CorEnergy Infrastructure Trust, Inc.
Form 10-Q
August 09, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2016
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number: 001-33292

CORENERGY INFRASTRUCTURE TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland	20-3431375
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

1100 Walnut, Ste. 3350 Kansas City, MO	64106
(Address of Principal Executive Offices)	(Zip Code)

(816) 875-3705
(Registrant’s telephone number, including area code)

n/a
(Former name, former address and former fiscal year, if changed since last report)

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

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

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

Large accelerated filer ¨	Accelerated filer x
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

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

As of July 31, 2016, the registrant had 11,870,869 common shares outstanding.

CorEnergy Infrastructure Trust, Inc.
FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2016
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This report should be read in its entirety. No one section of the report deals with all aspects of the subject matter. It should be read in conjunction with the consolidated financial statements, related notes, and with the Management's Discussion & Analysis ("MD&A") included within, as well as provided in the Annual Report on Form 10-K, for the year ended December 31, 2015.

The consolidated unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information, the instructions to Form 10-Q, and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of Management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2016, are not necessarily indicative of the results that may be expected for the year ended December 31, 2016. For further information, refer to the consolidated financial statements and footnotes thereto included in the CorEnergy Infrastructure Trust, Inc. Annual Report on Form 10-K, for the year ended December 31, 2015.

GLOSSARY OF DEFINED TERMS

Certain of the defined terms used in this report are set forth below:

Accretion Expense: the expense recognized when adjusting the present value of the GIGS ARO for the passage of time

Administrative Agreement: the Administrative Agreement dated December 1, 2011, as amended effective August 7, 2012, between the Company and Corridor

Arc Logistics: Arc Logistics Partners LP (NYSE: ARCX)

Arc Terminals: Arc Terminals Holdings LLC, an indirect wholly-owned operating subsidiary of Arc Logistics

ARO: the Asset Retirement Obligation liabilities assumed with the acquisition of GIGS

ASC: Accounting Standards Codification

Bbls: standard barrel containing 42 U.S. gallons

BB Intermediate: Black Bison Intermediate Holdings, LLC, the holding company of Black Bison Water Services

Black Bison Notes: the financing notes between Corridor Bison and CorEnergy BBWS and BBWS

BBWS: Black Bison Water Services, LLC, the borrower of the Black Bison financing notes, as well as all of the other collateral securing the Black Bison Loans

Code: the Internal Revenue Code of 1986, as amended

CorEnergy: CorEnergy Infrastructure Trust, Inc. (NYSE: CORR)

CorEnergy BBWS: CorEnergy BBWS, Inc., a wholly-owned subsidiary of CorEnergy

Convertible Notes: the Company's 7.00% Convertible Senior Notes Due 2020

Corridor: Corridor InfraTrust Management, LLC, the Company's external manager pursuant to the Management Agreement

Corridor Bison: Corridor Bison, LLC a wholly-owned subsidiary of CorEnergy

Corridor MoGas: Corridor MoGas, Inc., a wholly-owned subsidiary of CorEnergy and the holding company of MoGas and United Property Systems

Corridor Private: Corridor Private Holdings, Inc., an indirect wholly-owned subsidiary of CorEnergy

CPI: Consumer Price Index

EIP: the Eastern Interconnect Project, which includes 216 miles of 345-kilovolt transmission lines, towers, easement rights, converters and other grid support components that move electricity across New Mexico between Albuquerque and Clovis

Exchange Act: the Securities Exchange Act of 1934, as amended

Expedition: collectively, Expedition Water Solutions Colorado LLC, Expedition #1 Powder River LLC, Expedition #2 Powder River LLC, Expedition #3 Powder River LLC and EWS #5 DJ Basin LLC

EXXI: Energy XXI Ltd (OTC Pink: EXXIQ)

EXXI Tenant: Energy XXI GIGS Services, LLC, a wholly-owned operating subsidiary of EXXI that is the tenant under Grand Isle Corridor's triple-net lease of the Grand Isle Gathering System

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GLOSSARY OF DEFINED TERMS (Continued from previous page)
FASB: Financial Accounting Standards Board
Four Wood Corridor: Four Wood Corridor, LLC, a wholly-owned subsidiary of CorEnergy
Four Wood Energy: Four Wood Energy Partners LLC, a wholly-owned subsidiary of Four Wood Capital Partners LLC
Four Wood Notes: the financing notes between Four Wood Corridor and Corridor Private and SWD
GAAP: U.S. generally accepted accounting principles
GIGS: the Grand Isle Gathering System, owned by Grand Isle Corridor, LP and triple-net leased to a wholly-owned subsidiary of Energy XXI Ltd
Grand Isle Corridor: Grand Isle Corridor, LP, an indirect wholly-owned subsidiary of the Company
Grand Isle Gathering System: a subsea midstream pipeline gathering system located in the shallow Gulf of Mexico shelf and storage and onshore processing facilities
Grand Isle Lease Agreement: the June 2015 agreement pursuant to which the Grand Isle Gathering System assets are triple-net leased to EXXI Tenant
Indenture: collectively, that certain Base Indenture, dated June 29, 2015, as supplemented by the related First Supplemental Indenture, dated as of June 29, 2015, between the Company and Computershare Trust Company, N.A., as Trustee for the Convertible Notes
Leeds Path West: Corridor Leads Path West, Inc., a wholly-owned subsidiary of CorEnergy
Lightfoot: collectively, Lightfoot Capital Partners, LP and Lightfoot Capital Partners GP LLC
Management Agreement: the Management Agreement effective July 1, 2013, as amended effective January 1, 2014, between the Company and Corridor
New Management Agreement: the Management Agreement effective May 1, 2015, between the Company and Corridor
MMBTu: Million British Thermal Units, a measurement of natural gas
MoGas: MoGas Pipeline LLC, an indirect wholly-owned subsidiary of CorEnergy
MoGas Pipeline System: an approximately 263-mile interstate natural gas pipeline system in and around St. Louis and extending into central Missouri, owned and operated by MoGas
MoGas Revolver: a $3 million revolving line of credit facility at the MoGas subsidiary level with Regions Bank
Mowood: Mowood, LLC, an indirect wholly-owned subsidiary of CorEnergy and the holding company of Omega Pipeline Company, LLC
Mowood/Omega Revolver: a $1.5 million revolving line of credit facility at the Mowood subsidiary level with Regions Bank
NAREIT: National Association of Real Estate Investment Trusts
Omega: Omega Pipeline Company, LLC, a wholly-owned subsidiary of Mowood, LLC
Omega Pipeline: Omega's natural gas distribution system in south central Missouri
Pinedale Credit Facility: a $70 million secured term credit facility, with the Company and Prudential as current lenders, used by Pinedale Corridor, LP to finance a portion of the acquisition of the Pinedale LGS. See Note 12, Credit Facilities, for a more in-depth discussion of this agreement.
Pinedale LGS: the Pinedale Liquids Gathering System, a system consisting of approximately 150 miles of pipelines and four above-ground central gathering facilities located in the Pinedale Anticline in Wyoming, owned by Pinedale LP and triple-net leased to a wholly-owned subsidiary of Ultra Petroleum

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Pinedale Lease Agreement: the December 2012 agreement pursuant to which the Pinedale LGS assets are triple-net leased to a wholly owned subsidiary of Ultra Petroleum
Pinedale LP: Pinedale Corridor, LP
Pinedale GP: the general partner of Pinedale LP
Portland Lease Agreement: the January 2014 agreement pursuant to which the Portland Terminal Facility is triple-net leased to Arc Terminals, a wholly owned subsidiary of Arc Logistics Partners LP
Portland Terminal Facility: a petroleum products terminal located in Portland, Oregon
PNM: Public Service Company of New Mexico, a subsidiary of PNM Resources Inc. (NYSE: PNM)
PNM Lease Agreement: a triple net lease agreement for the Eastern Interconnect Project
Prudential: The Prudential Insurance Company of America
QDI: qualified dividend income
Regions Revolver: the Company’s $105 million revolving line of credit facility with Regions Bank
Regions Credit Facility: the Company's $45 million Term Loan, together with the upsized $105 million Regions Revolver and the $3 million MoGas Revolver with Regions Bank
Regions Term Loan: the Company's $45 million term loan with Regions Bank that is part of the Regions Credit Facility
REIT: real estate investment trust
SEC: Securities and Exchange Commission
SWD: SWD Enterprises, LLC, a wholly-owned subsidiary of Four Wood Energy Partners, LLC
TRS: taxable REIT subsidiary
Ultra Petroleum: Ultra Petroleum Corp. (OTC Pink: UPLMQ)
Ultra Wyoming: Ultra Wyoming LGS LLC, an indirect wholly-owned subsidiary of Ultra Petroleum
United Property Systems: United Property Systems, LLC, an indirect wholly-owned subsidiary of CorEnergy, acquired with the MoGas transaction in November 2014
VIE: Variable Interest Entity
VantaCore: VantaCore Partners LP
WTI: West Texas Intermediate, grade of crude oil used for benchmarking price

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Quarterly Report on Form 10-Q may be deemed “forward-looking statements” within the meaning of the federal securities laws. In many cases, these forward-looking statements may be identified by the use of words such as “will,” “may,” “should,” “could,” “believes,” “expects,” “anticipates,” “estimates,” “intends,” “projects,” “goals,” “objectives,” “targets,” “predicts,” “plans,” “seeks,” or similar expressions. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, forward-looking statements are not guarantees of future performance or results and we can give no assurance that these expectations will be attained. Our actual results may differ materially from those indicated by these forward-looking statements due to a variety of known and unknown risks and uncertainties. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- the ability of our tenants and borrowers to make payments under their respective leases and mortgage loans, our reliance on certain major tenants under single tenant leases and our ability to re-lease properties;
- changes in economic and business conditions in the energy infrastructure sector where our investments are concentrated, including the financial condition of our tenants or borrowers and general economic conditions in the particular sectors of the energy industry served by each of our infrastructure assets;
- the inherent risks associated with owning real estate, including real estate market conditions, governing laws and regulations, including potential liabilities related to environmental matters, and the relative illiquidity of real estate investments;
- risks associated with the bankruptcy or default of any of our tenants or borrowers;
- the impact of laws and governmental regulations applicable to certain of our infrastructure assets, including additional costs imposed on our business or other adverse impacts as a result of any unfavorable changes in such laws or regulations;
- the loss of any member of our management team;
- our continued ability to access the debt and equity markets;
- our ability to successfully implement our selective acquisition strategy;
- our ability to obtain suitable tenants for our properties;
- our ability to refinance amounts outstanding under our credit facilities and our convertible notes at maturity on terms favorable to us;
- changes in interest rates under our current credit facilities and under any additional variable rate debt arrangements that we may enter into in the future;
- our ability to comply with certain debt covenants;
- dependence by us and our tenants on key customers for significant revenues, and the risk of defaults by any such tenants or customers;
- our or our tenants' ability to secure adequate insurance and risk of potential uninsured losses, including from natural disasters;
- the continued availability of third party pipelines, railroads or other facilities interconnected with certain of our infrastructure assets;
- risks associated with owning, operating or financing properties for which the tenants', mortgagors' or our operations may be impacted by extreme weather patterns and other natural phenomena;
- our ability to sell properties at an attractive price;
- market conditions and related price volatility affecting our debt and equity securities;
- competitive and regulatory pressures on the revenues of our interstate natural gas transmission business;
- changes in federal or state tax rules or regulations that could have adverse tax consequences;
- declines in the market value of our investment securities;
- our ability to maintain internal controls and processes to ensure all transactions are accounted for properly, all relevant disclosures and filings are timely made in accordance with all rules and regulations, and any potential fraud or embezzlement is thwarted or detected;

- changes in federal income tax regulations (and applicable interpretations thereof), or in the composition or performance of our assets, that could impact our ability to continue to qualify as a real estate investment trust for federal income tax purposes;

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- risks related to potential terrorist attacks, acts of cyber-terrorism, or similar disruptions that could disrupt access to our information technology systems or result in other significant damage to our business and properties, some of which may not be covered by insurance and all of which could adversely impact distributions to our stockholders.

Forward-looking statements speak only as of the date on which they are made. While we may update these statements from time to time, we are not required to do so other than pursuant to applicable laws. For a further discussion of these and other factors that could impact our future results and performance, see Part I, Item 1A., Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2015, filed with the Securities and Exchange Commission (SEC) on March 14, 2016.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
CorEnergy Infrastructure Trust, Inc.
CONSOLIDATED BALANCE SHEETS (Unaudited)

	June 30, 2016	December 31, 2015
Assets		
Leased property, net of accumulated depreciation of $42,821,737 and $33,869,263	$500,273,741	$509,226,215
Property and equipment, net of accumulated depreciation of $7,615,837 and $5,948,988	118,335,359	119,629,978
Financing notes and related accrued interest receivable, net of reserve of $4,100,000 and $13,784,137	1,500,000	7,675,626
Other equity securities, at fair value	8,036,137	8,393,683
Cash and cash equivalents	8,116,117	14,618,740
Accounts and other receivables	14,658,133	10,431,240
Deferred costs, net of accumulated amortization of $1,708,009 and $2,717,609	3,685,192	4,187,271
Prepaid expenses and other assets	808,011	491,024
Deferred tax asset	1,977,585	1,606,976
Goodwill	1,718,868	1,718,868
Total Assets	$659,109,143	$677,979,621
Liabilities and Equity		
Current maturities of Term loan – related party	$668,556	$—
Current maturities of Term loan	7,890,000	66,132,000
Term loan – related party	9,660,629	—
Term loan, net of deferred debt costs	33,260,436	39,308,842
Line of credit	44,000,000	—
7.00% Convertible Senior Notes, net of discount and deferred debt costs	110,851,168	111,423,910
Asset retirement obligation	13,197,499	12,839,042
Accounts payable and other accrued liabilities	2,540,699	2,317,774
Management fees payable	1,699,786	1,763,747
Unearned revenue	54,094	—
Total Liabilities	$223,822,867	$233,785,315
Equity		
Series A Cumulative Redeemable Preferred Stock 7.375%, $56,250,000 liquidation preference ($2,500 per share, $0.001 par value), 10,000,000 authorized; 22,500 issued and outstanding as of June 30, 2016, and December 31, 2015	$56,250,000	$56,250,000
Capital stock, non-convertible, $0.001 par value; 11,869,828 and 11,939,697 shares issued and outstanding at June 30, 2016, and December 31, 2015 (100,000,000 shares authorized)	11,870	11,940
Additional paid-in capital	352,270,804	361,581,507
Accumulated other comprehensive income (loss)	(17,274)	190,797
Total CorEnergy Equity	408,515,400	418,034,244
Non-controlling Interest	26,770,876	26,160,062
Total Equity	435,286,276	444,194,306
Total Liabilities and Equity	$659,109,143	$677,979,621

See accompanying Notes to Consolidated Financial Statements.

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CorEnergy Infrastructure Trust, Inc.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Revenue				
Lease revenue	$16,996,072	$6,799,879	$33,992,144	$14,135,980
Transportation and distribution revenue	5,064,680	3,546,979	10,164,131	7,196,714
Financing revenue	—	668,904	162,344	1,329,296
Sales revenue	—	1,665,908	—	4,007,563
Total Revenue	22,060,752	12,681,670	44,318,619	26,669,553
Expenses				
Transportation and distribution expenses	1,378,306	1,272,025	2,740,631	2,469,993
Cost of Sales	—	569,958	—	1,818,288
General and administrative	2,773,240	1,905,329	6,063,092	4,473,848
Depreciation, amortization and ARO accretion expense	5,737,025	3,495,986	11,033,843	7,544,818
Provision for loan loss and disposition	369,278	—	5,014,466	—
Total Expenses	10,257,849	7,243,298	24,852,032	16,306,947
Operating Income	$11,802,903	$5,438,372	$19,466,587	$10,362,606
Other Income (Expense)				
Net distributions and dividend income	$214,169	$193,410	$589,742	$783,818
Net realized and unrealized gain (loss) on other equity securities	1,199,665	43,385	(429,087)	493,183
Interest expense	(3,540,812)	(1,126,888)	(7,466,821)	(2,274,160)
Total Other Income (Expense)	(2,126,978)	(890,093)	(7,306,166)	(997,159)
Income before income taxes	9,675,925	4,548,279	12,160,421	9,365,447
Taxes				
Current tax expense (benefit)	203,652	104,479	(474,079)	540,235
Deferred tax expense (benefit)	206,786	(153,342)	(370,609)	(268,733)
Income tax expense (benefit), net	410,438	(48,863)	(844,688)	271,502
Net Income	9,265,487	4,597,142	13,005,109	9,093,945
Less: Net Income attributable to non-controlling interest	310,960	412,004	659,461	822,179
Net Income attributable to CorEnergy Stockholders	$8,954,527	$4,185,138	$12,345,648	$8,271,766
Preferred dividend requirements	1,037,109	1,037,109	2,074,218	1,774,609
Net Income attributable to Common Stockholders	$7,917,418	$3,148,029	$10,271,430	$6,497,157
Net Income	$9,265,487	$4,597,142	$13,005,109	$9,093,945
Other comprehensive income (loss):				
Changes in fair value of qualifying hedges attributable to CorEnergy stockholders	3,005	18,202	(208,071)	(257,905)
Changes in fair value of qualifying hedges attributable to non-controlling interest	703	4,256	(48,647)	(60,299)
Net Change in Other Comprehensive Income (Loss)	$3,708	$22,458	$(256,718)	$(318,204)
Total Comprehensive Income	9,269,195	4,619,600	12,748,391	8,775,741
Less: Comprehensive income attributable to non-controlling interest	311,663	416,260	610,814	761,880
Comprehensive Income attributable to CorEnergy Stockholders	$8,957,532	$4,203,340	$12,137,577	$8,013,861

Earnings Per Common Share:				
Basic	$0.66	$0.33	$0.86	$0.69
Diluted	$0.66	$0.32	$0.86	$0.68
Weighted Average Shares of Common Stock Outstanding:				
Basic	11,912,030	9,523,753	11,927,984	9,423,758
Diluted	15,383,892	9,863,413	11,927,984	9,594,526
Dividends declared per share	$0.750	$0.675	$1.500	$1.325

See accompanying Notes to Consolidated Financial Statements.

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CorEnergy Infrastructure Trust, Inc.
CONSOLIDATED STATEMENTS OF EQUITY

	Capital Stock		Preferred Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Non-Controlling Interest	Total
	Shares	Amount	Amount					
Balance at December 31, 2014	9,321,010	$9,321	$—	$309,987,724	$453,302	$ —	$27,090,695	$337,541,042
Net income	—	—	—	—	—	12,319,911	1,617,206	13,937,117
Net change in cash flow hedges	—	—	—	—	(262,505)	—	(61,375)	(323,880)
Total comprehensive income (loss)	—	—	—	—	(262,505)	12,319,911	1,555,831	13,613,237
Issuance of Series A cumulative redeemable preferred stock, 7.375% - redemption value	—	—	56,250,000	(2,039,524)	—	—	—	54,210,476
Net offering proceeds from issuance of common stock	2,587,500	2,587	—	73,254,777	—	—	—	73,257,364
Series A preferred stock dividends	—	—	—	—	—	(3,503,125)	—	(3,503,125)
Common stock dividends	—	—	—	(20,529,353)	—	(8,816,786)	—	(29,346,139)
Common stock issued under director's compensation plan	2,677	3	—	89,997	—	—	—	90,000
Distributions to non-controlling interest	—	—	—	—	—	—	(2,486,464)	(2,486,464)
Reinvestment of dividends paid to common stockholders	28,510	29	—	817,886	—	—	—	817,915
Balance at December 31, 2015	11,939,697	$11,940	$56,250,000	$361,581,507	$190,797	$ —	$26,160,062	$444,194,306
Net income	—	—	—	—	—	12,345,648	659,461	13,005,109

Net change in cash flow hedges	—	—	—	—	(208,071)	—	(48,647)	(256,718)
Total comprehensive income (loss)	—	—	—	—	(208,071)	12,345,648	610,814	12,748,391
Repurchase of common stock	(90,613)	(91)	—	(2,041,760)	—	—	—	(2,041,851)
Series A preferred stock dividends	—	—	—	—	—	(2,074,218)	—	(2,074,218)
Common stock dividends	—	—	—	(7,630,745)	—	(10,271,430)	—	(17,902,175)
Common stock issued under director's compensation plan	1,511	2	—	29,998	—	—	—	30,000
Reinvestment of dividends paid to common stockholders	19,233	19	—	331,804	—	—	—	331,823
Balance at June 30, 2016 (Unaudited)	11,869,828	$11,870	$56,250,000	$352,270,804	$(17,274)	$ —	$26,770,876	$435,286,276

See accompanying Notes to Consolidated Financial Statements.

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CorEnergy Infrastructure Trust, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	For the Six Months Ended	
	June 30, 2016	June 30, 2015
Operating Activities		
Net Income	$13,005,109	$9,093,945
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income tax, net	(370,609)	(268,734)
Depreciation, amortization and ARO accretion	12,149,782	8,216,190
Provision for loan loss	5,014,466	—
Loss on repurchase of convertible debt	(68,734)	—
Net distributions and dividend income, including recharacterization of income	(117,004)	(371,323)
Net realized and unrealized loss (gain) on other equity securities	429,087	(493,183)
Unrealized gain on derivative contract	(132,094)	(34,529)
Common stock issued under directors compensation plan	30,000	60,000
Changes in assets and liabilities:		
(Increase) decrease in accounts and other receivables	(3,733,564)	22,280
Decrease (increase) in financing note accrued interest receivable	95,114	(342,874)
Increase in prepaid expenses and other assets	(143,996)	(198,215)
(Decrease) increase in management fee payable	(63,961)	47,959
Decrease in accounts payable and other accrued liabilities	(133,100)	(702,221)
Increase in current income tax liability	—	292,214
Increase (decrease) in unearned revenue	54,094	(711,230)
Net cash provided by operating activities	$26,014,590	$14,610,279
Investing Activities		
Proceeds from assets and liabilities held for sale	644,934	7,678,246
Acquisition expenditures	—	(249,925,974)
Purchases of property and equipment, net	(372,230)	(19,820)
Proceeds from asset foreclosure and sale	223,451	—
Increase in financing notes receivable	(202,000)	(39,248)
Return of capital on distributions received	2,134	55,009
Net cash provided (used) by investing activities	$296,289	$(242,251,787)
Financing Activities		
Debt financing costs	(193,000)	(132,041)
Net offering proceeds on Series A preferred stock	—	54,210,476
Net offering proceeds on common stock	—	73,431,411
Net offering proceeds on convertible debt	—	111,262,500
Repurchases of common stock	(2,041,851)	—
Repurchases of convertible debt	(931,266)	—
Dividends paid on Series A preferred stock	(2,074,218)	(1,428,906)
Dividends paid on common stock	(17,570,352)	(11,952,944)
Distributions to non-controlling interest	—	(1,131,356)
Advances on revolving line of credit	44,000,000	45,072,666
Payments on revolving line of credit	—	(35,064,018)
Principal payments on term debt	(1,800,000)	—
Principal payments on credit facility	(52,202,815)	(1,764,000)
Net cash (used) provided by financing activities	$(32,813,502)	$232,503,788
Net Change in Cash and Cash Equivalents	$(6,502,623)	$4,862,280
Cash and Cash Equivalents at beginning of period	14,618,740	7,578,164

Cash and Cash Equivalents at end of period	$8,116,117	$12,440,444

See accompanying Notes to Consolidated Financial Statements.

Supplemental information continued on next page.

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CorEnergy Infrastructure Trust, Inc. (Continued from previous page)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Six Months Ended	
	June 30, 2016	June 30, 2015
Supplemental Disclosure of Cash Flow Information		
Interest paid	$6,758,715	$1,734,846
Income taxes paid (net of refunds)	$3,437	$(2,999)
Non-Cash Operating Activities		
Change in accounts payable and accrued expenses related to prepaid assets and other expense	$—	$16,248
Non-Cash Investing Activities		
Change in accounts and other receivables	$(450,000)	$—
Change in accounts payable and accrued expenses related to intangibles and deferred costs	$—	$297,831
Change in accounts payable and accrued expenses related to acquisition expenditures	$—	$(51,699)
Change in accounts payable and accrued expenses related to issuance of financing and other notes receivable	$—	$(39,248)
Net change in Assets Held for Sale, Property and equipment, Prepaid expenses and other assets, Accounts payable and other accrued liabilities and Liabilities held for sale	$(1,776,549)	$—
Non-Cash Financing Activities		
Change in accounts payable and accrued expenses related to the issuance of common equity	$—	$176,338
Change in accounts payable and accrued expenses related to debt financing costs	$—	$157,059
Reinvestment of distributions by common stockholders in additional common shares	$331,823	$400,532

See accompanying Notes to Consolidated Financial Statements.

CorEnergy Infrastructure Trust, Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
June 30, 2016

1. INTRODUCTION AND BASIS OF PRESENTATION

Introduction

CorEnergy Infrastructure Trust, Inc. ("CorEnergy"), was organized as a Maryland corporation and commenced operations on December 8, 2005. The Company's common shares are listed on the New York Stock Exchange under the symbol “CORR.” As used in this report, the terms "we", "us", "our" and the "Company" refer to CorEnergy and its subsidiaries.

We are primarily focused on acquiring and financing midstream and downstream real estate assets within the U.S. energy infrastructure sector and concurrently entering into long-term triple-net participating leases with energy companies. We also may provide other types of capital, including loans secured by energy infrastructure assets. Targeted assets include pipelines, storage tanks, transmission lines, and gathering systems, among others. These sale-leaseback or real property mortgage transactions provide the energy company with a source of capital that is an alternative to sources such as corporate borrowing, bond offerings, or equity offerings. Many of our leases contain participation features in the financial performance or value of the underlying infrastructure real property asset. The triple-net lease structure requires that the tenant pay all operating expenses of the business conducted by the tenant, including real estate taxes, insurance, utilities, and expenses of maintaining the asset in good working order. We consider our investments in these energy infrastructure assets to be a single business segment and report them accordingly in our financial statements.

Taxable REIT subsidiaries hold our securities portfolio, operating businesses and certain financing notes receivable as follows:

- Corridor Public Holdings, Inc. and its wholly-owned subsidiary Corridor Private Holdings, Inc, hold our securities portfolio.
- Mowood Corridor, Inc. and its wholly-owned subsidiary, Mowood, LLC, which is the holding company for our operating company, Omega Pipeline Company, LLC.
- Corridor MoGas, Inc. holds the operating companies, MoGas Pipeline, LLC ("MoGas") and United Property Systems, LLC.
- CorEnergy BBWS, Inc., Corridor Private, and Corridor Leeds Path West, Inc. may, from time to time, hold financing notes receivable.

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements include our accounts and the accounts of our wholly owned subsidiaries and have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) set forth in the Accounting Standards Codification ("ASC"), as published by the Financial Accounting Standards Board ("FASB"), and with the Securities and Exchange Commission (“SEC”) instructions to Form 10-Q, and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The accompanying consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the Company's financial position, results of operations, and cash flows for the periods presented. There were no adjustments that, in the opinion of management, were not of a normal and recurring nature. All intercompany transactions and balances have been eliminated in consolidation, and our net earnings are reduced by the portion of net earnings attributable to non-controlling interests.

Operating results for the six months ended June 30, 2016 are not necessarily indicative of the results that may be expected for the year ending December 31, 2016. These consolidated financial statements and Management's Discussion and Analysis of the Financial Condition and Results of Operations should be read in conjunction with our Annual Report on Form 10-K, for the year ended December 31, 2015, filed with the SEC on March 14, 2016.

The financial statements included in this report are based on the selection and application of critical accounting policies, which require management to make significant estimates and assumptions. Critical accounting policies are those that are both important to the presentation of our financial condition and results of operations and require management's most difficult, complex, or subjective judgments. Note 2 to the Consolidated Financial Statements, included in this report, further details information related to our significant accounting policies.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Use of Estimates – The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, recognition of distribution income and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Actual results could differ from those estimates.

B. Earnings Per Share – Basic earnings per share ("EPS") is computed using the weighted average number of common shares outstanding during the period. Diluted EPS is computed using the weighted average number of common and dilutive common equivalent shares issuable upon conversion of the convertible notes calculated using the if-converted method. Diluted EPS is not reported for a period when it is anti-dilutive.

C. Investment Securities – The Company's investments in securities are classified as other equity securities and represent interests in private companies which the Company has elected to report at fair value under the fair value option.

These investments generally are subject to restrictions on resale, have no established trading market, and are valued on a quarterly basis. Because of the inherent uncertainty of valuation, the fair values of such investments, which are determined in accordance with procedures approved by the Company's Board of Directors, may differ materially from the values that would have been used had a ready market existed for the investments.

The Company determines fair value to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company has determined the principal market, or the market in which the Company exits its private portfolio investments with the greatest volume and level of activity, to be the private secondary market. Typically, private companies are bought and sold based on multiples of EBITDA, cash flows, net income, revenues, or in limited cases, book value.

For private company investments, value is often realized through a liquidity event. Therefore, the value of the Company as a whole (enterprise value) at the reporting date often provides the best evidence of the value of the investment and is the initial step for valuing the Company's privately issued securities. For any one company, enterprise value may best be expressed as a range of fair values, from which a single estimate of fair value will be derived. In determining the enterprise value of a portfolio company, an analysis is prepared consisting of traditional valuation methodologies including market and income approaches. The Company considers some or all of the traditional valuation methods based on the individual circumstances of the portfolio company in order to derive its estimate of enterprise value.

The fair value of investments in private portfolio companies is determined based on various factors, including enterprise value, observable market transactions, such as recent offers to purchase a company, recent transactions involving the purchase or sale of the equity securities of the company, or other liquidation events. The determined equity values may be discounted when the Company has a minority position, or is subject to restrictions on resale, has specific concerns about the receptivity of the capital markets to a specific company at a certain time, or other comparable factors exist.

The Company undertakes a multi-step valuation process each quarter in connection with determining the fair value of private investments. We have retained an independent valuation firm to provide third party valuation consulting services based on procedures that the Company has identified and may ask them to perform from time to time on all or a selection of private investments as determined by the Company. The multi-step valuation process is specific to the level of assurance that the Company requests from the independent valuation firm. For positive assurance, the process is as follows:

- The independent valuation firm prepares the valuations and the supporting analysis.
- The valuation report is reviewed and approved by senior management.
- The Audit Committee of the Board of Directors reviews the supporting analysis and accepts the valuations.

D. Financing Notes Receivable - Financing notes receivable are presented at face value plus accrued interest receivable, deferred loan origination costs, and net of related direct loan origination income. Each quarter the Company reviews its financing notes receivable to determine if the balances are realizable based on factors affecting the collectability of those balances. Factors may include credit quality, timeliness of required periodic payments, past due status, and management discussions with obligors. The Company evaluates the collectability of both interest and principal of each of its loans to determine if an allowance is needed. An allowance will be recorded when based on current information and events, the Company determines it is probable that it will be unable to collect all amounts due according to the existing contractual terms. If the Company does determine an allowance is necessary, the amount deemed uncollectable is expensed in the period of determination. An insignificant delay or shortfall in the amount of payments does not necessarily result in the recording of an allowance. Generally, when interest and/or principal payments on a loan become past due, or if we otherwise do not expect the borrower to be able to service its debt and other obligations, we will place the loan on non-accrual status and will generally cease recognizing financing revenue on that loan until all principal and interest have been brought current. Interest income recognition is resumed if and when the previously reserved-for financing notes become contractually current and performance has been demonstrated. Payments received subsequent to the recording of an allowance will be recorded as a reduction to principal. During the six months ended June 30, 2016 and 2015, the Company recorded $5.0 million and $0, respectively, in provision for loan losses. The Company's financing notes receivable are discussed more fully in Note 4.

E. Revenue Recognition – Specific recognition policies for the Company’s revenue items are as follows:

- Lease revenue – Base rent related to the Company’s leased property is recognized on a straight-line basis over the term of the lease when collectability is reasonably assured. Contingent rent is recognized when it is earned, based on the achievement of specified performance criteria. Rental payments received in advance are classified as unearned revenue and included as a liability within the Consolidated Balance Sheets. Unearned revenue is amortized ratably over the lease period as revenue recognition criteria are met. Rental payments received in arrears are accrued and classified as Lease Receivable and included in accounts and other receivables within the Consolidated Balance Sheets.
- Transportation and distribution revenue – This represents revenue related to natural gas transportation, distribution, and supply. Transportation revenues are recognized by MoGas on firm contracted capacity over the contract period regardless of whether the contracted capacity is used. For interruptible or volumetric based transportation, revenue is recognized when physical deliveries of natural gas are made at the delivery point agreed upon by both parties. Distribution revenue is recognized by Omega based on agreed upon contractual terms over each annual period during the terms of the contract. Beginning February 1, 2016, under a new contract with the Department of Defense ("DOD"), gas sales and cost of (gas) sales are presented on a net basis in the Transportation and distribution revenue line.

Omega is also paid fees for the operation and maintenance of its natural gas distribution system, including any necessary expansion of the distribution system. Omega is responsible for the coordination, supervision, and quality of the expansions while actual construction is generally performed by third party contractors. Under the new DOD contract, the annual contracted amount for pipeline expansion is invoiced monthly by Omega on a straight-line basis. Revenues from expansion efforts are recognized using either a completed contract, percentage of completion, or cost-plus method based on the level and volume of estimates utilized, as well as the certainty or uncertainty of our ability to collect those revenues. Amounts invoiced in excess of earned revenue are classified as unearned revenue and included as a liability within the Consolidated Balance Sheets.

- Sales revenue – Revenues related to natural gas and propane are recognized upon delivery of natural gas and propane. Omega, acting as a principal, provides natural gas and propane supply for its customers. Beginning February 1, 2016, under a new contract with the Department of Defense ("DOD"), Omega is no longer the primary obligor of product sales and as such net presentation has been determined to be appropriate, therefore gas sales and cost of (gas) sales are presented on a net basis. Prior to the new contract, Sales revenue represented amounts earned by Omega for gas and propane product sales to customers and the costs of the gas and propane were presented as cost of sales.
- Financing revenue – Our financing notes receivable are considered a core product offering and therefore the related interest income is presented as a component of operating income. For increasing rate loans, base interest income is recorded ratably over the life of the loan, using the effective interest rate. The net amount of deferred loan origination income and costs are amortized on a straight-line basis over the life of the loan and reported as an adjustment to yield in financing revenue. Participating financing revenues are recorded when specific performance criteria have been met.

F. Transportation and distribution expense – Included here are both MoGas's costs of operating and maintaining the natural gas transmission line, and Omega's costs of operating and maintaining the natural gas distribution system, including any necessary expansion of the distribution system. These costs are incurred both internally and externally. The internal costs relate to system control, pipeline operations, maintenance, insurance, and taxes. Other internal costs include payroll for employees associated with gas control, field employees, and management. The external costs consist of professional services such as audit and accounting, legal and regulatory, and engineering.

Historically, Omega's amounts paid for gas and propane delivered to customers were presented as cost of sales. Beginning February 1, 2016, under a new contract with the Department of Defense, amounts paid by Omega for gas

and propane are netted against sales and are presented in the transportation and distribution revenue line. See paragraph (E) above.
G. Debt Issuance Costs – Costs incurred for the issuance of new debt are capitalized and reported as a direct deduction to the carrying value of the related debt except for capitalized costs related to our revolving line of credit which are presented as an asset within Deferred costs, net of accumulated amortization. Amortization of these costs is reported as interest expense over the debt term. See Note 10 for further discussion.

H. Other Income Recognition – Specific policies for the Company's other income items are as follows:

- Net distributions and dividend income from investments – Distributions and dividends from investments are recorded on their ex-dates and are reflected as other income within the accompanying Consolidated Statements of Income. Distributions received from the Company's investments are generally characterized as ordinary income, capital gains, and distributions received from investment securities. The portion characterized as return of capital is paid by our investees from their cash flow from operations. The Company records investment income, capital gains, and distributions received from investment securities based on estimates made at the time such distributions are received. Such estimates are based on information available from each company and other industry sources. These estimates may subsequently be revised based on information received from the entities after their tax reporting periods are concluded, as the actual character of these distributions is not known until after the fiscal year end of the Company.
- Net realized and unrealized gain (loss) from investments – Securities transactions are accounted for on the date the securities are purchased or sold. Realized gains and losses are reported on an identified cost basis. The Company records investment income and return of capital based on estimates made at the time such distributions are received. Such estimates are based on information available from the portfolio company and other industry sources. These estimates may subsequently be revised based on information received from the portfolio company after their tax reporting periods are concluded, as the actual character of these distributions are not known until after our fiscal year end.

I. Federal and State Income Taxation – In 2013 we qualified, and in March 2014 elected (effective as of January 1, 2013), to be treated as a REIT for federal income tax purposes. Because certain of our assets may not produce REIT-qualifying income or be treated as interests in real property, those assets are held in wholly-owned Taxable REIT Subsidiaries ("TRSs") in order to limit the potential that such assets and income could prevent us from qualifying as a REIT.

As a REIT, the Company holds and operates certain of our assets through one or more wholly-owned TRSs. Our use of TRSs enables us to continue to engage in certain businesses while complying with REIT qualification requirements and also allows us to retain income generated by these businesses for reinvestment without the requirement of distributing those earnings. In the future, we may elect to reorganize and transfer certain assets or operations from our TRSs to the Company or other subsidiaries, including qualified REIT subsidiaries.

The Company's other equity securities are limited partnerships or limited liability companies which are treated as partnerships for federal and state income tax purposes. As a limited partner, the Company reports its allocable share of taxable income in computing its own taxable income. To the extent held by a TRS, the TRS's tax expense or benefit is included in the Consolidated Statements of Income based on the component of income or gains and losses to which such expense or benefit relates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred income tax asset will not be realized. It is expected that for the six months ended June 30, 2016, and future periods, any deferred tax liability or asset generated will be related entirely to the assets and activities of the Company's TRSs.

If we cease to qualify as a REIT, the Company, as a C corporation, would be obligated to pay federal and state income tax on its taxable income. Currently, the highest regular marginal federal income tax rate for a corporation is 35 percent. The Company may be subject to a 20 percent federal alternative minimum tax on its federal alternative minimum taxable income to the extent that its alternative minimum tax exceeds its regular federal income tax.

J. Recent Accounting Pronouncements – In August 2014, the FASB issued ASU No. 2014-15 "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern", that will require management to evaluate whether there are conditions and events that raise substantial doubt about the Company's ability to continue as a going concern within one year after the financial statements are issued on both an interim and annual basis. Management will be required to provide certain footnote disclosures if it concludes that substantial doubt exists or when its plans alleviate substantial doubt about the Company's ability to continue as a going concern. ASU No. 2014-15 becomes effective for annual periods beginning in 2016 and for interim reporting periods starting in the first quarter of 2017. The Company does not expect the adoption of this amendment to have a material impact on its consolidated financial statements.

In August 2015, the FASB issued ASU No. 2015-14 "Revenue from Contracts with Customers - Deferral of the Effective Date." The amendments in this update defer the effective date of ASU No. 2014-09 "Revenue from Contracts with Customers", for all entities by one year. ASU No. 2014-09 adds to the FASB ASC by requiring entities to recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to customers and provide additional disclosures. Additionally, in March 2016, the FASB issued ASU No. 2016-08 "Revenue from Contracts with Customers

(Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)". ASU 2016-08 clarifies the implementation guidance on principal versus agent considerations. Then in April 2016, the FASB issued ASU No. 2016-10 "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing", which clarifies the guidance related to identifying performance obligations and licensing implementation guidance. ASU 2016-10 reduces the cost and complexity of applying certain aspects of the guidance both at implementation and on an ongoing basis. The effective date for ASU 2016-10 is the same as ASU 2014-09. In May 2016, ASU No. 2016-12 "Revenue from Contracts with Customers (Topic 606), Narrow-Scope Improvements and Practical Expedients" was issued to address implementation issues and provide additional practical expedients. The effective date for ASU 2016-12 is the same as ASU 2014-09. As amended, the effective date for ASU 2014-09 for public entities is annual reporting periods beginning after December 15, 2017 and interim periods therein. As such, we will be required to adopt the standard in the first quarter of fiscal year 2018. Early adoption is not permitted before the first quarter of fiscal year 2017. ASC 606 may be adopted using either the "full retrospective" approach, in which the standard is applied to all of the periods presented, or a "modified retrospective" approach. The Company is currently evaluating which transition method to use and the potential future impact, if any, the standard will have on the Company's consolidated financial statements and related disclosures. However, we do not expect its adoption to have a significant impact on our consolidated financial statements, as a substantial portion of our revenue consists of rental income from leasing arrangements, which is specifically excluded from ASU 2014-09.

In April 2015, the FASB issued ASU No. 2015-03 "Interest-Imputation of Interest" to simplify presentation of debt issuance costs. The amendments in this update require debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. In June 2015, the FASB issued ASU No. 2015-15 "Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements" to clarify that ASU No. 2015-03 does not address the presentation or subsequent measurement of debt issuance costs related to line-of-credit arrangements. As a result, an entity may present debt issuance costs related to line-of-credit arrangements as an asset instead of a direct deduction from the carrying amount of the debt. We adopted the accounting standards update as of January 1, 2016 with retrospective application to our December 31, 2015 Consolidated Balance Sheets. The effect of the adoption was to reclassify $510 thousand of debt issuance costs at December 31, 2015 from intangibles and deferred costs, net of accumulated amortization, to long-term debt.

In January 2016, the Company adopted ASU No. 2015-02 "Consolidation (Topic 810), Amendments to the Consolidation Analysis." Among other changes, the new standard specifically eliminates the presumption in the current voting model that a general partner controls a limited partnership or similar entity unless that presumption can be overcome. Generally, only a single limited partner that is able to exercise substantive kick-out rights will consolidate. While adoption of this standard did not result in any changes to conclusions about consolidated or unconsolidated entities, the Company has determined that Pinedale LP now qualifies as a variable interest entity and therefore requires additional disclosures.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments — Overall: Recognition and Measurement of Financial Assets and Financial Liabilities," which will require entities to measure their investments at fair value and recognize any changes in fair value in net income unless the investments qualify for the new practicability exception. The practicability exception will be available for equity investments that do not have readily determinable fair values. The guidance will be effective for us beginning with the first quarter of 2018. We are currently evaluating the impact that adopting the new standard will have on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02 "Leases" which amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. ASU No. 2016-02 is effective for fiscal years and interim periods beginning after December 31, 2018. Early adoption is permitted. The new leases standard requires adoption using a modified retrospective approach for all leases existing at, or entered into after, the date of initial application, and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. Management is still in the process of evaluating this amendment.

In March 2016, the FASB issued ASU 2016-05 "Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships." This ASU clarifies that a change in the counterparty of a derivative contract (i.e., a novation) in a hedge accounting relationship does not, in and of itself, require de-designation of the hedge accounting relationship. This ASU is effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods therein. The Company is evaluating the impact of this ASU on its financial statements and disclosures.

In June 2016, the FASB issued ASU 2016-13 "Financial Instruments - Credit Losses" which introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments. The new model, referred to as the current expected credit losses ("CECL model"), will apply to financial assets subject to credit losses and measured at amortized cost, and certain off-balance sheet credit exposures. This ASU will be effective for us during the fiscal year beginning after December 15,

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2019, including interim periods within that fiscal year. Early application of the guidance will be permitted for all entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We are currently evaluating the impact that adopting the new standard will have on our consolidated financial statements.

3. LEASED PROPERTIES AND LEASES

As of June 30, 2016, we had three significant leased properties located in Oregon, Wyoming, Louisiana, and the Gulf of Mexico, which are leased on a triple-net basis to our major tenants, described in the table below. These major tenants are responsible for the payment of all taxes, maintenance, repairs, insurance, and other operating expenses relating to the leased properties. Our long-term, triple-net leases generally have an initial term of 11 to 15 years with options for renewals. Lease revenues are scheduled to increase at varying intervals during the initial terms of our leases. The following table summarizes our significant leased properties, major tenants and lease terms:

Summary of Leased Properties, Major Tenants and Lease Terms

Property	Grand Isle Gathering System	Pinedale LGS[1]	Portland Terminal Facility
Location	Gulf of Mexico/Louisiana	Pinedale, WY	Portland, OR
Tenant	Energy XXI GIGS Services, LLC	Ultra Wyoming LGS, LLC	Arc Terminals Holdings LLC
Asset Description	Approximately 153 miles of offshore pipeline with total capacity of 120 thousand Bbls/d, including a 16-acre onshore terminal and saltwater disposal system	Approximately 150 miles of pipelines and four central storage facilities	A 42-acre rail and marine facility property adjacent to the Willamette River with 84 tanks and total storage capacity of approximately 1.5 million barrels
Date Acquired	June 2015	December 2012	January 2014
Initial Lease Term	11 years	15 years	15 years
Renewal Option	equal to the lesser of 9-years or 75 percent of the remaining useful life	5-year terms	5-year terms
Current Monthly Rent Payments	7/1/15 - 7/30/16: $2,625,417 7/1/16 - 7/30/17: $2,826,250	$1,723,833	$513,355
Initial Estimated Useful Life	30 years	26 years	30 years

(1) Non-Controlling Interest Partner - Prudential funded a portion of the Pinedale LGS acquisition and, as a limited partner, holds 18.95 percent of the economic interest in Pinedale LP. The general partner, Pinedale GP, a wholly-owned subsidiary of the Company, holds the remaining 81.05 percent of the economic interest.

The future contracted minimum rental receipts for all leases as of June 30, 2016, are as follows:

Future Minimum Lease Receipts

Years Ending December 31,	Amount
2016	$30,393,548
2017	60,931,762
2018	61,139,762
2019	63,468,195
2020	70,629,654
Thereafter	451,794,133
Total	$738,357,054

The table below displays the Company's individually significant leases as a percentage of total leased properties and total lease revenues for the periods presented:

	As a Percentage of [1]			
	Leased Properties		Lease Revenues	
	As of	As of		For the Six Months Ended

			For the Three Months Ended			
	June 30, 2016	December 31, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Pinedale LGS	39.8%	40.0%	30.4%	75.9%	30.4%	73.0%
Grand Isle Gathering System	50.1%	50.1%	59.8%	—	59.8%	—
Portland Terminal Facility	9.8%	9.6%	9.7%	23.8%	9.7%	22.2%
Public Service of New Mexico[(2)]	—	—	—	—	—	4.5%

(1) Insignificant leases are not presented; thus percentages may not sum to 100%.
(2) The Public Service of New Mexico lease terminated on April 1, 2015.

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The following table reflects the depreciation and amortization included in the accompanying Consolidated Statements of Income associated with our leases and leased properties:

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Depreciation Expense				
GIGS	$2,153,928	$ —	$4,297,650	$ —
Pinedale				