CorEnergy Infrastructure Trust, Inc.
Form 10-K
March 16, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

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x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014
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)

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

Title of Each Class	Name of Each Exchange On Which Registered
Common Stock, par value $0.001 per share	New York Stock Exchange
7.375% Series A Cumulative Redeemable Preferred Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x
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 ¨
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 ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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

The aggregate market value of common stock held by non-affiliates of the registrant on June 30, 2014, the last business day of the registrant's most recently completed second fiscal quarter, based on the closing price on that date of $7.41 on the New York Stock Exchange was $234,453,571. Common shares held by each executive officer and director and by each person who owns 10% or more of the outstanding common shares (as determined by information provided to the registrant) have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 28, 2015, the registrant had 46,619,681 common shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for its 2015 Annual Meeting of Stockholders to be filed not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K are incorporated by reference into Part III of this Form 10-K.

CorEnergy Infrastructure Trust, Inc.

FORM 10-K

FOR THE FISCAL YEAR ENDED December 31, 2014

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PART I

ITEM 1. BUSINESS

GENERAL

CorEnergy Infrastructure Trust, Inc. ("CorEnergy") was organized as a Maryland corporation and commenced operations on December 8, 2005. As used in this report, the terms "we", "us", "our" and the "Company" refer to CorEnergy and its subsidiaries. Please refer to the Glossary of Defined Terms presented at the end of this Item 1 for definitions of additional capitalized terms and abbreviations used in this report. Prior to 2011 we operated as a business development company under the name Tortoise Capital Resources Corporation and invested primarily in securities of privately held and micro-cap public companies operating in the U.S. energy sector. In April 2011, we withdrew our election to be treated as a business development company. We do not plan on making additional investments in securities (other than short-term, highly liquid investments to be held pending acquisition of real property assets) and intend to liquidate our legacy private securities investments in an orderly manner. We have elected REIT status for U.S. federal income tax purposes, commencing with calendar year 2013. Our REIT election, assuming continuing compliance with the then applicable qualification tests, will continue in effect for subsequent taxable years.

COMPANY OVERVIEW

CorEnergy, the first publicly listed energy infrastructure Real Estate Investment Trust (REIT), primarily owns assets in the midstream and downstream U.S. energy sectors that perform utility-like functions, such as pipelines, storage terminals, and transmission and distribution assets. Our objective is to provide stockholders with a stable and growing cash dividend, supported by long-term contracted revenue from operators of our assets, primarily under triple-net participating leases. We believe our leadership team's energy and utility expertise provides CorEnergy with a competitive advantage to own and acquire U.S. energy infrastructure assets in a tax-efficient, transparent, investor-friendly REIT.

We expect our leases to provide us with contracted base rent, plus participating rent based upon asset-specific criteria. The energy industry commonly employs contracts with participating features, and we provide exposure to both the risk and opportunity of utilization of our assets, which we believe is a hallmark of infrastructure assets of all types. Our participating triple-net leases, and our participating mortgages, require the operator to pay all expenses of the business including maintaining our assets in good working order.

Our assets are primarily mission-critical to our customers, in that utilization of our assets is necessary for the business they seek to conduct and their rental payments are an essential operating expense. For example, our gathering system assets are necessary to the exploration of upstream natural gas reserves, so the operators' lease of those assets is economically critical to their operations. Some of our assets are subject to rate regulation by FERC or state public service commissions. In most cases, we believe our assets are essential to the conduct of the business of our customers.

We intend to distribute substantially all of our cash available for distribution, less prudent reserves, on a quarterly basis. We believe that our base rent escalation provisions and participation features should generate 1-3 percent distribution growth, which, together with prudent acquisitions, should support 3-5 percent annual distribution growth over the long term. Since qualifying as a REIT in 2013, we have grown our annualized dividend from $0.50 per share to an expected $0.54 per share in 2015. Our management contract includes incentive provisions, aligning our leadership team with our stockholders' interests in raising the dividend only if we believe the rate is sustainable.

2014 Highlights

Highlighted below are key transactions completed during our fiscal year ended December 31, 2014 and transactions completed subsequent to our fiscal year end but prior to the filing of this report:

During the fiscal year ended December 31, 2014

- Portland Terminal Facility Acquisition and Lease - $40 million
- Black Bison Note Receivable - $15.3 million
- Four Wood Note Receivable - $5 million
- MoGas Pipeline System Acquisition - $125 million
- VantaCore sale to Natural Resource Partners - $13.6 million proceeds to the Company
- Common Equity Offerings in January and November - $150 million combined gross proceeds

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- New Revolving Line of Credit - $90 million

January 2015

- Series A Preferred Offering - $56 million, gross proceeds

For additional details concerning each of these transactions, see "Recent Transactions" on page 7 below.

Assets and Private Equity Investments

Most of our REIT qualifying and other energy infrastructure assets have been acquired at various times since June, 2011, while our legacy private equity investments generally have been liquidated in accordance with the plans of those entities. Our business currently consists of the assets described below.

Pinedale Liquids Gathering System

The Pinedale LGS assets are triple-net leased to a subsidiary of, and guaranteed by, Ultra Petroleum Corp. pursuant to the Pinedale Lease Agreement. The Prudential Insurance Company of America owns an 18.95 percent economic interest in the Pinedale LGS as a co-investor with us.

During the initial fifteen-year term of the Pinedale Lease Agreement, we will receive a fixed minimum annual rent ("base rent") of $20 million, adjusted annually for changes based on the CPI. The annual adjustment for changes in the CPI commenced January 1, 2014 (subject to a 2 percent annual cap) with an increase of 1.53 percent to base rent. We also are eligible for a variable rent component based on the increase in volumes, if any, of liquid hydrocarbons and water that flowed through the Pinedale LGS over a baseline established at inception of the lease, subject to a maximum annual rental payment during the initial fifteen year term of $27.5 million.

The Pinedale LGS consists of more than 150 miles of pipelines with 107 receipt points, and four central storage facilities that are utilized by Ultra Petroleum as a method for the gathering of commingled hydrocarbon stream. This stream is separated into its components of water, condensate and natural gas, for the purpose of subsequently storing, selling or disposing of these separated components. Condensate is a valuable hydrocarbon commodity that is sold by Ultra Petroleum; water is transported to disposal wells or a treatment facility for re-use; and natural gas is sold by Ultra Petroleum or otherwise used by Ultra Petroleum for fueling on-site operational equipment. Ultra Petroleum’s non-operating working interest partners in the Pinedale field where the Pinedale LGS is located pay Ultra Petroleum a fee for the use of Ultra Petroleum’s LGS. To date, no major operational issues have been reported with respect to the Pinedale LGS. We believe that the Pinedale LGS is critically necessary to support the exploration of reserves for Ultra Petroleum, which reports the rental expense as part of its Lifting and Operating Expenses (“LOE”) in the field.

Ultra Petroleum operates approximately 82 percent of its operated wells in the Pinedale field. The financial condition of Ultra Petroleum will have a major impact on our results of operation, ability to service our indebtedness and ability to make distributions. For additional information, see “Major Tenants” under Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Form 10-K.

Portland Terminal Facility

The Portland Terminal Facility is triple-net leased on a long-term basis to Arc Terminals pursuant to the Portland Lease Agreement, which is guaranteed by Arc Logistics. The Portland Lease Agreement grants Arc Terminals substantially all authority to operate the Portland Terminal Facility. During the initial term, Arc Terminals will make base rental payments and variable rent payments based on the volume of liquid hydrocarbons that flowed through the Portland Terminal Facility over a baseline established at inception of the lease. The base rent in the initial year of the Portland Lease Agreement increased to approximately $418 thousand per month starting with August 2014 and each month thereafter. The base rent is also expected to increase based on a percentage of specified construction costs incurred by LCP Oregon, estimated at $10 million. Assuming such improvements are completed, the base rent will increase by approximately $95,800 per month. As of December 31, 2014, additional spending on terminal-related projects totaled approximately $6.0 million. Base rent as of December 31, 2014 was approximately $471 thousand. The base rent is not influenced by the flow of hydrocarbons. Variable rent is capped at 30 percent of total rent, which would be the equivalent of the Portland Terminal Facility’s expected throughput capacity.

The Portland Terminal Facility is a rail and marine facility property adjacent to the Willamette River in Portland, Oregon. The 39-acre site has 84 tanks with a total storage capacity of approximately 1.5 million barrels. The Portland Terminal Facility is capable of receiving, storing and delivering crude oil and refined petroleum products. Products are received and delivered via railroad or marine (up to Panamax-size vessels). The marine facilities are accessed through a neighboring terminal facility via an owned pipeline. The Portland Terminal Facility offers heating systems, emulsions and an on-site product testing laboratory as ancillary services.

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Arc Logistics is a publicly traded limited partnership principally engaged in the terminaling, storage, throughput and transloading of crude oil and petroleum products with energy logistics assets strategically located in the East Coast, Gulf Coast and Midwest regions of the U.S. Arc Terminals is a wholly-owned subsidiary of Arc Logistics.

MoGas Pipeline System

MoGas is the owner and operator of the MoGas Pipeline System, an approximately 263 mile FERC-regulated interstate natural gas pipeline in and around St. Louis and extending into central Missouri. MoGas receives natural gas at three separate receipt points from third party interstate gas pipelines and delivers that gas through 22 different delivery points to investor-owned natural gas distribution companies, municipally owned distribution systems and end users. MoGas has eight firm transportation customers. We provide REIT-qualifying intercompany mortgage financing secured by MoGas Pipeline System. We provide REIT qualifying intercompany mortgage financing secured by the real property assets of MoGas and UPS which allows for a maximum principal balance of $90 million.

Eastern Interconnect Project

We own a 40 percent undivided interest in the Eastern Interconnect Project (EIP) transmission assets, which move electricity across New Mexico between Albuquerque and Clovis. The physical assets include 216 miles of 345 kilovolts transmission lines, towers, easement rights, converters and other grid support components. We entered into an agreement to sell our interest in the EIP upon lease termination on April 1, 2015 to the tenant, Public Service Company of New Mexico.

Omega Pipeline

Omega Pipeline Company, LLC is a natural gas service provider located primarily on the Fort Leonard Wood military post in south-central Missouri. Omega has a long-term contract with the Department of Defense, which is currently subject to renewal in 2015, to provide natural gas and gas distribution services to Fort Leonard Wood through Omega's approximately 70 mile pipeline distribution system on the post. In addition, Omega provides natural gas marketing services to several customers in the surrounding area. We provide REIT qualifying intercompany mortgage financing secured by Omega's real property assets which allows for a maximum principal balance of $5.3 million.

Energy Infrastructure Financing Investments

We currently have provided financing commitments totaling $26.3 million to two owners and operators of real property infrastructure assets, secured by such assets and related equipment, as well as by the outstanding equity of the borrowers. Both of these loans include participating features pursuant to which we may receive additional interest tied to increases in utilization of the underlying facilities, and one also includes an equity enhancement. See the section titled "Asset Portfolio and Related Developments" in Item 7 and Note 6 of the Notes to the Consolidated Financial Statement included in this report for additional information concerning these investments.

Lightfoot Capital Partners, LP and Lightfoot Capital Partners GP LLC

We hold a direct investment in Lightfoot Capital Partners, LP (6.6 percent) and Lightfoot Capital Partners GP LLC (1.5 percent). Lightfoot's assets include an ownership interest in Gulf LNG, a 1.5 billion cubic feet per day ("bcf/d") receiving, storage, and regasification terminal in Pascagoula, Mississippi, and common units and subordinated units representing an approximately 40 percent aggregate limited partner interest, and a noneconomic general partner interest, in Arc Logistics Partners LP (NYSE: ARCX). We hold observation rights on Lightfoot's Board of Directors.

Competitive Advantages

We believe that we are well-positioned to meet the capital needs of companies within the U.S. energy infrastructure sector for the following reasons:

- Our assets generate stable cash flows without direct Commodity Exposure. We generate revenue by leasing infrastructure assets, or offering loans secured by infrastructure assets, to energy companies. Our leases and loans are long-term and are structured to include a large fixed payment that is payable irrespective of the use of the asset and are not impacted by commodity price movements.
- Attractive Partner for Energy Infrastructure Companies. As a REIT, we are by nature a passive, long-term partner. Our willingness to customize our long-term leases and structured financings to meet the control and economic requirements of our lessees has been a key component of our success. When combined with our knowledge of the economic and regulatory environment faced by energy companies, we believe that we are the partner of choice for these companies.

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- Broad Energy Infrastructure Scope. The universe of assets that may be owned by a REIT has expanded significantly. The Internal Revenue Service has, through a series of private letter rulings, as well as proposed regulations, described new types of assets in the energy sector which are eligible to be owned by a REIT, including electric transmission and distribution systems, pipeline systems, and storage and terminaling systems. While only the requesting party may rely on private letter rulings, they give insight into the potential for REIT qualifying assets. We also intend to acquire assets that do not generate qualifying income for MLPs, such as electric power transmission and distribution assets.
- Disciplined Investment Philosophy. Our investment approach emphasizes overall asset operational and financial performance with the potential for enhanced returns through incremental asset growth, capital appreciation, and minimization of downside risk. Our process for selecting investments involves an assessment of the overall attractiveness of the specific subsector of the energy sector in which a prospective tenant company is involved; such company's specific competitive position within that subsector; operational asset engineering due diligence; potential commodity price impact, supply and demand and regulatory concerns; the stability and potential growth of the prospective real property asset's cash flows; the prospective operating company's management track record; and our ability to structure an attractive investment.
- Experienced Management Team. We are externally managed by Corridor InfraTrust Management, LLC. The five principals of Corridor have an average of over 25 years of experience in energy operations of multi-national electric and gas utilities and other national energy marketing and trading businesses and in optimizing portfolios for real property energy asset investments. Based on their real property asset operational experience and strong industry relationships, we believe that the principals of Corridor provide the expertise and knowledge necessary to acquire real property assets with strong performance standards.

Market Opportunity

We believe the environment for acquiring energy infrastructure real property assets is attractive for the following reasons:

- Energy infrastructure provides essential services, and the demand for energy resources is expected to grow in the future. We believe energy infrastructure is the backbone of the U.S. economy. The energy infrastructure sector includes the pipes, wires and storage facilities that connect and deliver some of our most critical resources: oil, natural gas, and electricity.

Midstream pipeline companies own and operate essential, long-lived assets and generally have steady, recurring, fee-based cash flows. Due to the characteristics of the assets they own, midstream pipeline MLPs and companies are a good proxy for the Company's market opportunity. As of December 31, 2014, pipeline MLPs and pipeline companies had a market capitalization of $821 billion. This is in comparison to a market capitalization of approximately $30 billion in 2002 for the entire MLP sector. Due to the current need for new pipeline infrastructure in various regions of the U.S. that are relatively new to oil and gas activity, we expect growth and asset acquisition opportunities in this sector to continue via the construction of new pipelines and improvements to existing pipelines.

In addition, the Edison Electric Institute estimates that from 2015 to 2017, $58 billion will be required to upgrade and construct new electric power transmission lines in the U.S. This creates incremental acquisition opportunities in a growing sector that is not directly correlated to crude oil market dynamics.

- Investment is needed in U.S. energy infrastructure. Despite low commodity prices, strong production is expected to continue in many regions of the US, such as the Bakken Shale in North Dakota, the Eagle Ford shale in South Texas and the Permian basin in West Texas. However, due to the location of this production; there is still a need for additional pipeline infrastructure. This presents a sizable market opportunity for the financing of energy infrastructure assets. The project backlog for this takeaway capacity continues to be robust, with an estimated $135 billion in projects through 2017. The visible growth from projects underway provides clarity to cash flows and growth potential in 2015 and into 2016. Furthermore, these capital expenditures are supported largely by shipper commitments.
- There are a number of attractive operating companies with capital needs. We believe that the capital expansion plans of operating companies in the upstream and midstream segments of the U.S. energy infrastructure sector provide us with attractive acquisition opportunities. Due to the inelastic demand for energy infrastructure assets, these opportunities exist irrespective of the commodity price environment. In times of high commodity prices, companies eager to expand operations seek capital to finance infrastructure growth. When commodity prices are low, upstream

companies seek to monetize midstream assets, as midstream asset valuations hold up well even as commodity prices fall. In addition, we can offer capital for assets that currently do not generate qualifying income for MLPs, such as electric power transmission and distribution systems.

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Targeted Investment Characteristics

We pursue our business objective by investing principally in the energy infrastructure sector. The energy infrastructure sector broadly includes midstream, downstream and upstream assets. We intend to focus primarily on midstream and downstream assets as described below.

- Midstream - the gathering, processing, storing, terminaling and transporting of energy resources and their byproducts in a form that is usable by wholesale power generation, utility, petrochemical, industrial and refined products customers, including pipelines, natural gas processing plants, liquefied natural gas facilities and other energy infrastructure companies.
- Downstream - the refining of energy sources, and the marketing and distribution of products, such as natural gas, propane and gasoline, to end-user customers; and the transmission and distribution of electricity from coal, nuclear, natural gas, agricultural, thermal, solar, wind and biomass power generation facilities.

Our targeted real property assets have the following characteristics:

- Long-Life Assets with Stable Cash Flows and Limited Commodity Price Sensitivity. We own, and seek to acquire, real property assets having the potential to generate stable cash flows over long periods of time. We have historically invested in companies that own and operate assets with long useful lives and that generate cash flows by providing critical services primarily to the producers or end-users of energy. We have attempted to limit the direct exposure to energy commodity price risk in our portfolio.
- Experienced Management Teams with Energy Focus. We have targeted assets operated by management teams that have a track record of success and that have substantial knowledge in particular segments of the energy sector or with certain types of assets.
- Fixed Asset-Intensive Investments. Most of our investments have been made in companies with a relatively significant base of fixed assets. Fixed-asset investments characteristically display such attributes as long-term stability, low volatility, diversification via low correlation and relatively inelastic demand.
- Limited Technological Risk. We generally do not target acquisition opportunities involving the application of new technologies or significant geological, drilling or development risk.
- Growth Opportunities. We generally will seek to enter into leases that provide base rent and participating rent over the term of the lease. These increases are expected to be fixed or tied generally to increases in indices such as the Consumer Price Index (the "CPI"). We may also attempt to obtain equity enhancements in connection with transactions. These equity enhancements may involve warrants exercisable at a future time to purchase stock of the tenant or borrower or their parent.

Acquisition Strategies and Due Diligence

We generally rely on our own analysis to determine whether to make an acquisition. Our analysis may take into consideration, among other things, the terms and conditions of the particular lease transaction, the quality of the lessee’s credit and the conditions of the credit markets at the time the lease transaction is negotiated. The value may be greater than the construction cost or the replacement cost of a property, and the actual sale price of a property if sold may be greater or less than the acquisition cost. In cases of special purpose real estate which we expect to acquire, a property is examined in light of the prospects for the tenant/borrower’s enterprise and the financial strength and the role of that asset in the context of the tenant’s overall viability. Operating results of properties and other collateral may be examined to determine whether or not projected income levels are likely to be met. In evaluating net lease transactions, we generally consider, among other things, the following aspects of each transaction:

- Tenant/Borrower Evaluation - We evaluate each potential tenant or borrower for its creditworthiness, typically considering factors such as management experience, industry position and fundamentals, operating history, and capital structure, as well as other factors that may be relevant to a particular acquisition. We seek opportunities in which we believe the tenant may have a stable or improving credit profile or credit potential that has not been recognized by the market. In evaluating a possible investment, the creditworthiness of a tenant or borrower often will be balanced with the value of the underlying real estate, particularly if the underlying property is specifically suited to the needs of the tenant. Whether a prospective tenant or borrower is creditworthy will be determined by our management team and reviewed by the investment committee, as described below. Creditworthy does not necessarily mean “investment grade.”

- Important to Tenant/Borrower Operations - We generally will focus on properties that we believe are essential or important to the ongoing operations of the tenant. We believe that this type of property will provide a relatively low risk of loss in the case of a potential bankruptcy or abandonment scenario since a tenant/borrower is less likely to risk the loss of a

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critically important lease or property. Additionally we focus on assets which are necessary for the economic production of hydrocarbon resources, and which would remain necessary to any owner of the assets.

- Diversification - We attempt to diversify our portfolio to avoid dependence on any one particular tenant, borrower, collateral type, and geographic location within the U.S. or tenant/borrower industry. By diversifying, we seek to reduce the adverse effect of a single under-performing investment or a downturn in any particular asset or geographic region within the U.S.
- Lease Terms - Generally, the net leased properties we will acquire will be leased on a full recourse basis to the tenants or their affiliates. In addition, we generally will seek to include a clause in each lease that provides for increases in rent over the term of the lease. These increases are fixed or tied generally to increases in indices such as the CPI. The lease will also generally seek to provide for participation in gross revenues of the tenant at the property, thereby providing exposure to the commercial activity of the tenant, and providing the tenant some flexibility in lease terms. Alternatively, a lease may provide for mandated rental increases on specific dates, and we may adopt other methods in the future.
- Collateral Evaluation - We review the physical condition of the property and assess the likelihood of replacing the rental payment stream if the tenant defaults. We also generally engage a third party to conduct, or require the seller to conduct a preliminary examination, or Phase 1 assessment, of the site to determine the potential for contamination or similar environmental site assessments in an attempt to identify potential environmental liabilities associated with a property prior to its acquisition. If potential environmental liabilities are identified, we generally require that identified environmental issues be resolved by the seller prior to property acquisition or, where such issues cannot be resolved prior to acquisition, require tenants contractually to assume responsibility for resolving identified environmental issues post-closing and provide indemnification protections against any potential claims, losses or expenses arising from such matters.
- Transaction Provisions to Enhance and Protect Value - We attempt to include provisions in the leases that we believe may help protect a real property asset from changes in the operating and financial characteristics of a tenant that may affect its ability to satisfy its obligations or reduce the value of the real property asset. Such provisions include requiring our consent to specified tenant activity, requiring the tenant to provide indemnification protections, and requiring the tenant to utilize good operating practices consistent with objective criteria. We seek to enhance the likelihood of a tenant's lease obligations being satisfied through a guaranty of obligations from the tenant's corporate parent or other entity or a letter of credit. This credit enhancement, if obtained, provides additional financial security. However, in markets where competition for net lease transactions is strong, some or all of these provisions may be replaced by other measures of credit quality such as tenant investment in leasehold improvements and commercial enterprise value of the tenant business conducted in the property.

In addition, in some circumstances, tenants may retain the right to repurchase the leased property. We expect, in those situations that the option purchase price will generally be the greater of the contract purchase price or the fair market value of the property at the time the option is exercised.

- Equity Enhancements - We may attempt to obtain equity enhancements in connection with transactions. These equity enhancements may involve warrants exercisable at a future time to purchase stock of the tenant or borrower or their parent. If warrants are obtained, and become exercisable, and if the value of the stock subsequently exceeds the exercise price of the warrant, equity enhancements can help achieve the goal of increasing investor returns.
- Other Real Estate Related Assets - As other opportunities arise, we may also seek to expand the portfolio to include other types of real estate-related investments, in all cases within the energy infrastructure sector, such as:
- equity investments in real properties that are not long-term net leased to a single-tenant and may include partially leased properties, undeveloped properties and properties subject to short-term net leases, among others;
- mortgage loans secured by real properties including loans to our taxable REIT subsidiaries;
- subordinated interests in first mortgage real estate loans, or B-notes;
- mezzanine loans related to real estate, which are senior to the borrower's equity position but subordinated to other third-party financing; and
- equity and debt securities (including preferred equity, limited partnership interests, trusts and other higher-yielding structured debt and equity investments) issued by companies that are engaged in real-estate-related businesses as

defined by regulations promulgated under the Code, including other REITs.

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Use of Taxable REIT Subsidiaries

We operate as a REIT and therefore are generally not subject to U.S. federal income taxes on the income and gains that we distribute to our stockholders, including the income derived through leasing fees and financing revenue from our REIT qualifying investment in energy infrastructure assets. However, even as a REIT, we remain obligated to pay income taxes on earnings from our taxable REIT subsidiaries ("TRSs"). The use of TRSs enables us to own certain assets and engage in certain businesses while maintaining compliance with the REIT qualification requirements under the Code. We may, from time to time, change the election of previously designated TRSs to be treated as qualified REIT subsidiaries ("QRSs"), and may reorganize and transfer certain assets or operations from our TRSs to other subsidiaries, including QRSs.

Regulatory and Environmental Matters

Our energy infrastructure assets and operations, as well as those of our tenants, are subject to numerous federal, state and local laws and regulations concerning the protection of public health and safety, zoning and land use, and pricing and other matters related to certain of our business operations. For a discussion of the current effects and potential future impacts of such regulations on our business and properties, see the discussion presented in Item 1A of this report under the subheading "Risks Related to Our Investments in Real Estate and the U.S. Energy Infrastructure Sector." In particular, for a discussion of the current and potential future effects of compliance with federal, state and local environmental regulations, see the discussion titled "Costs of complying with governmental laws and regulations, including those relating to environmental matters, may adversely affect our income and the cash available for distribution" within such section.

Financing Strategies

Consistent with our asset acquisition policies, we use leverage when available on terms we believe are favorable. The amount of leverage that we may employ will depend on our assessment of market conditions and other factors at the time of any proposed borrowing. Although we currently do not anticipate doing so, the amount of total funded debt leverage we employ may exceed 50 percent of our total assets. Secured loans which we obtain, could be recourse or non-recourse to us. A lender on non-recourse mortgage debt generally has recourse only to the property collateralizing such debt and not to any of our other assets, while full recourse financing would give the lender recourse to all of our assets. The use of non-recourse debt, helps us to limit the exposure of all of our assets to any one debt obligation. Lenders may, however, have recourse to our other assets in limited circumstances not related to the repayment of the indebtedness, such as under an environmental indemnity. We may have an unsecured line of credit that can be used in connection with refinancing existing debt and making new acquisitions, as well as to meet other working capital needs. We intend to incur debt which bears interest at fixed rates, or is effectively converted to fixed rates through interest rate caps or swap agreements.

Competition

We compete with public and private funds, commercial and investment banks and commercial financing companies to make the types of investments that we plan to make in the U.S. energy infrastructure sector. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than us. For example, some competitors may have a lower cost of funds and access to funding sources than are available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, allowing them to consider a wider variety of investments and establish more relationships than us. These competitive conditions may adversely affect our ability to make investments in the energy infrastructure sector and could adversely affect our distributions to stockholders.

RECENT TRANSACTIONS

Acquisitions

Portland Terminal Facility Acquisition. On January 21, 2014, utilizing proceeds from the concurrent common stock offering described below, our subsidiary, LCP Oregon, acquired the Portland Terminal Facility. For a further description of the Portland Terminal Facility and related information, see "Assets and Private Equity Investments" above, as well as Item 2 - Properties, the section titled "Asset Portfolio and Related Developments" in Item 7, and Note 4 of the Notes to Consolidated Financial Statements, respectively, included in this report.

MoGas Pipeline System Acquisition. On November 24, 2014, we utilized the net proceeds from the November 2014 common stock offering described below together with borrowings under the Regions Revolver to fund the acquisition of two entities that own and operate the MoGas Pipeline System by our taxable REIT subsidiary Corridor MoGas, through REIT qualifying intercompany mortgage financing secured by the assets constituting the MoGas Pipeline System. For a further description of the MoGas Pipeline System and related information concerning these transactions, see "Assets and Private Equity Investments" above, as well as Item 2 - Properties, the section titled "Asset Portfolio and Related Developments" in Item 7, and Notes 5 and 14 of the Notes to Consolidated Financial Statements, respectively, included in this report.

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Investment Transactions

Black Bison Financing Notes Receivable. On March 13, 2014, our subsidiary Corridor Bison entered into a Loan Agreement with Black Bison WS, pursuant to which Corridor Bison agreed to loan Black Bison WS up to $11.5 million. Corridor Bison increased the Loan to $12 million on July 24, 2014. Also, on July 24, 2014, our subsidiary, CorEnergy BBWS, Inc. entered into a TRS Loan Agreement, pursuant to which CorEnergy BBWS agreed to loan Black Bison WS up to $3.3 million. The proceeds of these financings were used by Black Bison WS and its affiliates to finance the acquisition and development of real property that will provide water disposal services for the oil and natural gas industry. See the section titled "Asset Portfolio and Related Developments" in Item 7 and Note 6 of the Notes to the Consolidated Financial Statement included in this report for additional information concerning these transactions.

Four Wood Financing Notes Receivable. On December 31, 2014, we entered into two separate loan agreements, a REIT Loan Agreement through our newly-formed, wholly owned QRS Four Wood Corridor and a TRS Loan Agreement through our pre-existing wholly owned TRS, CorPrivate, with a total commitment to lend of $11 million, to finance the acquisition of a salt-water disposal well by the borrower, SWD Enterprises LLC. See the section titled "Asset Portfolio and Related Developments" in Item 7 and Note 6 of the Notes to the Consolidated Financial Statement included in this report for additional information concerning these transactions.

Liquidation of Private Equity Investment in VantaCore. Effective as of October 1, 2014, Natural Resource Partners L.P. completed its acquisition of VantaCore Partners LP. The Company's portion of the sale proceeds was approximately $13.6 million, of which $2.9 million will be held in escrow pending certain post-closing obligations or the expiration of certain time periods. See the section titled "Asset Portfolio and Related Developments" in Item 7 and Note 12 of the Notes to the Consolidated Financial Statement included in this report for additional information concerning this transaction.

Financing Transactions

January 2014 Common Stock Offering. On January 21, 2014, we completed a registered public offering of 7,475,000 shares of common stock, raising approximately $49 million in gross proceeds (net proceeds of approximately $45.6 million after underwriters' discount), the proceeds of which were used to acquire the Portland Terminal Facility as described above.

New Revolving Line of Credit. On September 26, 2014 we entered into the Regions Revolver, a $30.0 million revolving credit facility with Regions Bank, then on November 24, 2014, we increased the credit facility, to $90.0 million in conjunction with the MoGas Pipeline System acquisition described above. For additional information, see the section titled "Liquidity and Capital Resources" in Item 7, and Note 14 of the Notes to Consolidated Financial Statements, respectively, included in this report.

November 2014 Common Stock Offering. On November 17, 2014, we completed a registered public offering of 14,950,000 shares of common stock, raising approximately $102 million in gross proceeds (net proceeds of approximately $96 million after underwriters' discount), the proceeds of which were used to acquire the MoGas Pipeline System as described above.

January 2015 Preferred Stock Offering. On January 27, 2015, we completed a registered public offering of 2,000,000 depositary shares, each representing 1/100th of a share of the Company's 7.375% Series A Cumulative Redeemable Preferred Stock and, on February 5, 2015, we sold an additional 250,000 depositary shares pursuant to the underwriters' exercise of their over-allotment option. We used the net proceeds from this offering (approximately $54.5 million after underwriting discount) to repay outstanding indebtedness under the Regions Revolver and for general corporate purposes.

MANAGEMENT

Our Manager

We are externally managed by Corridor. Corridor is a real property asset manager with a focus on U.S. energy infrastructure real property assets. Corridor assists us in identifying infrastructure real property assets that can be leased to businesses that make goods, provide services or own assets other than securities, and is generally responsible for our day-to-day operations.

Corridor Team

Each of our officers is an employee of Corridor or one of its affiliates. Corridor is not obligated to dedicate certain of its employees exclusively to us, nor are it or its employees obligated to dedicate any specific portion of its or their time to our business. As described below, we pay a management fee and certain other fees to Corridor, which it uses in part to pay compensation to its officers and employees who, notwithstanding that some of them also are our officers, receive no cash compensation directly from us.

We pay Corridor a management fee based on total assets under management. In aligning our strategy to focus on distributions and distribution growth, Corridor is paid an incentive fee based on increases in distributions to our stockholders. A percentage of

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the Corridor incentive fee is reinvested in CorEnergy. Pursuant to a Management Agreement and an Administrative Agreement, Corridor has agreed to use its reasonable best efforts to present us with suitable acquisition opportunities consistent with our investment objectives and policies and is generally responsible, subject to the supervision and review of our Board of Directors, for our day-to-day operations.

Real Property Asset Management

The Corridor team has experience across several segments of the energy sector and is primarily responsible for investigating, analyzing and selecting potential infrastructure asset acquisition opportunities. Acquisitions and transactions are submitted to our Board of Directors for final approval following a recommendation from the management team.

We believe that effective management of our assets is essential to maintain and enhance property values. Important aspects of asset management include restructuring transactions to meet the evolving needs of current tenants, re-leasing properties, refinancing debt, selling properties and knowledge of the bankruptcy process.

We monitor, on an ongoing basis, compliance by tenants with their lease obligations and other factors that could affect the financial performance of any of our properties. Monitoring involves receiving assurances that each tenant has paid real estate taxes, assessments and other expenses relating to the properties it occupies and confirming that appropriate insurance coverage is being maintained by the tenant. We review financial statements of tenants and undertake regular physical inspections of the condition and maintenance of properties. In addition, we periodically analyze each tenant's financial condition and the industry in which each tenant operates.

Private Investment Monitoring

We monitor our private investments to determine progress relative to meeting the Company's business plan and to assess the Company's strategic and tactical courses of action. This monitoring is accomplished by attendance at Board of Directors meetings, ad hoc communications with portfolio company management, the review of periodic operating and financial reports, an analysis of relevant reserve information and capital expenditure plans, and periodic consultations with engineers, geologists, and other experts. The performance of each private portfolio company is also periodically compared to performance of similarly sized companies with comparable assets and businesses to assess performance relative to peers. Corridor's monitoring activities are expected to provide us with information that will enable us to monitor compliance with existing covenants.

Management Agreement

Under our Management Agreement, Corridor (i) presents the Company with suitable acquisition opportunities consistent with the investment policies and objectives of the Company, (ii) is responsible for the day-to-day operations of the Company, and (iii) performs such services and activities relating to the assets and operations of the Company as may be appropriate. The Management Agreement does not have a specific term, and will remain in place unless terminated by the Company or the Manager in the manner permitted pursuant to the agreement.

The terms of the Management Agreement include a quarterly management fee equal to 0.25 percent (1.00 percent annualized) of the value of the Company's Managed Assets as of the end of each quarter. For purposes of the Management Agreement, "Managed Assets" means the total assets of the Company (including any securities receivables, other personal property or real property purchased with or attributable to any borrowed funds) minus (A) the initial invested value of all non-controlling interests, (B) the value of any hedged derivative assets, (C) any prepaid expenses, and (D) all of the accrued liabilities other than (1) deferred taxes and (2) debt entered into for the purpose of leverage. For purposes of the definition of Managed Assets, the Company's securities portfolio will be valued at then-current market value. For purposes of the definition of Managed Assets, other personal property and real property assets will include real and other personal property owned and the assets of the Company invested, directly or indirectly, in equity interests in or loans secured by real estate or personal property (including acquisition related costs and acquisition costs that may be allocated to intangibles or are unallocated), valued at the aggregate historical cost, before reserves for depreciation, amortization, impairment charges or bad debts or other similar noncash reserves.

The Management Agreement includes a quarterly incentive fee of 10 percent of the increase in distributions paid over a threshold distribution equal to $0.125 per share per quarter. The Management Agreement also requires at least half of any incentive fees to be reinvested in the Company's common stock.

Administrative Agreement

Under our Administrative Agreement, Corridor, as our administrator, performs (or oversees or arranges for the performance of) the administrative services necessary for our operation, including without limitation providing us with equipment, clerical, bookkeeping and record keeping services. For these services we pay our administrator a fee equal to 0.04 percent of our aggregate average daily Managed Assets, with a minimum annual fee of $30 thousand.

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Pursuant to the Management and Administrative Agreements, Corridor furnishes us with office facilities and clerical and administrative services necessary for our operation (other than services provided by our custodian, accounting agent, administrator, dividend and interest paying agent and other service providers). Corridor is authorized to enter into agreements with third parties to provide such services. To the extent we request, Corridor will (i) oversee the performance and payment of the fees of our service providers and make such reports and recommendations to the Board of Directors concerning such matters as the parties deem desirable, (ii) respond to inquiries and otherwise assist such service providers in the preparation and filing of regulatory reports, proxy statements, and stockholder communications, and the preparation of materials and reports for the Board of Directors; (iii) establish and oversee the implementation of borrowing facilities or other forms of leverage authorized by the Board of Directors and (iv) supervise any other aspect of our administration as may be agreed upon by us and Corridor. We have agreed, pursuant to the Management Agreement, to reimburse Corridor for all out-of-pocket expenses incurred in providing the foregoing.

We bear all expenses not specifically assumed by Corridor and incurred in our operations. The compensation and allocable routine overhead expenses of all management professionals of Corridor and its staff, when and to the extent engaged in providing us management services, is provided and paid for by Corridor and not us.

Advisory Agreement

TCA is compensated by Corridor to provide investment services related to the monitoring and disposition of our legacy private securities investments. TCA is a registered investment adviser with approximately $17.5 billion of assets under management in the U.S. energy infrastructure sector and 61 employees as of February 28, 2015.

Employees

As we are externally managed, we have no employees at the corporate level. Our subsidiary, Omega, has one part-time and five full-time employees. Our subsidiary MoGas has 15 full-time employees.

AVAILABLE INFORMATION

Our principal executive offices are located at 1100 Walnut Street, Suite 3350, Kansas City, MO 64106. Our telephone number is (816) 875-3705, or toll-free (877) 699-2677, and our Web site is http://corenergy.corridortrust.com. We are required to file reports, proxy statements and other information with the SEC. We will make available free of charge our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports on or through our Web site at http://corenergy.corridortrust.com as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. This information may also be obtained, without charge, upon request by calling us at (816) 875-3705 or toll-free at (877) 699-2677. This information will also be available at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed by us with the SEC which is available on the SEC's Internet site at www.sec.gov. Please note that any Internet addresses provided in this Form 10-K are for informational purposes only and are not intended to be hyperlinks. Accordingly, no information found and/or provided at such Internet address is intended or deemed to be included by reference herein.

GLOSSARY OF DEFINED TERMS

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

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

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

bcf/d: billion cubic feet per day

BLM: Bureau of Land Management

Code: the Internal Revenue Code of 1986, as amended

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CorPrivate: Corridor Private, Inc.

Corridor: Corridor InfraTrust Management, LLC

Corridor MoGas: Corridor MoGas, Inc.

CPI: Consumer Price Index

EIP: the Eastern Interconnect Project

EPAct 2005: the Energy Policy Act of 2005

FERC: Federal Energy Regulatory Commission

Four Wood Corridor: Four Wood Corridor, LLC

GAAP: U.S. generally accepted accounting principles

LDCs: local distribution companies

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

MoGas: MoGas Pipeline LLC

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

Mowood: Mowood, LLC, the holding company of Omega Pipeline Company, LLC

NGA: Natural Gas Act of 1938

NGPA: Natural Gas Policy Act of 1978

Omega: Omega Pipeline Company, LLC

Pinedale LGS: the Pinedale Liquids Gathering system, a system of pipelines and central gathering facilities located in the Pinedale Anticline in Wyoming

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 Ultra Petroleum

Portland Terminal Facility: a petroleum products terminal located in Portland, Oregon

PNM: Public Service Company of New Mexico

Prudential: The Prudential Insurance Company of America

QDI: qualified dividend income

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QRS: qualified REIT subsidiary

Regions Revolver: the Company’s $90 million revolving line of credit facility with Regions Bank

REIT: real estate investment trust

SWDE: SWD Enterprises, LLC

Tcfe: Trillion cubic feet equivalent

TCA: Tortoise Capital Advisors, L.L.C.

TRS: taxable REIT subsidiary

Ultra Petroleum: Ultra Petroleum Corp. (NYSE-UPL)

Ultra Wyoming: Ultra Wyoming LGS LLC, an indirect wholly owned subsidiary of Ultra Petroleum

UPS: United Property Systems, LLC

VantaCore: VantaCore Partners LP

ITEM 1A. RISK FACTORS

There are many risks and uncertainties that can affect our future business, financial performance or share price. Many of these are beyond our control. A description follows of some of the important factors that could have a material negative impact on our future business, operating results, financial condition or share price. This discussion includes a number of forward-looking statements. You should refer to the description of the qualifications and limitations on forward-looking statements in the first paragraph under Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this Form 10-K.

Risks Related to Our Investments in Real Estate and the U.S. Energy Infrastructure Sector

The majority of our infrastructure real property assets are leased to a single tenant.

The Pinedale LGS represented approximately 47 percent of our total assets as of December 31, 2014 and the lease payments under the Pinedale Lease Agreement with Ultra Wyoming represented approximately 50 percent of our total revenue for the year ended December 31, 2014. Ultra Wyoming or Ultra Petroleum, one of the guarantors of Ultra Wyoming’s obligations under the Pinedale Lease Agreement and Ultra Wyoming’s ultimate parent company, may experience a downturn in its business, which may weaken its financial condition and result in Ultra Wyoming’s failure to make timely lease payments or give rise to default under the Pinedale Lease Agreement or Ultra Petroleum’s failure to meet its related parent guaranty obligations. In the event of a default by Ultra Wyoming or Ultra Petroleum, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment. In addition, if Ultra Wyoming fails to renew the Pinedale Lease Agreement and we cannot find a new lessee at the same or better lease rates, the expiration of the Pinedale Lease Agreement in 2027 could have a material adverse impact on our business and financial condition.

The following is a brief summary of certain risk factors disclosed by Ultra Petroleum in its most recent Annual Report on Form 10-K, which should be carefully considered before you decide to invest in shares of our common stock. For a complete discussion of the risks that may be applicable to Ultra Petroleum, please review its complete Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

- Ultra Petroleum’s reserve estimates may turn out to be incorrect if the assumptions upon which these estimates are based are inaccurate. Any material inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present value of Ultra Petroleum’s reserves.

- Competitive industry conditions may negatively affect Ultra Petroleum’s ability to conduct operations.
- Factors beyond Ultra Petroleum’s control affect its ability to effectively market production and may ultimately affect its financial results.

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- A decrease in oil and natural gas prices may adversely affect Ultra Petroleum's results of operations and financial condition.
- A substantial portion of Ultra Petroleum's reserves and production is natural gas. Prices for natural gas have been lower in recent years than at various times in the past and may remain lower in the future. Sustained low prices for natural gas may adversely affect Ultra Petroleum's operations and financial condition.
- Sustained low prices for oil may adversely affect Ultra Petroleum's operations and financial condition. Most of the production from its Uinta Basin properties is crude oil.
- Compliance with environmental and other governmental regulations could be costly and could negatively impact Ultra Petroleum's production.
- Climate change legislation or regulations restricting emissions of "greenhouse gases" could result in increased operating costs and reduced demand for the oil and gas that Ultra Petroleum produces.
- Potential physical effects of climate change could adversely affect Ultra Petroleum's operations and cause it to incur significant costs in preparing for or responding to those effects.
- Cyber-attacks targeting systems and infrastructure used by the oil and gas industry may adversely impact Ultra Petroleum's operations.
- Ultra Petroleum may not be able to replace its reserves or generate cash flows if it is unable to raise capital. Ultra Petroleum will be required to make substantial capital expenditures to develop its existing reserves and to discover new oil and natural gas reserves.
- Ultra Petroleum's operations may be interrupted by severe weather or drilling restrictions.
- Ultra Petroleum is exposed to operating hazards and uninsured risks that could adversely impact its results of operations and cash flows.
- If oil and gas prices decrease, Ultra Petroleum may be required to record additional write downs of the carrying value of its oil and natural gas properties.

We are subject to the risk of Ultra Wyoming transferring its obligations under the Pinedale Lease Agreement.
The terms of the Pinedale Lease Agreement provide that Ultra Wyoming may transfer its rights and obligations under the Pinedale Lease Agreement at any time, subject to certain conditions. We thus bear the risk that Ultra Wyoming will transfer its rights and obligations under the Pinedale Lease Agreement to a third party whose creditworthiness may not be on par with that of Ultra Wyoming, which could inhibit such transferee's ability to make timely lease payments under the Pinedale Lease Agreement or increase the likelihood that a downturn in the business of such transferee could give rise to a default under the Pinedale Lease Agreement. The occurrence of either of these events could have a material adverse impact on our business and financial condition.
The terms of the co-investment in Pinedale LP may limit our ability to take certain actions in the future.
Pinedale GP, our wholly-owned subsidiary, is the general partner of Pinedale LP. Under the Pinedale LP partnership agreement, Pinedale GP is given broad authority to manage the affairs of Pinedale LP and to ensure that Pinedale LP complies with the terms of various agreements to which it is a party, including the Pinedale Lease Agreement and the credit agreement with KeyBank. The Pinedale LP partnership agreement, however, requires the approval of the holder of a majority of a class of limited partner interests (all of which are currently held by Prudential) before certain actions can be taken by Pinedale LP, including granting any consent under the Pinedale Lease Agreement to: extend the term of the Pinedale Lease Agreement; change the methodology of determining the rent; improve the leased property; reduce the present value of rental payments; merge with, or acquire unrelated assets from, a third party; incur debt, or amend the terms of any existing Pinedale LP debt, that would increase that debt above a specified amount; or issue partnership interests with rights superior to those held initially by Prudential. The approval of one or more of the foregoing matters may not be obtained at a time when we believe that an action requiring approval should be taken.
The financial condition of Arc Terminals and Arc Logistics and the ability and willingness of each to satisfy its obligations under the Portland Lease Agreement and the related parent guaranty will have a material impact on our results of operation, ability to service our indebtedness and ability to make distributions.
Arc Terminals, or Arc Logistics, the guarantor of Arc Terminals' obligations under the Portland Lease Agreement, may experience a downturn in its business. If Arc Logistics identifies appropriate acquisition candidates, it may be

unable to negotiate successfully

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the terms of the acquisitions, finance them, or integrate the acquired business into its then existing business. Completing an acquisition and integrating an acquired business may require a significant diversion of Arc Terminals' management time and resources and involve significant costs. If Arc Terminals makes one or more significant acquisitions in which the consideration includes cash, Arc Terminals could be required to use a substantial portion of its available cash, or obtain financing, in order to consummate such acquisitions. Any of the above may weaken Arc Terminals' or Arc Logistics' financial condition and result in Arc Terminals' failure to make timely lease payments or give rise to another default under the Portland Lease Agreement or Arc Logistics' failure to meet its related parent guaranty obligations. Further, Arc Terminals or Arc Logistics could be subject to a bankruptcy proceeding pursuant to Title 11 of the bankruptcy laws of the United States.

In the event of any of the above by Arc Terminals or Arc Logistics, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment. The financial condition of Arc Terminals and Arc Logistics and the ability and willingness of each to satisfy its obligations under the Portland Lease Agreement and the related parent guaranty will have a material impact on our results of operation, ability to service our indebtedness and ability to make distributions. In addition, if Arc Terminals fails to renew the Portland Lease Agreement and we cannot find a new lessee at the same or better lease rates, the expiration of the Portland Lease Agreement in 2027 could have a material adverse impact on our business and financial condition.

We are subject to risks involved in single tenant leases.

We intend to focus our acquisition activities on real properties that are triple-net leased to single tenants. Therefore, the financial failure of, or other default by, a single tenant under its lease: (i) is likely to cause a significant reduction in the operating cash flow generated by the property leased to that tenant, (ii) might decrease the value of that property, and (iii) will expose us to 100 percent of all applicable operating costs.

Costs of complying with governmental laws and regulations, including those relating to environmental matters, may adversely affect our income and the cash available for distribution.

We have invested, and expect to continue to invest, in real property assets, which are subject to laws and regulations relating to the protection of the environment and human health and safety. These laws and regulations generally govern the gathering, storage, handling, and transportation of petroleum and other hazardous substances, the emission and discharge of materials into the environment, including wastewater discharges and air emissions, the operation and removal of underground and aboveground storage tanks, the generation, use, storage, treatment, transportation and disposal of solid and hazardous materials and wastes, and the remediation of any contamination associated with such disposals. Environmental laws and regulations may impose joint and several liability on tenants, owners or operators for the costs to investigate or remediate contaminated properties, regardless of fault or whether the acts causing the contamination were legal. This liability could be substantial. Moreover, if one or more of these hazards occur, there can be no assurance that a response will be adequate to limit or reduce any resulting damage. In addition, the presence of hazardous substances, or the failure to properly remediate these substances, may adversely affect our ability to sell, rent or pledge such property as collateral for future borrowings. We also may be required to comply with various local, state and federal fire, health, life-safety and similar regulations. Specific issues related to significant energy infrastructure assets that we currently own include the following:

- Pinedale LGS. Our ownership of the Pinedale LGS subjects us to all of the inherent hazards and risks normally incidental to the transmission, storage and distribution of natural gas and natural gas liquids, such as well site blowouts, cratering and explosions, pipe and other equipment and system failures, uncontrolled flows of natural gas or well fluids, fires, formations with abnormal pressures, pollution and environmental risks and natural disasters.
- Portland Terminal Facility. The operations at the Portland Terminal Facility involve the storage and throughput of crude oil, petroleum products and chemicals. Our ownership of the Portland Terminal Facility subjects us to the inherent hazards and risks normally incidental to these operations, such as fires, explosions, accidental spills, discharges or other releases of petroleum or hazardous substances into the environment and neighboring areas, disruptions in supply infrastructure or logistics and other equipment failures, pollution and environmental risks and disasters for which we may incur substantial liabilities, including those to investigate and remediate.
- MoGas. In addition to the pipeline safety regulations discussed below, MoGas' operations are subject to extensive federal, regional, state and local environmental laws and regulations including, for example, the Clean Air Act

(CAA), the Clean Water Act, CERCLA, the Resource Conservation and Recovery Act, OPA, OSHA and analogous state laws. These laws and regulations may restrict or impact MoGas' business activities in many ways, including requiring the acquisition of permits or other approvals to conduct regulated activities, restricting the manner in which it disposes of wastes, requiring remedial action to remove or mitigate contamination, requiring capital expenditures to comply with pollution control requirements, and imposing substantial liabilities for pollution resulting from its operations. Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of remedial requirements and the issuance of orders enjoining future operations. MoGas may be unable to recover some or all of the resulting costs through insurance or increased revenues, which could have a material adverse effect on its business, results of operations and financial condition.

State and federal laws in this area are constantly evolving, and some environmental laws and regulations have been amended so as to require compliance with new or more stringent standards as of future dates. Compliance with new or more stringent laws or regulations, or stricter interpretation of existing laws, may impose material environmental liability and/or require material expenditures by us to avoid such liability. Further, our tenant companies' operations, the existing condition of land when we buy it, operations in the vicinity of our properties, such as the presence of underground storage tanks, or activities of unrelated third parties may affect our properties. We intend to monitor these laws and take commercially reasonable steps to protect ourselves from the impact of these laws, including where deemed necessary, obtaining environmental assessments of properties that we acquire; however, we will not obtain an independent third-party environmental assessment for every property we acquire. In addition, any such assessment that we do obtain may not reveal all environmental liabilities or whether a prior owner of a property created a material environmental condition not known to us.

Failure to comply with applicable environmental, health, and safety laws and regulations may result in the assessment of sanctions, including administrative, civil or criminal fines or penalties, permit revocations, and injunctions limiting or prohibiting some or all of the operations at our facilities. Any material compliance expenditures, fines, or damages we must pay could materially and adversely affect our business, assets or results of operations and, consequently, would reduce our ability to make distributions.

A terrorist attack, act of cyber-terrorism or armed conflict could harm our business.

Terrorist activities, anti-terrorist efforts and other armed conflicts involving the U.S., whether or not targeted at our assets or those of our tenants, investees or customers, could adversely affect the U.S. and global economies and could prevent us from meeting our financial and other obligations. Both we and our tenants and investees could experience loss of business, delays or defaults in payments from customers or disruptions of supplies and markets if domestic and global utilities or other energy infrastructure companies are direct targets or indirect casualties of an act of terror or war. Additionally, both we and our tenants and other investees rely on financial and operational computer systems to process information critically important for conducting various elements of our respective businesses. Any act of cyber-terrorism or other cyber-attack resulting in a failure of our computer systems, or those of our tenants, customers, suppliers or others with whom we do business, could materially disrupt our ability to operate our respective businesses and could result in a financial loss to the Company and possibly do harm to our reputation. Accordingly, terrorist activities and the threat of potential terrorist activities (including cyber-terrorism) and any resulting economic downturn could adversely affect our business, financial condition and results of operations. Any such events also might result in increased volatility in national and international financial markets, which could limit our access to capital or increase our cost of obtaining capital.

Some losses related to our real property assets, including, among others, losses related to potential terrorist activities, may not be covered by insurance and would adversely impact distributions to stockholders.

Our leases will generally require the tenant companies to carry comprehensive liability and casualty insurance on our properties comparable in amounts and against risks customarily insured against by other companies engaged in similar businesses in the same geographic region as our tenant companies. We believe the required coverage will be of the type, and amount, customarily obtained by an owner of similar properties. However, there are some types of losses, such as catastrophic acts of nature, acts of war or riots, for which we or our tenants cannot obtain insurance at an acceptable cost. If there is an uninsured loss or a loss in excess of insurance limits, we could lose both the revenues generated by the affected property and the capital we have invested in the property if our tenant company fails to pay us the casualty value in excess of such insurance limit, if any, or to indemnify us for such loss. This would in turn reduce the amount of income available for distributions. We would, however, remain obligated to repay any secured indebtedness or other obligations related to the property. Since September 11, 2001, the cost of insurance protection against terrorist acts has risen dramatically. The cost of coverage for acts of terrorism is currently mitigated by the Terrorism Risk Insurance Program Reauthorization Act of 2015 ("TRIPRA"), which extended such program through

December 31, 2020. Under TRIPRA, the amount of terrorism-related insurance losses triggering the federal insurance threshold will be raised gradually from its current level of $100 million in 2014 to $200 million in 2020. Additionally, the bill increases insurers' co-payments for losses exceeding their deductibles, in annual steps, from 15% in 2014 to 20% in 2020. Each of these changes may have the effect of increasing the cost to insure against acts of terrorism for property owners, such as the Company, notwithstanding the other provisions of TRIPRA. Further, if TRIPRA is not continued beyond 2020 or is significantly modified, we may incur higher insurance costs and experience greater difficulty in obtaining insurance that covers terrorist-related damages. Our tenants may also have similar difficulties. There can be no assurance our tenant companies will be able to obtain terrorism insurance coverage, or that any coverage they do obtain will adequately protect our properties against loss from terrorist attack.

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MoGas' natural gas transmission operations are subject to regulation by the FERC.
MoGas' business operations are subject to regulation by the FERC, including the types and terms of services MoGas may offer to its customers, construction of new facilities, creation, modification or abandonment of services or facilities, recordkeeping and relationships with affiliated companies. Compliance with these requirements can be costly and burdensome and FERC action in any of these areas could adversely affect MoGas' ability to compete for business, construct new facilities, offer new services or recover the full cost of operating its pipelines. This regulatory oversight can result in longer lead times to develop and complete any future project than competitors that are not subject to the FERC's regulations. We cannot give any assurance regarding the likely future regulations under which MoGas will operate its natural gas transmission business or the effect such regulations could have on MoGas' business, financial condition and results of operations.
Rate regulation could limit MoGas' ability to recover the full cost of operating its pipelines, including a reasonable return.
The rates MoGas can charge for its natural gas transmission operations are regulated by the FERC pursuant to the Natural Gas Act of 1938 ("NGA"). Under the NGA, MoGas may only charge rates that have been determined to be just and reasonable by the FERC and is prohibited from unduly preferring or unreasonably discriminating against any person with respect to its rates or terms and conditions of service. The FERC establishes both the maximum and minimum rates MoGas can charge. The basic elements that the FERC considers are the costs of providing service, the volumes of gas being transported or stored, the rate design, the allocation of costs between services, the capital structure and the rate of return a natural gas company is permitted to earn.
MoGas may not be able to recover all of its costs through existing or future rates. Proposed rate increases may be challenged by protest and allowed to go into effect subject to refund. Even if a rate increase is permitted by the FERC to become effective, the rate increase may not be adequate. To the extent MoGas' costs increase in an amount greater than its revenues increase, or there is a lag between MoGas' cost increases and its ability to file for and obtain rate increases, MoGas' operating results would be negatively affected.
MoGas' existing rates may be challenged in a proceeding before FERC. In such a proceeding, the FERC may reduce MoGas' rates if the FERC finds the rates are not just and reasonable or are unduly discriminatory. Any successful challenge against MoGas' rates could have an adverse impact on its future revenues associated with providing transmission services. In addition, future changes to laws, regulations and policies may impair MoGas' ability to recover costs, which could adversely impact its financial condition and results of operations.
MoGas could be subject to penalties and fines if it fails to comply with FERC regulations.
Should the FERC find that MoGas has failed to comply with all applicable FERC-administered statutes, rules, regulations, and orders, or with the terms of MoGas' tariffs on file with the FERC, MoGas could be subject to substantial penalties and fines. Under the Energy Policy Act of 2005 ("EPAct 2005"), the FERC has civil penalty authority under the NGA and Natural Gas Policy Act of 1978 ("NGPA") to impose penalties for violations of up to $1.0 million per day for each violation, to revoke existing certificate authority and to order disgorgement of profits associated with any violation.
The revenues of MoGas' business are generated under contracts that are subject to cancellation on an annual basis.
Substantially all of the revenues of MoGas' business are generated under transportation contracts which have an initial term of at least one year and renew automatically on a month-to-month basis, but are subject to cancellation by the customer on 365 days' notice. If MoGas is unable to succeed in replacing any contracts cancelled by local distribution companies ("LDCs") or other customers that account for a significant portion of its revenues, or in renegotiating such contracts on terms substantially as favorable as the existing contracts, MoGas could suffer a material reduction in its revenues, financial results and cash flows. The maintenance or replacement of existing contracts with MoGas' customers at rates sufficient to maintain current or projected revenues and cash flows ultimately depends on a number of factors beyond its control, including competition from other pipelines, the proximity of supplies to the markets, and the price of, and demand for, natural gas. In addition, changes in state regulation of LDCs may cause them to exercise their cancellation rights in order to turn back their capacity when the contracts expire. Recently, two key customers have taken steps to negotiate terms other than those to which they first became subject on November 1, 2014 by providing notice of termination to MoGas in accordance with the terms of their contracts.

MoGas depends on certain key customers for a significant portion of its revenues. The loss of any of these key customers could result in a decline in MoGas' business.

MoGas relies on certain key customers for a significant portion of its revenues. Laclede Gas, Ameren Energy and Omega Pipeline Company (an affiliate of the Company) accounted for approximately 67 percent, 19 percent and 10 percent, respectively, of MoGas' contracted revenues for the year ended December 31, 2014. The loss of all or even a portion of the contracted volumes of these or other customers, as a result of competition, creditworthiness, inability to negotiate extensions or replacements of contracts or

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otherwise, could have a material adverse effect on MoGas' business, financial condition and results of operations, unless it is able to contract for comparable volumes from other customers at favorable rates.

MoGas is exposed to the credit risk of its customers and its credit risk management may not be adequate to protect against such risk.

MoGas is subject to the risk of loss resulting from nonpayment and/or nonperformance by its customers. MoGas' credit procedures and policies may not be adequate to fully eliminate customer credit risk. If MoGas fails to adequately assess the creditworthiness of existing or future customers, unanticipated deterioration in their creditworthiness and any resulting increase in nonpayment and/or nonperformance by them and inability to re-market the resulting capacity could have a material adverse effect on MoGas' business, financial condition and results of operations. MoGas may not be able to effectively re-market such capacity during and after insolvency proceedings involving a customer.

MoGas' operations are subject to operational hazards and unforeseen interruptions. If a significant accident or event occurs that results in a business interruption or shutdown for which MoGas is not adequately insured, its operations and financial results could be materially adversely affected.

MoGas' operations are subject to many hazards inherent in the transmission of natural gas, including:

- aging infrastructure, mechanical or other performance problems;
- damage to pipelines, facilities and related equipment caused by tornadoes, floods, fires and other natural disasters, explosions and acts of terrorism;
- inadvertent damage from third parties, including from construction, farm and utility equipment;
- leaks of natural gas and other hydrocarbons or losses of natural gas as a result of the malfunction of equipment or facilities;
- operator error;
- environmental hazards, such as natural gas leaks, product and waste spills, pipeline and tank ruptures, and unauthorized discharges of products, wastes and other pollutants into the surface and subsurface environment, resulting in environmental pollution; and
- explosions.

These risks could result in substantial losses due to personal injury and/or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage and may result in curtailment or suspension of MoGas' related operations or services. A natural disaster or other hazard affecting the areas in which MoGas operates could have a material adverse effect on MoGas' operations and the financial results of its business.

Pipeline safety integrity programs and repairs may impose significant costs and liabilities on MoGas.

The Federal Office of Pipeline Safety within the U.S. Department of Transportation requires pipeline operators to develop integrity management programs to comprehensively evaluate certain areas along their pipelines and to take additional measures to protect pipeline segments located in "high consequence areas" where a leak or rupture could potentially do the most harm. As an operator, MoGas is required to:

- perform ongoing assessments of pipeline integrity;
- identify and characterize applicable threats to pipeline segments that could impact a high consequence area;
- improve data collection, integration and analysis;
- repair and remediate the pipeline as necessary; and
- implement preventative and mitigating actions.

MoGas is required to maintain pipeline integrity testing programs that are intended to assess pipeline integrity. Any repair, remediation, preventative or mitigating actions could require significant capital and operating expenditures. Should MoGas fail to comply with the Federal Office of Pipeline Safety's rules and related regulations and orders, it could be subject to significant penalties and fines, which could have a material adverse effect on MoGas' business, results of operations and financial condition.

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Certain of MoGas' services may be subject to fixed-price “negotiated rate” contracts that are not subject to adjustment, even if its cost to perform such services exceeds the revenues received from such contracts.

Under FERC policy, a regulated service provider and a customer may mutually agree to sign a contract for service at a “negotiated rate” which may be above or below the FERC regulated, cost-based recourse rate for that service. These “negotiated rate” contracts are not generally subject to adjustment for increased costs which could be produced by inflation or other factors relating to the specific facilities being used to perform the services. Any shortfall of revenue as result of these “negotiated rate” contracts could decrease MoGas' cash flow.

MoGas competes with other pipelines.

The principal elements of competition among pipelines are availability of capacity, rates, terms of service, access to supplies, flexibility and reliability of service. Additionally, FERC’s policies promote competition in natural gas markets by increasing the number of natural gas transmission options available to MoGas' customer base. Any current or future pipeline system or other form of transmission that delivers natural gas into the areas that MoGas serves could offer transmission services that are more desirable to shippers than those MoGas provides because of price, location, facilities or other factors. Increased competition could reduce the volumes of product MoGas transports or, in instances where MoGas does not have long-term contracts with fixed rates, could cause MoGas to decrease the transmission rates it can charge its customers. Competition could intensify the negative impact of factors that adversely affect the demand for MoGas' services, such as adverse economic conditions, weather, higher fuel costs and taxes or other regulatory actions that increase the cost, or limit the use, of products MoGas transports.

The expansion of MoGas' existing assets and construction of new assets is subject to regulatory, environmental, political, legal and economic risks, which could adversely affect MoGas' results of operations and financial condition.

One of the ways MoGas may grow its business is through the expansion of its existing assets and construction of additional energy infrastructure assets. The construction of additions or modifications to MoGas' existing pipelines, and the construction of other new energy infrastructure assets, involve numerous regulatory, environmental, political and legal uncertainties beyond MoGas' control and will require the expenditure of significant capital that it would be required to raise. If MoGas undertakes these projects they may not be completed on schedule, at the budgeted cost or at all. Moreover, MoGas' revenues may not increase immediately upon the expenditure of funds on a particular project. For instance, if MoGas expands a new pipeline, the construction may occur over an extended period of time, and MoGas will not receive any material increases in revenues until the project is completed. Any new pipelines may not be able to attract enough throughput to achieve MoGas' expected investment return, which could adversely affect its results of operations and financial condition. The construction of new pipelines may also require MoGas to obtain new rights-of-way, and it may become more expensive for it to obtain these new rights-of-way or to renew existing rights-of-way. If the cost of renewing or obtaining new rights-of-way increases, MoGas' cash flows could be adversely affected, which also could have a material adverse effect on its results of operation and financial condition.

The operation of our energy infrastructure assets, including without limitation those of MoGas , could be adversely affected if third-party pipelines, railroads or other facilities interconnected to our facilities become partially or fully unavailable.

Our facilities, as well as those of our tenants, connect to other pipelines, railroads or facilities owned by third parties. In particular, MoGas depends upon third-party pipelines and other facilities that provide delivery options to and from its pipelines. For example, its pipelines interconnect, directly or indirectly, with virtually every major interstate pipeline in the eastern portion of the U.S. and a significant number of intrastate pipelines. Because we do not own these third party facilities, their continuing operation is not within our control. Accordingly, these pipelines and other facilities may become unavailable, or available only at a reduced capacity. If these pipeline connections were to become unavailable to MoGas for current or future volumes of natural gas due to repairs, damage, lack of capacity or any other reason, MoGas' ability to operate efficiently and continue shipping natural gas to end markets could be restricted, thereby reducing its revenues. Likewise, if any of these third-party pipelines or facilities becomes unable to transport any products distributed or transported through our other facilities, such as an interruption in rail or pipeline service to the Portland Terminal Facility, our business, results of operations, financial condition and ability to make cash distributions to our stockholders could be adversely affected.

MoGas does not own all of the land on which its pipelines are located, which could disrupt MoGas' operations.

MoGas does not own all of the land on which its pipelines are located, and MoGas is therefore subject to the possibility of more onerous terms and/or increased costs to retain necessary land use rights required to conduct its operations. MoGas obtains the rights to construct and operate its pipelines on land owned by third parties and governmental agencies for a specific period of time. In certain instances, MoGas' rights-of-way may be subordinate to that of government agencies, which could result in costs or interruptions to MoGas' service. Restrictions on MoGas' ability to use its rights-of-way, through MoGas' inability to renew right-of-way contracts or otherwise, could have a material adverse effect on its business, results of operations and financial condition.

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The lack of availability of natural gas resources may cause customers to seek alternative energy resources, which could materially affect MoGas' revenues, earnings and cash flows.

MoGas' natural gas business is dependent on the continued availability of natural gas production and reserves. Prices for natural gas, regulatory limitations on the development of natural gas supplies or a shift in supply sources could adversely affect development of additional reserves and production that are accessible by MoGas' facilities. Lack of commercial quantities of natural gas available to these assets could cause customers to seek alternative energy resources, thereby reducing their reliance on MoGas' services, which in turn would materially affect its revenues, earnings and cash flows.

MoGas is exposed to costs associated with lost and unaccounted for volumes.

A certain amount of natural gas is naturally lost in connection with its transmission across a pipeline system, and under MoGas' contractual arrangements with its customers, MoGas is entitled to retain a specified volume of natural gas in order to compensate it for such lost and unaccounted for volumes as well as the natural gas used to run MoGas' compressor stations, which we refer to as fuel usage. The level of fuel usage and lost and unaccounted for volumes on MoGas' transmission system may exceed the natural gas volumes retained from its customers as compensation for fuel usage and lost and unaccounted for volumes pursuant to its contractual agreements. The FERC-approved tariffs of MoGas provide for annual filings to adjust the amount of gas retained from customers to eliminate any overages or shortfalls from the prior year. Future exposure to the volatility of natural gas prices as a result of gas imbalances on MoGas' systems could have a material adverse effect on its business, financial condition and results of operations.

Reductions in demand for natural gas and low market prices of commodities adversely affect MoGas' Pipeline’s operations and cash flows.

MoGas' regulated business is generally economically stable and not significantly affected in the short term by changing commodity prices. However, its business can be negatively affected in the long term by sustained downturns in the economy or long-term conservation efforts, which could affect long-term demand and market prices for natural gas. These factors are beyond MoGas' control and could impair its ability to meet long-term goals.

Most of MoGas' revenues are based on regulated tariff rates, which include the recovery of certain fuel costs. However, lower overall economic output would reduce the volume of natural gas transported, resulting in lower earnings and cash flows. Transmission revenues could be affected by long-term economic declines, resulting in the non-renewal of long-term contracts at the time of expiration. Lower demand for natural gas and oil, along with lower prices for natural gas, could result from multiple factors that affect the markets where MoGas operates, including:

- weather conditions, such as abnormally mild winter or summer weather, resulting in lower energy usage for heating or cooling purposes, respectively;
- reduced supply of and demand for energy commodities, including any decrease in the production of natural gas, could negatively affect MoGas' transmission businesses due to lower throughput; and
- reduced capacity and transmission service into, or out of, MoGas' markets.

Our assets and operations, as well as those of our tenants and other investees and customers, can be affected by extreme weather patterns and other natural phenomena.

Our assets and operations, as well as those of our tenants and other investees and customers, can be adversely affected by floods, earthquakes, landslides, tornadoes and other natural phenomena and weather conditions, including extreme or unseasonable temperatures, making it more difficult for us to realize the historic rates of return associated with our assets and operations. These events also could result in significant volatility in the supply of energy and power, which might create fluctuations in commodity prices and earnings of companies in the energy infrastructure sector. A significant disruption in our operations or those of our tenants, investees or customers, or a significant liability for which we or any affected tenant or investee is not fully insured, could have a material adverse effect on our business, results of operations, and financial condition. Moreover, extreme weather events could adversely impact the valuation of our energy infrastructure assets.

We may be unable to identify and complete acquisitions of real property assets.

Our ability to identify and complete acquisitions of real property assets on favorable terms and conditions are subject to the following risks:

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we may be unable to acquire a desired asset because of competition from other investors with significant capital, including both publicly traded and non-traded REITs and institutional investment funds;

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- competition from other investors may significantly increase the purchase price of a desired real property asset or result in less favorable terms;
- we may not complete the acquisition of a desired real property asset even if we have signed an agreement to acquire such real property asset because such agreements are subject to customary conditions to closing, including completion of due diligence investigations to our satisfaction;
- we may be unable to finance acquisitions of real property assets on favorable terms or at all.

Net leases may not result in fair market lease rates over time.

We expect a large portion of our future income to come from net leases. Net leases typically have longer lease terms and, thus, there is an increased risk that if market rental rates increase in future years, the rates under our net leases will be less than fair market rental rates during those years. As a result, our income and distributions could be lower than they would otherwise be if we did not engage in net leases. We generally will seek to include a clause in each lease that provides increases in rent over the term of the lease, but there can be no assurance we will be successful in obtaining such a clause.

If a sale-leaseback transaction is re-characterized in a lessee company's bankruptcy proceeding, our financial condition could be adversely affected.

We intend to enter into sale-leaseback transactions, whereby we purchase a property and then simultaneously lease the same property back to the seller. In the event of the bankruptcy of a lessee company, a transaction structured as a sale-leaseback may be re-characterized as either a financing or a joint venture, either of which outcomes could adversely affect our business.

If the sale-leaseback were re-characterized as a financing, we might not be considered the owner of the property, and as a result would have the status of a creditor in relation to the lessee company. In that event, we would no longer have the right to sell or encumber our ownership interest in the property. Instead, we would have a claim against the lessee company for the amounts owed under the lease, with the claim arguably secured by the property. The lessee company/debtor might have the ability to restructure the terms, interest rate and amortization schedule of its outstanding balance. If confirmed by the bankruptcy court, we could be bound by the new terms, and prevented from foreclosing our lien on the property. If the sale-leaseback were re-characterized as a joint venture, we and the lessee company could be treated as co-venturers with regard to the property. As a result, we could be held liable, under some circumstances, for debts incurred by the lessee company relating to the property. Either of these outcomes could adversely affect our cash flow and the amount available for distribution.

If we have to replace the tenant under any of our leases of energy infrastructure assets, we may have trouble identifying a new tenant that will agree to acceptable lease terms.

If we determine that a renewal of a lease with any present or future tenant of any of our energy infrastructure assets is not in the best interests of our stockholders, if a tenant determines it no longer wishes to be the tenant under a lease upon its expiration, if we desire to terminate a lease as a result of a breach of that lease by the tenant or if we lose any tenant as a result of such tenant's bankruptcy, then in each circumstance we would need to identify a new tenant for the lease. Any new tenant would need to be a qualified and reputable operator of such energy infrastructure assets with the wherewithal and capability of acting as our tenant. Furthermore, in many such circumstances any new tenant of a significant portion of our assets would need to be willing and able to make their financial statements public and agree to timely provide us with those financial statements in order for us comply with our obligation to include our tenant's financial statements in the periodic reports we file under the Securities Exchange Act of 1934, as amended (Exchange Act). There is no assurance that we would be able to identify a tenant that meets these criteria, or that if we are able to identify any such tenant, we would receive lease terms from a new tenant that are as favorable as the lease terms that were in place with the prior tenant.

The relative illiquidity of our real property and energy infrastructure asset investments may interfere with our ability to sell our assets when we desire and may discourage third parties form seeking to acquire control of the Company or our business.

Investments in real property and energy infrastructure assets are relatively illiquid compared to other investments. Accordingly, we may not be able to sell such assets when we desire or at prices acceptable to us in response to changes in economic or other conditions. This could substantially reduce the funds available for satisfying our obligations and for distribution to our stockholders. Further, the relative illiquidity of our assets may make us less desirable to third parties seeking to acquire our business, which may prevent a change in control of the Company that would be in the best interests of our stockholders.

Our focus on the energy infrastructure sector will subject us to more risks than if we were broadly diversified.

Because we specifically focus on the energy infrastructure sector, investments in our common stock may present more risks than if we were broadly diversified over numerous sectors of the economy. Therefore, a downturn in the U.S. energy infrastructure sector would have a larger impact on us than on a company that does not concentrate in one sector of the economy. The energy infrastructure sector can be significantly affected by the supply of and demand for specific products and services; the supply and demand for crude oil, natural gas, and other energy commodities; the price of crude oil, natural gas, and other energy commodities; exploration, production and other capital expenditures; government regulation; world and regional events and economic conditions.

Energy infrastructure companies are subject to variations in the supply and demand of various energy commodities.

A decrease in the production of natural gas, natural gas liquids, crude oil, coal, refined petroleum products or other such commodities, or a decrease in the volume of such commodities available for transportation, mining, processing, storage or distribution, may adversely impact the financial performance of companies in the energy infrastructure sector. Production declines and volume decreases could be caused by various factors, including catastrophic events affecting production, depletion of resources, labor difficulties, political events, OPEC actions, environmental proceedings, increased regulations, equipment failures and unexpected maintenance problems, failure to obtain necessary permits, unscheduled outages, unanticipated expenses, inability to successfully carry out new construction or acquisitions, import supply disruption, or increased competition from alternative energy sources. Alternatively, a sustained decline in demand for such commodities could also adversely affect the financial performance of companies in the energy infrastructure sector. Factors that could lead to a decline in demand include economic recession or other adverse economic conditions, higher fuel taxes or governmental regulations, increases in fuel economy, consumer shifts to the use of alternative fuel sources, changes in commodity prices or weather. Factors that could lead to a decrease in market demand include a recession or other adverse economic conditions, an increase in the market price of the underlying commodity, higher taxes or other regulatory actions that increase costs, or a shift in consumer demand for such products. Demand may also be adversely impacted by consumer sentiment with respect to global warming or by any state or federal legislation intended to promote the use of alternative energy sources such as bio-fuels, solar and wind. Should energy infrastructure companies experience variations in supply and demand as described above, the resulting decline in operating or financial performance could impact the value or quality of our assets.

Energy infrastructure companies are and will be subject to the risk of fluctuations in commodity prices.

In addition to fluctuations in supply and demand as discussed above, the operations and financial performance of companies in the energy infrastructure sector may be directly affected by energy commodity prices, especially those companies in the energy infrastructure sector owning the underlying energy commodity. Commodity prices fluctuate for several reasons, including changes in market and economic conditions, the impact of weather on demand or supply, levels of domestic production and imported commodities, energy conservation, domestic and foreign governmental regulation and taxation and the availability of local, intrastate and interstate transportation systems. Volatility of commodity prices also make it more difficult for companies in the energy infrastructure sector to raise capital to the extent the market perceives that their performance may be tied directly or indirectly to commodity prices. Historically, energy commodity prices have been cyclical and exhibited significant volatility. Should energy infrastructure companies experience variations in supply and demand as described above, the resulting decline in operating or financial performance could impact the value or quality of our assets.

Many companies in the energy infrastructure sector are subject to the risk that they, or their customers, will be unable to replace depleted reserves of energy commodities.

Many companies in the energy infrastructure sector are either (i) engaged in the production of natural gas liquids, refined petroleum products, or aggregates such as crushed stone, sand and gravel, or (ii) are engaged in transporting, storing, distributing and processing these items on behalf of producers. To maintain or grow their revenues, many customers of these companies need to maintain or expand their reserves through exploration of new sources of supply, through the development of existing sources, through acquisitions, or through long-term contracts to acquire reserves. The financial performance of companies in the energy infrastructure sector, which we expect to comprise all of the tenants for the properties in which we plan to invest, may be adversely affected if the companies to which they provide service are unable to cost-effectively acquire additional reserves sufficient to replace the natural decline. These adverse impacts on our tenants also could adversely impact the value or quality of our assets.

Energy infrastructure companies are and will be subject to extensive regulation because of their participation in the energy infrastructure sector, which could adversely impact the business and financial performance of our tenants and the value of our assets.

Companies in the energy infrastructure sector are subject to significant federal, state and local government regulation in virtually every aspect of their operations, including how facilities are constructed, maintained and operated, environmental and safety controls, and the prices they may charge for the products and services they provide. Various governmental authorities have the power to enforce compliance with these regulations and the permits issued under them, and violators are subject to administrative, civil and criminal penalties, including civil fines, injunctions or both. Stricter laws, regulations or enforcement policies could be enacted in the future that likely would increase compliance costs, which could adversely affect the business and financial performance of our tenants in the energy infrastructure sector and the value or quality of our assets.

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Risks Related to Our Financing Arrangements

Our indebtedness could have important consequences, including impairing our ability to obtain additional financing or pay future distributions, as well as subjecting us to the risk of foreclosure on any mortgaged properties in the event of non-payment of the related debt.

As of December 31, 2014, we had outstanding consolidated indebtedness of approximately $99 million. Our leverage could have important consequences. For example, it could:

- result in the acceleration of a significant amount of debt for non-compliance with the terms of such debt or, if such debt contains cross-default or cross-acceleration provisions, other debt;
- materially impair our ability to borrow undrawn amounts under existing financing arrangements or to obtain additional financing or refinancing on favorable terms or at all;
- require us to dedicate a substantial portion of our cash flow to paying principal and interest on our indebtedness, thereby reducing the cash flow available to fund our business, to pay distributions, including those necessary to maintain REIT qualification, or to use for other purposes;
- increase our vulnerability to economic downturns;
- limit our ability to withstand competitive pressures; or
- reduce our flexibility to respond to changing business and economic conditions.

Further, we expect to mortgage many of our properties to secure payment of indebtedness. If we are unable to meet mortgage payments, such failure could result in the loss of assets due to foreclosure and transfer to the mortgagee or sale on unfavorable terms with a consequent loss of income and asset value. A foreclosure of one or more of our properties could create taxable income without accompanying cash proceeds, and could adversely affect our financial condition, results of operations, cash flow, and ability to service debt and make distributions and the market price of our stock.

We may not be able to refinance the indebtedness that we incurred to fund the acquisition of the Pinedale LGS.

Pinedale LP borrowed $70 million under its credit facility to finance the acquisition of the Pinedale LGS and such indebtedness will mature in 2015 or 2016, if the option to extend the date of maturity is exercised. The outstanding balance on this indebtedness was $67.1 million at December 31, 2014. Pinedale LP may not be able to refinance that indebtedness on its existing terms or at all. If funding is not available when needed, or is available only on unfavorable terms, we may not be able to meet our obligations as they come due. Moreover, without adequate funding, we may be unable to execute our growth strategies, complete future acquisitions, take advantage of other business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our revenues and results of operations.

We face risks associated with our dependence on external sources of capital.

In order to qualify as a REIT, we are required each year to distribute to our stockholders at least 90 percent of our REIT taxable income, and we will be subject to tax on our income to the extent it is not distributed. Because of this distribution requirement, we may not be able to fund all future capital needs from cash retained from operations. As a result, to fund capital needs, we must rely on third-party sources of capital, which we may not be able to obtain on favorable terms, if at all. Our access to third-party sources of capital depends upon a number of factors, including (i) general market conditions; (ii) the market's perception of our growth potential; (iii) our current and potential future earnings and cash distributions; and (iv) the market price of our capital stock. Additional debt financing may substantially increase our debt-to-total capitalization ratio. Additional equity issuances may dilute the holdings of our current stockholders.

Covenants in our loan documents could limit our flexibility and adversely affect our financial condition.

The terms of our various credit agreements and other indebtedness require us to comply with a number of customary financial and other covenants, such as maintaining debt service coverage and leverage ratios and maintaining insurance coverage. These covenants may limit our flexibility in our operations, and breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness even if we had satisfied our payment obligations. If we were to default under credit agreements or other debt instruments, our financial condition would be adversely affected.

We face risks related to "balloon payments" and refinancings.

Certain of our mortgages will have significant outstanding principal balances on their maturity dates, commonly known as “balloon payments.” There can be no assurance that we will be able to refinance the debt on favorable terms or at all. To the extent we

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cannot refinance this debt on favorable terms or at all, we may be forced to dispose of properties on disadvantageous terms or pay higher interest rates, either of which would have an adverse impact on our financial performance and ability to service debt and make distributions.

Risks Related to REIT Qualification and Federal Income Tax Laws

We have elected to be taxed as a REIT for fiscal 2013 and subsequent years, but the IRS may challenge our qualification as a REIT.

We have elected to be a REIT for federal income tax purposes. In order to qualify as a REIT, a substantial percentage of our income must be derived from, and our assets consist of, real estate assets, and, in certain cases, other investment property. We have acquired and managed investments which satisfy the REIT tests. Whether a particular investment is considered a real estate asset for such purposes depends upon the facts and circumstances of the investment. Due to the factual nature of the determination, the IRS may challenge whether any particular investment will qualify as a real estate asset or realize income which satisfies the REIT income tests. In determining whether an investment is a real property asset, we will look at the Code and the IRS's interpretation of the Code in regulations, published rulings, private letter rulings and other guidance. In the case of a private letter ruling issued to another taxpayer, we would not be able to bind the IRS to the holding of such ruling. If the IRS successfully challenges our qualification as a REIT we may not be able to achieve our objectives and the value of our stock may decline. As a REIT, our distributions from earnings and profits will be treated as ordinary income and a return of capital, and generally will not qualify as qualified dividend income ("QDI"). To the extent that the REIT had accumulated C corporation earnings and profits from the periods prior to 2013, we have distributed such earnings and profits in 2013, which have been treated as QDI.

Fluctuations in the fair market value of the assets that we own and that are owned by our TRS may adversely affect our continued qualification as a REIT.

We have to satisfy the asset tests at the end of each quarter. Although fluctuations in the fair market value of our assets should not adversely affect our qualification as a REIT, we must satisfy the asset test immediately after effecting the REIT acquisition of any asset. Thus, we may be limited in our ability to purchase certain assets depending upon the potential fluctuations in the fair market value of our direct and indirect assets. As fair market value determinations are inherently factual, risks exist as to the fair market determination.

Although we believe that the Pinedale LGS and the Portland Terminal Facility constitute real estate assets for tax purposes, that belief is not binding on the Internal Revenue Service or any court and does not guarantee our qualification as a REIT.

In 2007, 2009 and 2010, the IRS issued three separate private letter rulings that confirmed certain energy infrastructure assets as real estate assets for tax purposes. The potential qualifying real estate assets in the energy infrastructure sector include electric transmission and distribution systems, pipeline systems, and storage and terminaling systems. Further, the IRS proposed regulations in 2014 clarifying that certain infrastructure assets constitute real estate assets for REIT purposes. We believe that substantially all of the Pinedale LGS and Portland Terminal Facility constitute real estate assets for tax purposes consistent with these private letter rulings and the proposed regulations. Although both private letter rulings and the proposed regulations provide insight into the current thinking of the IRS on tax issues, the private letter rulings may only be relied upon by the taxpayer to whom they were issued and are not binding on the IRS with respect to us, the Pinedale LGS or the Portland Terminal Facility, and the proposed regulations have not been finalized. We have not obtained any private letter rulings with respect to the Pinedale LGS or the Portland Terminal Facility. If the Pinedale LGS does not constitute a real estate asset for federal income tax purposes, we would likely fail to qualify as a REIT, would not achieve our objectives and the value of our stock could decline.

We are subject to a corporate level tax on certain built in gains if certain assets are sold during the 10 year period following our initial election to be taxed as a REIT.

Generally, a REIT is treated as a flow-through entity for federal income tax purposes, as a REIT's income is generally subject to a single level of federal taxation, which is accomplished by the REIT annually distributing at least ninety percent of its REIT taxable income.

However, through 2022, we will be subject to a REIT level federal income tax on any built-in gain recognized during such period. We do not anticipate incurring any significant built-in gain tax. If a REIT satisfies the minimum distribution requirement, it generally is entitled to a deduction for dividends paid. The REIT stockholders are then required to report the REIT dividend as ordinary income. A REIT stockholder's receipt of dividends generally will not qualify as qualified dividend income or for the dividends received deduction discussed above. Thus, as a REIT, we are more favorably treated for federal income tax purposes than under our prior taxation as a C corporation.

In order to remain qualified as a REIT, we are required to satisfy gross income and asset tests. Generally, such tests require that a substantial percentage of the REIT's income be derived from, and assets consist of, real estate assets, and, in certain cases, other investment property. This is a factual determination that we generally will have to make annually with respect to the income tests and quarterly with respect to the asset tests.

There are uncertainties relating to the estimate of our special distribution.

To qualify for taxation as a REIT, we were required to distribute to our stockholders all of our pre-REIT accumulated earnings and profits, if any, as measured for federal income tax purposes, prior to the end of 2013. Any determination that we failed to appropriately make the special distribution could result in our disqualification for taxation as a REIT. The determination of the timing and amount to be distributed in the special distribution involved a complex factual and legal determination. It is possible that the IRS could interpret the applicable law differently than we did in making such determination. We believe that our distributions did satisfy the requirements relating to the distribution of our pre-REIT accumulated earnings and profits. There are, however, substantial uncertainties relating to the computation of our distribution, including the possibility that the IRS could, in auditing tax years prior to our REIT election, successfully assert that our taxable income should be increased, which could increase our pre-REIT accumulated earnings and profits. Thus, we may have failed to satisfy the requirement that we distribute all of our pre-REIT accumulated earnings and profits by the close of 2013. Moreover, although there are procedures available to cure a failure to distribute all of our pre-REIT accumulated earnings and profits, we cannot now determine whether we will be able to take advantage of them or the economic impact to us of doing so.

Failure to qualify as a REIT would have significant adverse consequences to us and the value of our common stock.

Beginning with our fiscal year ended December 31, 2013, we believe our income and investments have allowed us to meet the income and asset tests necessary for us to qualify for and we have elected to be taxed as a REIT for fiscal 2013 and 2014. Qualification as a REIT involves the application of highly technical and complex provisions of the Internal Revenue Code as to which there may only be limited judicial and administrative interpretations and involves the determination of facts and circumstances not entirely within our control. Future legislation, new regulations, administrative interpretations or court decisions may significantly change the tax laws or the application of the tax laws with respect to qualification as a REIT for federal income tax purposes or the federal income tax consequences of such qualification. Accordingly, we cannot assure you that we will be organized or will operate to qualify as a REIT for future fiscal years. If, with respect to any taxable year, we fail to qualify as a REIT, we would not be allowed to deduct distributions to stockholders in computing our taxable income. After our initial election and qualification as a REIT, if we later failed to so qualify and we were not entitled to relief under the relevant statutory provisions, we would also be disqualified from treatment as a REIT for four subsequent taxable years. If we fail to qualify as a REIT, corporate-level income tax, including any applicable alternative minimum tax, would apply to our taxable income at regular corporate rates. As a result, the amount available for distribution to holders of equity securities would be reduced for the year or years involved, and we would no longer be required to make distributions. In addition, our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and it could adversely affect the value of our common stock.

The ability of stockholders to control our policies and effect a change of control of our company will be limited by certain provisions of our articles of incorporation and by Maryland law.

Our articles of incorporation authorize our board of directors to amend our charter to increase or decrease the aggregate number of authorized shares of stock, to authorize us to issue additional shares of our common stock or preferred stock and to classify or reclassify unissued shares of our common stock or preferred stock and thereafter to authorize us to issue such classified or reclassified shares of stock. We believe that these provisions in our articles of incorporation will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise. The additional classes or series, as well as the additional authorized shares of common stock, will be available for issuance without further action by our stockholders, unless such action is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although our board of directors does not currently intend to do so, it could authorize us to issue a class or series of stock that could, depending upon the terms of the particular class or series, delay, defer or prevent a transaction or a change of control of our company that might involve a premium price for holders of our common stock or that our common stockholders otherwise believe to be in their best interests.

To maintain our qualification as a REIT for U.S. federal income tax purposes, our articles of incorporation include provisions designed to ensure that not more than 50 percent in value of our outstanding stock may be owned, directly or indirectly, by or for five or fewer individuals (as defined in the Internal Revenue Code to include certain entities such as private foundations) at any time during the last half of any taxable year. Our articles generally prohibit any individual (as defined under the Internal Revenue Code to include certain entities) from actually owning or being deemed to own by virtue of the applicable constructive ownership provisions of the Internal Revenue Code, (i) more than 9.8 percent (in value or in number of shares, whichever is more restrictive) of the issued and outstanding shares of our common stock or (ii) more than 9.8 percent in value of the aggregate of the outstanding shares of all classes and series of our stock, in each case, excluding any shares of our stock not treated as outstanding for federal income tax purposes. Subject to the exceptions described below, our articles of incorporation further prohibit any person or entity from actually or constructively owning shares in excess of these limits. We refer to these restrictions as the “ownership limitation provisions." Our articles of incorporation also provide that any transfer of shares of our capital stock which would, if effective, result in our capital stock being beneficially owned by fewer than 100 persons (as determined pursuant to the Internal Revenue Code) shall be void ab initio and the intended transferee shall acquire no rights in such shares. These ownership limitation provisions may prevent or delay a change in control and, as a result, could adversely affect our stockholders' ability to realize a premium for their shares of common stock. However, upon request, our board of directors may waive the ownership limitation provisions with respect to a particular stockholder and establish different ownership limitation provisions for such stockholder. In granting such waiver, our board of directors may also require the stockholder receiving such waiver to make certain representations, warranties and covenants related to our ability to qualify as a REIT.

Complying with the REIT requirements may cause us to forgo otherwise attractive opportunities or liquidate certain of our investments.

To remain a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our stock. We may be required to make distributions to our stockholders at disadvantageous times or when we do not have funds readily available for distribution. Thus, compliance with the REIT requirements may hinder our ability to make certain otherwise attractive investments or undertake other activities that might otherwise be beneficial to our company and our stockholders, or may require us to borrow or liquidate investments in unfavorable market conditions. In addition, Corridor may be unable to find investments that comply with REIT requirements, thereby limiting our ability to grow or even maintain our asset base.

In connection with such REIT requirements, we must ensure that, at the end of each calendar quarter, at least 75 percent of the value of our assets consists of cash, cash items, government securities and qualified real property assets. The remainder of our investments in securities (other than cash, cash items, government securities, securities issued by a REIT taxable subsidiary or certain other qualified assets) generally cannot include more than 10 percent of the outstanding voting securities of any one issuer or more than 10 percent of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5 percent of the value of our total assets (other than cash, cash items, government securities, certain other securities and qualified real property assets) can consist of the securities of any one issuer, and no more than 25 percent of the value of our total securities can be represented by securities of one or more of a certain class of issuers. After meeting these requirements at the close of a calendar quarter, if we fail to comply with these requirements at the end of any subsequent calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification. As a result, we may be required to liquidate from our portfolio otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders.

As a REIT, re-characterization of sale-leaseback transactions may cause us to lose our REIT status.

We intend to purchase certain properties and simultaneously lease the same property back to the seller of such properties. While we will use our best efforts to structure any such sale-leaseback transaction so that the lease will be characterized as a "true lease," thereby allowing us to be treated as the owner of the property for U.S. federal income tax purposes, the IRS could challenge such characterization. In the event that any sale-leaseback transaction is recharacterized as a financing transaction or loan for U.S. federal income tax purposes, deductions for depreciation and cost recovery relating to such property would be disallowed. If a sale-leaseback transaction were so recharacterized, we might fail to satisfy the REIT qualification "asset tests" or the "income tests" and, consequently, lose our REIT status effective with the year of re-characterization. Alternatively, the amount of our REIT taxable income could be recalculated which might also cause us to fail to meet the distribution requirement for a taxable year.

As a REIT, we are required to make distributions, other than capital gain distributions, to our stockholders each year in the amount of at least 90 percent of our REIT taxable income in order to deduct distributions to our stockholders. As a result, we will continue to need additional capital to make new investments. If additional funds are unavailable or not available on favorable terms, our ability to make new investments will be impaired.

As a REIT, we are required to distribute at least 90 percent of our REIT taxable income in order to deduct distributions to our stockholders, and as such we may require additional capital to make new investments or carry existing investments. We may acquire additional capital from the issuance of securities senior to our common stock, including additional borrowings or other indebtedness or the issuance of additional securities. We may also acquire additional capital through the issuance of additional equity. However, we may not be able to raise additional capital in the future on favorable terms or at all. Unfavorable economic conditions could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. We may issue debt securities, other instruments of indebtedness or preferred stock, and we borrow money from banks or other financial institutions, which we refer to collectively as “senior securities.” As a result of issuing senior securities, we will also be exposed to typical risks associated with leverage, including increased risk of loss. If we issue preferred securities which will rank “senior” to our common stock in our capital structure, the holders of such preferred securities may have separate voting rights and other rights, preferences or privileges more favorable than those of our common stock, and the issuance of such preferred

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securities could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for security holders or otherwise be in our best interest.

To the extent our ability to issue debt or other senior securities is constrained, we will depend on issuances of additional common stock to finance new investments. If we raise additional funds by issuing more of our common stock or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders at that time would decrease, and you may experience dilution.

If we acquire C corporations in the future, we may inherit material tax liabilities and other tax attributes from such acquired corporations, and we may be required to distribute earnings and profits.

From time to time we may acquire C corporations or assets of C corporations in transactions in which the basis of the corporations' assets in our hands is determined by reference to the basis of the assets in the hands of the acquired corporations, or carry-over basis transactions.

In the case of assets we acquire from a C corporation in a carry-over basis transaction, if we dispose of any such asset in a taxable transaction (including by deed in lieu of foreclosure) during the ten-year period beginning on the date of the carry-over basis transaction, then we will be required to pay tax at the highest regular corporate tax rate on the gain recognized to the extent of the excess of (1) the fair market value of the asset over (2) our adjusted tax basis in the asset, in each case determined as of the date of the carry-over basis transaction. Any taxes we pay as a result of such gain would reduce the amount available for distribution to our stockholders. The imposition of such tax may require us to forgo an otherwise attractive disposition of any assets we acquire from a C corporation in a carry-over basis transaction, and as a result may reduce the liquidity of our portfolio of investments. In addition, in such a carry-over basis transaction, we will succeed to any tax liabilities and earnings and profits of the acquired C corporation. To qualify as a REIT, we must distribute any non-REIT earnings and profits by the close of the taxable year in which such transaction occurs. If the IRS were to determine that we acquired non-REIT earnings and profits from a corporation that we failed to distribute prior to the end of the taxable year in which the carry-over basis transaction occurred, we could avoid disqualification as a REIT by paying a "deficiency dividend." Under these procedures, we generally would be required to distribute any such non-REIT earnings and profits to our stockholders within 90 days of the determination and pay a statutory interest charge at a specified rate to the IRS. Such a distribution would be in addition to the distribution of REIT taxable income necessary to satisfy the REIT distribution requirement and may require that we borrow funds to make the distribution even if the then-prevailing market conditions are not favorable for borrowings. In addition, payment of the statutory interest charge could materially and adversely affect us.

Legislative or other actions affecting REITs could have a negative effect on us.

The rules dealing with federal, state and local income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Department of the Treasury. Changes to the tax laws, with or without retroactive application, could materially and adversely affect our investors or us. We cannot predict how changes in the tax laws might affect our investors or us. New legislation, Treasury Regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify as a REIT or the income tax consequences of such qualification.

Risks Related to Our Corporate Structure and Governance

The ability of our board of directors to revoke our REIT qualification or alter our business policies without stockholder approval may cause adverse consequences to our stockholders.

Our Board of Directors determines our growth, investment, financing, capitalization, borrowing, REIT status, operations and distributions policies. Although our Board of Directors has no present intention to amend or reverse any of these policies, they may be amended or revised without notice to stockholders. We cannot assure you that any changes in our policies will serve fully the interests of all stockholders. In particular, our articles of incorporation provide that our board of directors may revoke or otherwise terminate our REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to be a REIT, we will not be allowed a deduction for dividends paid to stockholders in computing our taxable income and will be subject to U.S. federal income tax at regular corporate rates and state and local taxes, which may have adverse consequences on our total return to our stockholders.

Corridor may serve as a manager to other entities, which may create conflicts of interest not in the best interest of us or our stockholders.

Corridor's services under the Management Agreement are not exclusive, and, while it currently does not have any contractual arrangement to do so, it is free to furnish the same or similar services to other entities, including businesses that may directly or indirectly compete with us so long as its services to us are not impaired by the provision of such services to others. Corridor and its members may have obligations to other entities, the fulfillment of which might not be in the best interests of us or our stockholders.

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We will be dependent upon key personnel of Corridor for our future success.

We have entered into a management agreement with Corridor to provide full management services to us for real property asset investments. We will be dependent on the diligence, expertise and business relationships of the management of Corridor to implement our strategy of acquiring real property assets. The departure of one or more investment professionals of Corridor could have a material adverse effect on our ability to implement this strategy and on the value of our common stock. There can be no assurance that we will be successful in implementing our strategy.

Provisions of the Maryland General Corporation Law and our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.

The following considerations related to provisions of Maryland General Corporation Law, and of our charter and bylaws, may have the effect of discouraging, delaying or making difficult a change in control of our Company or the removal of our incumbent directors:

- We are subject to the Business Combination Act of the Maryland General Corporation Law (MGCL). However, pursuant to the statute, our Board of Directors has adopted a resolution exempting us from the Maryland Business Combination Act for any business combination between us and any person to the extent that such business combination receives the prior approval of our board.
- Our bylaws exempt from the Maryland Control Share Acquisition Act acquisitions of stock by any person. If we amend our bylaws to repeal the exemption from the Maryland Control Share Acquisition Act, the Maryland Control Share Acquisition Act also may make it more difficult to obtain control of our Company.
- As described above, our charter includes a share ownership limit designed to preserve our status as a REIT, which may have the effect of precluding an acquisition of control of us without the approval of our Board of Directors.
- Under our charter, our Board of Directors is divided into three classes serving staggered terms, which will make it more difficult for a hostile bidder to acquire control of us.
- Our charter also contains a provision whereby we have elected to be subject to the provisions of Title 3, Subtitle 8 of the MGCL relating to the filling of vacancies on our board of directors. Further, through provisions in our charter and bylaws unrelated to Subtitle 8, we (1) require a two-thirds vote for the removal of any director from the board, which removal must be for cause, (2) vest in the board the exclusive power to fix the number of directors, subject to limitations set forth in our charter and bylaws, and (3) require, unless called by the chairman of our Board of Directors, our chief executive officer, our president or our Board of Directors, the request of stockholders entitled to cast not less than a majority of all votes entitled to be cast on a matter at such meeting to call a special meeting to consider and vote on any matter that may properly be considered at a meeting of stockholders.
- In addition, our Board of Directors may, without stockholder action, authorize the issuance of shares of stock in one or more classes or series, including preferred stock. Our Board of Directors also may, without stockholder action, amend our charter to increase the number of shares of stock of any class or series that we have authority to issue.

The existence of these provisions, among others, may have a negative impact on the price of our common stock and may discourage third party bids for ownership of our Company. These provisions may prevent any premiums being offered to you for our common stock.

Our ability to pay dividends is limited by the requirements of Maryland law.

Our ability to pay dividends on our common stock and Series A Preferred Stock is limited by the laws of Maryland. Under Maryland General Corporation Law, a Maryland corporation may not make a distribution if, after giving effect to the distribution, the corporation would not be able to pay its debts as the debts become due in the usual course of business, or the corporation’s total assets would be less than the sum of its total liabilities plus, unless the corporation’s charter provides otherwise, the amount that would be needed, if the corporation were dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of stockholders whose preferential rights are superior to those receiving the distribution. Accordingly, we may not make a distribution on our common stock and the Series A Preferred Stock if, after giving effect to the distribution, we would not be able to pay our debts as they become due in the usual course of business or our total assets would be less than the sum of our total liabilities plus, unless the terms of such class or series provide otherwise, the amount that would be needed to satisfy the preferential rights upon dissolution of the holders of any shares of any class or series of preferred stock then outstanding, if any, with preferences senior to those of our common stock and the Series A Preferred Stock.

Risks Related to Our Non-Real Estate Investments

Our securities investments in privately-held companies present certain challenges, including availability of information about these companies and illiquidity that may impact our ability to liquidate these investments in a timely and/or advantageous manner.

We currently have securities investments in privately-held companies. Generally, little public information exists about these companies. If we are unable to obtain all material information about these companies, including with respect to operational, regulatory, environmental, litigation and managerial risks, we may not make a fully-informed investment decision, and we may lose some or all of the money invested in these companies. Substantially all of these securities are subject to legal and other restrictions on resale or are otherwise less liquid than publicly traded securities. The illiquidity of these investments may make it difficult for us to sell such investments at advantageous times and prices or in a timely manner. In addition, if we are required to liquidate all or a portion of our private securities investments quickly, we may realize significantly less than the value at which we previously have recorded our investments. We also may face other restrictions on our ability to liquidate an investment in the securities of a portfolio company to the extent that we or one of our affiliates have material non-public information regarding such portfolio company.

All of our securities investments are, and will continue to be, recorded at fair value. Because such valuations are inherently uncertain, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed.

We continue to hold investments that are in the form of securities or loans that are not publicly traded. The fair value of these investments may not be readily determinable. For securities investments that are reported at fair value, we will value these investments quarterly at fair value. We have retained independent valuation firms to provide third-party valuation consulting services. The Audit Committee of our Board of Directors reviews the independent valuation firms' supporting analyses and accepts the valuations. The types of factors that may be considered in fair value pricing of an investment include the nature and realizable value of any collateral, the issuing company's earnings and ability to make payments, the markets in which the issuing company does business, comparison to publicly traded companies, discounted cash flow and other relevant factors. Because such valuations are inherently uncertain, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. As a result, we may not be able to dispose of our holdings at a price equal to or greater than the determined fair value, which could have a negative impact on our net equity and earnings.

The lack of liquidity in our private securities investments may make it difficult to liquidate these securities at favorable prices, and as a result, we may suffer losses.

We have historically invested in the equity of companies whose securities are not publicly traded, and whose securities may be subject to legal and other restrictions on resale or otherwise be less liquid than publicly-traded securities. As of December 31, 2014, all of our securities investments were invested in illiquid securities. The illiquidity of these investments may make it difficult for us to sell these investments when desired. In addition, we may realize significantly less than the value at which we had previously recorded these investments when we liquidate any of these securities. The illiquidity of these securities investments may make it difficult for us to dispose of them at favorable prices, and, as a result, we may suffer losses.

If our acquisitions do not meet our performance expectations, you may not receive distributions.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We may not be able to achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. Also, restrictions and provisions in any credit facilities we enter into or debt securities we issue may limit our ability to make distributions. We cannot assure you that you will receive distributions at a particular level or at all.

If we were deemed an investment company under the Investment Company Act of 1940, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business and the price of our securities.

We do not believe that we are an investment company under the 1940 Act. If during the period in which we are liquidating our securities investments in privately-held companies we make an investment in securities, or one of our infrastructure real property asset acquisitions were characterized as an investment in securities, we could be deemed an investment company for purposes of the 1940 Act. If we were to be deemed an investment company, restrictions imposed by the 1940 Act, including limitations on our capital structure, could make it impractical for us to continue our business as contemplated and would have a material adverse effect on our operations and the price of our common stock.

Changes in laws or regulations or in the interpretations of laws or regulations could significantly affect our operations and cost of doing business.

We are subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions that affect our operations, including loan originations, maximum interest rates, fees and other charges, disclosures to equity investees the terms of secured transactions, collection and foreclosure procedures and other trade practices. If these laws, regulations or decisions change, we may have to incur significant expenses in order to comply, or we may have to restrict our operations. In addition, if we do not comply with applicable laws, regulations and decisions, or fail to obtain licenses that may become necessary for the conduct of our business, we may be subject to civil fines and criminal penalties, any of which could have a material adverse effect upon our business, results of operations or financial condition.

Additional Risks to Our Stockholders

Our use of leverage increases the risk of investing in our securities and will increase the costs borne by common stockholders.

Our use of leverage through the issuance of any preferred stock or debt securities, and any additional borrowings or other transactions involving indebtedness (other than for temporary or emergency purposes) are or would be considered "senior securities" and create risks. Leverage may adversely affect common stockholders. If the return on securities acquired with borrowed funds or other leverage proceeds does not exceed the cost of the leverage, the use of leverage could cause us to lose money.

Our issuance of senior securities involves offering expenses and other costs, including interest payments, which are borne indirectly by our common stockholders. Fluctuations in interest rates could increase interest or dividend payments on our senior securities, and could reduce cash available for distribution on common stock. Increased operating costs, including the financing cost associated with any leverage, may reduce our total return to common stockholders.

Rating agency guidelines applicable to any senior securities may impose asset coverage requirements, dividend limitations, voting right requirements (in the case of the senior equity securities), and restrictions on our portfolio composition and our use of certain investment techniques and strategies. The terms of any senior securities or other borrowings may impose additional requirements, restrictions and limitations that are more stringent than those required by a rating agency that rates outstanding senior securities. These requirements may have an adverse effect on us and may affect our ability to pay distributions on common stock and preferred stock. To the extent necessary, we may redeem our senior securities to maintain the required asset coverage. Doing so may require that we liquidate investments at a time when it would not otherwise be desirable to do so.

In addition, lenders from whom we may borrow money or holders of our debt securities may have fixed dollar claims on our assets that are superior to the claims of our stockholders, and we have granted, and may in the future grant, a security interest in our assets in connection with our debt. In the case of a liquidation event, those lenders or note holders would receive proceeds before our stockholders. If the value of our assets increases, then leveraging would cause the book value of our common stock to increase more than it otherwise would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause the book value of our common stock to decline more than it otherwise would have had we not leveraged. Similarly, any increase in our revenue in excess of interest expense on our borrowed funds would cause our net income to increase more than it would without the leverage. Any decrease in our revenue would cause our net income to decline more than it would have had we not borrowed funds and could negatively affect our ability to make distributions on our common stock. Our ability to service any debt that we incur will depend largely on our financial performance and the performance of our investments and will be subject to prevailing economic conditions and competitive pressures.

Sales of our common stock may put pressure on our stock price.

The sale of our common stock (or the perception that such sales may occur) may have an adverse effect on prices in the secondary market for our common stock. An increase in the number of shares of common stock available may put downward pressure on the market price for our common stock and make it more difficult for stockholders to sell their shares. These sales also might make it more difficult for us to sell additional equity securities in the future at a time and price we deem appropriate.

We cannot assure you that we will be able to pay dividends regularly.

Our ability to pay dividends in the future is dependent on our ability to operate profitably and to generate cash from our operations and the operations of our subsidiaries. We cannot guarantee that we will be able to pay dividends on a regular quarterly basis in the future. Furthermore, any new shares of common stock issued will substantially increase the cash required to continue to pay cash dividends at current levels. Any common stock or preferred stock that may in the future be issued to finance acquisitions, upon exercise of stock options or otherwise, would have a similar effect.

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Additional Risks Related to Our Preferred Stock
The depositary shares are a new issue of securities and do not have an established trading market, which may negatively affect their market value and your ability to transfer or sell your depositary shares.
The depositary shares, each of which represents 1/100th of a share of our Series A Preferred Stock, are a new issue of securities with no established trading market. The depositary shares are listed on the NYSE; however, an active trading market on the NYSE for the depositary shares may not develop or, if one develops, it may not be maintained. As a result, the ability to transfer or sell the depositary shares and any trading price of the depositary shares could be adversely affected.
The market price of the depositary shares representing interests in our Series A Preferred Stock may be adversely affected by the future incurrence of debt or issuance of preferred stock by the Company.
In the future, we may increase our capital resources by making offerings of debt securities and preferred stock of the Company and other borrowings by the Company. The debt securities, preferred stock (if senior to our Series A Preferred Stock) and borrowings of the Company are senior in right of payment to our Series A Preferred Stock, and all payments (including dividends, principal and interest) and liquidating distributions on such securities and borrowings could limit our ability to pay dividends or make other distributions to the holders of depositary shares representing interests in our Series A Preferred Stock.
Because our decision to issue securities and make borrowings in the future will depend on market conditions and other factors, some of which may be beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings or borrowings. Thus, holders of the depositary shares representing interests in Series A Preferred Stock bear the risk of our future offerings or borrowings reducing the market price of the depositary shares representing interests in our Series A Preferred Stock.
A holder of depositary shares representing interests in the Series A Preferred Stock has extremely limited voting rights.
The voting rights of a holder of depositary shares are limited. Our common stock is the only class of our securities that carries full voting rights. Voting rights for holders of depositary shares exist primarily with respect to the ability to elect (together with the holders of other series of preferred stock on parity with the Series A Preferred Stock, if any) two additional directors to our board of directors in the event that six quarterly dividends (whether or not declared or consecutive) payable on the Series A Preferred Stock are in arrears, and with respect to voting on amendments to our Charter, including the articles supplementary creating our Series A Preferred Stock (in some cases voting together with the holders of Parity Preferred Stock as a single class) that materially and adversely affect the rights of the holders of depositary shares representing interests in the Series A Preferred Stock or create additional classes or series of our stock that are senior to the Series A Preferred Stock, provided that in any event adequate provision for redemption has not been made. Other than certain limited circumstances, holders of depositary shares do not have any voting rights.
The Change of Control conversion feature of Series A Preferred Stock may not adequately compensate the holders, and the Change of Control conversion and redemption features of the shares of Series A Preferred Stock underlying the depositary shares may make it more difficult for a party to take over the Company or discourage a party from taking over the Company.
Upon the occurrence of a Change of Control (as defined in the Articles Supplementary for Series A Preferred Stock), holders of the depositary shares representing interests in our Series A Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date (as defined in the Articles Supplementary for Series A Preferred Stock), we have provided notice of our election to redeem the depositary shares either pursuant to our optional redemption right or our special optional redemption right) to convert some or all of their depositary shares into shares of our common stock (or equivalent value of Alternative Conversion Consideration). Upon such a conversion, the maximum number of shares of common stock that holders of depositary shares will receive for each depositary share converted will be limited to the Share Cap. If the Common Stock Price is less than $3.25 (which is 50 percent of the per share closing sale price of our common stock on January 21, 2015), subject to adjustment, the holders will receive a maximum of 7.6923 shares of our common stock per depositary share, which may result in a holder receiving value that is less than the liquidation preference of the depositary shares. In addition, there is an aggregate cap of 17,307,675 shares of

common stock issuable upon exercise of the Change of Control conversion right. These features of the Series A Preferred Stock may have the effect of inhibiting a third party from making an acquisition proposal for the Company or of delaying, deferring or preventing a Change of Control of the Company under circumstances that otherwise could provide the holders of our common stock and Series A Preferred Stock with the opportunity to realize a premium over the then-current market price or that stockholders may otherwise believe is in their best interests.
The market price of the depositary shares could be substantially affected by various factors.
The market price of the depositary shares will depend on many factors, which may change from time to time, including:

- Prevailing interest rates, increases in which may have an adverse effect on the market price of the depositary shares representing interests in our Series A Preferred Stock;
- The market for similar securities issued by other REITs;
- General economic and financial market conditions;
- The financial condition, performance and prospects of us, our tenants and our competitors;
- Any rating assigned by a rating agency to the depositary shares;
- Changes in financial estimates or recommendations by securities analysts with respect to us, our competitors or our industry; and
- Actual or anticipated variations in our quarterly operating results and those of our competitors.

In addition, over the last several years, prices of equity securities in the U.S. trading markets have been experiencing extreme price fluctuations. As a result of these and other factors, investors who purchase the depositary shares in this offering may experience a decrease, which could be substantial and rapid, in the market price of the depositary shares, including decreases unrelated to our financial condition, performance or prospects. Likewise, in the event that the depositary shares become convertible and are converted into shares of our common stock, holders of our common stock issued upon such conversion may experience a similar decrease, which also could be substantial and rapid, in the market price of our common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Leased Energy Infrastructure Assets

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. The following summarizes our investments in energy infrastructure assets that are leased on a triple-net basis to their respective operators as of December 31, 2014:

Asset Name	Owner/Landlord	Tenant	Asset Location	Asset Description	Encumbrances (1)
Pinedale Liquids Gathering System	Pinedale LP (2)	Ultra Wyoming LGS LLC (3)	The Pinedale Anticline in Wyoming	Approximately 150 miles of pipelines with 107 receipt points, and four central storage facilities	Security for Pinedale LP’s $70 million secured term credit facility with KeyBank
Portland Terminal Facility	LCP Oregon Holdings, LLC	Arc Terminals Holdings LLC (4)	Portland, OR	A 42-acre rail and marine facility property adjacent to the Willamette River with 84 tanks and total storage capacity of approximately 1,500,000 barrels	Security for the Company’s $90 million revolving credit facility with Regions Bank
Eastern Interconnect Project	CorEnergy Infrastructure Trust, Inc. (5)	Public Service Company of New Mexico	New Mexico	216 miles of 345 kilovolts transmission lines, towers, easement rights, converters and other grid support components	The Company's ownership interest is security for the Company’s $90 million revolving credit facility with Regions Bank

(1) For additional information, see Note 14, Credit Facilities, in the Notes to the Financial Statements included in this report.

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(2) 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, our wholly owned subsidiary Pinedale GP, holds the remaining 81.05 percent economic interest.

(3) Ultra Wyoming's obligations under the Pinedale Lease Agreement are guaranteed by Ultra Petroleum and Ultra Petroleum's operating subsidiary, Ultra Resources. For additional information, see "Major Tenants" under Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-K.

(4) Arc Terminals is an indirect wholly-owned subsidiary of Arc Logistics, which has guaranteed its obligations under the Portland Lease Agreement. For additional information, see "Major Tenants" under Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-K.

(5) We own a 40 percent undivided interest in the EIP transmission assets, which move electricity across New Mexico between Albuquerque and Clovis.

Additional Information Concerning Pinedale LGS

Pinedale LP acquired the Pinedale LGS with associated real property rights in the Pinedale Anticline in Wyoming from an indirect wholly-owned subsidiary of Ultra Petroleum on December 20, 2012. The Pinedale LGS has a current capacity of approximately 45,000 barrels per day. The underground pipelines constituting the majority of the Pinedale LGS and certain other components, such as the separators, have useful lives that extend beyond the initial term of the Pinedale Lease Agreement. We believe that the Pinedale LGS is capable of being expanded at a relatively low incremental cost by, for example, adding additional separating equipment.

As of December 31, 2014, Ultra Petroleum had an estimated 5.4 Tcfe of proved reserves and in 2014, converted 364.2 Bcfe of proved undeveloped reserves to proved developed reserves.

Most of Ultra Petroleum's exploration and development in the Pinedale field takes place on land under the jurisdiction of the Bureau of Land Management ("BLM"). The BLM has the authority to approve or deny oil and gas leases or to impose environmental restrictions on leases where appropriate. The BLM issued the Pinedale Record of Decision ("ROD") in September 2008. Under the ROD, Ultra Petroleum gained year-round access to the Pinedale field for drilling and completion activities in development areas, provided Ultra Petroleum conducts an environmental mitigation effort, which includes the use of a liquids gathering system. This additional access resulted in increased drilling efficiencies and allowed for accelerated development of the field.

Additional Information Concerning the Portland Terminal Facility

The Portland Terminal Facility is capable of receiving, storing and delivering crude oil and refined petroleum products. Products are received and delivered via railroad or marine (up to Panamax size vessels). The marine facilities are accessed through a neighboring terminal facility via an owned pipeline. The Portland Terminal Facility offers heating systems, emulsions and an on-site product testing laboratory as ancillary services. Our ownership interest in the Portland Terminal Facility partially secures borrowings under the Company's $90 million revolving credit facility with Regions Bank.

We anticipate funding an additional $10 million of terminal-related improvement projects in support of Arc Terminals' commercial strategy to optimize the Portland Terminal Facility and generate stable cash flows, including: (i) upgrade a portion of the existing storage assets; (ii) enhance existing terminal infrastructure; and (iii) develop, design, engineer and construct throughput expansion opportunities.

Additional Information Concerning the Eastern Interconnect Project

These assets are leased on a triple-net basis through April 1, 2015 to PNM, an independent electric utility company serving approximately 500 thousand customers in New Mexico. PNM is a subsidiary of PNM Resources Inc. (NYSE: PNM). On November 1, 2012, we entered into a purchase agreement with PNM to sell our interest in the EIP upon lease termination on April 1, 2015 for $7.7 million. PNM also accelerated its remaining lease payments to us. Both lease payments due in 2013 were paid upon execution of that purchase agreement on November 1, 2012. The three remaining lease payments which would have been due April 1, 2014, October 1, 2014 and April 1, 2015, were paid in full on January 2, 2014.

Accordingly, the EIP is classified as "leased assets held for sale" in our audited consolidated financial statements and accompanying notes for the year ended December 31, 2014. We changed our estimated residual value used to calculate depreciation of the EIP which resulted in higher depreciation expense beginning in November of 2012 through the expiration of the lease in April 2015. The incremental depreciation amounts to approximately $393,000 per quarter. Our ownership interest in the EIP partially secures borrowings under the Company’s $90 million revolving credit facility with Regions Bank.

Energy Infrastructure Assets Held Through TRSs

MoGas Pipeline System

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Our wholly-owned TRS, Corridor MoGas, Inc., owns all of the membership interests of two entities that own and operate the MoGas Pipeline System, which consists of approximately 263 mile interstate natural gas pipeline system in and around St. Louis and extending into central Missouri and certain related real and personal property. The MoGas Pipeline System, which is regulated by FERC, delivers natural gas to both investor-owned and municipal local distribution systems and has eight firm transportation customers. The MoGas Pipeline System receives natural gas at three receipt points and delivers that natural gas at 22 delivery points. Our ownership interest in the MoGas Pipeline System partially secures borrowings under the Company's $90 million revolving credit facility with Regions Bank.

Omega Pipeline (Mowood, LLC)

We indirectly hold 100 percent of the equity interests in Omega through Mowood, a TRS of the Company. Mowood is the holding company of Omega, a natural gas service provider located primarily on the Fort Leonard Wood military post in south-central Missouri. Omega has a long-term contract with the Department of Defense, which is currently subject to renewal in 2015, to provide natural gas and gas distribution assets to Fort Leonard Wood through Omega's approximately 70 mile pipeline distribution system on the post. In addition, Omega provides natural gas marketing services to several customers in the surrounding area. We provide REIT qualifying intercompany mortgage financing secured by Omega's real property assets which allows for a maximum principal balance of $5.3 million. At December 31, 2014 and December 31, 2013, the principal balance outstanding was $5.3 million.

Principal Location

Our principal executive office is located at 1100 Walnut Street, Suite 3350, Kansas City, MO 64106.

ITEM 3. LEGAL PROCEEDINGS

The Company's wholly owned subsidiary, MoGas, is involved in an ongoing matter arising from its certification proceeding before the FERC. As part of that proceeding, the FERC determined initial rates to be used by MoGas. The Missouri Public Service Commission ("MPSC") alleged that MoGas improperly included a purported acquisition premium associated with purchasing certain assets for the purposes of determining those rates. The FERC held that the issue did not need to be determined until MoGas filed its next rate case. The MPSC appealed that decision to the United States Court of Appeals for the District of Columbia (the "D.C. Circuit"), which reversed the FERC's decision and remanded the matter to the FERC on the limited issue of whether the premium was properly included in the initial rates. In the interim, MoGas filed and settled the required rate case, which noted that the outcome of the settlement could impact certain rates in effect from June 1, 2008 to December 31, 2009 and after January 1, 2013. On March 31, 2013, the FERC issued an order confirming that the purchase price of the assets could be included in the rate base and initial rates were proper; it further reaffirmed this finding and denied MPSC's petition for rehearing on September 19, 2013. On November 13, 2013, the MPSC petitioned the D.C. Circuit for review of the FERC's March and September orders in MPSC v. FERC, Case No. 13-1278. MoGas is an intervenor in that proceeding. Briefings are concluded and oral arguments took place on December 12, 2014. The D.C. Circuit's decision is currently pending. Pursuant to the terms of the purchase agreement by which we acquired MoGas, in the event that MoGas is required to pay any damages as a result of the ruling, the seller has agreed to indemnify MoGas in full.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Price Range of Common Stock

Since December 3, 2012, the Company’s common stock has been traded on the New York Stock Exchange (“NYSE”), under the symbol “CORR”. Previously the common stock was traded on the NYSE under the symbol “TTO”. The following table sets forth the range of high and low sales prices of our common shares and the distributions declared by us for each fiscal quarter for our two most recent fiscal years:

	Price Range		Cash Distribution
	High	Low	per Share[1]
2013			
First quarter	$7.06	$6.03	$0.1250
Second quarter	$7.90	$6.84	$0.1250
Third quarter	$7.77	$6.95	$0.1250
Fourth quarter	$7.12	$6.56	$—
2014			