UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 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)

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

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (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 ☒

As of July 31, 2014, the registrant had 31,640,158 common shares outstanding.

CorEnergy Infrastructure Trust, Inc.

FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2014

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This report should be read in its entirety. No one section of the report deals with all aspects of the subject matter. It should be read in conjunction with the consolidated financial statements, related notes and with the Management's Discussion & Analysis ("MD&A") included within, as well as provided in the 2013 Annual Report on Form 10-K, as amended.

The condensed consolidated unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of Management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2014 are not necessarily indicative of the results that may be expected for the year ended December 31, 2014. For further information, refer to the consolidated financial statements and footnotes thereto included in the CorEnergy Infrastructure Trust, Inc. Annual Report on Form 10-K, as amended, for the year ended December 31, 2013.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CorEnergy Infrastructure Trust, Inc.
CONSOLIDATED BALANCE SHEETS

	June 30, 2014	December 31, 2013
Assets	*(Unaudited)*	
Leased property, net of accumulated depreciation of $18,949,516 and $12,754,588	$ 270,189,704	$ 232,220,618
Other equity securities, at fair value	25,786,785	23,304,321
Financing note and related accrued interest receivable, net	4,299,356	—
Cash and cash equivalents	18,986,616	17,963,266
Property and equipment, net of accumulated depreciation of $2,179,305 and $2,037,685	3,176,863	3,318,483
Lease receivable	1,099,264	711,229
Accounts receivable	1,116,161	2,068,193
Intangible lease asset, net of accumulated amortization of $875,816 and $729,847	218,955	364,924
Deferred debt issuance costs, net of accumulated amortization of $862,512 and $572,830	935,842	1,225,524
Deferred lease costs, net of accumulated amortization of $93,955 and $63,272	826,507	857,190
Hedged derivative asset	294,607	680,968
Income tax receivable	412,495	834,382
Prepaid expenses and other assets	483,614	326,561
Total Assets	$ 327,826,769	$ 283,875,659
Liabilities and Equity		
Current maturities of long-term debt	$ 3,528,000	$ 2,940,000
Long-term debt (net of current maturities)	65,296,000	67,060,000
Accounts payable and other accrued liabilities	2,961,460	2,920,267
Unearned revenue	2,133,686	—
Deferred tax liability	5,734,405	5,332,087
Line of credit	—	81,935
Total Liabilities	$ 79,653,551	$ 78,334,289
Equity		
Warrants, no par value; 0 and 945,594 issued and outstanding at June 30, 2014 and December 31, 2013, respectively (5,000,000 authorized)	$ —	$ 1,370,700
Capital stock, non-convertible, $0.001 par value; 31,640,158 shares issued and outstanding at June 30, 2014 and 24,156,163 shares issued and outstanding at December 31, 2013 (100,000,000 shares authorized)	31,640	24,156
Additional paid-in capital	220,080,751	173,441,019
Accumulated retained earnings	—	1,580,062
Accumulated other comprehensive income	435,945	777,403
Total CorEnergy Equity	220,548,336	177,193,340
Non-controlling interest	27,624,882	28,348,030
Total Equity	248,173,218	205,541,370
Total Liabilities and Equity	$ 327,826,769	$ 283,875,659

See accompanying Notes to Consolidated Financial Statements.

CorEnergy Infrastructure Trust, Inc.
CONSOLIDATED STATEMENTS OF INCOME *(UNAUDITED)*

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Revenue				
Lease revenue	$ 7,065,677	$ 5,638,244	$ 13,828,085	$ 11,276,488
Sales revenue	1,813,607	1,929,772	5,073,137	4,445,345
Financing revenue	139,728	—	165,347	—
Total Revenue	9,019,012	7,568,016	19,066,569	15,721,833
Expenses				
Cost of sales (excluding depreciation expense)	1,384,998	1,476,348	4,092,356	3,479,987
Management fees	761,265	646,394	1,545,133	1,290,208
Asset acquisition expenses	20,732	53,394	36,949	85,211
Professional fees	265,514	431,508	664,642	885,691
Depreciation expense	3,204,911	2,857,412	6,336,548	5,714,448
Amortization expense	15,342	15,342	30,683	30,621
Operating expenses	213,533	303,480	436,274	510,384
Directors' fees	63,276	32,557	128,310	50,557
Other expenses	224,173	151,312	392,881	274,018
Total Expenses	6,153,744	5,967,747	13,663,776	12,321,125
Operating Income	$ 2,865,268	$ 1,600,269	$ 5,402,793	$ 3,400,708
Other Income (Expense)				
Net distributions and dividend income	$ 5,988	$ 2,701	$ 11,044	$ 15,825
Net realized and unrealized gain on trading securities	—	—	—	316,063
Net realized and unrealized gain on other equity securities	2,084,026	(30,976)	3,378,208	2,395,010
Interest expense	(819,360)	(907,275)	(1,646,337)	(1,644,656)
Total Other Income	1,270,654	(935,550)	1,742,915	1,082,242
Income before income taxes	4,135,922	664,719	7,145,708	4,482,950
Taxes				
Current tax expense	—	581,757	854,075	867,648
Deferred tax expense (benefit)	742,879	(340,003)	402,317	395,050
Income tax expense, net	742,879	241,754	1,256,392	1,262,698
Net Income	3,393,043	422,965	5,889,316	3,220,252
Less: Net income attributable to non-controlling interest	387,135	352,893	778,249	737,427
Net Income attributable to CORR Stockholders	$ 3,005,908	$ 70,072	$ 5,111,067	$ 2,482,825
Net income	$ 3,393,043	$ 422,965	$ 5,889,316	$ 3,220,252
Other comprehensive income (expense):				
Changes in fair value of qualifying hedges attributable to CORR Stockholders	(270,838)	921,442	(341,458)	921,442
Changes in fair value of qualifying hedges attributable to non-controlling interest	(63,324)	215,439	(79,835)	215,439
Net Change in Other Comprehensive Income	$ (334,162)	$ 1,136,881	$ (421,293)	$ 1,136,881
Total Comprehensive Income	3,058,881	1,559,846	5,468,023	4,357,133
Less: Comprehensive income attributable to non-controlling interest	323,811	568,332	698,414	952,866
Comprehensive Income attributable to CORR Stockholders	$ 2,735,070	$ 991,514	$ 4,769,609	$ 3,404,267
Earnings Per Common Share:				
Basic and Diluted	$ 0.10	$ —	$ 0.17	$ 0.10
Weighted Average Shares of Common Stock Outstanding:				
Basic and Diluted	31,637,568	24,147,958	30,810,060	24,144,856
Dividends declared per share	$ 0.129	$ 0.125	$ 0.254	$ 0.250

See accompanying Notes to Consolidated Financial Statements.

CorEnergy Infrastructure Trust, Inc.
CONSOLIDATED STATEMENTS OF EQUITY

	Capital Stock							
	Shares	Amount	Warrants	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings (Accumulated Deficit)	Non-Controlling Interest	Total
Balance at December 31, 2012	24,140,667	$ 24,141	$ 1,370,700	$ 175,256,675	$ —	$ 4,209,023	$ 29,981,653	$ 210,842,192
Net income	—	—	—	—	—	4,502,339	1,466,767	5,969,106
Net change in cash flow hedges	—	—	—	—	777,403	—	181,762	959,165
Total comprehensive income	—	—	—	—	777,403	4,502,339	1,648,529	6,928,271
Dividends	—	—	—	(1,923,760)	—	(7,131,300)	—	(9,055,060)
Distributions to non-controlling interest	—	—	—	—	—	—	(3,282,152)	(3,282,152)
Reinvestment of dividends paid to stockholders	15,496	15	—	108,104	—	—	—	108,119
Balance at December 31, 2013	24,156,163	$ 24,156	$ 1,370,700	$ 173,441,019	$ 777,403	$ 1,580,062	$ 28,348,030	$ 205,541,370
Net income	—	—	—	—	—	5,111,067	778,249	5,889,316
Net change in cash flow hedges	—	—	—	—	(341,458)	—	(79,835)	(421,293)
Total comprehensive income	—	—	—	—	(341,458)	5,111,067	698,414	5,468,023
Net offering proceeds	7,475,000	7,475	—	45,617,088	—	—	—	45,624,563
Dividends	—	—	—	(409,376)	—	(6,691,129)	—	(7,100,505)
Distributions to non-controlling interest	—	—	—	—	—	—	(1,421,562)	(1,421,562)
Reinvestment of dividends paid to stockholders	8,995	9	—	61,320	—	—	—	61,329
Warrant expiration	—	—	(1,370,700)	1,370,700	—	—	—	—
Balance at June 30, 2014 (Unaudited)	31,640,158	$ 31,640	$ —	$ 220,080,751	$ 435,945	$ —	$ 27,624,882	$ 248,173,218

See accompanying Notes to Consolidated Financial Statements.

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

	For the Six Months Ended	
	June 30, 2014	June 30, 2013
Operating Activities		
Net income	$ 5,889,316	$ 3,220,252
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Deferred income tax, net	402,318	395,050
Depreciation	6,336,548	5,714,448
Amortization	466,334	433,386
Realized and unrealized gain on trading securities	—	(316,063)
Realized and unrealized gain on other equity securities	(3,378,208)	(2,395,010)
Unrealized (gain) loss on derivative contract	(34,932)	46,228
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	952,032	(352,037)
(Increase) in lease receivable	(388,035)	—
(Increase) decrease in prepaid expenses and other assets	(94,053)	31,321
Decrease in accounts payable and other accrued liabilities	(366,777)	(1,217,791)
Increase in dividends payable to shareholders	—	3,018,495
Increase in distributions payable to non-controlling interest	—	1,690,413
Increase (decrease) in current income tax liability	421,887	(3,855,947)
Increase (decrease) in unearned revenue	2,133,686	(1,422,457)
Net cash provided by (used in) operating activities	$ 12,340,116	$ 4,990,288
Investing Activities		
Proceeds from sale of long-term investment of trading and other equity securities	—	5,563,865
Deferred lease costs	—	(5,620)
Acquisition of leased assets	(43,536,044)	—
Purchases of property and equipment	—	(42,242)
Issuance of financing note receivable	(4,299,356)	—
Return of capital on distributions received	832,744	631,524
Net cash (used in) provided by investing activities	$ (47,002,656)	$ 6,147,527
Financing Activities		
Payments on lease obligation	—	(20,698)
Debt financing costs	(220,000)	(10,999)
Net offering proceeds	45,624,563	—
Dividends paid	(7,039,176)	(5,986,937)
Distributions to non-controlling interest	(1,421,562)	(1,690,413)
Advances on revolving line of credit	2,535,671	139,397
Payments on revolving line of credit	(2,617,606)	(139,397)
Principal payment on credit facility	(1,176,000)	—
Net cash provided by (used in) financing activities	$ 35,685,890	$ (7,709,047)
Net change in cash and cash equivalents	$ 1,023,350	$ 3,428,768
Cash and cash equivalents at beginning of period	17,963,266	17,680,783
Cash and cash equivalents at end of period	$ 18,986,616	$ 21,109,551
Supplemental Disclosure of Cash Flow Information:		
Interest paid	$ 1,399,619	$ 1,242,441
Net Income taxes paid (refunds received)	$ 432,187	$ 4,776,354
Non-Cash Investing Activities		
Change in accounts payable and accrued expenses related to acquisition expenditures	$ 627,970	$ —
Non-Cash Financing Activities		
Reinvestment of distributions by common stockholders in additional common shares	$ 61,329	$ 49,141
Change in accounts payable and accrued expenses related to debt financing costs	$ (220,000)	$ —

See accompanying Notes to Consolidated Financial Statements.

1. INTRODUCTION AND BASIS OF PRESENTATION

Introduction

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

We are primarily focused on acquiring and financing midstream and downstream real estate assets within the U.S. energy infrastructure sector and concurrently entering into long-term triple net participating leases with energy companies. We also may provide other types of capital, including loans secured by energy infrastructure assets. We intend to acquire assets that are accretive to our shareholders and allow us to remain a diversified energy infrastructure real estate investment trust (REIT). Targeted assets include pipelines, storage tanks, transmission lines and gathering systems, among others. These sale-leaseback or real property mortgage transactions provide the energy company with a source of capital that is an alternative to sources such as corporate borrowing, bond offerings, or equity offerings. We expect to receive participation features in the financial performance or value of the underlying infrastructure real property asset. The triple net lease structure requires that the tenant pay all operating expenses of the business conducted by the tenant, including real estate taxes, insurance, utilities, and expenses of maintaining the asset in good working order.

The Company's consolidated financial statements include the Company's direct and indirect wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The Company's financial statements also present non-controlling interests in the case of entities that are not wholly-owned subsidiaries of the Company.

The Company consolidates certain entities when it is deemed to be the primary beneficiary in a variable interest entity ("VIE"), as defined in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic on Consolidation. The Topic on Consolidation requires the consolidation of VIEs in which an enterprise has a controlling financial interest. A controlling financial interest will have both of the following characteristics: (1) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance, and (2) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. This topic requires an ongoing reassessment. The equity method of accounting is applied to entities in which the Company is not the primary beneficiary as defined in the Consolidation Topic of FASB ASC, or does not have effective control, but can exercise influence over the entity with respect to its operations and major decisions.

Taxable REIT subsidiaries hold our securities portfolio (Corridor Public Holdings, Inc. and its wholly-owned subsidiary Corridor Private Holdings, Inc.) and our operating business (Mowood Corridor, Inc. and its wholly-owned subsidiary, Mowood, LLC ("Mowood"), which is the holding company for Omega Pipeline Company, LLC ("Omega")). Omega owns and operates a natural gas distribution system in Fort Leonard Wood, Missouri. Omega is responsible for purchasing and coordinating delivery of natural gas to Fort Leonard Wood, as well as performing maintenance and expansion of the pipeline. In addition, Omega provides gas-marketing services to local commercial end users.

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information set forth in the Accounting Standards Codification ("ASC"), as published by the Financial Accounting Standards Board ("FASB"), and with the Securities and Exchange Commission ("SEC") instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The accompanying consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the Company's financial position, results of operations and cash flows for the interim period presented. There were no adjustments that, in the opinion of management, were not of a normal and recurring nature.

Operating results for the three and six months ended June 30, 2014 and June 30, 2013 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014. These consolidated financial statements and Management's Discussion and Analysis of the Financial Condition and Results of Operations should be read in conjunction with our Annual Report on Form 10-K, as amended, for the year ended December 31, 2013, filed with the SEC on March 19, 2014.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

B. *Leased Property* – The Company includes assets subject to lease arrangements within Leased property, net of accumulated depreciation, in the Consolidated Balance Sheets. Lease payments received are reflected in lease revenue on the Consolidated Statements of Income, net of amortization of any off-market adjustments. Costs in connection with the creation and execution of a lease are capitalized and amortized over the lease term. See Note 4 for further discussion.

C. *Cash and Cash Equivalents* – The Company maintains cash balances at financial institutions in amounts that regularly exceed FDIC insured limits. The Company's cash equivalents are comprised of short-term, liquid money market instruments.

D. *Long-Lived Assets and Intangibles* – Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Expenditures for repairs and maintenance are charged to operations as incurred, and improvements, which extend the useful lives of assets, are capitalized and depreciated over the remaining estimated useful life of the asset.

The Company initially records long-lived assets at their acquisition cost, unless the transaction is accounted for as a business combination. If the transaction is accounted for as a business combination, the Company allocates the purchase price to the acquired tangible and intangible assets and liabilities based on their estimated fair values. The Company determines the fair values of assets and liabilities based on discounted cash flow models using current market assumptions, appraisals, recent transactions involving similar assets or liabilities and other objective evidence, and depreciates the asset values over the estimated remaining useful lives.

The Company may acquire long-lived assets that are subject to an existing lease contract with the seller or other lessee party and the Company may assume outstanding debt of the seller as part of the consideration paid. If, at the time of acquisition, the existing lease or debt contract is not at current market terms, the Company will record an asset or liability at the time of acquisition representing the amount by which the fair value of the lease or debt contract differs from its contractual value. Such amount is then amortized over the remaining contract term as an adjustment to the related lease revenue or interest expense. The Company periodically reviews its long-lived assets, primarily real estate, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The Company's review involves comparing current and future operating performance of the assets, the most significant of which is undiscounted operating cash flows, to the carrying value of the assets. Based on this analysis, a provision for possible loss is recognized, if any. No impairment write-downs were recognized during the three and six months ended June 30, 2014 and June 30, 2013.

Costs in connection with the direct acquisition of a new asset are capitalized as a component of the purchase price and depreciated over the life of the asset. See Note 4 for further discussion.

E. *Investment Securities* – The Company's investments in securities are classified as either trading or other equity securities:

- *Trading securities* – The Company's publicly traded equity securities were classified as trading securities and were historically reported at fair value. The Company liquidated its trading securities in order to acquire real asset investments. As of March 31, 2013, all trading securities had been sold.
- *Other equity securities* – The Company's other equity securities represent interests in private companies which the Company has elected to report at fair value under the fair value option.
- *Realized and unrealized gains and losses on trading securities and other equity securities* – Changes in the fair values of the Company's securities during the period reported and the gains or losses realized upon sale of securities during the period are reflected as other income or expense within the accompanying Consolidated Statements of Income.

F. *Security Transactions and Fair Value* – Security transactions are accounted for on the date the securities are purchased or sold (trade date). Realized gains and losses are reported on an identified cost basis.

For equity securities that are freely tradable and listed on a securities exchange or over-the-counter market, the Company values those securities at their last sale price on that exchange or over-the-counter market on the valuation date. If the security is listed on more than one exchange, the Company will use the price from the exchange that it considers to be the principal, which may not necessarily represent the last sale price. If there has been no sale on such exchange or over-the-counter market on such day, the security will be valued at the mean between the last bid price and last ask price on such day.

The major components of net realized and unrealized gain or loss on trading securities for thethree and six months ended June 30, 2014and June 30, 2013 are as follows:

Major Components of Net Realized and Unrealized Gain (Loss) on Trading Securities

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Net unrealized gain on trading securities	$ —	$ —	$ —	$ —
Net realized gain on trading securities	—	—	—	316,063
Total net realized and unrealized gain on trading securities	$ —	$ —	$ —	$ 316,063

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

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

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

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

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

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

G. *Financing Notes Receivable* – Financing notes receivable are presented at face value plus accrued interest receivable and deferred loan origination fees and net of related direct loan origination costs. The financing note receivable is discussed more fully in Note 5.

H. *Accounts Receivable* – Accounts receivable are presented at face value net of an allowance for doubtful accounts. Accounts are considered past due based on the terms of sale with the customers. The Company reviews accounts for collectibility based on an analysis of specific outstanding receivables, current economic conditions and past collection experience. At June 30, 2014 and June 30, 2013, Management determined that an allowance for doubtful accounts related to our leases was not required. Lease payments by our tenants, as discussed within Note 4, have remained timely and without lapse.

I. *Derivative Instruments and Hedging Activities* – FASB ASC 815, *Derivatives and Hedging* ("ASC 815"), provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments, (b) how the entity accounts for derivative instruments and related hedged items, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. Further, qualitative disclosures are required that explain the Company's objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments. Accordingly, the Company's derivative assets and liabilities are presented on a gross basis.

As required by ASC 815, the Company records all derivatives on the balance sheet at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the Company has elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. The Company may enter into derivative contracts that are intended to economically hedge certain of its risks, even though hedge accounting does not apply or the Company elects not to apply hedge accounting.

FASB ASC 820, *Fair Value Measurements and Disclosure* ("ASC 820"), defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. In accordance with ASC 820, the Company made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

J. *Fair Value Measurements* – Various inputs are used in determining the fair value of the Company's assets and liabilities. These inputs are summarized in the three broad levels listed below:

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments, market corroborated inputs, etc.)
- Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

ASC 820 applies to reported balances that are required or permitted to be measured at fair value under existing accounting pronouncements; accordingly, the standard does not require any new fair value measurements of reported balances. ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

K. *Revenue Recognition* – Specific recognition policies for the Company's revenue items are as follows:

- *Lease Revenue* – Income related to the Company's leased property is recognized on a straight-line basis over the term of the lease when collectibility is reasonably assured. Rental payments received in advance are classified as unearned revenue and included in liabilities within the Consolidated Balance Sheets. Unearned revenue is amortized ratably over the lease period as revenue recognition criteria are met. Rental payments received in arrears are accrued and classified as Lease Receivable and included in assets within the Consolidated Balance Sheets.
- *Sales Revenue* – Revenues related to natural gas distribution and performance of management services are recognized in accordance with GAAP upon delivery of natural gas and upon the substantial performance of management and supervision services related to the expansion of the natural gas distribution system. Omega, acting as a principal, provides for transportation services and natural gas supply for its customers on a firm basis. In addition, Omega is paid fees for the operation and maintenance of its natural gas distribution system, including any necessary expansion of the distribution system. Omega is responsible for the coordination, supervision and quality of the expansions while actual construction is generally performed by third party contractors. Revenues from expansion efforts are recognized in accordance with GAAP using either a completed contract or percentage of completion method based on the level and volume of estimates utilized, as well as the certainty or uncertainty of our ability to collect those revenues.
- *Financing Revenue* – Our financing notes receivable are considered a core product offering and therefore the related income is presented as a component of operating income in the revenue section. For increasing rate loans, base interest income is recorded ratably over the life of the loan, using the effective interest rate. The net amount of deferred loan origination fees and costs are amortized on a straight-line basis over the life of the loan and reported as an adjustment to yield in financing revenue. Participating financing revenues are recorded when specific performance criteria have been met.

L. *Cost of Sales* – Included in the Company's cost of sales are the amounts paid for gas and propane, along with related transportation, which are delivered to customers, as well as the cost of material and labor related to the expansion of the natural gas distribution system.

M. *Asset Acquisition Expenses* – Costs in connection with the research of real property acquisitions not expected to be accounted for as business combinations are expensed as incurred until determination that the acquisition of the real property is probable. Upon such determination, costs in connection with the acquisition of the property are capitalized as described in paragraph (D) above. Deferred costs related to an an acquisition that we have determined, based on our judgment, not to pursue are expensed in the period in which such determination is made.

N. *Offering Costs* – Offering costs related to the issuance of common stock are charged to additional paid-in capital when the stock is issued.

O. *Debt Issuance Costs* – Costs in connection with the issuance of new debt are capitalized and amortized over the debt term. See Note 13 for further discussion.

P. *Distributions to Stockholders* – Distributions to stockholders are determined by the Board of Directors and are recorded on the ex-dividend date.

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

- *Securities Transactions and Investment Income Recognition* – Securities transactions are accounted for on the date the securities are purchased or sold (trade date). Realized gains and losses are reported on an identified cost basis. Distributions received from our equity investments are generally comprised of ordinary income, capital gains and distributions received from investment securities from the portfolio company. The Company records investment income and return of capital based on estimates made at the time such distributions are received. Such estimates are based on information available from each portfolio company and other industry sources. These estimates may subsequently be revised based on information received from the portfolio companies after their tax reporting periods are concluded, as the actual character of these distributions are not known until after our fiscal year end.

- *Dividends and distributions from investments* – Dividends and distributions from investments are recorded on their ex-dates and are reflected as other income within the accompanying Consolidated Statements of Income. Distributions received from the Company's investments are generally characterized as ordinary income, capital gains and distributions received from investment securities. The portion characterized as return of capital is paid by our investees from their cash flow from operations. The Company records investment income, capital gains and distributions received from investment securities based on estimates made at the time such distributions are received. Such estimates are based on information available from each company and other industry sources. These estimates may subsequently be revised based on information received from the entities after their tax reporting periods are concluded, as the actual character of these distributions is not known until after the fiscal year end of the Company.

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

For years ended in 2012 and before, the distributions we made to our stockholders from our earnings and profits were treated as qualified dividend income ("QDI") and return of capital. QDI is taxed to our individual shareholders at the maximum rate for long-term capital gains, which through tax year 2012 was 15 percent and beginning in tax year 2013 will be 20 percent. The Company has elected to be taxed as a REIT for 2013 rather than a C corporation and generally will not pay federal income tax on taxable income of the REIT that is distributed to our stockholders. 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 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. A portion of our normal distribution was characterized for federal income tax purposes as a distribution of those earnings and profits from non-REIT years and have been treated as QDI.

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

The Company's trading securities and other equity securities are limited partnerships or limited liability companies which are treated as partnerships for federal and state income tax purposes. As a limited partner, the Company reports its allocable share of taxable income in computing its own taxable income. The Company's tax expense or benefit is included in the Consolidated Statements of Income based on the component of income or gains and losses to which such expense or benefit relates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred income tax asset will not be realized. Due to our decision to structure ourselves as a REIT in December 2012, it is expected that for the year ended December 31, 2013 and future periods, any deferred tax liability or asset will be related entirely to the assets and activities of the Company's TRSs.

If we cease to qualify as a REIT, the Company, as a C corporation, would be obligated to pay federal and state income tax on its taxable income. Currently, the highest regular marginal federal income tax rate for a corporation is 35 percent. The Company may be subject to a20 percent federal alternative minimum tax on its federal alternative minimum taxable income to the extent that its alternative minimum tax exceeds its regular federal income tax.

S. *Recent Accounting Pronouncements* – In May 2014, the FASB issued ASU No. 2014-09 "Revenue from Contracts with Customers." ASU No. 2014-09 adds to the FASB ASC by detailing new guidance in order to make a more clarified set of principles for recognizing revenue from customer contracts. ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Management is evaluating this amendment and does not expect adoption to have a material impact on the Company's consolidated financial statements.

In July 2013, the FASB issued ASU No. 2013-11 "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists." ASU No. 2013-11 amends FASB ASC Topic 740 *Income taxes*, to include explicit guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. ASU No. 2013-11 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. Management has adopted this amendment and it did not have a material impact on the Company's consolidated financial statements.

3. LEASED PROPERTIES

Pinedale LGS

Our subsidiary, Pinedale Corridor, LP ("Pinedale LP"), owns a system of gathering, storage, and pipeline facilities (the "Liquids Gathering System" or "Pinedale LGS"), with associated real property rights in the Pinedale Anticline in Wyoming.

Physical Assets

The Pinedale LGS consists of more than 150 miles of pipelines with 107 receipt points and four above-ground central gathering facilities. The system is leased to and used by Ultra Petroleum Corp. ("Ultra Petroleum") as a method of separating water, condensate and associated flash gas from a unified stream and subsequently selling or treating and disposing of the separated products. Prior to entering the Pinedale LGS, a commingled hydrocarbon stream is separated into wellhead natural gas and a liquids stream. The wellhead natural gas is transported to market by a third party. The remaining liquids, primarily water, are transported by the Pinedale LGS to one of its four central gathering facilities where they pass through a three-phase separator which separates condensate, water and associated natural gas. 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 the natural gas is sold or otherwise used by Ultra Petroleum for fueling on-site operational equipment. To date, no major operational issues have been reported with respect to the Pinedale LGS.

The asset is depreciated for book purposes over an estimated useful life of26 years. The amount of depreciation recognized for the leased property for each of the three-month periods ended June 30, 2014 and 2013 was $2.2 million, and for each of the six-month periods ended June 30, 2014 and 2013 was$4.4 million.

See Note 4 for further information regarding the Pinedale Lease Agreement (as defined therein).

Non-Controlling Interest Partner

Prudential Financial, Inc. ("Prudential") funded a portion of the Pinedale LGS acquisition and, as a limited partner, holds 18.95 percent of the economic interest in Pinedale LP. The general partner, Pinedale GP, holds the remaining 81.05 percent of the economic interest.

Debt

Pinedale LP borrowed $70 million pursuant to a secured term credit facility with KeyBank National Association ("KeyBank") serving as a lender and the administrative agent on behalf of other lenders participating in the credit facility. The credit facility will remain in effect through December 2015, with an option to extend throughDecember 2016. The credit facility is secured by the LGS. See Note 13 for further information regarding the credit facility.

Portland Terminal Facility

On January 21, 2014, we completed a follow-on equity offering of 7,475,000 shares of common stock, raising approximately$49 million in gross proceeds at$6.50 per share (net proceeds of approximately $46 million after underwriters' discount). Concurrently, our subsidiary, LCP Oregon, used the net proceeds from the offering to close on a Purchase and Sale Agreement to acquire a petroleum products terminal facility and certain associated real property rights located in Portland, Oregon ("Portland Terminal Facility") for $40 million in cash. LCP Oregon also entered into a long-term triple net Lease Agreement relating to the use of the Portland Terminal Facility (the "Portland Lease Agreement") with Arc Terminals Holdings LLC ("Arc Terminals"), an indirect wholly-owned subsidiary of Arc Logistics Partners LP ("Arc Logistics").

The Portland Terminal Facility is a rail and marine facility adjacent to the Willamette River in Portland, Oregon. The39-acre site has 84 tanks with a total storage capacity of approximately 1,500,000 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.

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. As of June 30, 2014, additional spending on terminal-related projects totaled approximately$2.8 million.

The asset is depreciated for book purposes over an estimated useful life of30 years. The amount of depreciation recognized for the leased property for each of the three months ended June 30, 2014 and 2013 was $347 thousand and $0, respectively. The amount of depreciation recognized for the leased property for each of the six months ended June 30, 2014 and 2013, was $621 thousand and $0, respectively.

See Note 4 for further information regarding the Portland Lease Agreement related to the Portland Terminal Facility assets.

Eastern Interconnect Project (EIP)

Physical Assets

The EIP transmission assets are utilized by the lessee to move electricity across New Mexico between Albuquerque and Clovis. The physical assets include 216 miles of 345 kilovolt transmission lines, towers, easement rights, converters and other grid support components. Originally, the assets were depreciated for book purposes over an estimated useful life of 20 years. Pursuant to the Purchase Agreement discussed in Note 4, the Company reevaluated the residual value used to calculate its depreciation of the EIP, and determined that a change in estimate was necessary. The change in estimate resulted in higher depreciation expenses beginning in November of 2012 through the expiration of the lease in April 2015.

The amount of depreciation expense related to the EIP leased property for each of the three-month periods ended June 30, 2014 and 2013 was $570 thousand. The amount of depreciation expense related to the EIP leased property for each of the six-month periods ended June 30, 2014 and 2013 was $1.1 million.

See Note 4 for further information regarding the PNM Lease Agreement related to the EIP transmission assets.

4. LEASES

As of June 30, 2014 the Company had three significant leases. The table below displays the impact of each lease on total leased properties and total lease revenues for the periods presented.

	As a Percentage of					
	Leased Properties		Lease Revenues			
			For the Three Months Ended		For the Six Months Ended	
	As of June 30, 2014	As of December 31, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Pinedale LGS	80.32%	94.23%	71.85%	88.68%	73.42%	88.68%
Portland Terminal Facility	16.21%	—	19.12%	—	17.35%	—
Public Service of New Mexico	3.47%	5.77%	9.03%	11.32%	9.23%	11.32%

Pinedale LGS

Pinedale LP entered into a long-term triple net Lease Agreement on December 20, 2012, relating to the use of the Pinedale LGS (the "Pinedale Lease Agreement") with Ultra Wyoming LGS, LLC ("Ultra Wyoming"), an indirect wholly-owned subsidiary of Ultra Petroleum. Ultra Wyoming utilizes the Pinedale LGS to gather and transport a commingled stream of oil, natural gas and water, then further utilizes the Pinedale LGS to separate this stream into its separate components. Ultra Wyoming's obligations under the Pinedale Lease Agreement are guaranteed by Ultra Petroleum and Ultra Petroleum's operating subsidiary, Ultra Resources, Inc. ("Ultra Resources"), pursuant to the terms of a Parent Guaranty. Annual rent for the initial term under the Pinedale Lease Agreement is a minimum of $20 million (as adjusted annually for changes based on the Consumer Price Index ("CPI"), subject to annual maximum adjustments of 2 percent), with the exact rental amount determined by the actual volume of the components handled by the Pinedale LGS, subject to Pinedale LP not being in default under the Pinedale Lease Agreement. For 2014, the increase in quarterly rent is $76 thousand, based on the CPI adjustment as specified in the lease terms. Total annual rent may not exceed $27.5 million.

As of June 30, 2014 and December 31, 2013, approximately $827 thousand and $857 thousand, respectively, of net deferred lease costs are included in the accompanying Consolidated Balance Sheets. The deferred costs are amortized over the 15 year life of the Pinedale LGS lease. For each of the three months ended June 30, 2014 and 2013, $15 thousand is included in amortization expense within the Consolidated Statements of Income. For each of the six months ended June 30, 2014 and 2013, $31 thousand, is included in amortization expense within the Consolidated Statements of Income. Approximately $2.6 million in gross asset acquisition costs related to the Pinedale LGS acquisition is included in Leased Property within the Consolidated Balance Sheets. The asset acquisition costs are being depreciated over the anticipated 26 year life of the asset and are included in depreciation expense within the Consolidated Statements of Income.

The assets, which comprise the Pinedale LGS, include real property and land rights to which the purchase consideration was allocated based on relative fair values and equaled $122.3 million and $105.7 million, respectively, at the time of acquisition. The land rights are being depreciated over the26 year life of the related land lease with associated depreciation expense expected to be approximately $4.1 million for each of the next five years.

In view of the fact that Ultra Petroleum leases a substantial portion of the Company's net leased property, which is a significant source of revenues and operating income, its financial condition and ability and willingness to satisfy its obligations under its lease with the Company are expected to have a considerable impact on the results of operation going forward.

Ultra Petroleum is currently subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is required to file with the SEC annual reports containing audited financial statements and quarterly reports containing unaudited financial statements. The audited financial statements and unaudited financial statements of Ultra Petroleum can be found on the SEC's website at www.sec.gov. The Company makes no representation as to the accuracy or completeness of the audited and unaudited financial statements of Ultra Petroleum, but has no reason to doubt the accuracy or completeness of such information. In addition, Ultra Petroleum has no duty, contractual or otherwise, to advise the Company of any events that might have occurred subsequent to the date of such financial statements which could affect the significance or accuracy of such information. Summary Consolidated Balance Sheets and Consolidated Statements of Operations for Ultra Petroleum are provided below.

Ultra Petroleum Corp.
Summary Consolidated Balance Sheets
(in thousands)

	June 30, 2014	December 31, 2013
	(Unaudited)	
Current assets	$ 144,778	$ 128,631
Non-current assets	2,813,355	2,656,688
Total Assets	$ 2,958,133	$ 2,785,319
Current liabilities	497,704	407,476
Non-current liabilities	2,583,954	2,709,333
Total Liabilities	$ 3,081,658	$ 3,116,809
Shareholder's (deficit)	(123,525)	(331,490)
Total Liabilities and Shareholder's Equity	$ 2,958,133	$ 2,785,319

Ultra Petroleum Corp.
Summary Consolidated Statements of Operations *(Unaudited)*
(in thousands)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Revenues	$ 296,063	$ 261,376	$ 622,361	$ 487,003
Expenses	150,850	143,002	305,680	282,996
Operating Income (Loss)	145,213	118,374	316,681	204,007
Other Income (Expense), net	(39,708)	(506)	(109,459)	(68,337)
Income (Loss) before income tax provision (benefit)	105,505	117,868	207,222	135,670
Income tax provision (benefit)	(544)	1,491	(541)	2,859
Net Income (Loss)	$ 106,049	$ 116,377	$ 207,763	$ 132,811

Portland Terminal Facility

LCP Oregon entered into the Portland Lease Agreement on January 21, 2014. Arc Logistics has guaranteed the obligations of Arc Terminals under the Portland Lease Agreement. 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 monthly rental payments and variable rent payments based on the volume of liquid hydrocarbons that flowed through the Portland Terminal Facility in the prior month.

The base rent in the initial year of the Portland Lease Agreement increases to approximately$418 thousand per month starting with August 2014 and each month thereafter. The base rent is also expected to increase during the initial year of the Portland Lease Agreement based on a percentage of specified construction costs at the Portland Terminal Facility incurred by LCP Oregon, estimated at $10 million. Variable rent is capped at 30 percent of total rent, which would be the equivalent of the Portland Terminal Facility's expected throughput capacity.

Arc Logistics is a fee-based, growth-oriented Delaware limited partnership formed by Lightfoot to own, operate, develop and acquire a diversified portfolio of complementary energy logistics assets. In November 2013, Arc Logistics completed its initial public offering ("IPO"). Arc Logistics' public disclosures filed with the SEC indicate that Arc Logistics is 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. It is focused on growing its business through the optimization, organic development and acquisition of terminaling, storage, rail, pipeline and other energy logistics assets that generate stable cash flows and offer customers multiple supply and delivery modes via pipelines, rail, marine and truck. Arc Logistics indicated in its 2013 Form 10-K that it had approximately 5.0 million barrels of crude oil and petroleum product storage capacity. Arc Terminals is a wholly-owned subsidiary of Arc Logistics.

Arc Logistics is currently subject to the reporting requirements of the Exchange Act and is required to file with the SEC annual reports containing audited financial statements and quarterly reports containing unaudited financial statements. The audited financial statements and unaudited financial statements of Arc Logistics can be found on the SEC's web site at www.sec.gov. The Company makes no representation as to the accuracy or completeness of the audited and unaudited financial statements of Arc Logistics but has no reason to doubt the accuracy or completeness of such information. In addition, Arc Logistics has no duty, contractual or otherwise, to advise the Company of any events that might have occurred subsequent to the date of such financial statements which could affect the significance or accuracy of such information. None of the information in the public reports of Arc Logistics that are filed with the SEC is incorporated by reference into, or in any way form, a part of this filing.

Public Service Company of New Mexico ("PNM")

EIP is leased on a triple net basis throughApril 1, 2015 (the "PNM Lease Agreement") to PNM, an independent electric utility company serving approximately500 thousand customers in New Mexico. PNM is a subsidiary of PNM Resources Inc. (NYSE: PNM) ("PNM Resources"). Per the PNM Lease Agreement, at the time of expiration of the PNM Lease Agreement, the Company could choose to renew the PNM Lease Agreement with the lessee, the lessee could offer to repurchase the EIP, or the PNM Lease Agreement could be allowed to expire and the Company could find another lessee.

At the time of acquisition, the rate of the PNM Lease Agreement was determined to be above market rates for similar leased assets and the Company recorded an intangible asset of $1.1 million for this premium which is being amortized as a reduction to lease revenue over the remaining lease term. See Note 12 below for further information as to the intangible asset.

On November 1, 2012 the Company entered into a definitive Purchase Agreement with PNM to sell the Company's 40 percent undivided interest in the EIP upon termination of the PNM Lease Agreement on April 1, 2015 for $7.68 million. Upon execution of the Agreement, the schedule of the lease payments under the PNM Lease Agreement was changed so that the last scheduled semi-annual lease payment was received by the Company on October 1, 2012. Additionally, PNM's remaining basic lease payments due to the Company were accelerated. The semi-annual payments of approximately $1.4 million that were originally scheduled to be paid onApril 1, and October 1, 2013, were received by the Company on November 1, 2012. The three remaining lease payments due April 1, 2014, October 1, 2014 and April 1, 2015 were paid in full on January 2, 2014, a portion of which is reported as an unearned revenue liability within the Consolidated Balance Sheets.

PNM Resources is currently subject to the reporting requirements of the Exchange Act and is required to file with the SEC annual reports containing audited financial statements and quarterly reports containing unaudited financial statements. The audited financial statements and unaudited financial statements of PNM Resources can be found on the SEC's web site at www.sec.gov. The Company makes no representation as to the accuracy or completeness of the audited and unaudited financial statements of PNM Resources but has no reason to doubt the accuracy or completeness of such information. In addition, PNM Resources has no duty, contractual or otherwise, to advise the Company of any events that might have occurred subsequent to the date of such financial statements which could affect the significance or accuracy of such information. None of the information in the public reports of PNM Resources that are filed with the SEC is incorporated by reference into, or in any way form, a part of this filing.

The future contracted minimum rental receipts for all net leases as of June 30, 2014 are as follows:

Future Minimum Lease Receipts		
Years Ending December 31,		**Amount**
2014	$	12,470,427
2015		25,010,264
2016		25,010,264
2017		25,010,264
2018		25,010,264
Thereafter		236,375,660
Total	$	348,887,143

5. FINANCING NOTE RECEIVABLE

On March 13, 2014, our wholly-owned subsidiary, Corridor Bison, LLC ("Corridor Bison") entered into a Loan Agreement with Black Bison Water Services, LLC ("Black Bison WS"). Black Bison WS's initial Loan draw in the amount of $4.3 million was used to acquire real property in Wyoming and to pay Loan transaction expenses. Corridor Bison agreed to loan Black Bison WS up to $11.5 million (the "Loan") to finance the acquisition and development of real property that will provide water sourcing, water disposal, or water treating and recycling services for the oil and natural gas industry.

Interest will initially accrue on the outstanding principal amount of the Loan at an annual base rate of 12 percent, which base rate will increase by 2 percent of the current base rate per year. In addition, starting in April 2015 and continuing for each month thereafter, the outstanding principal of the Loan will bear variable interest calculated as a function of the increase in volume of water treated by Black Bison WS during the particular month. The base interest plus variable interest, paid monthly, is capped at 19 percent per annum. The Loan matures on March 31, 2024 and is to be amortized by quarterly payments beginning March 31, 2015 and annual prepayments based upon free cash flows of the Borrower and its affiliates commencing in April 2015. The Loan is secured by the real property and equipment held by Black Bison WS and the outstanding equity in Black Bison WS and its affiliates. The Loan is also guarantied by all affiliates of Black Bison WS. The Company believes the note receivable balance is fully collectible as of June 30, 2014.

As a condition to the Loan, Corridor Bison acquired a Warrant to purchase up to 15 percent of the outstanding equity of Black Bison Intermediate Holdings, LLC ("Intermediate Holdings"). Corridor Bison paid $34 thousand for the Warrant, which amount was determined to represent the fair value of the Warrant as of the date of purchase. The exercise price of the Warrant, $3.16 per unit, was determined based on the value of 15 percent of the contributed capital of Intermediate Holdings as of the date of purchase. The exercise price increases at a rate of 12 percent per annum. The Warrant grants to Corridor Bison certain rights with respect to the management of Intermediate Holdings and Black Bison WS. See Note 17, Subsequent Events, for information concerning a further expansion of these financing arrangements in July 2014.

6. VARIABLE INTEREST ENTITIES

The Company's variable interest in Variable Interest Entities ("VIE" or "VIEs") currently are in the form of equity ownership and loans provided by the Company to a VIE. The Company examines specific criteria and uses its judgment when determining if the Company is the primary beneficiary of a VIE and is therefore required to consolidate the investments. Factors considered in determining whether the Company is the primary beneficiary include risk- and reward-sharing, experience and financial condition of the other partner(s), voting rights, involvement in day-to-day capital and operating decisions, representation on a VIE's executive committee or Board of Directors, whether or not the Company has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, existence of unilateral kick-out rights or voting rights, and level of economic disproportionality between the Company and the other partner(s).

Consolidated VIEs
As of June 30, 2014, the Company does not have any investments in VIEs that qualify for consolidation.

Unconsolidated VIE
At June 30, 2014, the Company's recorded investment in Black Bison WS and Intermediate Holdings, collectively a VIE that is unconsolidated, was $4.4 million. The Company's maximum exposure to loss associated with the investment is limited to the Company's outstanding note receivable, related accrued interest receivable and the Warrant, discussed in Note 5, totaling $4.4

million. While this entity is a VIE, the Company has determined that the power to direct the activities of the VIE that most significantly impact the VIE's economic performance is not held by the Company, therefore the VIE is not consolidated.

7. INCOME TAXES

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting and tax purposes. Components of the Company's deferred tax assets and liabilities as of June 30, 2014 and December 31, 2013 are as follows:

Deferred Tax Assets and Liabilities

	June 30, 2014	December 31, 2013
Deferred Tax Assets:		
Net operating loss carryforwards	$ (147,650)	$ (65,248)
Cost recovery of leased and fixed assets	(891,550)	(966,914)
Sub-total	$ (1,039,200)	$ (1,032,162)
Deferred Tax Liabilities:		
Basis reduction of investment in partnerships	$ 5,481,732	$ 6,335,805
Net unrealized gain on investment securities	1,291,873	28,444
Sub-total	6,773,605	6,364,249
Total net deferred tax liability	$ 5,734,405	$ 5,332,087

For the period ended June 30, 2014, the total deferred tax liability presented above relates to assets held in the Company's TRSs. The Company recognizes the tax benefits of uncertain tax positions only when the position is "more likely than not" to be sustained upon examination by the tax authorities based on the technical merits of the tax position. The Company's policy is to record interest and penalties on uncertain tax positions as part of tax expense. As of June 30, 2014, the Company had no uncertain tax positions and no penalties and interest were accrued. Tax years subsequent to the year ending November 30, 2006 remain open to examination by federal and state tax authorities.

Total income tax expense differs from the amount computed by applying the federal statutory income tax rate of 35 percent for the three and six months ended June 30, 2014 and June 30, 2013 to income or loss from operations and other income and expense for the years presented, as follows:

Income Tax Expense (Benefit)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Application of statutory income tax rate	$ 1,310,265	$ 109,139	$ 2,228,611	$ 1,310,934
State income taxes, net of federal tax benefit	59,790	9,568	102,769	71,839
Federal Tax Attributable to Income of Real Estate Investment Trust	(627,176)	123,047	(1,074,988)	(120,075)
Total income tax expense	$ 742,879	$ 241,754	$ 1,256,392	$ 1,262,698

Total income taxes are computed by applying the federal statutory rate of 35 percent plus a blended state income tax rate, which was approximately 3.11 percent for the three and six months ended June 30, 2014 and 2.26 percent for the three and six months ended June 30, 2013. Because Mowood operates only in the state of Missouri, a blended state income tax rate of 5 percent was used for the operations of our Mowood TRS for the three and six months ended June 30, 2014 and 2013. The restructuring done in December 2012 causes us to hold and operate certain of our assets through one or more TRSs. A TRS is a subsidiary of a REIT that is subject to applicable corporate income tax. For the three and six months ended June 30, 2014, all of the income tax expense presented above relates to the assets and activities held in the Company's TRSs. The components of income tax expense include the following for the periods presented:

Components of Income Tax Expense (Benefit)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Current tax expense (benefit)				
Federal	$ —	$ 546,816	$ 784,377	$ 815,021
State (net of federal tax benefit)	—	34,941	69,698	52,627
Total current tax expense (benefit)	—	581,757	854,075	867,648
Deferred tax expense (benefit)				
Federal	683,089	(314,630)	369,246	375,838
State (net of federal tax benefit)	59,790	(25,373)	33,071	19,212
Total deferred tax expense (benefit)	742,879	(340,003)	402,317	395,050
Total income tax expense, net	$ 742,879	$ 241,754	$ 1,256,392	$ 1,262,698

As of December 31, 2013, the TRS' had a net operating loss for federal income tax purposes of approximately $160 thousand. The net operating loss may be carried forward for 20 years. If not utilized, this net operating loss will expire in the year ending December 31, 2033. A total Net Operating Loss of approximately $82 thousand has been incurred by the TRSs for the six months ended June 30, 2014.

The aggregate cost of securities for federal income tax purposes and securities with unrealized appreciation and depreciation, were as follows:

Aggregate Cost of Securities for Income Tax Purposes

	June 30, 2014	December 31, 2013
Aggregate cost for federal income tax purposes	$ 8,012,960	$ 6,604,635
Gross unrealized appreciation	17,773,825	16,699,686
Net unrealized appreciation	$ 17,773,825	$ 16,699,686

8. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Property and Equipment

	June 30, 2014	December 31, 2013
Natural gas pipeline	$ 5,215,424	$ 5,215,424
Vehicles and trailers	125,117	125,117
Computers	15,627	15,627
Gross property and equipment	5,356,168	5,356,168
Less: accumulated depreciation	(2,179,305)	(2,037,685)
Net property and equipment	$ 3,176,863	$ 3,318,483

The amounts of depreciation of property and equipment recognized for each of the three-month periods ended June 30, 2014 and 2013 was $71 thousand, and was $142 thousand for each of the six-month periods ended June 30, 2014 and 2013.

9. CONCENTRATIONS

Prior to 2013, the Company had historically invested in securities of privately-held and publicly-traded companies in the midstream and downstream segments of the U.S. energy infrastructure sector. As of June 30, 2014, investments in securities of energy infrastructure companies represented approximately 8 percent of the Company's total assets. The Company is now focused on identifying and acquiring real property assets in the U.S. energy infrastructure sector that are REIT-qualified.

Mowood, a wholly-owned TRS of the Company, has a ten-year contract, expiring in 2015, with the Department of Defense ("DOD") to provide natural gas and gas distribution services to Fort Leonard Wood. Revenue related to the DOD contract accounted for 84 percent and 88 percent of our sales revenue for the three and six months ended June 30, 2014, respectively, as compared to 85 percent and 87 percent for the three and six months ended June 30, 2013, respectively. Mowood, through its wholly-owned subsidiary Omega, performs management and supervision services related to the expansion of the natural gas distribution system used by the DOD. The amount due from the DOD accounts for 83 percent and 91 percent of the consolidated accounts receivable balances at June 30, 2014 and December 31, 2013, respectively.

Mowood's contracts for its supply of natural gas are concentrated among select providers. Purchases from its largest supplier of natural gas accounted for 55 percent and 69 percent of our cost of sales for the three and six months ended June 30, 2014. This compares to 52 percent and 31 percent for the three and six months ended June 30, 2013.

10. MANAGEMENT AND ADVISORY AGREEMENTS

On December 1, 2011, the Company executed a Management Agreement with Corridor InfraTrust Management, LLC ("Corridor"). Under the 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 terms of the Management Agreement, as revised effective as of January 1, 2014, 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 such 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 also 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. A new Management Agreement between the Company and Corridor was approved by the Board of Directors and became effective July 1, 2013. The new agreement does not change in any respect the terms for determination or payment of compensation for the Manager, 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 new management agreement was amended as of January 1, 2014 to change the methodology for calculating the quarterly management fee. The new method is not expected to have a material impact on the compensation payable to the manager.

The Company pays Corridor, as the Company's Administrator pursuant to an Administrative Agreement, a fee equal to an annual rate of 0.04 percent of managed assets, with a minimum annual fee of $30 thousand.

Tortoise Capital Advisors, L.L.C. ("TCA") is compensated by Corridor to provide investment services related to the monitoring and disposition of our current securities portfolio.

U.S. Bancorp Fund Services, LLC serves as the Company's fund accounting services provider. The Company pays the provider a monthly fee computed at an annual rate of $24 thousand on the first $50 million of the Company's Net Assets, 0.0125 percent on the next $200 million of Net Assets, 0.0075 percent on the next $250 million of Net Assets and 0.0025 percent on the balance of the Company's Net Assets.

11. FAIR VALUE OF OTHER SECURITIES

The inputs or methodology used for valuing securities and financial instruments are not necessarily an indication of the risk associated with investing in those securities or financial instruments. The following tables provide the fair value measurements of applicable Company assets and liabilities by level within the fair value hierarchy as of June 30, 2014, and December 31, 2013. These assets and liabilities are measured on a recurring basis.

June 30, 2014

		Fair Value		
	June 30, 2014	Level 1	Level 2	Level 3
Assets:				
Other equity securities	$ 25,786,785	$ —	$ —	$ 25,786,785
Warrant option(1)	109,500	—	—	109,500
Total Assets	$ 25,896,285	$ —	$ —	$ 25,896,285

(1) Located in Prepaid expenses and other assets in the Consolidated Balance Sheets

December 31, 2013

		Fair Value		
	December 31, 2013	Level 1	Level 2	Level 3
Assets:				
Other equity securities	$ 23,304,321	$ —	$ —	$ 23,304,321
Total Assets	$ 23,304,321	$ —	$ —	$ 23,304,321

The changes for all Level 3 securities measured at fair value on a recurring basis using significant unobservable inputs for thesix months ended June 30, 2014 and June 30, 2013 are as follows:

	For the Six Months Ended	
	June 30, 2014	June 30, 2013
Fair value beginning balance	$ 23,304,321	$ 19,707,126
Acquisitions	46,500	—
Total realized and unrealized gains included in net income	3,378,208	2,087,251
Return of capital adjustments impacting cost basis of securities	(832,744)	(554,442)
Fair value ending balance	$ 25,896,285	$ 21,239,935
Changes in unrealized gains, included in net income, relating to securities still held (1)	$ 3,378,208	$ 2,087,251

(1) Located in Net realized and unrealized gain on other equity securities in the Consolidated Statements of Income

The Company utilizes the beginning of reporting period method for determining transfers between levels. There wereno transfers between levels 1, 2 or 3 for the three and six-month periods ended June 30, 2014 and June 30, 2013.

Valuation Techniques and Unobservable Inputs

An equity security of a publicly traded company acquired in a private placement transaction without registration under the Securities Act of 1933, as amended (the "1933 Act"), is subject to restrictions on resale that can affect the security's liquidity (and hence its fair value). If the security has a common share counterpart trading in a public market, the Company generally determines an appropriate percentage discount for the security in light of the restrictions that apply to its resale (taking into account, for example, whether the resale restrictions of Rule 144 under the 1933 Act apply). This pricing methodology applies if the Company has Level 2 trading securities.

The Company's other equity securities, which represent securities issued by private companies, are classified as Level 3 assets. Valuation of these investments is determined by weighting various valuation metrics for each security. Significant judgment is required in selecting the assumptions used to determine the fair values of these investments. See Note 2, Significant Accounting Policies, for additional discussion.

The Company's investments in private companies are typically valued using one or a combination of the following valuation techniques: (i) analysis of valuations for publicly traded companies in a similar line of business ("public company analysis"),

(ii) analysis of valuations for comparable M&A transactions ("M&A analysis") and (iii) discounted cash flow analysis. The table entitled "Quantitative Table for Valuation Techniques" outlines the valuation technique(s) used for each asset category.

The public company analysis utilizes valuation multiples for publicly traded companies in a similar line of business as the portfolio company to estimate the fair value of such investment. Typically, the Company's analysis focuses on the ratio of enterprise value to earnings before interest expense, income tax expense, depreciation and amortization ("EBITDA") which is commonly referred to as an EV/EBITDA multiple. The Company selects a range of multiples given the trading multiples of similar publicly traded companies and applies such multiples to the portfolio company's EBITDA to estimate the portfolio company's trailing, proforma, projected or average (as appropriate) EBITDA to estimate the portfolio company's enterprise value and equity value. The Company also selects a range of trading market yields of similar public companies and applies such yields to the portfolio company's estimated distributable cash flow. When calculating these values, the Company applies a discount, when applicable, to the portfolio company's estimated equity value for the size of the company and the lack of liquidity in the portfolio company's securities.

The M&A analysis utilizes valuation multiples for historical M&A transactions for companies or assets in a similar line of business as the portfolio company to estimate the fair value of such investment. Typically, the Company's analysis focuses on EV/EBITDA multiples. The Company selects a range of multiples based on EV/EBITDA multiples for similar M&A transactions or similar companies and applies such ranges to the portfolio company's analytical EBITDA to estimate the portfolio company's enterprise value.

The discounted cash flow ("DCF") analysis is used to estimate the equity value for the portfolio company based on estimated DCF of such portfolio company. Such cash flows include an estimate of terminal value for the portfolio company. A present value of these cash flows is determined by using estimated discount rates (based on the Company's estimate for weighted average cost of capital for such portfolio company).

Under all of these valuation techniques, the Company estimates operating results of its portfolio companies (including EBITDA). These estimates utilize unobservable inputs such as historical operating results, which may be unaudited, and projected operating results, which will be based on expected operating assumptions for such portfolio company. The Company also consults with management of the portfolio companies to develop these financial projections. These estimates will be sensitive to changes in assumptions specific to such portfolio company as well as general assumptions for the industry. Other unobservable inputs utilized in the valuation techniques outlined above include: possible discounts for lack of marketability, selection of publicly-traded companies, selection of similar M&A transactions, selected ranges for valuation multiples, selected range of yields and expected required rates of return and weighted average cost of capital. The various inputs will be weighted as appropriate, and other factors may be weighted into the valuation, including recent capital transactions of the Company.

Changes in EBITDA multiples, or discount rates may change the fair value of the Company's portfolio investments. Generally, a decrease in EBITDA multiples or DCF multiples, or an increase in discount rates, when applicable, may result in a decrease in the fair value of the Company's portfolio investments.

Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of the Company's investments may fluctuate from period to period. Additionally, the fair value of the Company's investments may differ from the values that would have been used had a ready market existed for such investments and may differ materially from the values that the Company may ultimately realize.

As of both June 30, 2014 and June 30, 2013, the Company held a 6.7 percent equity interest in Lightfoot Capital Partners LP ("Lightfoot") and an11.1 percent equity interest in VantaCore Partners LP ("VantaCore"). The following table summarizes the significant unobservable inputs that the Company used to value its portfolio investments categorized as Level 3 as of June 30, 2014. Please see the Asset Portfolio and Related Developments section of Management's Discussion and Analysis for more detail.

Quantitative Table for Valuation Techniques

Significant Unobservable Inputs Used To Value Portfolio Investments

Assets at Fair Value	Fair Value	Valuation Technique	Unobservable Inputs	Range Low	Range High	Weighted Average
Other equity securities, at fair value	$ 25,786,785	Public company historical EBITDA analysis	Historical EBITDA Valuation Multiples	10.0x	11.0x	10.5x
		Public company projected EBITDA analysis	Projected EBITDA Valuation Multiples	9.0x	10.0x	9.5x
		M&A company analysis	EV/LTM 2012 EBITDA	8.3x	9.3x	8.8x
		Discounted cash flow	Weighted Average Cost of Capital	9.5%	14.0%	11.8%

Certain condensed combined financial information of the unconsolidated affiliates, Lightfoot and VantaCore, is presented in the following tables.

Assets	June 30, 2014	December 31, 2013
Current assets	$ 57,298,543	$ 49,195,626
Noncurrent assets	$ 554,482,086	$ 554,402,885
Total Assets	$611,780,629	$603,598,511
Liabilities		
Current liabilities	$ 30,885,158	$ 31,860,653
Noncurrent liabilities	193,710,004	182,639,103
Total Liabilities	224,595,162	214,499,756
Partner's equity	387,185,467	389,098,755
Total liabilities and partner's equity	$611,780,629	$603,598,511

	For the three Months Ending		For the six Months Ending	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Revenues	$ 45,216,000	$ 38,524,000	$ 76,438,000	$ 65,632,000
Operating expenses	33,928,000	27,427,000	60,868,000	48,709,000
EBITDA	$ 11,288,000	$ 11,097,000	$ 15,570,000	$ 16,923,000
Other income (expenses)	(748,000)	(3,812,000)	(1,879,000)	4,425,000
Net income	$ 10,540,000	$ 7,285,000	$ 13,691,000	$ 21,348,000

The following section describes the valuation methodologies used by the Company for estimating fair value for financial instruments not recorded at fair value, but fair value is included for disclosure purposes only, as required under disclosure guidance related to the fair value of financial instruments.

Cash and Cash Equivalents — The carrying value of cash, amounts due from banks, federal funds sold and securities purchased under resale agreements approximates fair value.

Financing Note Receivable — Based on the interest rates for similar financial instruments, the carrying value of the financing note receivable is considered to approximate fair value.

Long-term Debt — The fair value of the Company's long-term debt is calculated, for disclosure purposes, by discounting future cash flows by a rate equal to the Company's current expected rate for an equivalent transaction.

Line of Credit — The carrying value of the line of credit approximates the fair value due to its short-term nature.

Carrying and Fair Value Amounts

	Level within fair value hierarchy	June 30, 2014 Carrying Amount	June 30, 2014 Fair Value	December 31, 2013 Carrying Amount	December 31, 2013 Fair Value
Financial Assets:					
Cash and cash equivalents	Level 1	$ 18,986,616	$ 18,986,616	$ 17,963,266	$ 17,963,266
Financing note receivable	Level 2	$ 4,299,356	$ 4,299,356	$ —	$ —
Financial Liabilities:					
Long-term debt	Level 2	$ 68,824,000	$ 68,824,000	$ 70,000,000	$ 70,000,000
Line of credit	Level 1	$ —	$ —	$ 81,935	$ 81,935

12. INTANGIBLES

The Company has recorded an intangible lease asset, related to the PNM Lease Agreement, for the fair value of the amount by which the remaining contractual lease payments exceeded market lease rates at the time of acquisition. The intangible lease asset is being amortized on a straight-line basis over the life of the lease term, which expires on April 1, 2015. Quarterly amortization of the intangible lease asset, totaling $73 thousand for each of the three months ended June 30, 2014 and June 30, 2013, and $146 thousand for each of the six months ended June 30, 2014 and June 30, 2013, is reflected in the accompanying Consolidated Statements of Income as a reduction to lease revenue. This amount is included in Amortization expense in the accompanying Consolidated Statements of Cash Flows.

Intangible Lease Asset

	June 30, 2014	December 31, 2013
Intangible lease asset	$ 1,094,771	$ 1,094,771
Accumulated amortization	(875,816)	(729,847)
Net intangible lease asset	$ 218,955	$ 364,924

Remaining Estimated Amortization On Intangibles

Year ending December 31,	Amount
2014	$ 145,970
2015	72,985
Total	$ 218,955

13. CREDIT FACILITIES

On December 20, 2012, Pinedale LP closed on a $70 million secured term credit facility with KeyBank serving as a lender and as administrative agent on behalf of other lenders participating in the credit facility. Funding of the credit facility was conditioned on our contribution of the proceeds of the stock issuance to Pinedale LP and the receipt by Pinedale LP of the $30 million co-investment funds from Prudential. Outstanding balances under the credit facility will generally accrue interest at a variable annual rate equal to LIBOR plus 3.25 percent (3.41 percent as of June 30, 2014). The credit facility will remain in effect through December 2015, with an option to extend through December 2016. The credit facility is secured by the Pinedale LGS. Pinedale LP is obligated to pay all accrued interest quarterly and is further obligated to make monthly principal payments, which began March 7, 2014, in the amount of $294 thousand or 0.42 percent of the principal balance as of March 1, 2014. Principal payments totaling $2.9 million and $3.5 million are required in 2014 and 2015, respectively. The registrant has provided to KeyBank a guarantee against certain inappropriate conduct by or on behalf of Pinedale LP or us. The credit agreement contains, among other restrictions, specific financial covenants including the maintenance of certain financial coverage ratios and a minimum net worth requirement. Pinedale LP is required to maintain a restricted collateral account into which Ultra Wyoming makes all lease payments under the Pinedale Lease Agreement. Payments of principal and interest pursuant to the credit facility are drawn by KeyBank directly from the restricted collateral account prior to transferring the remaining cash to the Pinedale LP operating account. The balance in the restricted collateral account at June 30, 2014 was $0. As of June 30, 2014, Pinedale LP was in compliance with all of the financial covenants of the secured term credit facility.

Pinedale LP's credit facility with KeyBank limits distributions by Pinedale LP to the Company. Now that the Company has qualified as a REIT under the Code, distributions by Pinedale LP to the Company are permitted to the extent required for the Company to maintain its REIT qualification, so long as Pinedale LP's obligations to KeyBank have not been accelerated following an Event of Default (as defined in the credit facility). The KeyBank credit facility also requires that Pinedale LP maintain minimum net worth levels and certain leverage ratios, which along with other provisions of the credit facility limit cash dividends and loans to the Company.

As of June 30, 2014 and December 31, 2013 approximately $759 thousand and $1.0 million, respectively, in net deferred debt issuance costs related to the KeyBank credit facility are included in the accompanying Consolidated Balance Sheets. The deferred costs will be amortized over the anticipated three-year term of the KeyBank credit facility. For the three months ended June 30, 2014 and 2013, $129 thousand and $128 thousand, respectively, are included in interest expense within the accompanying Consolidated Statements of Income, For the six months ended June 30, 2014 and 2013, $258 thousand and $257 thousand, respectively, are included in interest expense within the accompanying Consolidated Statements of Income.

We have executed interest rate swap derivatives to add stability to our interest expense and to manage our exposure to interest rate movements on our LIBOR based borrowings. Interest rate swaps involve the receipt of variable-rate amounts from a counterparty in exchange for us making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. See Note 14 for further information regarding interest rate swap derivatives.

On May 8, 2013, the Company entered into a $20 million revolving line of credit with KeyBank. The primary term of the facility is three years with the option for a one-year extension. Outstanding balances under the revolving credit facility (the "Revolver") will accrue interest at a variable annual rate equal to LIBOR plus 4.0 percent or the Prime Rate plus 2.75 percent. We intend to use the facility to fund general working capital needs and if necessary, to provide short-term financing for the acquisition of additional real property assets. The amount available to be drawn under this facility is subject to a borrowing base limitation. If we were to use the Revolver to provide short-term financing for an acquisition, we would expect the assets acquired to be taken into consideration in determining the borrowing base. As of June 30, 2014 there had been no borrowings against the Revolver.

As of June 30, 2014 and December 31, 2013, approximately $177 thousand and $208 thousand, respectively, in net deferred debt issuance costs, related to the Revolver, are included in the accompanying Consolidated Balance Sheets. The deferred costs will be amortized over the anticipated four-year term of the Revolver facility. For the three months ended June 30, 2014 and 2013, $16 thousand and $0, respectively, is included in interest expense within the accompanying Consolidated Statements of Income. For the six months ended June 30, 2014 and 2013, $31 thousand and $0, respectively, is included in interest expense within the accompanying Consolidated Statements of Income.

On October 29, 2010, Mowood entered into a Revolving Note Payable Agreement ("2010 Note Payable Agreement") with a financial institution with a maximum borrowing base of $1.3 million. Borrowings on the 2010 Note Payable Agreement, as amended and restated, were secured by all of Mowood's assets. Interest accrued at LIBOR, plus 4 percent, was payable monthly, with all outstanding principal and accrued interest payable on the termination date of October 29, 2013.

On October 15, 2013, Mowood entered into a Revolving Note Payable Agreement ("2013 Note Payable Agreement") with a financial institution with a maximum borrowing base of $1.5 million. Borrowings on the 2013 Note Payable Agreement are secured by Mowood's assets. Interest accrues at Prime Lending Rate as published in the Wall Street Journal, plus 0.5 percent (3.75% as of June 30, 2014), is payable monthly, with all outstanding principal and accrued interest payable on the termination date of October 15, 2014. As of June 30, 2014 there was $0 in outstanding borrowings under this 2013 Note Payable Agreement. The 2013 Note Payable Agreement contains various restrictive covenants, with the most significant relating to minimum consolidated fixed charge ratio, the incidence of additional indebtedness, member distributions, extension of guaranties, future investments in other subsidiaries and change in ownership. Mowood was in compliance with the various covenants of the 2013 Note Payable Agreement as of June 30, 2014.

14. INTEREST RATE HEDGE SWAPS

Derivative financial instruments

Currently, the Company uses interest rate swaps to manage its interest rate risk. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including forward interest rate curves. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate forward curves.

To comply with the provisions of ASC 820, the Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees. In conjunction with the FASB's fair value measurement guidance in ASC 820, the Company made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of June 30, 2014, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Company has determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

The table below presents the Company's assets and liabilities measured at fair value on a recurring basis as well as their classification on the Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013, aggregated by the level in the fair value hierarchy within which those measurements fall. Hedges that are valued as receivable by the Company are considered Asset Derivatives and those that are valued as payable by the Company are considered Liability Derivatives.

Derivative Financial Instruments Measured At Fair Value on a Recurring Basis

Balance Sheet Line Item	Balance Sheet Classification	Fair Value Hierarchy Level 1	Fair Value Hierarchy Level 2	Fair Value Hierarchy Level 3
		June 30, 2014		
Hedged derivative asset	Assets	$ —	$ 294,607	$ —
		December 31, 2013		
Hedged derivative asset	Assets	$ —	$ 680,968	$ —

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, market corroborated inputs, etc.)

Level 3 – significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

Risk Management Objective of Using Derivatives

The Company is exposed to certain risk arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its debt funding and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's investments and borrowings.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps and caps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate caps designated as cash flow hedges involve the receipt of variable amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an upfront premium.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in Accumulated Other Comprehensive Income ("AOCI") and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The Company elected to designate its interest rate swaps as cash flow hedges in April 2013. During the three and six months ended June 30, 2014, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. During the three and six months ended June 30, 2014 there was a loss due to ineffectiveness of approximately $412 and $582, respectively, recorded in earnings resulting from interest rate swaps that did not have a fair value of zero at inception of the hedging relationship. During the three and six-months ended June 30, 2013 there was a gain due to ineffectiveness of approximately $7 thousand recorded in earnings resulting from interest rate swaps that did not have a fair value of zero at inception of the hedging relationship.

Amounts reported in AOCI related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. Over the next 12 months, the Company estimates that an additional $284 thousand will be reclassified as an increase to interest expense.

As of June 30, 2014, the Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk:

Outstanding Derivatives Designated as Cash Flow Hedges of Interest Rate Risk

Interest Rate Derivative	Number of Instruments	Notional Amount Outstanding	Effective Date	Termination Date	Floating Rate Received	Fixed Rate Paid
Interest Rate Swap	2	$52,500,000	February 5, 2013	December 5, 2017	1-month US Dollar LIBOR	0.865%

Non-Designated Hedges

Derivatives not designated as hedges are not speculative and are used to manage the Company's exposure to interest rate movements and other identified risks. Changes in the fair value of derivatives not designated in hedging relationships are recorded directly in earnings and were equal to a net loss of approximately $72 thousand and $75 thousand for the three and six months ended June 30, 2013, respectively. As the Company elected to designate its interest rate swaps in cash flow hedging relationships in April 2013 (see Cash Flow Hedges of Interest Rate Risk above), the Company did not have any non-designated hedges as of June 30, 2014.

Tabular Disclosure of the Effect of Derivative Instruments on the Income Statement

The tables below present the effect of the Company's derivative financial instruments on the Income Statement for the three and six months ended June 30, 2014 and June 30, 2013.

Effect of Derivative Financial Instruments on Income Statement

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)		Location of Gain (Loss) Reclassified from AOCI into Net Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI on Derivatives (Effective Portion) Recognized in Net Income *		Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion, Amounts Excluded from Effectiveness Testing)	
For the three months ended:	**June 30, 2014**	**June 30, 2013**		**June 30, 2014**	**June 30, 2013**		**June 30, 2014**	**June 30, 2013**
Interest Rate Products	$ (410,985)	$ 1,136,881	Interest Expense	$ (76,823)	$ (69,993)	Interest Expense	$ (412)	$ 7,160
For the six months ended:	**June 30, 2014**	**June 30, 2013**		**June 30, 2014**	**June 30, 2013**		**June 30, 2014**	**June 30, 2013**
Interest Rate Products	$ (572,874)	$ 1,136,881	Interest Expense	$ (151,581)	$ (69,993)	Interest Expense	$ (582)	$ 7,160

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income on Derivative *			
		For the Three Months Ended		For the Three Months Ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Interest rate contracts	Interest Expense	$ —	$ (71,850)	$ —	$ (75,200)

** The gain or (loss) recognized in income on derivatives includes changes in fair value of the derivatives as well as the periodic cash settlements and interest accruals for derivatives not designated as hedging instruments*

Tabular Disclosure of Offsetting Derivatives

The table below presents a gross presentation, the effects of offsetting, and a net presentation of the Company's derivatives as ofJune 30, 2014 and December 31, 2013. The net amounts of derivative assets or liabilities can be reconciled to the tabular disclosure of fair value. The tabular disclosure of fair value provides the location that derivative assets and liabilities are presented on the Balance Sheet.

Offsetting Derivatives

	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position		
				Financial Instruments	Cash Collateral Received	Net Amount
Offsetting Derivative Assets as of June 30, 2014	$ 294,607	$ —	$ 294,607	$ —	$ —	$ 294,607
Offsetting Derivative Liabilities as of June 30, 2014	$ —	$ —	$ —	$ —	$ —	$ —
Offsetting Derivative Assets as of December 31, 2013	$ 680,968	$ —	$ 680,968	$ —	$ —	$ 680,968
Offsetting Derivative Liabilities as of December 31, 2013	$ —	$ —	$ —	$ —	$ —	$ —

Credit-Risk Related Contingent Features

The Company has agreements with some of its derivative counterparties that contain a provision where if the Company defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the company could also be declared in default on its derivative obligations.

As of June 30, 2014, the Company did not have any derivatives that were in a net liability position. Therefore, the credit risk-related contingent features discussed above would not apply as of June 30, 2014.

15. WARRANTS

The Company issued 945,594 warrants (representing the right to purchase one share of the Company's common stock for$11.41 per common share) on February 7, 2007, all of which expired on February 6, 2014 and are no longer outstanding as of June 30, 2014.

16. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

Earnings Per Share

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Net income attributable to CORR Stockholders	$ 3,005,908	$ 70,072	$ 5,111,067	$ 2,482,825
Basic and diluted weighted average shares (1)	31,637,568	24,147,958	30,810,060	24,144,856
Basic and diluted earnings per share attributable to CORR Stockholders	$ 0.10	$ —	$ 0.17	$ 0.10

(1) Warrants to purchase shares of common stock were outstanding during the periods reflected in the table above, but were not included in the computation of diluted earnings per share because the warrants' exercise price was greater than the average market value of the common shares and, therefore, the effect would be anti-dilutive.

The increase in earnings per share forthree and six months ended June 30, 2014 as compared to the three and six months ended June 30, 2013 is primarily due to an increase in lease revenue from quarterly rent from the Portland Terminal Facility and an increase in unrealized gains on our equity securities.

17. SUBSEQUENT EVENTS

The Company performed an evaluation of subsequent events through the date of the issuance of these financial statements and determined that no additional items require recognition or disclosure, except for the following:

Dividend Declaration

On July 30, 2014, the Company's Board of Directors declared the second quarter 2014 distribution of$0.13 per share. The distribution is payable on August 29, 2014 to shareholders of record on August 15, 2014.

Credit Facility

The Company has signed a non-binding term sheet for a new credit facility that will replace the Company's current credit facility. Management of the Company expects to have this new credit facility in place in the third quarter and anticipates using the credit facility thereafter to fund property acquisitions, make capital improvements, or for other permitted corporate purposes. Management of the Company sought this new credit facility to provide greater financial flexibility in funding Company growth.

Securing the new credit facility is subject to a number of usual and customary conditions and processes, for which the signed term sheet is just the first step. Those conditions include, among other things, lender due diligence, agreement on definitive terms and final documents, and the negotiation of acceptable fee arrangements.

Black Bison Loan Agreements

On July 23, 2014, the Company increased its secured financing to Black Bison from$11.5 million to $15.3 million. The Company executed an amendment to the Loan Agreement previously entered into March 13, 2014, to increase the loan to $12 million, and entered into an additional loan for$3.3 million from a taxable REIT subsidiary of the Company, on substantially the same terms (the "TRS Loan"). The purpose of the increase in the secured financing was to fund the acquisition and development of real property and related equipment that will provide water sourcing, water disposal, or water treating and recycling services for the oil and natural gas industry. There were no other material changes to the terms of the Loan Agreement. In connection with the Amendment and the TRS Loan, the Company fully funded the remainder of the $15.3 million capacity of the combined loans.

In anticipation of the agreements described above, Corridor Bison assigned to CorEnergy BBWS its rights and obligations in the Warrant dated March 13, 2014. That Warrant granted to its holder the right to purchase up to 15 percent of the outstanding equity of Black Bison Intermediate Holdings, LLC ("Intermediate Holdings"). As a condition of the TRS Loan, the parties entered into an Amended and Restated Warrant, pursuant to which the amount available to purchase thereunder was increased to 18.72 percent of the outstanding equity of Intermediate Holdings. CorEnergy BBWS paid $51 thousand for the increase in the amount that could be purchased pursuant to the Warrant. The amount paid was determined to be the current value of the incremental amount that could be purchased under the Warrant.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements included or incorporated by reference in this Quarterly Report on Form 10-Q may be deemed "forward looking statements" within the meaning of the federal securities laws. In many cases, these forward looking statements may be identified by the use of words such as "will," "may," "should," "could," "believes," "expects," "anticipates," "estimates," "intends," "projects," "goals," "objectives," "targets," "predicts," "plans," "seeks," or similar expressions. Any forward-looking statement speaks only as of the date on which it is made and is qualified in its entirety by reference to the factors discussed throughout this report.

Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, forward-looking statements are not guarantees of future performance or results and we can give no assurance that these expectations will be attained. Our actual results may differ materially from those indicated by these forward-looking statements due to a variety of known and unknown risks and uncertainties. In addition to the risk factors discussed in Part I, Item 1A of our Annual Report on Form 10-K, as amended, for the year ended December 31, 2013, such known risks and uncertainties include, without limitation:

- *the ability of our tenants to make payments under their respective leases, our reliance on certain major tenants and our ability to re-lease properties that become vacant;*
- *our ability to obtain suitable tenants for our properties;*
- *changes in economic and business conditions, including the financial condition of our tenants and general economic conditions in the energy industry, and in the particular sectors of that industry served by each of our infrastructure assets;*
- *the inherent risks associated with owning real estate, including local real estate market conditions, governing laws and regulations, including potential liabilities relating to environmental matters, and illiquidity of real estate investments;*
- *our ability to sell properties at an attractive price;*
- *our ability to repay debt financing obligations;*
- *our ability to refinance amounts outstanding under our credit facilities at maturity on terms favorable to us;*
- *the loss of any member of our management team;*
- *our ability to comply with certain debt covenants;*
- *our ability to integrate acquired properties and operations into existing operations;*
- *our continued ability to access the debt or equity markets;*
- *the availability of other debt and equity financing alternatives;*
- *market conditions affecting our debt and equity securities;*
- *changes in interest rates under our current credit facility and under any additional variable rate debt arrangements that we may enter into in the future;*
- *our ability to successfully implement our selective acquisition strategy;*
- *our ability to maintain internal controls and processes to ensure all transactions are accounted for properly, all relevant disclosures and filings are timely made in accordance with all applicable rules and regulations, and any potential fraud or embezzlement is thwarted or detected;*
- *changes in federal or state tax rules or regulations that could have adverse tax consequences;*
- *declines in the market value of our investment securities; and*
- *changes in federal income tax regulations (and applicable interpretations thereof), or in the composition or performance of our assets, that could impact our ability to continue to qualify as a real estate investment trust for federal income tax purposes.*

This list of risks and uncertainties is only a summary and is not intended to be exhaustive. We disclaim any obligation to update or revise any forward-looking statements to reflect actual results or changes in the factors affecting the forward-looking information.

BUSINESS OBJECTIVE

Our assets are generally leased to energy companies via long-term triple net participating leases. The lease structures require that the tenant pay all operating expenses of the business conducted by the tenant, including real estate taxes, insurance, utilities, and expenses of maintaining the asset in good working order. Our long-term participating lease structures provide us base rents that are fixed and determinable, with escalators dependent upon increases in the Consumer Price Index. Leases may also include features that allow us to participate in the financial performance and/or value of the energy infrastructure asset.

We also may provide other types of capital, including loans secured by energy infrastructure assets. The assets we own and seek to acquire include pipelines, storage tanks, transmission lines and gathering systems, among others. We intend to acquire assets that will enhance the stability of our dividend through diversification, while offering the potential for long term distribution growth.

These sale-leaseback or real property mortgage transactions provide the energy company with a source of capital that is an alternative to sources such as corporate borrowing, bond offerings, or equity offerings. We expect to receive participation features in the financial performance or value of the underlying infrastructure real property asset.

RESULTS OF OPERATIONS

We believe the Lease Revenue, Security Distributions and Operating Results overview presented below provides investors with information that will assist them in analyzing the operating performance of our leased assets, private equity securities and operating entities. As it pertains to Other Equity Securities, the Company does not believe that return of capital distributions and Realized/Unrealized gains and losses are indicative of the operating performance of these assets. Accordingly, we have excluded them from EBITDA, resulting in an Adjusted EBITDA metric. Adjusted EBITDA is then reconciled to the most directly comparable GAAP financial measure, Net Income Attributable to CORR Stockholders, by accounting for Other Income, Depreciation, Amortization, Interest Expense and Income Taxes. We believe that Adjusted EBITDA is an important operating metric which highlights the performance of our assets for shareholders to use in measuring our results.

Following is a comparison of lease revenues, security distributions and operating results, expenses, other income and expense, and income (loss) before income taxes for the three and six months ended June 30, 2014 and 2013:

Results of Operations

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Lease Revenue, Security Distributions, Financing Revenue and Operating Results				
Leases:				
Lease revenue	$ 7,065,677	$ 5,638,244	$ 13,828,085	$ 11,276,488
Other equity securities:				
Distributions and dividends received	347,472	319,885	843,788	647,349
Financing:				
Financing revenue	139,728	—	165,347	—
Operations:				
Sales revenue	1,813,607	1,929,772	5,073,137	4,445,345
Cost of sales	(1,384,998)	(1,476,348)	(4,092,356)	(3,479,987)
Operating expenses (excluding depreciation and amortization)	(213,533)	(303,480)	(436,274)	(510,384)
Net operations (excluding depreciation and amortization)	215,076	149,944	544,507	454,974
Total Lease Revenue, Security Distributions, Financing Revenue and Net Operating Results	**$ 7,767,953**	**$ 6,108,073**	**$ 15,381,727**	**$ 12,378,811**
Operating expenses	(1,334,960)	(1,315,165)	(2,767,915)	(2,585,685)
Non-controlling interest attributable to adjusted EBITDA items	(952,244)	(931,749)	(1,908,658)	(1,869,086)
Adjusted EBITDA attributable to CORR stockholders	**$ 5,480,749**	**$ 3,861,159**	**$ 10,705,154**	**$ 7,924,040**
Other Income (Expense):				
Other equity securities:				
Distributions and dividends not recorded as income (return of capital adjustments)	(341,484)	(317,184)	(832,744)	(631,524)
Net realized and unrealized gain on securities	2,084,026	(30,976)	3,378,208	2,711,073
Net other equity securities	1,742,542	(348,160)	2,545,464	2,079,549
Depreciation, Amortization, and Interest Expense:				
Depreciation & amortization	(3,220,253)	(2,872,754)	(6,367,231)	(5,745,069)
Interest expense, net	(819,360)	(907,275)	(1,646,337)	(1,644,656)
Non-controlling interest attributable to depreciation, amortization and interest expense	565,109	578,856	1,130,409	1,131,659
Net depreciation, amortization and interest expense	(3,474,504)	(3,201,173)	(6,883,159)	(6,258,066)
Total other income (expense), net	(1,731,962)	(3,549,333)	(4,337,695)	(4,178,517)
Income before income taxes attributable to CORR stockholders	3,748,787	311,826	6,367,459	3,745,523
Income tax expense	(742,879)	(241,754)	(1,256,392)	(1,262,698)
Net income attributable to CORR stockholders	**$ 3,005,908**	**$ 70,072**	**$ 5,111,067**	**$ 2,482,825**
Adjusted EBITDA per share (basic and diluted)	$ 0.17	$ 0.16	$ 0.35	$ 0.33
Net earnings per share (basic and diluted)	$ 0.10	$ —	$ 0.17	$ 0.10
AFFO per share (basic and diluted)[(1)]	$ 0.14	$ 0.12	$ 0.28	$ 0.25
Book value per share (basic and diluted)[(2)]	$ 6.97	$ 8.59	$ 6.97	$ 8.59
Weighted Average Shares	31,637,568	24,147,958	30,810,060	24,144,856

(1) For a full reconciliation of AFFO per share (basic and diluted) to Income Attributable to CORR Stockholders, see FFO/AFFO Reconciliation table presented herein.

(2) For a full reconciliation of book value per share (basic and diluted) to Income Attributable to CORR Stockholders, see Book Value Per Share table presented herein.

Lease Revenue, Security Distributions, Financing Revenue and Operating Results

Our operating performance is derived primarily from leases of real property assets, distributions from our portfolio of equity investments, financing revenue from our loan agreement with Black Bison WS and the operating results of Mowood. Total lease revenue, security distributions, financing revenue and operating results generated by our investments for the three and six months ended June 30, 2014 was $7.8 million and $15.4 million, respectively, compared to $6.1 million and $12.4 million in the prior-year periods.

Lease revenues for the three and six months ended June 30, 2014 increased $1.4 million and $2.6 million, respectively, compared to the prior-year periods due mainly to the addition of the Portland Terminal lease, which was added in January 2014. Additionally, due to annual CPI escalations in the Pinedale Lease Agreement, required annual minimum rent for 2014 increased by approximately 1.53 percent or $76 thousand per quarter, accounting for the remaining increase over prior year.

Cash distributions received from our portfolio of equity securities for the three and six months ended June 30, 2014 increased by $28 thousand and $196 thousand, respectively, compared to the prior-year periods. In 2013, Lightfoot withheld paying distributions pending the Initial Public Offering ("IPO") of their subsidiary, Arc Logistics. Subsequent to the IPO, which occurred in the 4th quarter of 2013, Lightfoot resumed paying cash distributions to its partners. Vantacore distributions decreased during the first half of 2014 due to weather-imposed reductions in operations.

The $140 thousand and $165 thousand in financing revenues for the three and six months ended June 30, 2014, respectively, represents interest earned as a result of the new Loan Agreement with Black Bison WS, which was executed in March 2014.

Sales revenue, cost of sales, and operating expenses excluding depreciation and amortization, represent Mowood's natural gas operations. For the three months ended June 30, 2014, Mowood’s net operations increased by $65 thousand over the prior-year period. Sales revenue and cost of sales for the three months ended June 30, 2014 decreased $116 thousand and $91 thousand, respectively, compared to the prior-year period, for a net $25 thousand decrease in gross margin. The decrease in margin is attributable to higher gas prices and a warmer spring, which resulted in lower sales volume. Mowood’s operating expenses for the three months ended June 30, 2014 decreased $90 thousand compared to the prior-year period, which included one-time personnel costs of approximately $113 thousand.

For the six months ended June 30, 2014, Mowood’s net operations, excluding depreciation and amortization, increased by $90 thousand over the prior-year period. For the six months ended June 30, 2014, sales revenue and cost of sales increased $628 thousand and $612 thousand, respectively, compared to the prior-year period, for a net $15 thousand increase in gross margin. The increase is attributable to an increase in usage due to colder winter months and higher gas prices in 2014. Mowood’s operating expenses for the six months ended June 30, 2014 decreased $74 thousand compared to the prior-year period, which included one-time personnel costs of approximately $113 thousand.

Operating Expenses

Total expenses from operations were $1.3 million for each of the three-month periods ended June 30, 2014 and 2013, respectively, and $2.8 million and $2.6 million for the six-month periods ended June 30, 2014 and 2013, respectively. The most significant components of the variance from the prior year are outlined in the following table and explained below:

Expenses from Operations

	For the Three Months Ended			For the Six Months Ended		
	June 30, 2014	June 30, 2013	Increase/(Decrease)	June 30, 2014	June 30, 2013	Increase/(Decrease)
Management fees, net of expense reimbursements	$ 761,265	$ 646,394	$ 114,871	1,545,133	1,290,208	254,925
Asset acquisition expense	20,732	53,394	(32,662)	36,949	85,211	(48,262)
Professional fees/directors’ fees/other	552,963	615,377	(62,414)	1,185,833	1,210,266	(24,433)
Totals	$ 1,334,960	$ 1,315,165	$ 19,795	$ 2,767,915	$ 2,585,685	$ 182,230

Management fees for the three and six months ended June 30, 2014 were $761 thousand and $1.5 million, respectively. The increase, as compared to the three and six months ended June 30, 2013, is due to the January 2014 acquisition of the Portland Terminal Facility and the March 2014 funding of the financing note receivable, both of which increased our asset base.

Asset acquisition expense represents costs incurred throughout the year as we pursue potential opportunities to expand our REIT-qualified asset portfolio (“Deal Costs”). Deal Costs not associated with a completed transaction are expensed. Acquisition expense for the three months ended June 30, 2014 decreased $33 thousand compared to the three months ended June 30, 2013. Acquisition expense for the six months ended June 30, 2014 decreased $48 thousand compared to the comparable prior-year period. The overall decrease results from having consummated two transactions in the first half of 2014. In contrast, no transactions were completed in the corresponding period of 2013 resulting in more deal costs being expensed. Generally, we expect asset acquisition expenses to be repaid over time from income generated by acquisitions. However, any particular quarter may reflect significant expenses arising from third party legal, engineering and consulting fees that are incurred in the early to mid-stages of due diligence.

The remaining expenses, which include professional and directors' fees and other expenses, totaled $553 thousand and $1.2 million for the three and six months ended June 30, 2014. The decrease of $62 thousand and $24 thousand as compared to the three and six months ended June 30, 2013, respectively, is chiefly driven by a decrease in professional fees, which in the prior year included one-time administrative and compliance issues related to becoming a REIT.

Non-Controlling Interest Attributable to Adjusted EBITDA Items

The EBITDA adjustment for non-controlling interest of $952 thousand and $932 thousand for the three months ended June 30, 2014 and 2013, respectively, and $1.9 million for each of the six-month periods ended June 30, 2014 and 2013, represents Prudential's 18.95 percent ownership interest in Pinedale LP. Pinedale LP's EBITDA for the three and six months ended June 30, 2014 increased by $108 thousand and $209 thousand, respectively, as compared to the same periods in the prior year, accounting for the change in the non-controlling interest adjustment. The increase in Pinedale LP's EBITDA is attributable to the CPI-adjusted increase in revenue of $76 thousand and $153 thousand for the three and six months ended June 30, 2014, as well as a decrease in expenses of $32 thousand and $56 thousand, respectively.

Other Income and Expense

Other income and expense consists of four primary components: Distributions and dividends not recorded as income (return of capital adjustments); Net realized and unrealized gain on securities; Depreciation and amortization; and Interest expense. The two largest contributors to the variance from prior periods are the changes in realized and unrealized gain on securities and the increase in depreciation expense. Total other income and expense, net, for the three months ended June 30, 2014 was favorable by $1.8 million as compared to the three months ended June 30, 2013. For the six months ended June 30, 2014, total other income and expense, net, was unfavorable by $159 thousand as compared to the same period ended June 30, 2013. The following discussion expands on the impact of each of these four components on other income and expense.

Distributions and Dividends Not Recorded as Income

The following table summarizes the breakout of cash distributions and dividends reported as income on the income statement. The table shows gross cash distributions and dividends received from our investment securities, less the amounts considered return of capital and not recorded as income:

Gross Distributions and Dividends Received From Investment Securities

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Distributions and dividends received from investment securities	$ 347,472	$ 319,885	$ 843,788	$ 647,349
Less: distributions and dividends not recorded in income (recorded as a cost reduction)	(341,484)	(317,184)	(832,744)	(631,524)
Net distributions and dividends reported as income	$ 5,988	$ 2,701	$ 11,044	$ 15,825

Net Realized and Unrealized Gain on Securities

The increase in realized and unrealized gain from trading and other equity securities for the three and six months ended June 30, 2014 totaled $2.1 million and $667 thousand, as compared to the three and six months ended June 30, 2013, respectively. For the three and six months ended June 30, 2014, the Company recognized an unrealized gain on the fair value adjustment of our other equity securities of $2.1 million and $3.4 million, respectively. For the three and six months ended June 30, 2013, the $31 thousand loss and $2.7 million gain, respectively, are attributable to the sale of the Company's remaining trading securities and the fair value adjustment of other equity securities which remain in our investment portfolio.

Depreciation and Amortization

Depreciation expense increased $347 thousand and $622 thousand for the three and six months ended June 30, 2014, respectively, as compared to the prior year periods. The increase is mainly attributable to the newly acquired Portland Terminal Facility.

Interest Expense

Interest expense was approximately $819 thousand and $1.6 million for the three and six months ended June 30, 2014, respectively, as compared to $907 thousand and $1.6 million for the three and six months ended June 30, 2013, respectively. The second quarter decrease is mostly attributable to the interest rate swap related to the $70 million credit facility. In connection with the credit facility, we executed interest rate swap derivatives to add stability to our interest expense and to manage our exposure to interest rate movements on our LIBOR-based borrowings. Interest rate swaps involve the receipt of variable-rate amounts from a counterparty in exchange for us making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. (See Note 14 of the Notes to the Consolidated Financial Statements for further information regarding interest rate swap derivatives.) A mark-to-market adjustment to the value of the derivatives resulted in noncash charges to interest expense of $63 thousand for the three and six months ended June 30, 2013. The remaining difference is related to cash settlements in connection with the derivatives and amortization of debt issuance cost.

Non-Controlling Interest Attributable to Depreciation, Amortization and Interest Expense

The non-controlling interest adjustment represents Prudential's 18.95 percent ownership interest in Pinedale LP. The non-controlling interest attributable to depreciation, amortization and interest expense was $565 thousand and $579 thousand for the three months ended June 30, 2014 and 2013, respectively, and $1.1 million for each of the six-month periods ended June 30, 2104 and 2013. The decrease over prior year second quarter is related to the decrease in interest expense, as discussed above.

Net Income Attributable to CORR Stockholders

Operating income for the three and six months ended June 30, 2014, respectively, increased by $1.3 million and $2.0 million as a result of the acquisition of the Portland Terminal Facility. The increases in other income and expense of $1.8 million and $164 thousand resulted in income before taxes attributable to CORR stockholders for the three and six months ended June 30, 2014 of approximately $3.7 million and $6.4 million, respectively, as compared to income before taxes attributable to CORR stockholders of $312 thousand and $3.7 million for the three and six months ended June 30, 2013, respectively. The increase in income before taxes is primarily related to the contribution of the newly acquired Portland Terminal Facility and the increase in net realized and unrealized gain on securities.

Net income attributable to common stockholders was $3.0 million and $5.1 million, or $0.10 and $0.17 per common share, for the three and six months ended June 30, 2014, respectively, as compared to $70 thousand and $2.5 million, or $0.00 and $0.10 per common share, for the three and six months ended June 30, 2013, respectively.

Book Value per Share

Analysis of Equity	**June 30, 2014**	**December 31, 2013**
Warrants, no par value; 0 and 945,594 issued and outstanding at June 30, 2014 and December 31, 2013, respectively (5,000,000 authorized)	$ —	$ 1,370,700
Capital stock, non-convertible, $0.001 par value; 31,640,158 shares issued and outstanding at June 30, 2014 and 24,156,163 shares issued and outstanding at December 31, 2013 (100,000,000 shares authorized)	31,640	24,156
Additional paid-in capital	220,080,751	173,441,019
Accumulated retained earnings	—	1,580,062
Accumulated other comprehensive income	435,945	777,403
Total CorEnergy Equity	$ 220,548,336	$ 177,193,340
Shares outstanding	31,640,158	24,156,163
Book Value per Share	$ 6.97	$ 7.34

As of June 30, 2014, total equity attributable to CorEnergy stockholders increased by approximately $43.4 million to $220.5 million from $177.2 million as of December 31, 2013. The increase in CORR equity consists of approximately $45.7 million in net proceeds from our January 2014 follow-on equity offering of 7,475,000 shares of common stock and comprehensive income attributable to CORR stockholders of approximately $4.8 million, net of dividends paid of approximately $7.1 million.

FFO

As defined by the National Association of Real Estate Investment Trusts, FFO represents net income (computed in accordance with GAAP), excluding gains (or losses) from sales of depreciable operating property, real estate-related depreciation and amortization (excluding amortization of deferred financing costs or loan origination costs) and after adjustments for unconsolidated partnerships and joint ventures. FFO is a supplemental, non-GAAP financial measure.

We present FFO because we consider it an important supplemental measure of our operating performance and believe that it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO is a key measure used by the Company in assessing performance and in making resource allocation decisions.

FFO is intended to exclude GAAP historical cost depreciation and amortization of real estate and related assets, which assumes that the value of real estate diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions, and that may also be the case with the energy infrastructure assets in which we invest. Because FFO excludes depreciation and amortization unique to real estate and gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in base and participating rent, company operating costs, development activities and interest costs, thereby providing perspective not immediately apparent from net income.

We calculate FFO in accordance with standards established by the Board of Governors of the National Association of Real Estate Investment Trusts, in its March 1995 White Paper (as amended in November 1999 and April 2002), which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly may not be comparable to such other REITs. FFO does not represent amounts available for management's discretionary use because of needed capital for replacement or expansion, debt service obligations or other commitments and uncertainties. FFO should not be considered as an alternative to net income (computed in accordance with GAAP), as an indicator of our financial performance or to cash flow from operating activities (computed in accordance with GAAP), as an indicator of our liquidity, or as an indicator of funds available for our cash needs, including our ability to make distributions or to service our indebtedness.

AFFO

AFFO is a supplemental, non-GAAP financial measure which we define as FFO plus transaction costs, amortization of debt issuance costs, deferred leasing costs, above-market rent, and certain costs of a nonrecurring nature, less maintenance, capital expenditures (if any), amortization of debt premium and other adjustments as deemed appropriate by Management. Management uses AFFO as a measure of long-term sustainable operational performance.

We target a total return of 8 percent to 10 percent per annum on the infrastructure assets that we own, measured over the long term. We intend to generate this return from the base rent of our leases plus growth through acquisitions and participating portions of our rent and financing interest revenue. If we are successful growing our AFFO per share of common stock, we anticipate being able to increase distributions to our stockholders. In addition, the increase in our AFFO per share of common stock should result in capital appreciation.

AFFO does not represent amounts available for management's discretionary use because such amounts are needed for capital replacement or expansion, debt service obligations or other commitments and uncertainties. AFFO should not be considered as an alternative to net income (computed in accordance with GAAP), as an indicator of our financial performance or to cash flow from operating activities (computed in accordance with GAAP), as an indicator of our liquidity, or as an indicator of funds available for our cash needs, including our ability to make distributions or service our indebtedness.

In light of the per share AFFO growth that we foresee in our operations, we are targeting 1 percent to 3 percent annual dividend growth. We can provide no assurances regarding our total return or annual dividend growth. See "Risk Factors" for a discussion of the many factors that may affect our ability to make distributions at targeted rates, or at all.

The following table presents a comparison of FFO and AFFO for the three and six months ended June 30, 2014 and June 30, 2013:

FFO and AFFO Reconciliation

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Net Income (attributable to CorEnergy Stockholders):	$ 3,005,908	$ 70,072	$ 5,111,067	$ 2,482,825
Add:				
Depreciation	3,204,911	2,857,412	6,336,548	5,714,448
Distributions received from investment securities	341,484	317,184	832,744	631,524
Income tax expense, net	742,879	241,754	1,256,392	1,262,698
Less:				
Net realized and unrealized gain on trading securities	—	—	—	316,063
Net realized and unrealized gain (loss) on other equity securities	2,084,026	(30,976)	3,378,208	2,395,010
Non-controlling interest attributable to FFO reconciling items	411,455	411,384	822,910	822,762
Funds from operations (FFO)	$ 4,799,701	$ 3,106,014	$ 9,335,633	$ 6,557,660
Add:				
Transaction costs	20,732	53,394	36,949	85,211
Amortization of debt issuance costs	144,840	128,320	289,682	256,794
Amortization of deferred lease costs	15,342	15,342	30,623	30,621
Amortization of above market leases	72,985	72,985	145,969	145,970
Noncash costs associated with derivative instruments	(17,443)	71,850	(34,932)	75,200
Nonrecurring personnel costs	—	113,232	—	113,232
Less:				
EIP lease adjustment	542,809	542,809	1,085,618	1,085,618
Non-controlling interest attributable to AFFO reconciling items	23,179	39,929	46,349	75,210
Adjusted funds from operations (AFFO)	$ 4,470,169	$ 2,978,399	$ 8,671,957	$ 6,103,860
Weighted average shares	31,637,568	24,147,958	30,810,060	24,144,856
FFO per share	$ 0.15	$ 0.13	$ 0.30	$ 0.27
AFFO per share	$ 0.14	$ 0.12	$ 0.28	$ 0.25

FFO

FFO for the three months ended June 30, 2014 and June 30, 2013 totals approximately $4.8 million and $3.1 million, respectively. FFO for the six months ended June 30, 2014 and 2013 totals approximately $9.3 million, and $6.6 million, respectively. FFO was calculated in accordance with the National Association of Real Estate Investment Trust's definition, above. In addition, we have made adjustments for noncash items impacting net income for the three and six months ended June 30, 2014 by eliminating a net realized and unrealized gain on other equity securities of approximately $2.1 million and $3.4 million, respectively; adding distributions received from investment securities of approximately $341 thousand and $833 thousand, respectively; and adding back income tax expense of approximately $743 thousand and $1.3 million, respectively. For the three and six months ended June 30, 2013, adjustments we made for noncash items impacting net income by eliminating a net realized and unrealized loss on other equity securities of approximately $31 thousand and gain on other equity securities of approximately $2.4 million, respectively; adding distributions received from investment securities of approximately $317 thousand and $632 thousand, respectively; and adding back income tax expense of approximately $242 thousand and $1.3 million, respectively.

AFFO

AFFO for the three months ended June 30, 2014 and June 30, 2013 totals approximately$4.5 million and $3.0 million, respectively. AFFO for the six months ended June 30, 2014 and June 30, 2013 totals approximately$8.7 million and $6.1 million, respectively. In addition to the adjustments outlined in the AFFO definition above, we have included an adjustment to back out lease revenue associated with the EIP investment. Based on the economic return to CorEnergy resulting from the sale of our 40 percent undivided interest in EIP, we determined that it was appropriate to eliminate the portion of EIP lease income attributable to return of capital, as a means to more accurately reflect the EIP lease revenue contribution to CorEnergy-sustainable AFFO. CorEnergy believes that the portion of the EIP lease revenue attributable to return of capital, unless adjusted, overstates CorEnergy's distribution-paying capabilities and is not representative of sustainable EIP income over the life of the lease.

FEDERAL AND STATE INCOME TAXATION

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

For years ended in 2012 and before, the distributions we made to our stockholders from our earnings and profits were treated as qualified dividend income ("QDI") and return of capital. QDI is taxed to our individual shareholders at the maximum rate for long-term capital gains, which through tax year 2012 was 15 percent and beginning in tax year 2013 will be 20 percent. The Company has elected to be taxed as a REIT for 2013 rather than a C corporation and generally will not pay federal income tax on taxable income of the REIT that is distributed to our stockholders. 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 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. A portion of our normal distribution was characterized for federal income tax purposes as a distribution of those earnings and profits from non-REIT years and have been treated as QDI.

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

The Company's trading securities and other equity securities are limited partnerships or limited liability companies which are treated as partnerships for federal and state income tax purposes. As a limited partner, the Company reports its allocable share of taxable income in computing its own taxable income. The Company's tax expense or benefit is included in the Consolidated Statements of Income based on the component of income or gains and losses to which such expense or benefit relates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred income tax asset will not be realized. Due to our decision to structure ourselves as a REIT in December 2012, it is expected that for the year ended December 31, 2013 and future periods, any deferred tax liability or asset will be related entirely to the assets and activities of the Company's TRSs.

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

SEASONALITY

The Company's wholly-owned subsidiary, Mowood, experiences a substantial amount of seasonality in gas sales. As a result, overall sales and operating income are generally higher in the first and fourth quarters and lower during the second and third quarters of each year. Due to the seasonal nature of Mowood, operating results for the interim periods are not necessarily indicative of the results that may be expected for the full year.

ASSET PORTFOLIO AND RELATED DEVELOPMENTS

Descriptions of our asset portfolio and related operations, other than our remaining portfolio of private equity securities, are included in Notes 3, 4 and 5 in the Notes to the Consolidated Financial Statements included in this report. This section provides an overview of the asset portfolio, including our remaining private equity securities, and any related developments as of June 30, 2014.

Pinedale LGS

The Pinedale Lease Agreement with Ultra Wyoming, a subsidiary of Ultra Petroleum, has a fifteen year initial term and may be extended for additional five-year terms at the sole discretion of Ultra Wyoming. During the initial fifteen-year term, Pinedale LP will receive a fixed minimum annual rent of $20 million, adjusted annually for changes based on the consumer price index ("CPI"), subject to a 2 percent annual cap. The annual adjustment for changes in the CPI commenced January 1, 2014, resulting in an increase in quarterly rent of $76 thousand. In January 2014, we also became eligible for a variable rent component based on the volume of liquid hydrocarbons and water that flowed through the Pinedale LGS in a prior month. As of June 30, 2014, no variable rent based on throughput was due under the Pinedale Lease Agreement. The maximum annual rental payments under the Pinedale Lease Agreement during the initial fifteen-year term are $27.5 million.

Portland Terminal Facility

In January 2014, our subsidiary, LCP Oregon, acquired the Portland Terminal Facility for $40 million in cash. LCP Oregon entered into the Lease Agreement, relating to the use of the Portland Terminal Facility, (the “Portland Lease Agreement”) with Arc Terminals, an indirect wholly-owned subsidiary of Arc Logistics. During the fifteen-year initial term, Arc Terminals will make base monthly rental payments and variable rent payments based on the volume of liquid hydrocarbons that flowed through the Portland Terminal Facility in the prior month.

The base rent in the initial year of the Portland Lease Agreement increases to approximately $418 thousand per month starting with August 2014 and each month thereafter. The base rent is also expected to increase during the initial year of the Portland Lease Agreement 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 June 30, 2014, additional spending on terminal-related projects totaled approximately $2.8 million. The base rent is not influenced by the flow of hydrocarbons.

Variable rent will result from the flow of hydrocarbons through the Portland Terminal in excess of a designated threshold of 12,500 barrels per day of oil equivalent. Variable rent is capped at 30 percent of total rent, which would be the equivalent of the Portland Terminal Facility’s expected throughput capacity. As of June 30, 2014, no variable rent based on throughput was due under the Portland Lease Agreement. The Portland Lease Agreement also contains certain renewal provisions, as well as certain termination and purchase rights subject to advance notice and required payments to the Company as provided therein.

Black Bison Financing Note 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.

On July 24, 2014, our subsidiary, CorEnergy BBWS, Inc. entered into a TRS Loan Agreement, pursuant to which CORR BBWS agreed to loan Black Bison WS up to $3.3 million.

The proceeds of the Loan and the TRS Loan (collectively, the "Financing Note Receivable") are to be used by Black Bison WS and its affiliates to finance the acquisition and development of real property that will provide water sourcing, water disposal, or water treating and recycling services for the oil and natural gas industry. Borrowings under the Financing Note Receivable total $15.3 million. For additional information concerning this transaction, including subsequent developments in July 2014, see Notes 5 and 17 in the Notes to the Financial Statements included in this report.

Eastern Interconnect Project

The Eastern Interconnect Project (“EIP”) is leased to Public Service Company of New Mexico (“PNM”) under a triple net lease. The EIP lease terminates on April 1, 2015, with the sale of the Company’s 40 percent undivided interest for $7.7 million. The remaining lease payments were received in full on January 2, 2014.

Mowood, Omega Pipeline

Mowood Corridor, Inc is a wholly-owned taxable REIT subsidiary of the Company and represents approximately 2 percent of the Company's total assets. Mowood, LLC ("Mowood") is wholly-owned by Mowood Corridor, Inc. and is the holding company of Omega Pipeline Company, LLC ("Omega Pipeline"). Omega Pipeline owns and operates a natural gas distribution system in Fort Leonard Wood, Missouri. Omega Pipeline serves the natural gas needs of Fort Leonard Wood and other customers in the surrounding area. The Company provides financing to Mowood secured by Omega Pipeline's real property assets which allows for a maximum principal balance of $5.3 million. At June 30, 2014 and December 31, 2013, the principal balance outstanding was $5.3 million.

Private Security Assets

As of June 30, 2014, investments in securities of energy infrastructure companies represented less than 10 percent of the Company's total assets. Following is a summary of the fair values of the other equity securities that we held at June 30, 2014 as they compare to the fair values at December 31, 2013.

Lightfoot

The fair value of Lightfoot Capital Partners, LP and Lightfoot Capital Partners GP LLC (collectively, "Lightfoot") as of June 30, 2014 increased $1.8 million, or 16.9 percent, as compared to the valuation at December 31, 2013, primarily due to the change in value of Arc Logistics' publicly traded shares and a decrease in the Company's marketability discount. The Company received a second quarter distribution of approximately $184 thousand.

Based on the minimum quarterly distributions that Arc Logistics plans to make following its IPO as described in its IPO prospectus, and ongoing discussions with Lightfoot's management, the Company currently expects to receive distributions of approximately $900 thousand from Lightfoot during fiscal 2014, provided there are no reductions in the distributions to fund other uses of capital at Lightfoot. The Company expects distributions to be funded primarily by Lightfoot's distributions from Arc Logistics. However, both the ability of Arc Logistics to make quarterly distributions and the amount of such distributions will be dependent on Arc Logistics' business results, and neither Arc Logistics nor Lightfoot is under any obligation to make such distributions. Accordingly, there can be no assurance that our expectations concerning 2014 distributions from Lightfoot will be realized.

VantaCore

The fair value of VantaCore as of June 30, 2014 increased $706 thousand, or 5.5 percent, as compared to the fair value at December 31, 2013. The increase is primarily due to market value changes in the MLP comparable companies. VantaCore did not meet the minimum required quarterly distribution in cash for the quarter ended June 30, 2014. Therefore, the common and preferred unit holders elected to receive their distributions as a combination of $0.107 per unit in cash and the remainder in preferred units. The Company received approximately $157 thousand in cash and an additional 26,828 preferred units during the three-month period ended June 30, 2014.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2014, we had approximately $18.5 million available for future investment. The $18.5 million represents cash and Revolver availability totaling approximately $39.0 million less the following near-term commitments: current maturities of long-term debt of $3.5 million; accounts payable and accrued liabilities totaling $3.0 million; the remaining commitment of approximately $6.8 million in additional capital improvements in connection with the Portland Terminal Facility; and approximately $7.2 million of additional funding of the financing note receivable. There are opportunities that are in preliminary stages of review, and consummation of any of these opportunities depends on a number of factors beyond our control. There can be no assurance that any of these acquisition opportunities will result in consummated transactions. As part of our disciplined investment philosophy, we plan to use a moderate level of leverage, approximately 25 percent to 50 percent of assets. We may invest in assets subject to greater leverage, but which we would expect to be non-recourse to us.

Pinedale LP has a $70 million secured term credit facility with KeyBank that provides for monthly payments of principal and interest. Outstanding balances under the credit facility generally accrue interest at a variable annual rate equal to LIBOR plus 3.25 percent. The credit facility is secured by the Pinedale LGS. Pinedale LP is obligated to pay all accrued interest monthly and is further obligated to pay monthly principal payments, which began March 7, 2014, equal to 0.42 percent of the amount outstanding on the loan as of March 1, 2014, or $294 thousand.

In December of 2012, we executed interest rate swap derivatives covering $52.5 million of notional value, to add stability to our interest expense and to manage our exposure to interest rate movements on our LIBOR based borrowings. Interest rate swaps involve the receipt of variable-rate amounts from a counterparty in exchange for us making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

Our registration statement covering a proposed maximum aggregate offering price of $300 million of securities was declared effective on June 8, 2012, and we previously conducted a common equity offering under the registration statement in December 2012. The common equity offering closing on January 21, 2014 further reduced the total available for sale pursuant to that registration statement by the gross proceeds of the offering and exercise of the underwriter's over-allotment option. The remaining availability as of June 30, 2014 is $161.7 million of maximum aggregate offering price of securities.

On May 8, 2013, the Company entered into a $20 million revolving line of credit with KeyBank. The primary term of the facility is three years with the option for a one-year extension. Outstanding balances under the revolving credit facility (the "Revolver") will accrue interest at a variable annual rate equal to LIBOR plus 4.0 percent or the Prime Rate plus 2.75 percent. We intend to use the facility to fund general working capital needs and if necessary, to provide short-term financing for the acquisition of additional real property assets. The amount available to be drawn under this facility is subject to a borrowing base limitation. If we were to use the Revolver to provide short-term financing for an acquisition, we would expect the assets acquired to be taken into consideration in determining the borrowing base. As of June 30, 2014 there had been no borrowings against the Revolver.

As of March 31, 2013 the securities in our portfolio only included illiquid securities issued by privately-held companies. During the three-month period ended March 31, 2013, we liquidated approximately $4.3 million of our remaining publicly traded securities, which generated cash of approximately $4.6 million. We reported the gains on the securities transactions as Other Income rather than Income from Operations.

On October 15, 2013, Mowood entered into a Revolving Note Payable Agreement with a maximum borrowing base of $1.5 million. As of June 30, 2014, there was no outstanding indebtedness pursuant to this agreement and Mowood was in compliance with all applicable covenants. (See Note 13 of the Notes to the Consolidated Financial Statements for further information regarding this Mowood debt.)

We do not plan to make 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 securities portfolio in an orderly manner.

CONTRACTUAL OBLIGATIONS

The following table summarizes our significant contractual payment obligations as of June 30, 2014.

Contractual Obligations

	Notional Value	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt	$ 68,824,000	$ 3,528,000	$ 65,296,000	$ —	$ —
Interest payments on long-term debt		2,320,415	3,261,046	—	—
Totals		$ 5,848,415	$ 68,557,046	$ —	$ —

The Mowood Note Payable is not included in the above table because it relates to indebtedness under a line of credit with no fixed repayment schedule.

In December of 2012, Pinedale LP entered into a $70 million secured term credit facility with KeyBank to finance a portion of the acquisition of the Pinedale LGS. The primary term of the credit facility is three years, with an option for a one-year extension. Beginning with March 2014, Pinedale LP became obligated to make monthly principal payments, equal to 0.42 percent of the amount outstanding on the loan as of March 1, 2014, or $294 thousand. Interest accrues at a variable annual rate equal to LIBOR plus 3.25 percent. For purposes of the above presentation, interest payments were calculated using the LIBOR rate in effect at June 30, 2014 (0.155 percent).

OFF-BALANCE SHEET ARRANGEMENTS

We do not have, and are not expected to have, any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

MAJOR TENANTS

As of June 30, 2014, the Company had three significant leases. The table below displays the impact of each lease on total leased properties as of June 30, 2014 and 2013 and total lease revenues for the three and six months ended June 30, 2014 and 2013.

	As a Percentage of					
	Leased Properties		Lease Revenues			
			For the Three Months Ended		For the Six Months Ended	
	As of June 30, 2014	As of December 31, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Pinedale LGS	80.32%	94.23%	71.85%	88.68%	73.42%	88.68%
Portland Terminal Facility	16.21%	—	19.12%	—	17.35%	—
Public Service of New Mexico	3.47%	5.77%	9.03%	11.32%	9.23%	11.32%

Pinedale LGS. In December of 2012, the Company entered into a lease guaranteed by Ultra Petroleum, which is material to the Company. In view of the fact that Ultra Petroleum leases a substantial portion of the Company's net leased property which is a significant source of revenues and operating income, its financial condition and ability and willingness to satisfy its obligations under its lease with the Company, are expected to have a considerable impact on the results of operation going forward. As of June 30, 2014, approximately 80.3 percent of the Company's leased property, based on the net book value of real estate investments, was leased to Ultra Petroleum. Approximately 71.9 percent and 73.4 percent of the Company's total lease revenues for the three and six months ended June 30, 2014, respectively, was derived from Ultra Petroleum.

Ultra Petroleum is currently subject to the reporting requirements of the Exchange Act and is required to file with the SEC annual reports containing audited financial statements and quarterly reports containing unaudited financial statements. The audited financial statements and unaudited financial statements of Ultra Petroleum can be found on the SEC's website at www.sec.gov. The Company makes no representation as to the accuracy or completeness of the audited and unaudited financial statements of Ultra Petroleum, but has no reason to doubt the accuracy or completeness of such information. In addition, Ultra Petroleum has no duty, contractual or otherwise, to advise the Company of any events that might have occurred subsequent to the date of such financial statements which could affect the significance or accuracy of such information. Summary Consolidated Balance Sheets and Consolidated Statements of Operations for Ultra Petroleum are provided in Note 4 in the Notes to the Consolidated Financial Statements included in this report.

Portland Terminal Facility. In January 2014, the Company entered into a triple net lease with Arc Terminals for use of the Portland Terminal Facility, which is guaranteed by Arc Logistics. Arc Logistics has an equity market capitalization of approximately $268 million as of March 7, 2014, based on the number of common and subordinated units outstanding as of Arc Logistics' annual report on Form 10-K filed with the SEC on March 14, 2014. Following the consummation of the Portland Transaction, the Portland Terminal Facility accounts for approximately 16.2 percent of our total leased assets as of June 30, 2014, and the lease payments account for approximately 19.1 percent and 17.4 percent of our total lease revenue for the three and six months ended June 30, 2014, respectively.

Arc Logistics is currently subject to the reporting requirements of the Exchange Act and is required to file with the SEC annual reports containing audited financial statements and quarterly reports containing unaudited financial statements. The audited financial statements and unaudited financial statements of Arc Logistics can be found on the SEC's web site at www.sec.gov. The Company makes no representation as to the accuracy or completeness of the audited and unaudited financial statements of Arc Logistics but has no reason to doubt the accuracy or completeness of such information. In addition, Arc Logistics has no duty, contractual or otherwise, to advise the Company of any events that might have occurred subsequent to the date of such financial statements which could affect the significance or accuracy of such information. None of the information in the public reports of Arc Logistics that are filed with the SEC is incorporated by reference into, or in any way form, a part of this filing.

EIP. The Company's investment in EIP is leased under net operating leases with various terms. As of June 30, 2014, approximately 3.5 percent of the Company's leased property, based on the gross book value of real estate investments, was leased to PNM. Approximately 9.0 percent and 9.2 percent of the Company's total lease revenue for the three and six months ended June 30, 2014, respectively, was derived from PNM.

PNM is a subsidiary of PNM Resources Inc. ("PNM Resources"), which is currently subject to the reporting requirements of the Exchange Act and is required to file with the SEC annual reports containing audited financial statements and quarterly reports containing unaudited financial statements. The audited financial statements and unaudited financial statements of PNM Resources can be found on the SEC's website at www.sec.gov. The Company makes no representation as to the accuracy or completeness of the audited and unaudited financial statements of PNM Resources but has no reason to doubt the accuracy or completeness of such information. In addition, PNM Resources has no duty, contractual or otherwise, to advise the Company of any events that might have occurred subsequent to the date of such financial statements which could affect the significance or accuracy of such information. None of the information in the public reports of PNM Resources that are filed with the SEC is incorporated by reference into, or in any way form, part of this filing.

DIVIDENDS

Our portfolio of real property assets, promissory notes, and investment securities generate cash flow to us from which we pay distributions to stockholders. For the period ended June 30, 2014, the sources of our stockholder distributions were lease income from our real property assets and distributions from our investment securities. The amount of any distribution is recorded by the Company on the ex-dividend date. The characterization of any distribution for federal income tax purposes will not be determined until after the end of the taxable year.

In consideration of the additional lease income available to support distributions following our acquisition of the Portland Terminal Facility, our Board of Directors approved an increase in our quarterly distribution payable to stockholders, effective beginning from the date we closed on such acquisition, to $.13 per share from $.125 per share. This increase was reflected in the first quarter 2014 distribution of $.129 per share that we announced on July 31, 2014 (prorated based on implementation of the increase from and after our acquisition of the Portland Terminal Facility on January 21, 2014). There is no assurance that we will continue to make regular distributions.

A REIT is generally required to distribute during the taxable year an amount equal to at least 90 percent of the REIT taxable income (determined under Internal Revenue Code section 857(b)(2), without regard to the deduction for dividends paid). We intend to adhere to this requirement in order to maintain our REIT status. The Board of Directors will continue to determine the amount of any distribution that we expect to pay our stockholders.

IMPACT OF INFLATION AND DEFLATION

Deflation can result in a decline in general price levels, often caused by a decrease in the supply of money or credit. The predominant effects of deflation are high unemployment, credit contraction and weakened consumer demand. Restricted lending practices could impact our ability to obtain financings or to refinance our properties and our tenants' ability to obtain credit. During inflationary periods, we intend for substantially all of our tenant leases and loans to be designed to mitigate the impact of inflation. Generally our leases and loans include rent and interest escalators that are based on the CPI, or other agreed upon metrics that increase with inflation.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our business activities contain elements of market risk. We consider fluctuations in the value of our securities portfolio to be our principal market risk. With respect to our equity securities as of June 30, 2014, there were no material changes to our market risk exposure as compared to the end of our preceding fiscal year ended December 31, 2013**.**

As of June 30, 2014, the fair value of our securities portfolio (excluding short-term investments) totaled approximately $25.8 million. We estimate that the impact of a 10 percent increase or decrease in the fair value of these securities, net of related deferred taxes, would increase or decrease net assets applicable to common shareholders by approximately $1.6 million.

Our equity and debt securities are reported at fair value. The fair value of securities is determined using readily available market quotations from the principal market, if available. Because there are no readily available market quotations for many of the securities in our portfolio, we value a large portion of our securities at fair value as determined in good faith under a valuation policy and a consistently applied valuation process, which has been approved by our Board of Directors. Due to the inherent uncertainty of determining the fair value of securities that do not have readily available market quotations, the fair value of our securities may differ significantly from the fair values that would have been used had a ready market quotation existed for such securities, and these differences could be material.

Long-term debt used to finance our acquisitions may be based on floating or fixed rates. As of June 30, 2014, we had $65.3 million in long-term debt (net of current maturities). The Company uses interest rate swaps to manage its interest rate risk. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including forward interest rate curves. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate forward curves. Changes in interest rates can cause interest charges to fluctuate on our variable rate debt. Variable rate debt as of June 30, 2014, was comprised of $16.3 million under the KeyBank term credit facility after giving effect to our interest rate swap agreements. A 100 basis point increase in current LIBOR rates would result in an additional $4 thousand of interest expense for the six months ended June 30, 2014, while a 100 basis point decrease in current LIBOR rates would reduce interest expense for such period by $7 thousand. As of June 30, 2014, the fair value of our hedge derivative totaled approximately$295 thousand. We estimate that the impact of a 100 basis point increase in the one-month LIBOR rate would increase net assets applicable to common shareholders by $2.0 million, while a decrease of 100 basis points would decrease net assets by $1.3 million as of June 30, 2014. See Note 14 of the notes to our consolidated financial statements included in this report for further information concerning quantitative valuations and the qualitative aspects of our use of interest rate hedge swaps to manage interest rate risk.

We consider the management of risk essential to conducting our businesses. Accordingly, our risk management systems and procedures are designed to identify and analyze our risks, to set appropriate policies and limits and to continually monitor these risks and limits by means of reliable administrative and information systems and other policies and programs.

ITEM 4. CONTROLS AND PROCEDURES

Conclusion Regarding Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Accounting Officer (our principal executive and principal financial officers, respectively), we have evaluated the effectiveness of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report. Based on that evaluation, these officers concluded that our disclosure controls and procedures were effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Accounting Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting

There has been no change in the Company's internal control over financial reporting, as defined in rule 13a-15(f) and 15d-15(f) of the Exchange Act, that occurred during the quarterly period ending June 30, 2014 that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not currently subject to any material legal proceedings, nor, to our knowledge, is any material legal proceeding threatened against us.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2013, which could materially affect our business, financial condition or future results. The risks described in this report and in our Annual Report, as amended, on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

We did not sell any securities during the six months ended June 30, 2014 that were not registered under the 1933 Act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On May 28, 2014, the Company’s stockholders approved the Director Compensation Plan ("Director Plan") as described in the proxy statement for our 2014 annual meeting. Further, in order to allow the Company the flexibility of timing the filing of a Form

S-8 registration statement covering the shares of common stock issuable under the Director Plan to occur in a manner that is most cost-efficient in relation to the Company's ability to obtain certain required consents of third party accounting firms, the Compensated Directors have agreed that the Company may pay the stock retainer called for under the Director Plan as of the first business day of October and January during the first year of operating under the Director Plan, and may pay a cash retainer for the portion of director compensation due as of the first business day of April and July during the first year (which the Company has now done). A copy of the Director Plan is filed as Exhibit 10.19.1 to this report.

ITEM 6. EXHIBITS

Exhibit No.	Description of Document
10.2(b)	Revised Management Agreement dated April 30, 2014, effective January 1, 2014 (1)
10.19.1	Director Compensation Plan of CorEnergy Infrastructure Trust, Inc., effective April 1, 2014.
31.1	Certification by Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, is filed herewith.
31.2	Certification by Chief Accounting Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, is filed herewith.
32.1	Certification by Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, is furnished herewith.
101	The following materials from CorEnergy Infrastructure Trust, Inc.'s Quarterly Report on Form 10-Q for the three and six months ended June 30, 2014, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Cash Flows and (iv) the Notes to Condensed Consolidated Financial Statements.

(1) Incorporated by reference from the Registrant's quarterly report on Form 10-Q for the quarter ended March 31, 2014 and filed on May 12, 2014.

CORENERGY INFRASTRUCTURE TRUST, INC.

SIGNATURES

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

CORENERGY INFRASTRUCTURE TRUST, INC.
(Registrant)

By: **/s/ Rebecca M. Sandring**
Rebecca M. Sandring
Chief Accounting Officer
(Principal Accounting and Principal Financial Officer)

August 11, 2014

By: **/s/ David J. Schulte**
David J. Schulte
Chief Executive Officer and Director
(Principal Executive Officer)

August 11, 2014

Director Compensation Plan
CorEnergy Infrastructure Trust, Inc.

This Plan is adopted by the Board of Directors (the "Board") of CorEnergy Infrastructure Trust, Inc. (the "Company"), effective as of April 1, 2014 (the "Effective Date"), subject to paragraph 10 below. The purpose of this Plan is to set forth the compensation policy for directors of the Board who are neither employees or officers of the Company nor any external manager of the Company ("Compensated Directors").

1. **Cash Retainer**. Except as noted in paragraph 10 below, each Compensated Director shall receive an annual cash retainer equal to $15,000 in total for each period from July 1 through June 30 (the "Plan Year"). Except as noted in paragraph 10 below, such cash retainer shall be paid in two equal installments ($7,500 each) on the first business day of October and January of each Plan Year.

2. **Stock Retainer**. Except as noted in paragraph 10 below, each Compensated Director shall receive an annual stock retainer equal to $15,000 in total for each Plan Year. Except as noted in paragraph 10 below, such stock retainer shall be paid in shares of the Company's common stock, par value $0.001, on the first business day of July and April of each Plan Year (each a "Date of Grant"), in amount equal to (i) $7,500 divided by (ii) the closing price of one share of common stock as reported on the New York Stock Exchange on the Date of Grant.

3. **Chair and Lead Director Fees.** In addition to the retainers set forth in the preceding paragraphs, the Chair of the Corporate Governance Committee shall receive a $1,000 annual cash retainer, the Lead Director shall receive a $1,000 annual cash retainer, and the Chair of the Audit Committee shall receive a $5,000 annual cash retainer. The chair and lead director fees described in this paragraph shall be paid on the first business day of each Plan Year.

4. **Attendance Fees.** In addition to the retainers set forth in the preceding paragraphs, each Compensated Director shall receive $1,000 for each committee meeting or Board meeting in which he or she participates. Such fees shall be paid within three business days of each meeting.

5. **Restrictions on Shares**. All shares of common stock issued to a Compensated Director pursuant to this Plan shall be fully vested upon grant, but may not be sold, pledged, or otherwise transferred in any manner during the Compensated Director's active tenure on the Board. The expectation of the Company is that each Director will, within two full years after becoming a Director, own shares of Company common stock having a purchase value equal to at least twice the annual retainer. Upon a Compensated Director ceasing to be a member of the Board, all transfer restrictions concerning such Compensated Director's shares shall immediately be removed, and such shares shall thereupon be freely transferrable by the Compensated Director or by his or her estate or legal representative, as applicable. The Board may require that such shares bear an appropriate legend evidencing such transfer restrictions.

6. **Aggregate Number of Shares Subject to the Plan**. The aggregate number of shares of the Company's common stock that may be granted to Compensated Directors pursuant to this Plan initially shall be 100,000 shares, subject to appropriate adjustment, as determined by the Board, in the event of any changes in the outstanding shares of the Company's stock or in the capital structure of the Company by reason of any stock dividends, stock splits, reverse stock splits, recapitalizations, reorganizations, mergers, consolidations, combinations, exchanges, or other relevant changes in the Company's capitalization occurring after the Effective Date.

7. **Payments that Violate Federal Securities Laws or Other Applicable Law**. Notwithstanding any provision in this Plan to the contrary, any payment under this Plan may be delayed if the Company reasonably anticipates that the making of the payment will violate Federal or state securities laws or other applicable law; provided that, such payment is made at the earliest date at which the Company reasonably anticipates that the making of the payment will not cause such violation.

8. **Award Limitations**. Notwithstanding any provision of this Plan to the contrary, in no event shall any shares of the Company's common stock be issued under this Plan if such issuance would result in a violation of the common stock ownership limits or any other requirements necessary for qualification of the Company as a "real estate investment trust" for Federal income tax purposes, if applicable. In the event that the number of shares of common stock remaining available for issuance under this Plan is insufficient to pay the full amount of any installment of the stock retainer prescribed by paragraph 2 hereof on the date such installment is due, then all Compensated Directors entitled to a receive such installment on such date shall share ratably in the number of shares remaining available for issuance under the Plan.

9. **Shareholder Approval.** Notwithstanding any provision of this Plan to the contrary, no shares of the Company's common stock shall be issued pursuant to this Plan unless and until the Plan is approved by the Company's stockholders. Accordingly, if the Plan is approved by the Company's stockholders at its May 2014 annual meeting, payment of the April 1, 2014 stock retainer contemplated by paragraph 2 of this Plan shall be delivered to the Compensated Directors as soon as administratively practicable following such approval date. Any other retainer or fee due hereunder prior to stockholder approval of this Plan shall be paid in cash.

10. **Pro Rated Fees.** If a Compensated Director's term commences during a Plan Year, that director's initial quarterly fees shall be pro rated and shall be paid (or delivered in shares) on the first business day following the commencement of his or her term. If a Compensated Director's term ends during a Plan Year, that director shall retain any fees attributable to the calendar quarter then in effect and shall not receive fees attributable to any calendar quarters thereafter.

11. **Amendment.** The Board reserves the right to amend or terminate this Plan at any time.

12. **Governing Law.** This Plan and the legal relations between the parties hereto shall be governed by and construed in accordance with the laws of the state of Maryland.

Exhibit 31.1

CERTIFICATIONS

I, David J. Schulte, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CorEnergy Infrastructure Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 11, 2014

/s/ David J. Schulte

David J. Schulte
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Rebecca M. Sandring, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CorEnergy Infrastructure Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 11, 2014

/s/ Rebecca M. Sandring

Rebecca M. Sandring

Chief Accounting Officer/Treasurer

Exhibit 32.1

SECTION 906 CERTIFICATION

Pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2001, the undersigned officers of CorEnergy Infrastructure Trust, Inc. (the "Company"), hereby certify that the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2014, filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David J. Schulte

David J. Schulte
Chief Executive Officer
Date: August 11, 2014

/s/ Rebecca M. Sandring

Rebecca M. Sandring
Chief Accounting Officer, Treasurer
Date: August 11, 2014

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this report. **A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.**