leasing segment, driven by a decrease in bad debt expense of $5.6 million, partially offset by increases in insurance expense of $0.9 million and repairs and maintenance expense of $0.3 million. The Aerospace Products segment contributed a $3.3 million decrease, primarily due to a $1.1 million decrease in shipping and storage fees, a $0.6 million decrease in professional fees, and a $0.5 million decrease in insurance expense.
- Management fees and incentive allocation to affiliate decreased by $4.6 million, due to the absence of any management or incentive fee to the Former Manager in the current quarter, since the Internalization was effective May 28, 2024.

Comparison of the nine months ended September 30, 2024 and 2023

Total expenses increased by $550.1 million, driven by the following:

- Internalization fee to affiliate increased by $300.0 million relating to the Internalization effective May 28, 2024.
- Cost of sales increased by $201.2 million, primarily due to an increase of $278.0 million in our Aerospace Products segment, primarily due to increases in CFM56-7B, CFM56-5B and V2500 engine and module sales, parts inventory sales, and directly corresponds to components of increases in Aerospace products revenue over the same period. This was partially offset by a decrease of $76.8 million in the Aviation Leasing segment primarily due to an overall decrease in the number of sales transactions of commercial aircraft and engines, which is in line with an overall decrease in the corresponding asset sales revenue. Specifically, one aircraft and 12 engines were sold in 2024 compared to 11 aircraft and 18 engines sold in 2023.

- Depreciation and amortization increased by $40.0 million, primarily driven by an increase in the number of assets owned and on lease, partially offset by an increase in the number of aircraft redelivered.
- Acquisition and transaction expenses increased by $13.3 million, primarily due to higher professional fees incurred in evaluating and completing strategic transactions and fees associated with the Internalization and the acquisition of LMCES on September 9, 2024.
- Management fees and incentive allocation to affiliate decreased by $4.7 million, due to a decrease in management and incentive fees to the Former Manager during 2024, with the Internalization effective May 28, 2024, as compared to fees paid for the full nine months ended September 30, 2023.

Other (expense) income

Total other expense increased by $15.8 million during the three months ended September 30, 2024, due to the following:

- Interest expense increased by $17.8 million, reflecting an increase in the average debt outstanding of approximately $913.0 million, primarily due to increases in the (i) Senior Notes due 2032 of $800.0 million, which were issued in June 2024, (ii) Senior Notes due 2031 of $700.0 million, which were issued in April 2024, and the (iii) Senior Notes due 2030 of $497.0 million, which were issued in November 2023, partially offset by decreases in the (iv) Senior Notes due 2025 of $652.4 million, which were redeemed in April 2024, (v) Senior Notes due 2027 of $269.5 million, which were partially redeemed in June 2024, and the (vi) Revolving Credit Facility of $161.7 million.
- Other income increased by $2.4 million primarily driven by $1.6 million of interest income earned on financing receivables within our Aviation Leasing Segment and $0.9 million of interest income from the Company's investments in money market funds.

Total other expense increased by $54.7 million during the nine months ended September 30, 2024, due to the following:

- Interest expense increased by $42.9 million, reflecting an increase in the average debt outstanding of approximately $694.8 million, primarily due to increases in the (i) Senior Notes due 2030 of $496.9 million, which were issued in November 2023, (ii) Senior Notes due 2031 of $466.7 million, issued in April 2024, and (iii) Senior Notes due 2032 of $355.6 million, which were issued in June 2024, partially offset by decreases in the (iv) Senior Notes due 2025 of $435.4 million, which were redeemed in April 2024, (v) Senior Notes due 2027 of $119.7 million, which were partially redeemed in June 2024, and the (vi) Revolving Credit Facility of $68.9 million
- Loss on extinguishment of debt increased by $13.9 million driven by the redemption of Senior Notes due 2025 and a partial redemption of Senior Notes due 2027.
- Other income increased by $2.2 million primarily driven by $1.6 million of interest income generated from the Company's investments in money market funds and $0.6 million of interest income earned on financing receivables within our Aviation Leasing Segment.

Provision for (benefit from) income taxes

The provision for income taxes increased by $3.6 million during the three months ended September 30, 2024. This increase is primarily attributable to an increase in income generated from leasing and aerospace activities in jurisdictions subject to taxes. As the Company's operations in these areas grew, so did the corresponding tax obligations, resulting in a higher provision for income taxes.

The benefit from income taxes increased by $7.7 million during the nine months ended September 30, 2024. This increase was primarily attributable to a substantial tax benefit arising from the Internalization fee paid to the affiliate. The fee provided a favorable impact on the Company's overall tax position, despite being partially offset by higher income from leasing and aerospace activities. As the Aviation Leasing and Aerospace Products segments experienced growth, the associated income increased, leading to a greater tax expense that reduced the tax benefit received from the Internalization fee.

Net income (loss)

Net income increased by $45.2 million and decreased $219.2 million for the three and nine months ended September 30, 2024 as compared to prior years, primarily due to the changes noted above.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA increased by $77.8 million and $175.1 million during the three and nine months ended September 30, 2024, respectively, primarily due to the changes noted above.

Aviation Leasing Segment

As of September 30, 2024, in our Aviation Leasing segment, we own and manage 393 aviation assets, consisting of 96 commercial aircra and 297 engines, including eight aircraft and seventeen engines that were still located in Russia.

As of September 30, 2024, 86 of our commercial aircraft and 184 of our engines were leased to operators or other third parties. Aviation assets currently off lease are either undergoing repair and/or maintenance, being prepared to go on lease, or held in short term storage awaiting a future lease. Our aviation equipment was approximately 79% utilized during the nine months ended September 30, 2024, based on the percentage of days on lease in the quarter, weighted by the monthly average equity value of our aviation leasing equipment, excluding airframes. Our aircraft currently have a weighted average remaining lease term of 45 months, and our engines currently on lease have an average remaining lease term of 21 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, 2024	**5**	**91**	**96**
Purchases	—	27	27
Sales	—	(1)	(1)
Transfers	—	(26)	(26)
Assets at September 30, 2024	**5**	**91**	**96**
Engines			
Assets at January 1, 2024	**32**	**235**	**267**
Purchases	4	86	90
Sales	(9)	(1)	(10)
Transfers	—	(50)	(50)
Assets at September 30, 2024	**27**	**270**	**297**

The following table presents our results of operations for our Aviation Leasing segment:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in thousands)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Revenues						
Lease income	**$ 57,322**	$ 35,981	$ 21,341	**$ 168,927**	$ 132,978	$ 35,949
Maintenance revenue	**59,917**	63,925	(4,008)	**156,894**	141,131	15,763
Asset sales revenue	**34,953**	61,400	(26,447)	**145,993**	246,927	(100,934)
Other revenue	**74**	82	(8)	**199**	6,773	(6,574)
Total revenues	**152,266**	161,388	(9,122)	**472,013**	527,809	(55,796)
Expenses						
Cost of sales	**20,684**	46,511	(25,827)	**111,542**	188,343	(76,801)
Operating expenses	**9,995**	13,944	(3,949)	**26,984**	28,610	(1,626)
Acquisition and transaction expenses	**2,620**	2,329	291	**7,350**	4,960	2,390
Depreciation and amortization	**52,455**	41,141	11,314	**151,211**	114,994	36,217
Asset impairment	**—**	—	—	**962**	1,220	(258)
Total expenses	**85,754**	103,925	(18,171)	**298,049**	338,127	(40,078)
Other income (expense)						
Equity in losses of unconsolidated entities	**—**	(108)	108	**(207)**	(242)	35
Other income	**1,982**	444	1,538	**1,440**	860	580
Total other income	**1,982**	336	1,646	**1,233**	618	615
Income before income taxes	**68,494**	57,799	10,695	**175,197**	190,300	(15,103)
Provision for income taxes	**8,898**	2,332	6,566	**20,224**	4,414	15,810
Net income attributable to shareholders	**$ 59,596**	$ 55,467	$ 4,129	**$ 154,973**	$ 185,886	$ (30,913)

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in thousands)	2024	2023	Change	2024	2023	Change
Net income attributable to shareholders	**$ 59,596**	$ 55,467	$ 4,129	**$ 154,973**	$ 185,886	$ (30,913)
Add: Provision for income taxes	**8,898**	2,332	6,566	**20,224**	4,414	15,810
Add: Equity-based compensation expense	**176**	105	71	**409**	232	177
Add: Acquisition and transaction expenses	**2,620**	2,329	291	**7,350**	4,960	2,390
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	**—**	—	—	**962**	1,220	(258)
Add: Incentive allocations	**—**	—	—	—	—	—
Add: Depreciation and amortization expense (1)	**65,133**	56,562	8,571	**182,209**	148,679	33,530
Add: Interest expense and dividends on preferred shares	**—**	—	—	**—**	—	—
Add: Internalization fee to affiliate	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities (2)	**—**	(45)	45	**(123)**	(53)	(70)
Less: Equity in losses of unconsolidated entities	**—**	108	(108)	**207**	242	(35)
Less: Non-controlling share of Adjusted EBITDA	**—**	—	—	**—**	—	—
Adjusted EBITDA (non-GAAP)	**$ 136,423**	$ 116,858	$ 19,565	**$ 366,211**	$ 345,580	$ 20,631

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(1) Includes the following items for the three months ended September 30, 2024 and 2023: (i) depreciation expense of $52,455 and $41,141, (ii) lease intangible amortization of $3,720 and $3,726 and (iii) amortization for lease incentives of $8,958 and $11,695, respectively. Includes the following items for the nine months ended September 30, 2024 and 2023: (i) depreciation expense of $151,211 and $114,994, (ii) lease intangible amortization of $11,482 and $11,325 and (iii) amortization for lease incentives of $19,516 and $22,360, respectively.

(2) Includes the following items for the three months ended September 30, 2024 and 2023: (i) net loss of $0 and $108 and (ii) depreciation and amortization of $0 and $63, respectively. Includes the following items for the nine months ended September 30, 2024 and 2023: (i) net loss of $207 and $242 and (ii) depreciation and amortization of $84 and $189, respectively.

Revenues

Comparison of the three months ended September 30, 2024 and 2023

Total revenues decreased by $9.1 million, driven by the following:

- Asset sales revenue decreased by $26.4 million, primarily due to an overall decrease in the number of sales transactions of commercial aircraft and engines. Specifically, one aircraft was sold in Q3 2024 as compared to one aircraft and eight engines sold in Q3 2023.
- Maintenance revenue decreased by $4.0 million. Aircraft maintenance revenue decreased by $14.8 million from Q3 2023 to Q3 2024, due to $18.2 million of higher maintenance reserves taken into revenue in Q3 2023, partially offset by an increased number of aircraft on lease in Q3 2024 as compared to Q3 2023. This decrease in aircraft maintenance revenue was partially offset by increased engine maintenance revenue of $10.8 million, driven by an increased number of engines on lease in Q3 2024 generating maintenance revenue as compared to Q3 2023.
- Lease income increased by $21.3 million, due to increases in aircraft lease revenue of $10.0 million, engine lease revenue of $7.2 million, and a decrease in lease amortization of $4.1 million. Aircraft and engine revenue both increased due to an increased number of assets on lease in Q3 2024 as compared to Q3 2023.

Comparison of the nine months ended September 30, 2024 and 2023

Total revenue decreased by $55.8 million, driven by the following:

- Asset sales revenue decreased by $100.9 million, primarily due to an overall decrease in the number of sales transactions of commercial aircraft and engines. Specifically, one aircraft and 12 engines were sold in 2024 as compared to 11 aircraft and 18 engines sold in 2023.
- Other revenue decreased by $6.6 million, primarily due to a decrease in assets with end-of-lease redelivery compensation. During 2024, one aircraft and five engines had end-of-lease redelivery compensation, as compared to eight aircraft and four engines in 2023.

- Lease income increased by $35.9 million, due to an increase in engine lease revenue of $30.4 million, driven by an increased number of engines on lease, and a decrease in lease amortization of $6.6 million. This increase was partially offset by a slight decrease in aircraft lease revenue of $0.9 million.
- Maintenance revenue increased by $15.8 million. Engine maintenance revenue increased by $41.2 million, driven by an increased number oengines on lease in 2024 as compared to 2023. This increase was partially offset by a decrease in aircraft maintenance revenue of $25.5 million, primarily due to $20.1 millio of higher maintenance reserves taken into revenue in 2023 as well as lower utilization.

Expenses

Comparison of the three months ended September 30, 2024 and 2023

Total expenses decreased by $18.2 million, driven by the following:

- Cost of sales decreased by $25.8 million, primarily due to an overall decrease in the number of sales transactions of commercial aircraft and engines, and is in line with an overall decrease in the corresponding asset sales revenue. Specifically, one aircraft was sold in Q3 2024 as compared to one aircraft and eight engines sold in Q3 2023.
- Operating expenses decreased by $3.9 million, primarily driven by a decrease in bad debt expense of $5.6 million in connection with the termination of four aircraft leases in Q3 2023, partially offset by increases in insurance expense of $0.9 million and repairs and maintenance expense of $0.3 million.
- Depreciation and amortization expense increased by $11.3 million, driven by an increase in the number of assets owned and on lease, partially offset by an increase in the number of aircraft redelivered.

Comparison of the nine months ended September 30, 2024 and 2023

Total expenses decreased by $40.1 million, driven by the following:

- Cost of sales decreased by $76.8 million, primarily due to an overall decrease in the number of sales transactions of commercial aircraft and engines, and is in line with an overall decrease in the corresponding asset sales revenue. Specifically, one aircraft and 12 engines were sold in 2024 compared to 11 aircraft and 18 engines sold in 2023.
- Operating expenses decreased by $1.6 million, primarily driven by a decrease in bad debt expense of $5.9 million, partially offset by increases in legal fees of $1.5 million, repairs and maintenance expense of $1.1 million, technical consulting expense of $1.0 million and payroll-related expenses of $0.7 million.
- Depreciation and amortization expense increased by $36.2 million, driven by an increase in the number of assets owned and on lease, partially offset by an increase in the number of aircraft redelivered.
- Acquisition and transaction expenses increased by $2.4 million, primarily due to higher legal fees incurred in evaluating and completing strategic transactions.

Other income

Total other income increased by $1.6 million and $0.6 million during the three and nine months ended September 30, 2024, respectively, as compared to prior periods, primarily due to interest income earned on financing receivables during 2024.

Provision for income taxes

The provision for income taxes increased by $6.6 million ard $15.8 million during the three and nine months ended September 30, 2024, respectively, as compared to prior periods, primarily due to increases in income from leasing activities in jurisdictions subject to taxes. As the Company's operations in these areas grew, so did the corresponding tax obligations, resulting in a higher provision for income taxes.

Net income

Net income increased by $4.1 million and decreased by $30.9 million during the three and nine months ended September 30, 2024, respectively,as compared to prior periods, primarily due to the changes noted above.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA increased by $19.6 million and $20.6 million during the three and nine months ended September 30, 2024, respectively, as compared to prior periods, primarily due to the changes noted above.

Aerospace Products Segment

The Aerospace Products segment, through our maintenance facilities, equity method investment and exclusivity arrangements, develops and manufactures, repairs/refurbishes and sells aircraft engines and aftermarket components primarily for the CFM56-7B, CFM56-5B and V2500 commercial aircraft engines. Our engine, module and parts sales are facilitated through a dedicated commercial maintenance program, designed to focus on modular and parts repair and refurbishment of CFM56-7B and CFM56-5B engines. In September 2024, we acquired LMCES to further enhance this business and establish permanent engine and module manufacturing capabilities. Refer to Note 3 “Acquisition of Lockheed Martin Commercial Engine Solutions”, for additional information. In addition, other serviceable used modules and parts are sold through our exclusive partnership, who is responsible for the teardown, repair, marketing and sales of parts from our CFM56 engine pool. In December 2023, we acquired the remaining interest in Quick Turn Engine Center LLC or “QuickTurn” (previously iAero Thrust LLC), a hospital maintenance and testing facility dedicated to the CFM56 engine. Refer to Note 4 “Acquisition of QuickTurn”, for additional information. We also hold a 25% interest in the Advanced Engine Repair JV which focuses on developing new cost savings programs for engine repairs.

The following table presents our results of operations:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in thousands)	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Aerospace products revenue	**$ 303,469**	$ 118,675	$ 184,794	**$ 737,726**	$ 296,513	$ 441,213
Expenses						
Cost of sales	**198,812**	70,196	128,616	**456,615**	178,566	278,049
Operating expenses	**2,617**	5,947	(3,330)	**16,510**	12,838	3,672
Acquisition and transaction expenses	**2,100**	110	1,990	**2,871**	1,137	1,734
Depreciation and amortization	**1,306**	115	1,191	**3,177**	298	2,879
Total expenses	**204,835**	76,368	128,467	**479,173**	192,839	286,334
Other (expense) income						
Equity in (losses) earnings of unconsolidated entities	**(438)**	154	(592)	**(1,592)**	(1,427)	(165)
Total other (expense) income	**(438)**	154	(592)	**(1,592)**	(1,427)	(165)
Income before income taxes	**98,196**	42,461	55,735	**256,961**	102,247	154,714
Provision for income taxes	**4,408**	1,131	3,277	**11,865**	2,631	9,234
Net income attributable to shareholders	**$ 93,788**	$ 41,330	$ 52,458	**$ 245,096**	$ 99,616	$ 145,480

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

(in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Change	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Change
Net income attributable to shareholders	**$ 93,788**	$ 41,330	$ 52,458	**$ 245,096**	$ 99,616	$ 145,480
Add: Provision for income taxes	**4,408**	1,131	3,277	**11,865**	2,631	9,234
Add: Equity-based compensation expense	**156**	70	86	**154**	155	(1)
Add: Acquisition and transaction expenses	**2,100**	110	1,990	**2,871**	1,137	1,734
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**—**	—	—
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	—	—	**—**	—	—
Add: Depreciation and amortization expense	**1,306**	115	1,191	**3,177**	298	2,879
Add: Interest expense and dividends on preferred shares	**—**	—	—	**—**	—	—
Add: Internalization fee to affiliate	**—**	—	—	**—**	—	—
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities [(1)]	**(382)**	687	(1,069)	**(1,424)**	149	(1,573)
Less: Equity in losses (earnings) of unconsolidated entities	**438**	(154)	592	**1,592**	1,427	165
Less: Non-controlling share of Adjusted EBITDA	**—**	—	—	**—**	—	—
Adjusted EBITDA (non-GAAP)	**$ 101,814**	$ 43,289	$ 58,525	**$ 263,331**	$ 105,413	$ 157,918

[(1)] Includes the following items for the three months ended September 30, 2024 and 2023: (i) net (loss) income of $(438) and $154, (ii) depreciation and amortization expense of $56 and $304, and (iii) acquisition and transaction expenses of $0 and $229, respectively. Includes the following items for the nine months ended September 30, 2024 and 2023: (i) net loss of $1,592 and $1,427, (ii) depreciation and amortization expense of $168 and $1,013, and (iii) acquisition and transaction expenses of $0 and $563, respectively.

Revenues

Total Aerospace products revenue increased by $184.8 million during the three months ended September 30, 2024 as compared to 2023, primarily due to a $164.3 million increase in CFM56-7B, CFM56-5B and V2500 engine and module sales, a $9.6 million increase in parts inventory sales, and other sales revenues of $7.7 million from the QuickTurn and LMCES acquisitions.

Total Aerospace products revenue increased by $441.2 million during the nine months ended September 30, 2024 as compared to 2023, primarily due to a $387.2 million increase in CFM56-7B, CFM56-5B and V2500 engine and module sales, a $26.0 million increase in parts inventory sales, and other sales revenues of $22.5 million from the QuickTurn and LMCES acquisitions.

Expenses

Comparison of the three months ended September 30, 2024 and 2023

Total expenses increased by $128.5 million, due to the following:

- Cost of sales increased by $128.6 million, primarily due to increases in CFM56-7B, CFM56-5B and V2500 engine and module sales, parts inventory sales, and directly corresponds to components of increases in Aerospace products revenue over the same period.
- Acquisition and transaction expenses increased by $2.0 million, primarily driven by higher professional fees incurred in evaluating and completing strategic transactions.
- Depreciation and amortization increased by $1.2 million due to the acquisitions of LMCES in Q3 2024 and QuickTurn in Q4 2023.
- Operating expenses decreased by $3.3 million, primarily due to a $1.1 million decrease in shipping and storage fees, a $0.6 million decrease in professional fees, and a $0.5 million decrease in insurance expense.

Comparison of the nine months ended September 30, 2024 and 2023

Total expenses increased by $286.3 million, due to the following:

- Cost of sales increased by $278.0 million, primarily due to increases in CFM56-7B, CFM56-5B and V2500 engine and module sales, parts inventory sales, and directly corresponds to components of increases in Aerospace products revenue over the same period.
- Operating expenses increased by $3.7 million, primarily driven by a $2.0 million increase in compensation and benefits expense and a $1.3 million increase in insurance expense.
- Depreciation and amortization increased by $2.9 million due to the acquisitions of LMCES in Q3 2024 and QuickTurn in Q4 2023.
- Acquisition and transaction expenses increased by $1.7 million, primarily driven by higher professional fees incurred in evaluating and completing strategic transactions.

Provision for income taxes

The provision for income taxes increased by $3.3 million and $9.2 million during the three and nine months ended September 30, 2024, respectively, primarily due to an increase in income from aerospace activities in jurisdictions subject to taxes. As the Company's operations in these areas grew, so did the corresponding tax obligations, resulting in a higher provision for income taxes.

Net income

Net income increased by $52.5 million and $145.5 million during the three and nine months ended September 30, 2024, respectively,as compared to prior periods, primarily due to the changes noted above.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA increased by $58.5 million and $157.9 million during the three and nine months ended September 30, 2024, respectively, as compared to prior periods,primarily due to the changes noted above.

Corporate and Other

The following table presents our results of operations:

(in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Change	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Change
Revenues						
Lease income	**$ 8,128**	$ 9,641	$ (1,513)	**$ 20,438**	$ 28,163	$ (7,725)
Other revenue	**1,931**	1,392	539	**5,905**	5,674	231
Total revenues	**10,059**	11,033	(974)	**26,343**	33,837	(7,494)
Expenses						
Operating expenses	**14,246**	13,996	250	**37,780**	39,770	(1,990)
General and administrative	**4,045**	3,015	1,030	**10,697**	10,270	427
Acquisition and transaction expenses	**4,621**	1,822	2,799	**13,318**	4,098	9,220
Management fees and incentive allocation to affiliate	**—**	4,577	(4,577)	**8,449**	13,137	(4,688)
Internalization fee to affiliate	**—**	—	—	**300,000**	—	300,000
Depreciation and amortization	**3,014**	2,703	311	**8,998**	8,107	891
Total expenses	**25,926**	26,113	(187)	**379,242**	75,382	303,860
Other (expense) income						
Loss on extinguishment of debt	**—**	—	—	**(13,920)**	—	(13,920)
Interest expense	**(57,937)**	(40,185)	(17,752)	**(160,840)**	(117,976)	(42,864)
Other income	**927**	17	910	**1,605**	17	1,588
Total other expense	**(57,010)**	(40,168)	(16,842)	**(173,155)**	(117,959)	(55,196)
Loss before income taxes	**(72,877)**	(55,248)	(17,629)	**(526,054)**	(159,504)	(366,550)
(Benefit from) provision for income taxes	**(5,975)**	242	(6,217)	**(32,219)**	541	(32,760)
Net loss	**(66,902)**	(55,490)	(11,412)	**(493,835)**	(160,045)	(333,790)
Less: Dividends on preferred shares	**8,335**	8,334	1	**25,005**	23,460	1,545
Net loss attributable to shareholders	**$ (75,237)**	$ (63,824)	$ (11,413)	**$ (518,840)**	$ (183,505)	$ (335,335)

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

(in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Change	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023	Change
Net loss attributable to shareholders	**$ (75,237)**	$ (63,824)	$ (11,413)	**$ (518,840)**	$ (183,505)	$ (335,335)
Add: (Benefit from) provision for income taxes	**(5,975)**	242	(6,217)	**(32,219)**	541	(32,760)
Add: Equity-based compensation expense	**1,098**	335	763	**2,015**	741	1,274
Add: Acquisition and transaction expenses	**4,621**	1,822	2,799	**13,318**	4,098	9,220
Add: Losses on the modification or extinguishment of debt and capital lease obligations	**—**	—	—	**13,920**	—	13,920
Add: Changes in fair value of non-hedge derivative instruments	**—**	—	—	**—**	—	—
Add: Asset impairment charges	**—**	—	—	**—**	—	—
Add: Incentive allocations	**—**	4,274	(4,274)	**7,456**	12,540	(5,084)
Add: Depreciation and amortization expense	**3,014**	2,703	311	**8,998**	8,107	891
Add: Interest expense and dividends on preferred shares	**66,272**	48,519	17,753	**185,845**	141,436	44,409
Add: Internalization fee to affiliate	**—**	—	—	**300,000**	—	300,000
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	**—**	—	—	**—**	—	—
Less: Equity in losses (earnings) of unconsolidated entities	**—**	—	—	**—**	—	—
Less: Non-controlling share of Adjusted EBITDA	**—**	—	—	**—**	—	—
Adjusted EBITDA (non-GAAP)	**$ (6,207)**	$ (5,929)	$ (278)	**$ (19,507)**	$ (16,042)	$ (3,465)

Revenues

Comparison of the three months ended September 30, 2024 and 2023

Total revenues decreased by $1.0 million, primarily due to a $1.5 million decrease in Lease income, partially offset by a $0.5 million increase in Other revenue. Lease income declined primarily due to one of our vessels in the Offshore Energy business having fewer days on-hire in 2024 compared to 2023. The increase in Other revenue is driven by higher victualling income for one of our vessels from a new lessee that required additional operational support services in 2024 compared to 2023.

Comparison of the nine months ended September 30, 2024 and 2023

Total revenues decreased by $7.5 million, primarily due to a $7.7 million decrease in the Lease income. Lease income declined primarily due to one of our vessels in the Offshore Energy business had fewer days on-hire in 2024 compared to 2023.

Expenses

Comparison of the three months ended September 30, 2024 and 2023

Total expenses decreased by $0.2 million, due to the following:

- Management fees and incentive allocation to affiliate decreased by $4.6 million, due to the absence of any management or incentive fee to the Former Manager in the current quarter, since the Internalization was effective May 28, 2024.
- Acquisition and transaction expense increased by $2.8 million, primarily due to higher legal and other professional fees incurred for the acquisition of LMCES on September 9, 2024.
- General and administrative expense increased by $1.0 million, primarily due to reimbursements to the Former Manager for certain services provided to the Company subsequent to the Internalization effective May 28, 2024.

Comparison of the nine months ended September 30, 2024 and 2023

Total expenses increased by $303.9 million, due to the following:

- Internalization fee to affiliate increased by $300.0 million for the Internalization effective May 28, 2024.
- Acquisition and transaction expense increased by $9.2 million, primarily due to higher legal and other professional fees incurred for the Internalization on May 28, 2024 and the acquisition of LMCES on September 9, 2024.
- Management fees and incentive allocation to affiliate decreased by $4.7 million, due to a decrease in management and incentive fees to the Former Manager during 2024, with the Internalization effective May 28, 2024, as compared to fees paid for the full nine months ended September 30, 2023.
- Operating expenses decreased by $2.0 million, primarily due to decreases in the Offshore Energy business, driven by decreases in project costs of $7.0 million and crew expenses of $6.0 million as a result of one of our vessels having fewer days on-hire in 2024 compared to 2023. This decrease was partially offset by an increase in bad debt expense of $2.1 million. The decrease was also offset by increases in Corporate expenses, including payroll-related expenses of $2.8 million, IT, marketing, and subscription expenses of $2.7 million and professional fees of $2.1 million.

Other (expense) income

Total other expense increased by $16.8 million during the three months ended September 30, 2024, due to the following:

- Interest expense increased by $17.8 million, reflecting an increase in the average debt outstanding of approximately $913.0 million, primarily due to increases in the (i) Senior Notes due 2032 of $800.0 million, which were issued in June 2024, (ii) Senior Notes due 2031 of $700.0 million, which were issued in April 2024, and the (iii) Senior Notes due 2030 of $497.0 million, which were issued in November 2023, partially offset by decreases in the (iv) Senior Notes due 2025 of $652.4 million, which were redeemed in April 2024, (v) Senior Notes due 2027 of $269.5 million, which were partially redeemed in June 2024, and the (vi) Revolving Credit Facility of $161.7 million.
- Other income increased by $0.9 million, driven by interest income generated from the Company’s investments in money market funds.

Total other expense increased by $55.2 million during the nine months ended September 30, 2024, due to the following:

- Interest expense increased by $42.9 million, reflecting an increase in the average debt outstanding of approximately $694.8 million, primarily due to increases in the (i) Senior Notes due 2030 of $496.9 million, which were issued in November 2023, (ii) Senior Notes due 2031 of $466.7 million, issued in April 2024 (iii) Senior Notes due 2032 of $355.6 million, which were issued in June 2024, partially offset by decreases in the (iv) Senior Notes due 2025 of $435.4 million, which were redeemed in April 2024, (v) Senior Notes due 2027 of $119.7 million, which were partially redeemed in June 2024, and the (vi) Revolving Credit Facility of $68.9 million.
- Loss on extinguishment of debt increased by $13.9 million, driven by the redemption of Senior Notes due 2025 and a partial redemption of Senior Notes due 2027.

- Other income increased by $1.6 million, driven by interest income generated from the Company's investments in money market funds.

Benefit from income taxes

The benefit from income taxes increased by $6.2 million and $32.8 million during the three and nine months ended September 30, 2024, respectively, primarily due to the tax benefit from the Internalization fee paid to affiliate. The Internalization fee created a substantial tax benefit, which led to an improved tax position for the Company. The impact of the fee was notable in both the quarterly and year-to-date financials, as it provided a meaningful offset against taxable income from the leasing and aerospace segments.

Net loss

Net loss increased by $11.4 million and $333.8 million during the three and nine months ended September 30, 2024, respectively, as compared to prior periods, primarily due to the changes noted above.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA increased by $0.3 million and $3.5 million during the three and nine months ended September 30, 2024, respectively, as compared to prior periods, primarily due to the changes noted above.

Liquidity and Capital Resources

We believe we have sufficient liquidity to satisfy our cash needs, however, we continue to evaluate and take action, as necessary, to preserve adequate liquidity and ensure that our business can continue to operate during various environments. This includes limiting discretionary spending across the organization and re-prioritizing our investments as necessary.

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

- Cash used for the purpose of making investments was $1.0 billion and $562.8 million during the nine months ended September 30, 2024 and 2023, respectively.
- Distributions to shareholders, including cash dividends, were $115.8 million and $113.2 million during the nine months ended September 30, 2024 and 2023, respectively.
- Uses of liquidity associated with our operating expenses are captured on a net basis in our cash flows from operating activities. Uses of liquidity associated with our debt obligations are captured in our cash flows from financing activities.

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

- Cash flows used in operating activities, plus Principal collections on finance leases and Receipt of maintenance deposits under operating lease agreements were $108.7 million during the nine months ended September 30, 2024. Cash flows from operating activities, plus Principal collections on finance leases and Receipt of maintenance deposits under operating lease agreements were $143.1 million during the nine months ended September 30, 2023.
- During the nine months ended September 30, 2024, additional borrowings were obtained in connection with the (i) Senior Notes due 2031 of $800.0 million, (ii) Senior Notes due 2030 of $700.0 million and (iii) Revolving Credit Facility of $590.0 million. We made total principal repayments of (i) $650.0 million related to the Senior Notes due 2025, (ii) $440.0 million relating to the Revolving Credit Facility and (iii) $269.5 million related to the Senior Notes due 2027. During the nine months ended September 30, 2023, additional borrowings and total principal repayments in connection with the Revolving Credit Facility were $430.0 million and $330.0 million, respectively.
- Proceeds from sales of assets were $542.9 million and $366.1 million during the nine months ended September 30, 2024 and 2023, respectively.
- Proceeds from the issuance of preferred shares, net of underwriter's discount and issuance costs, were $61.7 million during the nine months ended September 30, 2023.

On May 28, 2024, we entered into definitive agreements with the Former Manager and Master GP to internalize our management function. As part of the termination of the Management Agreement, we agreed to pay $150.0 million to the Former Manager. Following the internalization of management on May 28, 2024, we no longer pay a management fee or incentive distribution to the Former Manager or Master GP. Consequently, we have assumed general and administrative, and compensation and benefit expenses directly. We anticipate a savings in operation costs as a result of the Internalization.

We are currently evaluating several potential transactions and related financings, including, but not limited to, certain additional acquisitions of assets and operating companies in the aviation section or debt and equity financings, which could occur within the next 12 months. None of these potential transactions, negotiations, or financings are definitive or included within our planned liquidity needs. We cannot assure if or when any such transaction will be consummated or the terms of any such transaction or related financing.

Historical Cash Flow

Comparison of the nine months ended September 30, 2024 and 2023

The following table compares the historical cash flow for the nine months ended September 30, 2024 and 2023:

	Nine Months Ended September 30,	
(in thousands)	**2024**	**2023**
Cash Flow Data:		
Net cash (used in) provided by operating activities	**$ (146,153)**	$ 116,766
Net cash used in investing activities	**(442,731)**	(191,092)
Net cash provided by financing activities	**610,016**	74,140

Net cash used in operating activities increased $262.9 million, which primarily reflects an increase in (i) Net loss of $219.2 million and certain adjustments to reconcile net loss to cash provided by operating activities including an increase in (ii) Gain on sale of assets of $133.8 million and decreases in (iii) Changes in net working capital of $126.6 million, (iv) Change in deferred income taxes of $8.4 million and (v) Provision for credit losses of $3.8 million, partially offset by increases in (vi) Non-cash termination fee to affiliate (issuance of ordinary shares) of $150.0 million and (vii) Depreciation and amortization of $40.0 million, a decrease in (viii) Security deposits and maintenance claims included in earnings of $21.0 million and an increase in (ix) Loss on extinguishment of debt of $13.9 million.

Net cash used in investing activities increased $251.6 million, primarily due to increases in (i) Acquisition of business, net of cash acquired of $143.6 million, (ii) Deposits for acquisitions of aircraft and engines of $152.2 million, (iii) Acquisition of leasing equipment of $115.4 million and (iv) Investments in financing receivable of $63.9 million partially offset by higher (v) Proceeds from the sale of assets of $176.9 million, decreases in (vi) Investment in unconsolidated entities of $19.5 million, (vii) Acquisition of lease intangibles of $11.6 million and (viii) Investment in promissory notes of $11.5 million and higher (ix) Proceeds (refunds) from deposits on sale of aircraft and engines of $3.1 million.

Net cash provided by financing activities increased $535.9 million, primarily due to increases in (i) Proceeds from debt of $1.6 billion and (ii) Receipt of maintenance deposits under operating lease agreements of $12.8 million, partially offset by an increase in (iii) Repayment of debt of $1.0 billion, a decrease in (iv) Proceeds from the issuance of preferred shares, net of underwriter's discount and issuance costs of $61.7 million, and increases in (v) Payment of deferred financing costs of $9.0 million and (vi) Release of maintenance deposits under operating lease agreements of $6.2 million.

Contractual Obligations

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

Debt Obligations—As of September 30, 2024, we had outstanding principal and interest payment obligations of $3.3 billion and $1.3 billion, respectively, of which only interest payments of $216.4 million are due in the next twelve months. See Note 8 to the consolidated financial statements for additional information about our debt obligations.

Lease Obligations—As of September 30, 2024, we had outstanding operating and finance lease obligations of $19.6 million, of which $2.1 million is due in the next twelve months.

Other Cash Requirements—In addition to our contractual obligations, we pay quarterly cash dividends on our ordinary shares and preferred shares, which are subject to change at the discretion of our Board of Directors. During the last twelve months, we declared cash dividends of $120.9 million and $33.3 million on our ordinary shares and preferred shares, respectively.

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

Critical Accounting Estimates and Policies

There were no material changes to our critical accounting estimates described in our Annual Report on Form 10-K for the year ended December 31, 2023.

Recent Accounting Pronouncements

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rate Risk

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

LIBOR and other indices which are deemed "benchmarks" are the subject of recent national, international, and other regulatory guidance and proposals for reform. The ICE Benchmark Administration ceased publication of one-week and two-month USD LIBOR settings after December 31, 2021 and the remaining USD LIBOR settings after June 30, 2023, other than certain USD LIBOR settings that are expected to continue to be published under a synthetic methodology until September 2024. In anticipation of LIBOR's phase out, we amended our revolving credit facility to incorporate SOFR as the successor rate to LIBOR. We continue to monitor related reform proposals and evaluate the related risks; however, it is not possible to predict the effects of any of these developments, and any future initiatives to regulate, reform or change the manner of administration of LIBOR, SOFR or other benchmark indices could result in adverse consequences to the rate of interest payable and receivable on, market value of and market liquidity for financial instruments tied to variable interest rate indices.

Our borrowing agreements generally require payments based on a variable interest rate index, such as SOFR. Therefore, to the extent our borrowing costs are not fixed, increases in interest rates may reduce our net income by increasing the cost of our debt without any corresponding increase in rents or cash flow from our leases. We may elect to manage our exposure to interest rate movements through the use of interest rate derivatives (interest rate swaps and caps).

The following discussion about the potential effects of changes in interest rates is based on a sensitivity analysis, which models the effects of hypothetical interest rate shifts on our financial condition and results of operations. Although we believe a sensitivity analysis provides the most meaningful analysis permitted by the rules and regulations of the SEC, it is constrained by several factors, including the necessity to conduct the analysis based on a single point in time and by the inability to include the extraordinarily complex market reactions that normally would arise from the market shifts modeled. Although the following results of a sensitivity analysis for changes in interest rates may have some limited use as a benchmark, they should not be viewed as a forecast. This forward-looking disclosure also is selective in nature and addresses only the potential interest expense impacts on our financial instruments and, in particular, does not address the mark-to-market impact on our interest rate derivatives, if any. It also does not include a variety of other potential factors that could affect our business as a result of changes in interest rates. In addition, the following discussion does not take into account our Series B preferred shares, on which distributions currently accrue interest at a fixed rate but will accrue interest at a floating rate based on a certain variable interest rate index plus a spread from and after December 15, 2024.

As of September 30, 2024, assuming we do not hedge our exposure to interest rate fluctuations related to our outstanding floating rate debt, a hypothetical 100-basis point increase/decrease in our variable interest rate on our borrowings would result in an increase of approximately $1.5 million or a decrease of approximately $1.5 million in interest expense over the next 12 months.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

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

Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

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

Risks Related to Our Business

We may not realize some or all of the targeted benefits of the Internalization.

In connection with the Internalization, we entered into a Transition Services Agreement with the Former Manager. Under the Transition Services Agreement, the Former Manager is required to continue to provide the Company and its affiliates with certain Services for a transition period during which the Company will procure replacements for the Services. The Services are provided to the Company for a fee equal to the Former Manager's cost of providing the Services, including the allocated cost of, among other things, overhead, employee wages and compensation, rent and related real estate expenses and actually incurred out-of-pocket expenses, plus a mark-up of ten percent (10%). The Company is required to use commercially reasonable efforts to make available to the Former Manager certain employees of the Company who were previously employees of the Former Manager to provide the Reverse Services, subject to certain exceptions. The Former Manager is required to continue to provide the services that are reasonably required by the Company to prepare its quarterly and annual financial statements until May 31, 2025. The Company is required to continue to provide the Reverse Services until the later to occur of the dissolution or sale of the entities receiving Reverse Services. The Transition Services Agreement may be terminated earlier (x) by mutual agreement of the parties, (y) by either the Former Manager or the Company in the event of a material breach by the non-terminating party that is not cured within thirty (30) days following written notification thereof, or (z) by the Former Manager if the Company fails to pay any undisputed sum overdue and payable for a period of at least thirty (30) days. The failure to effectively complete the transition of these services to a fully internal basis, efficiently manage the transition with the Former Manager or find adequate internal replacements for these services, could impede our ability to achieve the targeted cost savings of the Internalization and adversely affect our operations. In addition, complexities arising from the Internalization could increase our overhead costs and detract from management's ability to focus on operating our business. There can be no assurance we will be able to realize the expected cost savings of the Internalization.

We are reliant on certain transition services provided by the Former Manager under the Transition Services Agreement, and may not find a suitable provider for these transition services if the Former Manager no longer provides the transition services to which we are entitled under the Transition Services Agreement.

We remain reliant on the Former Manager during the period of the Transition Services Agreement, and the loss of these transition services could adversely affect our operations. We are subject to the risk that the Former Manager will default on its obligation to provide the transition services to which we are entitled under the Transition Services Agreement, or that we or the Former Manager will terminate the Transition Services Agreement pursuant to its termination provisions, and that we will not be able to find a suitable replacement for the transition services provided under the Transition Services Agreement in a timely manner, at a reasonable cost or at all. In addition, the Former Manager's liability to us if it defaults on its obligation to provide transition services to us during the transition period is limited by the terms of the Transition Services Agreement, and we may not recover the full cost of any losses related to such a default. We may also be adversely affected by operational risks, including cybersecurity attacks, that could disrupt the Former Manager's financial, accounting and other data processing systems during the period of the transition services.

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

Further, demand for our assets is related to passenger and cargo traffic growth, which in turn is dependent on general business and economic conditions. Global economic downturns could have an adverse impact on passenger and cargo traffic levels and consequently our lessees' and charterers' business, which may in turn result in a significant reduction in revenues, earnings and cash flows, difficulties accessing capital and a deterioration in the value of our assets. We have in the past been exposed to increased credit risk from our customers and third parties who have obligations to us, which resulted in non-performance of contracts by our lessees and adversely impacted our business, financial condition, results of operations and cash flows. We cannot assure you that similar loss events may not occur in the future.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We acquire a high concentration of a particular type of asset, or concentrate our investments in a particular sector, and 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, and our business and financial results could be adversely affected by sector-specific or asset-specific factors. If 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 such asset on favorable terms, if at all. Any decrease in the value and rates of our assets may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

We operate in highly competitive markets.

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

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

Our business could suffer if we fail to attract and retain management and other highly skilled personnel.

Our future success will depend on our ability to identify, hire, develop, motivate and retain highly qualified management and other personnel for all areas of the Company. Trained and experienced personnel are in high demand and may be in short supply in some areas. We may not be able to attract, develop and maintain an adequate skilled management and workforce necessary to operate our businesses and labor expenses may increase as a result of a shortage in the supply of qualified personnel. If we are unable to attract and retain such personnel, we may not be able to take advantage of acquisitions and other growth opportunities that may be presented to us and this could have a material adverse effect on our business, financial condition, liquidity and results of operations.

Certain liens may arise on our assets.

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

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

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

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

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

Our use of joint ventures or partnerships 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. . 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, we expect 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 do not directly control these third parties, there can be no assurance that the services they provide will be delivered at a level commensurate with our expectations, or at all. The failure of any such third-party contractors to perform in accordance with our expectations could materially adversely affect our business, prospects, financial condition, results of operations and cash flows.

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

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

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

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

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

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

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

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

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

Volatility in energy prices could have a significant effect on a variety of items including, but not limited to, the economy and demand for transportation services.

International, political, and economic factors, events and conditions, including current sanctions against Russia related to its invasion of Ukraine, affect the volatility of fuel prices and supplies. Weather can also affect fuel supplies and limit domestic refining capacity. A severe shortage of, or disruption to, domestic fuel supplies could have a material adverse effect on our results of operations, financial condition, and liquidity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- terrorist acts, armed hostilities, war and civil disturbances;
- acts of piracy;
- potential cybersecurity attacks;
- significant governmental influence over many aspects of local economies;
- seizure, nationalization or expropriation of property or equipment;
- repudiation, nullification, modification or renegotiation of contracts;
- limitations on insurance coverage, such as war risk coverage, in certain areas;
- political unrest;
- foreign and U.S. monetary policy and foreign currency fluctuations and devaluations;
- the inability to repatriate income or capital;
- complications associated with repairing and replacing equipment in remote locations;
- import-export quotas, wage and price controls, imposition of trade barriers;
- U.S. and foreign sanctions or trade embargoes;
- restrictions on the transfer of funds into or out of countries in which we operate;
- compliance with U.S. Treasury sanctions regulations restricting doing business with certain nations or specially designated nationals;
- regulatory or financial requirements to comply with foreign bureaucratic actions;
- compliance with applicable anti-corruption laws and regulations;
- changing taxation policies, including confiscatory taxation;
- other forms of government regulation and economic conditions that are beyond our control; and
- governmental corruption.

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

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

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

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

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

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

While our existing portfolio primarily consists of assets in the aviation sector, we are actively evaluating potential acquisitions of assets and operating companies in sectors of the aviation market in which we do not currently operate 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 aviation assets, are subject to registration requirements by U.S. governmental agencies, as well as foreign governments if such assets are to be used outside of the United States. Failing to register the assets, or losing such registration, could result in substantial penalties, forced liquidation of the assets and/or the inability to operate and, if applicable, lease the assets. We may need to incur significant costs to comply with the laws and regulations applicable to any such new acquisition. The failure to comply with these laws and regulations could cause us to incur significant costs, fines or penalties or require the assets to be removed from service for a period of time resulting in reduced income from these assets. In addition, if our acquisitions in other sectors produce insufficient revenues, or produce investment losses, or if we are unable to efficiently manage our expanded operations, our results of operations will be adversely affected, and our reputation and business may be harmed.

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

The agreements governing our indebtedness, including, but not limited to, the indentures governing our senior unsecured notes due 2027, 2028, 2030, 2031, 2032 and 2033 (“Senior Notes”) and our third amended and restated revolving credit facility (the “Revolving Credit Facility”), contain covenants that place restrictions on us and our subsidiaries. The indentures governing our Senior Notes and the Revolving Credit Facility restrict among other things, our and certain of our subsidiaries’ ability to:

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

These covenants could impair our ability to grow our business, take advantage of attractive business opportunities, pay dividends on our ordinary shares or successfully compete. A breach of any of these covenants could result in an event of default.

Cross-default provisions in our debt agreements could cause an event of default under one debt agreement to trigger an event of default under our other debt agreements. Upon the occurrence of an event of default under any of our debt agreements, the lenders or holders thereof could elect to declare all outstanding debt under such agreements to be immediately due and payable.

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

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

Projects in the aerospace products and services sector are exposed to a variety of unplanned interruptions which could cause our results of operations to suffer.

Projects in the aerospace products and services sector are exposed to unplanned interruptions caused by breakdown or failure of equipment, aging infrastructure, employee error or contractor or subcontractor failure, limitations that may be imposed by equipment conditions or environmental, safety or other regulatory requirements, fuel supply or fuel transportation reductions or interruptions, labor or legal disputes, difficulties with the implementation or operation of information systems, power outages, pipeline or electricity line ruptures, catastrophic events, such as hurricanes, cyclones, earthquakes, landslides, floods, explosions, fires, or other disasters. Any equipment or system outage or constraint can, among other things, reduce sales, increase costs and affect the ability to meet regulatory service metrics, customer expectations and regulatory reliability and security requirements. Operational disruption, as well as supply disruption, and increased government oversight could adversely impact the cash flows available from these assets. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged interruption may result in temporary or permanent loss of customers, substantial litigation or penalties for regulatory or contractual non-compliance, and any loss from such events may not be recoverable under relevant insurance policies. Although we believe that we are adequately insured against these types of events, no assurance can be given that the occurrence of any such event will not materially adversely affect us.

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

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

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

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

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

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

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

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

We are subject to federal, state, local and foreign laws and regulations relating to the protection of the environment, including those governing the discharge of pollutants to air and water, the management and disposal of hazardous substances and wastes, the cleanup of contaminated sites and noise and emission levels and greenhouse gas emissions. Legislative and regulatory measures currently under consideration or being implemented by government authorities to address climate change could require reductions in our greenhouse gas or other emissions, establish a carbon tax or increase fuel or energy taxes. These legal requirements are expected to result in increased capital expenditures and compliance costs, and could result in higher costs and may require us to acquire emission credits or carbon offsets. These costs and restrictions could harm our business and results of operations by increasing our expenses or requiring us to alter our operations. The inconsistent international, regional and/or national requirements associated with climate change regulations also create economic and regulatory uncertainty.

Under some environmental laws in the United States and certain other countries, strict liability may be imposed on the owners or operators of assets, which could render us liable for environmental and natural resource damages without regard to negligence or fault on our part. We could incur substantial costs, including cleanup costs, fines and third-party claims for property damage and personal injury, as a result of violations of or liabilities under environmental laws and regulations in connection with our or our lessee's or charterer's current or historical operations, any of which could have a material adverse effect on our results of operations and financial condition. In addition, a variety of new legislation is being enacted, or considered for enactment, at the federal, state and local levels relating to greenhouse gas emissions and climate change. While there has historically been a lack of consistent climate change legislation, as climate change concerns continue to grow, further legislation and regulations are expected to continue in areas such as greenhouse gas emissions control, emission disclosure requirements and building codes or other infrastructure requirements that impose energy efficiency standards. Government mandates, standards or regulations intended to mitigate or reduce greenhouse gas emissions or projected climate change impacts could result in increased energy and transportation costs, and increased compliance expenses and other financial obligations to meet permitting or development requirements that we may be unable to fully recover (due to market conditions or other factors), any of which could result in reduced profits and adversely affect our results of operations. While we typically maintain liability insurance coverage and typically require our lessees to provide us with indemnity against certain losses, the insurance coverage is subject to large deductibles, limits on maximum coverage and significant exclusions and may not be sufficient or available to protect against any or all liabilities and such indemnities may not cover or be sufficient to protect us against losses arising from environmental damage. In addition, changes to environmental standards or regulations in the industries in which we operate could limit the economic life of the assets we acquire or reduce their value, and also require us to make significant additional investments in order to maintain compliance, which would negatively impact our cash flows and results of operations.

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

On July 27, 2017, the U.K. Financial Conduct Authority (the "FCA"), which regulates LIBOR, announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR rates after 2021. On November 30, 2020, ICE Benchmark Administration, or the IBA, the administrator of LIBOR, with the support of the United States Federal Reserve and the FCA, announced plans to consult on ceasing publication of LIBOR on December 31, 2021, for only the one-week and two-month LIBOR tenors, and on June 30, 2023, for all other LIBOR tenors. The U.S. Federal Reserve concurrently issued a statement advising banks to stop new LIBOR issuances by the end of 2021. The IBA ceased publication of one-week and two-month USD LIBOR settings after December 31, 2021, and the remaining USD LIBOR settings after June 30, 2023, other than certain USD LIBOR settings that are expected to continue to be published under a synthetic methodology until September 2024.

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

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

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

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

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

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

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

Because we are incorporated under the laws of the Cayman Islands, you may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited.

We are an exempted company incorporated under the laws of the Cayman Islands. As a result, it may be difficult for investors to effect service of process within the United States upon our directors or officers, or enforce judgments obtained in the United States courts against our directors or officers.

Our corporate affairs are governed by our Articles, the Companies Act (As Revised) of the Cayman Islands (the ''Cayman Companies Act'') and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, the decisions of whose courts are of persuasive authority, but are not binding on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are different from what they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a different body of securities laws as compared to the United States, and certain states, such as Delaware, may have more fully developed and judicially interpreted bodies of corporate law. In addition, Cayman Islands companies may not have standing to initiate a shareholders derivative action in a federal court of the United States.

We have been advised by Maples and Calder (Cayman) LLP, our Cayman Islands legal counsel, that the courts of the Cayman Islands are unlikely (1) to recognize or enforce against us judgments of courts of the United States predicated upon the civil liability provisions of the federal securities laws of the United States or any state; and (2) in original actions brought in the Cayman Islands, to impose liabilities against us predicated upon the civil liability provisions of the federal securities laws of the United States or any state, so far as the liabilities imposed by those provisions are penal in nature. In those circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a United States company.

Risks Related to Taxation

We expect the Company to be a passive foreign investment company ("PFIC") and it could be a controlled foreign corporation ("CFC") for U.S. federal income tax purposes, which may result in adverse tax considerations for U.S. shareholders.

We expect the Company to be treated as a PFIC and it could be treated as a CFC for U.S. federal income tax purposes. If you are a U.S. person and do not make a valid qualified electing fund ("QEF") election with respect to us and each of our PFIC subsidiaries, then, unless we are a CFC and you own 10% or more of our shares (by vote or value), you would generally be subject to special deferred tax with respect to certain distributions on our shares, any gain realized on a disposition of our shares, and certain other events. The effect of this deferred tax could be materially adverse to you. Alternatively, if you are such a shareholder and make a valid QEF election for us and each of our PFIC subsidiaries, or if we are a CFC and you own 10% or more of our shares (by vote or value), you will generally not be subject to those taxes, but could recognize taxable income in a taxable year with respect to our shares in excess of any distributions that we make to you in that year, thus giving rise to so called "phantom income" and to a potential out-of-pocket tax liability. No assurances can be given that any given shareholder will be able to make a valid QEF election with respect to us or our PFIC subsidiaries. See *"U.S. Federal Income Tax Considerations —Considerations for U.S. Holders—PFIC Status and Related Tax Considerations."*

Assuming we are a PFIC, distributions made by us to a U.S. person will generally not be eligible for taxation at reduced tax rates generally applicable to "qualified dividends" paid by certain U.S. corporations and "qualified foreign corporations" to individuals. The more favorable rates applicable to other corporate dividends could cause individuals to perceive investment in our shares to be relatively less attractive than investment in the shares of other corporations, which could adversely affect the value of our shares.

Investors should consult their tax advisors regarding the potential impact of these rules on their investment in us.

To the extent we recognize income treated as effectively connected with a trade or business in the United States, we would be subject to U.S. federal income taxation on a net income basis, which could adversely affect our business and result in decreased cash available for distribution to our shareholders.

If we are treated as engaged in a trade or business in the United States, the portion of our net income, if any, that is "effectively connected" with such trade or business would be subject to U.S. federal income taxation at maximum corporate rates, currently 21%. In addition, we may be subject to an additional U.S. federal branch profits tax on our effectively connected earnings and profits at a rate of 30%. The imposition of such taxes could adversely affect our business and would result in decreased cash available for distribution to our shareholders. Although we (or one or more of our non-U.S. corporate subsidiaries) are expected to be treated as engaged in a U.S. trade or business, it is currently expected that only a small portion of our taxable income will be treated as effectively connected with such U.S. trade or business. However, no assurance can be given that the amount of effectively connected income will not be greater than currently expected, whether due to a change in our operations or otherwise.

If there is not sufficient trading in our shares, or if 50% of our shares are held by certain 5% shareholders, we could lose our eligibility for an exemption from U.S. federal income taxation on rental income from our aircraft or ships used in "international traffic" and could be subject to U.S. federal income taxation which would adversely affect our business and result in decreased cash available for distribution to our shareholders.

We expect that we will be eligible for an exemption under Section 883 of the Internal Revenue Code of 1986, as amended (the "Code"), which provides an exemption from U.S. federal income taxation with respect to rental income derived from aircraft and ships used in international traffic by certain foreign corporations. No assurances can be given that we will continue to be eligible for this exemption as changes in our ownership or the amount of our shares that are traded could cause us to cease to be eligible for such exemption. To qualify for this exemption in respect of rental income, the lessor of the aircraft or ships must be organized in a country that grants a comparable exemption to U.S. lessors. The Cayman Islands and the Marshall Islands grant such exemptions. Additionally, certain other requirements must be satisfied. We can satisfy these requirements in any year if, for more than half the days of such year, our shares are primarily and regularly traded on a recognized exchange and certain shareholders, each of whom owns 5% or more of our shares (applying certain attribution rules), do not collectively own more than 50% of our shares. Our shares will be considered to be primarily and regularly traded on a recognized exchange in any year if: (i) the number of trades in our shares effected on such recognized stock exchanges exceed the number of our shares (or direct interests in our shares) that are traded during the year on all securities markets; (ii) trades in our shares are effected on such stock exchanges in more than de minimis quantities on at least 60 days during every calendar quarter in the year; and (iii) the aggregate number of our shares traded on such stock exchanges during the taxable year is at least 10% of the average number of our shares outstanding in that class during that year. If we were not eligible for the exemption under Section 883 of the Code, we expect that our U.S. source rental income would generally be subject to U.S. federal taxation, 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, we or certain of our non-U.S. subsidiaries did not comply with certain administrative guidelines of the U.S. Internal Revenue Service (the "IRS"), such that 90% or more of the U.S. source rental income of the Company or any of such subsidiaries were attributable to the activities of personnel based in the United States (in the case of bareboat leases), or from "regularly scheduled transportation" as defined in such administrative guidelines (in the case of time charter leases), our, or such subsidiary's, U.S. source rental income would be treated as income effectively connected with the conduct of a trade or business in the United States. In such case, such U.S. source rental income would be subject to U.S. federal income taxation at the maximum corporate rate as well as state and local taxation. In addition, the Company or such subsidiary would be subject to the U.S. federal branch profits tax on its effectively connected earnings and profits at a rate of 30%. The imposition of such taxes could adversely affect our business and would result in decreased cash available for distribution to our shareholders.

We or our subsidiaries may become subject to increased and/or unanticipated tax liabilities that may have a material adverse effect on our results of operations.

Some of our subsidiaries are subject to income, withholding or other taxes in certain non-U.S. jurisdictions by reason of their jurisdiction of incorporation, activities and operations, where their assets are used or where the lessees of their assets (or others in possession of their assets) are located, and it is also possible that taxing authorities in any such jurisdictions could assert that we or our subsidiaries are subject to greater taxation than we currently face or otherwise anticipate. Further, the Organisation for Economic Co-operation and Development (the “OECD”) is conducting a project focused on base erosion and profit shifting in international structures, which seeks to establish certain international standards for taxing the worldwide income of multinational companies. In addition, the OECD is working on a “BEPS 2.0” initiative, which is aimed at (i) shifting taxing rights to the jurisdiction of the consumer and (ii) ensuring all companies pay a global minimum tax. On October 8, 2021, the OECD announced an agreement among over 140 countries delineating an implementation plan, on December 20, 2021, the OECD released model rules for the domestic implementation of a 15% global minimum tax, on December 15, 2022, the member states of the European Union unanimously voted to adopt the OECD’s minimum tax rules and phase them into national law, and on February 2, 2023 the OECD released technical guidance on the global minimum tax which was agreed by consensus of the BEPS 2.0 signatory jurisdictions. Numerous countries, including European Union member states, have enacted or are expected to enact minimum tax legislation, and other countries may enact such legislation in the future. Additionally, On December 27, 2023, Bermuda enacted a corporate tax regime with a 15% rate (the “Bermuda CIT”) and with requirements similar to those of the OECD’s minimum tax proposal. The Bermuda CIT will be effective for tax years beginning on or after January 1, 2025 (see footnote 10 to our consolidated financial statements entitled “Income Taxes” included elsewhere in this Quarterly Report). As a result of these developments, the tax laws of certain countries in which we and our affiliates do business are expected to change (and could change on a retroactive basis) and certain of such changes are expected to increase our liabilities for taxes (and possibly interest and penalties) and therefore could harm our business, cash flows, results of operations and financial position. In addition, a portion of certain of our or 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 or may be subject to gross-basis U.S. withholding tax. It is possible that the IRS could assert that a greater portion of our or any such non-U.S. subsidiaries’ income is effectively connected income that should be subject to U.S. federal income tax or subject to withholding tax.

Risks Related to Our Shares

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

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

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

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

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

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

We are required by Section 404 of the Sarbanes-Oxley Act to evaluate the effectiveness of our internal controls, and the outcome of that effort may adversely affect our results of operations, financial condition and liquidity.

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

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

Your percentage ownership in FTAI Aviation Ltd. may be diluted in the future because of equity awards that we expect will be granted to our directors, officers and employees, as well as other equity instruments such as debt and equity financing.

Our board of directors has adopted the Incentive Plan, which provides for the grant of equity-based awards, including restricted shares, stock options, stock appreciation rights, performance awards, restricted share units, tandem awards and other equity-based and non-equity based awards, in each case the Former Manager, to the directors, officers, employees, service providers, consultants and advisors of the Former Manager who performed services for us, and to our directors, officers, employees, service providers, consultants and advisors. We initially reserved 30,000,000 ordinary shares for issuance under the Incentive Plan. As of September 30, 2024, rights relating to 112,343 of our ordinary shares were outstanding under the Incentive Plan. In the future on the date of any equity issuance by us during the remaining portion of the ten-year term of the Incentive Plan (including in respect of securities issued as consideration in an acquisition), the maximum number of shares available for issuance under the Plan will be increased to include an additional number of ordinary shares equal to ten percent (10%) of either (i) the total number of ordinary shares newly issued by us in such equity issuance or (ii) if such equity issuance relates to equity securities other than our ordinary shares, a number of our ordinary shares equal to 10% of (A) the gross capital raised in an equity issuance of equity securities other than ordinary shares during the ten-year term of the Incentive Plan, divided by (B) the fair market value of an ordinary share as of the date of such equity issuance.

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

Sales of substantial amounts of our ordinary shares in the public market, or the perception that such sales might occur, could adversely affect the market price of our ordinary shares. The issuance of our ordinary 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 ordinary shares.

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

We have incurred and may in the future incur or issue debt or issue equity or equity-related securities to finance our operations, acquisitions or investments. Upon our liquidation, lenders and holders of our debt and holders of our preferred shares (if any) would receive a distribution of our available assets before ordinary 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 ordinary shareholders on a preemptive basis. Therefore, additional issuances of ordinary shares, directly or through convertible or exchangeable securities warrants or options, will dilute the holdings of our existing ordinary shareholders and such issuances, or the perception of such issuances, may reduce the market price of our ordinary 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 ordinary 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, ordinary 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 ordinary 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 we target 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 ordinary shares, we may change our dividend policy at any time. Our net cash provided by operating activities has been less than the amount of distributions to our shareholders. The declaration and payment of dividends to holders of our ordinary shares are at the discretion of our board of directors in accordance with applicable law after taking into account various factors, including actual results of operations, liquidity and financial condition, net cash provided by operating activities, restrictions imposed by applicable law, our taxable income, our operating expenses and other factors our board of directors deem relevant. 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. Our indirect intermediate holding company subsidiary FTAI LLC is currently, and may in the future be, subject to certain covenants included in its financing agreements that limit its ability to make distributions to us. In addition, our existing indebtedness does, and our future indebtedness may, limit our ability to pay dividends on our ordinary and preferred shares. Furthermore, the terms of our preferred shares generally prevent us from declaring or paying dividends on or repurchasing our ordinary shares or other junior capital unless all accrued distributions on such preferred shares have been paid in full.

Anti-takeover provisions in our Articles could delay or prevent a change in control.

Provisions in our Articles 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 Articles 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. 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.

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

The trading market for our ordinary shares are influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who cover us downgrades our ordinary units or publishes inaccurate or unfavorable research about our business, our ordinary 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 ordinary share price or trading volume to decline and our ordinary shares to be less liquid.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

	Exhibit No.	Description
	2.1	Agreement and Plan of Merger, dated as of August 12, 2022, by and among, FTAI, the Company and FTAI Aviation Merger Sub LLC (incorporated by reference to Annex A to FTAI's Registration Statement on Form S-4, filed on October 11, 2022).
	2.2	Separation and Distribution Agreement, dated as of August 1, 2022, between FTAI Infrastructure Inc. and the Company (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K, filed on August 1, 2022).
	3.1	Amended and Restated Memorandum and Articles of Association of the Company (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K, filed on November 14, 2022).
	3.2	Share Designation with respect to the 8.00% Fixed-to-Floating Series B Cumulative Perpetual Redeemable Preferred Shares (included as part of Exhibit 3.1 hereto).
	3.3	Share Designation with respect to the 8.25% Fixed-Rate Reset Series C Cumulative Perpetual Redeemable Preferred Shares (included as part of Exhibit 3.1 hereto).
	3.4	Share Designation with respect to the 9.500% Fixed-Rate Reset Series D Cumulative Perpetual Redeemable Preferred Shares of FTAI Aviation Ltd. (incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form 8-A, filed on March 15, 2023).
	3.5	Form of Certificate representing the 8.00% Fixed-to-Floating Rate Series B Cumulative Perpetual Redeemable Preferred Shares of FTAI Aviation Ltd. (included as part of Exhibit 3.1 hereto).
	3.6	Form of Certificate representing the 8.25% Fixed-Rate Reset Series C Cumulative Perpetual Redeemable Preferred Shares of FTAI Aviation Ltd. (included as part of Exhibit 3.1 hereto).
	3.7	Form of certificate representing the 9.500% Fixed-Rate Reset Series D Cumulative Perpetual Redeemable Preferred Shares of FTAI Aviation Ltd. (incorporated by reference to Exhibit 4.2 of the Company's Registration Statement on Form 8-A, filed on March 15, 2023).
	4.1	Indenture, dated April 12, 2021, between the Company and U.S. Bank National Association, as trustee, relating to the Company's 5.50% senior unsecured notes due 2028 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K, filed on April 12, 2021).
	4.2	Form of global note representing the Company's 5.50% senior unsecured notes due 2028 (included in Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on April 12, 2021).
	4.3	First Supplemental Indenture, dated as of September 24, 2021, between the Company and U.S. Bank National Association, as trustee, relating to the Company's 5.50% senior unsecured notes due 2028 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on September 24, 2021).
	4.4	2028 Notes Guarantee, dated November 10, 2022 (incorporated by reference to Exhibit 4.3 of the Company's Current Report on Form 8-K, filed on November 14, 2022).
	4.5	Indenture, dated November 21, 2023, between the Company and U.S. Bank National Association, as trustee, relating to the Company's 7.875% senior unsecured notes due 2030 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on November 22, 2023).
	4.6	Form of global note representing the Company's 7.875% senior unsecured notes due 2030 (included in Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on November 22, 2023).
	4.7	Indenture, dated April 11, 2024, among Fortress Transportation and Infrastructure Investors LLC, the Company as guarantor, and U.S. Bank Trust Company, National Association, as trustee, relating to the Company's 7.000% senior unsecured notes due 2031 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on April 11, 2024).
	4.8	Form of global note representing the Company's 7.000% senior unsecured notes due 2031 (included in Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on April 11, 2024).
	4.9	Indenture, dated as of June 17, 2024, among Fortress Transportation and Infrastructure Investors LLC, FTAI Aviation Ltd. as guarantor, and U.S. Bank Trust Company, National Association, as trustee relating to the Company's 7.000% senior unsecured notes due 2032 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on June 17, 2024).
	4.10	Form of global note representing the Company's 7.000% senior unsecured notes due 2032 (included in Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on June 17, 2024).
	4.11	Indenture, dated as of October 9, 2024, among Fortress Transportation and Infrastructure Investors LLC, FTAI Aviation Ltd. as guarantor, and U.S. Bank Trust Company, National Association, as trustee relating to the Company's 5.875% senior unsecured notes due 2033 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on October 9, 2024).
	4.12	Form of global note representing the Company's 5.875% senior unsecured notes due 2033 (included in Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on October 9, 2024).
	4.13	Description of Securities Registered under Section 12 of the Exchange Act (incorporated by reference to Exhibit 4.15 of the Company's Annual Report on Form 10-K, filed on February 26, 2024).
†	10.1	FTAI Aviation Ltd. Nonqualified Stock Option and Incentive Award Plan, dated as of February 23, 2023 (incorporated in Exhibit 10.4 of the Company's Annual Report on Form 10-K, filed on February 27, 2023).
†	10.2	Form of FTAI Aviation Ltd. Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-4, filed on October 4, 2022).
†	10.3	Form of Director Award Agreement pursuant to the FTAI Aviation Ltd. Nonqualified Stock Option and Incentive Plan (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-4, filed on October 4, 2022).
†	10.4	Form of Non-Director Award Agreement under the FTAI Aviation Ltd. Nonqualified Stock Option and Incentive Award Plan (incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-4, filed on October 4, 2022).
†	10.5	Form of Restricted Stock Unit Award Agreement under the FTAI Aviation Ltd. Nonqualified Stock Option and Incentive Award Plan (incorporated in Exhibit 10.5 of the Company's Quarterly Report on Form 10-Q, filed on August 9, 2024).

	Exhibit No.	Description
	10.6	Trademark License Agreement, dated as of August 1, 2022, between Fortress Transportation and Infrastructure Investors LLC and FTAI Infrastructure Inc. (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K, filed on August 1, 2022).
*	10.7	Third Amended and Restated Credit Agreement, dated as of May 22, 2024, between the Company, the lenders and issuing banks from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent. (incorporated by reference to Exhibit 10.7 of the Company's Quarterly Report on Form 10-Q, filed on August 9, 2024.
	10.8	Revolver Guarantee, dated November 10, 2022 (incorporated by reference to Exhibit 4.4 of the Company's Current Report on Form 8-K, filed on November 14, 2022).
*	10.9	Internalization Agreement, dated May 28, 2024, by and among FTAI Aviation Ltd., FIG LLC and Fortress Worldwide Transportation and Infrastructure Master GP LLC (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed on May 28, 2024).
*	10.10	Transition Services Agreement, dated May 28, 2024, by and between FTAI Aviation Ltd. and FIG LLC (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, filed on May 28, 2024).
†	10.11	Letter Agreement, dated May 27, 2024, by and among FTAI Aviation LLC, FTAI Aviation Ltd. and Joseph P. Adams, Jr. (incorporated by reference to Exhibit 10.11 of the Company's Quarterly Report on Form 10-Q, filed on August 9, 2024).
†	10.12	Letter Agreement, dated May 27, 2024, by and among FTAI Aviation LLC, FTAI Aviation Ltd. and Eun (Angela) Nam (incorporated by reference to Exhibit 10.12 of the Company's Quarterly Report on Form 10-Q, filed on August 9, 2024).
	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.
	97.1	FTAI Aviation Ltd. Clawback Policy effective as of December 1, 2023 (incorporated by reference to Exhibit 10.7 of the Company's Annual Report on Form 10-K, filed on February 26, 2024).
	101	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements of Changes in Equity; (iv) Consolidated Statements of Cash Flows; and (v) Notes to Consolidated Financial Statements.
	104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† *Management contracts and compensatory plans or arrangements.*

* *Certain schedules or similar attachments to this exhibit have been omitted in accordance with Item 601(a)(5) of Regulation S-K.*

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized:

FTAI Aviation Ltd.

By:	/s/ Joseph P. Adams, Jr.	Date:	November 12, 2024
	Joseph P. Adams, Jr.		
	Chairman and Chief Executive Officer		
By:	/s/ Eun (Angela) Nam	Date:	November 12, 2024
	Eun (Angela) Nam		
	Chief Financial Officer and Chief Accounting Officer		

EXHIBIT 31.1

SECTION 302 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

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

1. I have reviewed this quarterly report on Form 10-Q of FTAI Aviation Ltd. (the “registrant”);

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

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

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

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

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

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

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

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

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

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

November 12, 2024	/s/ Joseph P. Adams, Jr.
(Date)	Joseph P. Adams, Jr.
	Chief Executive Officer

EXHIBIT 31.2

SECTION 302 CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Eun (Angela) Nam, certify that:

1. I have reviewed this quarterly report on Form 10-Q of FTAI Aviation Ltd. (the “registrant”);

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

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

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

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

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

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

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

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

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

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

November 12, 2024	/s/ Eun (Angela) Nam
(Date)	Eun (Angela) Nam
	Chief Financial Officer and
	Chief Accounting Officer

EXHIBIT 32.1

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

In connection with the Quarterly Report on Form 10-Q of FTAI Aviation Ltd. (the “Company”) for the quarterly period ended September 30, 2024 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
November 12, 2024

EXHIBIT 32.2

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

In connection with the Quarterly Report on Form 10-Q of FTAI Aviation Ltd. (the “Company”) for the quarterly period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Eun (Angela) Nam, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of her knowledge:

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

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

/s/ Eun (Angela) Nam

Eun (Angela) Nam
Chief Financial Officer and Chief Accounting Officer
November 12, 2024