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

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO
RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2021

Commission File Number 001-33725

Textainer Group Holdings Limited
(Translation of Registrant's name into English)

**Century House
16 Par-La-Ville Road
Hamilton HM 08
Bermuda
(441) 296-2500
(Address of principal executive office)**

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbols	Name of each exchange on which registered
Common Shares, $0.01 par value	TGH	New York Stock Exchange
7.00% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preference Shares, $0.01 par value	TGH PRA	New York Stock Exchange
6.25% Series B Fixed Rate Cumulative Redeemable Perpetual Preference Shares, $0.01 par value	TGH PRB	New York Stock Exchange

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☑ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes ☐ No ☑

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not applicable

TEXTAINER GROUP HOLDINGS LIMITED

Quarterly Report on Form 6-K for the Three and Nine Months Ended September 30, 2021

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INFORMATION REGARDING FORWARD-LOOKING STATEMENTS; CAUTIONARY LANGUAGE

This Quarterly Report on Form 6-K, including the section entitled Item 2, "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" contains forward-looking statements within the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that are not statements of historical facts and may relate to, but are not limited to, expectations or estimates of future operating results or financial performance, capital expenditures, regulatory compliance, plans for growth and future operations, as well as assumptions relating to the foregoing. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "expect," "plan," "anticipate," "believe," "estimate," "predict," "intend," "potential," "continue" or the negative of these terms or other similar terminology. The forward-looking statements contained in this Quarterly Report on Form 6-K include, but are not limited to, statements regarding (i) factors that are likely to continue to affect our performance and (ii) our belief that, assuming that our lenders remain solvent that our cash flow from operations, proceeds from the sale of containers and borrowing availability under our debt facilities are sufficient to meet our liquidity needs, including for the payment of dividends, for the next twelve months.

Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy, and actual results may differ materially from those we anticipated due to a number of uncertainties, many of which cannot be foreseen. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including, among others, the risk described in Item 4, "Risk Factors" of this Quarterly Report on Form 6-K and the risks we face that are described in the section entitled Item 3, "*Key Information -- Risk Factors*" included in our Annual Report on Form 20-F for the fiscal year ended December 31, 2020 filed with the U.S. Securities and Exchange Commission (the "SEC") on March 18, 2021 (our "2020 Form 20-F").

We believe that it is important to communicate our expectations about the future to potential investors, shareholders and other readers. However, there may be events in the future that we are not able to accurately predict or control and that may cause actual events or results to differ materially from the expectations expressed in or implied by our forward-looking statements. The risk factors listed in Item 3, "*Key Information -- Risk Factors*" included in our 2020 Form 20-F, as well as any cautionary language in this Quarterly Report on Form 6-K, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Before you decide to buy, hold or sell our common shares, you should be aware that the occurrence of the events described in Item 3, "*Key Information -- Risk Factors*" included in our 2020 Form 20-F and elsewhere in this Quarterly Report on Form 6-K could negatively impact our business, cash flows, results of operations, financial condition and share price. Potential investors, shareholders and other readers are cautioned not to place undue reliance on our forward-looking statements.

Forward-looking statements regarding our present plans or expectations for fleet size, management contracts, container purchases, sources and availability of financing, and growth involve risks and uncertainties relative to return expectations and related allocation of resources, and changing economic or competitive conditions, as well as the negotiation of agreements with container investors, which could cause actual results to differ from present plans or expectations, and such differences could be material. Similarly, forward-looking statements regarding our present expectations for operating results and cash flow involve risks and uncertainties related to factors such as utilization rates, per diem rates, container prices, demand for containers by container shipping lines, supply, the magnitude and duration of the ongoing COVID-19 pandemic and other factors discussed under Item 3, "*Key Information -- Risk Factors*" included in our 2020 Form 20-F or elsewhere in this Quarterly Report on Form 6-K, which could also cause actual results to differ from present plans. Such differences could be material.

All future written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. New risks and uncertainties arise from time to time, and we cannot predict those events or how they may affect us. The forward-looking statements contained in this Quarterly Report on Form 6-K speak only as of, and are based on information available to us on, the date of the filing of this Quarterly Report on Form 6-K. We assume no obligation to, and do not plan to, update any forward-looking statements after the date of this Quarterly Report on Form 6-K as a result of new information, future events or developments, except as expressly required by U.S. federal securities laws. You should read this Quarterly Report on Form 6-K and the documents that we reference and have furnished as exhibits with the understanding that we cannot guarantee future results, levels of activity, performance or achievements and that actual results may differ materially from what we expect.

In this Quarterly Report on Form 6-K, unless otherwise specified, all monetary amounts are in U.S. dollars. To the extent that any monetary amounts are not denominated in U.S. dollars, they have been translated into U.S. dollars in accordance with our accounting policies as described in Item 18, "*Financial Statements*" included in our 2020 Form 20-F.

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

Condensed Consolidated Statements of Operations
(Unaudited)
(All currency expressed in United States dollars in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues:				
Lease rental income - owned fleet	$ 182,655	$ 133,587	$ 509,526	$ 392,307
Lease rental income - managed fleet	13,175	15,543	42,982	47,075
Lease rental income	195,830	149,130	552,508	439,382
Management fees - non-leasing	598	1,696	2,746	3,724
Trading container sales proceeds	6,307	7,655	22,648	24,667
Cost of trading containers sold	(3,668)	(6,721)	(13,612)	(22,513)
Trading container margin	2,639	934	9,036	2,154
Gain on sale of owned fleet containers, net	20,028	7,976	51,222	19,410
Operating expenses:				
Direct container expense - owned fleet	5,210	16,395	17,794	44,907
Distribution expense to managed fleet container investors	11,751	14,364	38,770	43,219
Depreciation expense	72,839	65,374	208,660	196,056
Amortization expense	802	645	2,290	1,766
General and administrative expense	12,543	10,868	34,263	30,872
Bad debt recovery, net	(15)	(2,095)	(1,225)	(326)
Container lessee default expense (recovery), net	1,928	76	(1,185)	(1,607)
Total operating expenses	105,058	105,627	299,367	314,887
Income from operations	114,037	54,109	316,145	149,783
Other (expense) income:				
Interest expense	(33,128)	(29,123)	(92,381)	(95,257)
Debt termination expense	(11,866)	(8,628)	(15,078)	(8,750)
Interest income	20	23	83	479
Realized loss on financial instruments, net	(112)	(4,107)	(5,516)	(8,900)
Unrealized gain (loss) on financial instruments, net	83	4,161	4,681	(9,434)
Other, net	(750)	859	(610)	803
Net other expense	(45,753)	(36,815)	(108,821)	(121,059)
Income before income taxes	68,284	17,294	207,324	28,724
Income tax benefit (expense)	59	152	(890)	(89)
Net income	68,343	17,446	206,434	28,635
Less: Dividends on preferred shares	3,614	—	5,860	—
Less: Net income attributable to the noncontrolling interest	—	494	—	73
Net income attributable to common shareholders	$ 64,729	$ 16,952	$ 200,574	$ 28,562
Net income attributable to common shareholders per share:				
Basic	$ 1.31	$ 0.32	$ 4.03	$ 0.53
Diluted	$ 1.28	$ 0.32	$ 3.96	$ 0.53
Weighted average shares outstanding (in thousands):				
Basic	49,414	52,514	49,804	54,221
Diluted	50,417	52,713	50,708	54,317

See accompanying notes to condensed consolidated financial statements.

TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

(All currency expressed in United States dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	**2020**	**2021**	**2020**
Net income	$ 68,343	$ 17,446	$ 206,434	$ 28,635
Other comprehensive income, before tax:				
Change in derivative instruments designated as cash flow hedges	3,288	158	3,084	(13,093)
Reclassification of realized loss on derivative instruments designated as cash flow hedges	2,887	1,130	5,378	1,658
Foreign currency translation adjustments	(67)	105	(108)	3
Comprehensive income, before tax	74,451	18,839	214,788	17,203
Income tax (expense) benefit related to items of other comprehensive income	(56)	(17)	11	115
Comprehensive income, after tax	74,395	18,822	214,799	17,318
Less: Dividends on preferred shares	3,614	—	5,860	—
Less: Comprehensive income attributable to the noncontrolling interest	—	494	—	73
Comprehensive income attributable to common shareholders	$ 70,781	$ 18,328	$ 208,939	$ 17,245

See accompanying notes to condensed consolidated financial statements.

TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(Unaudited)

(All currency expressed in United States dollars in thousands)

	September 30, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 184,099	$ 131,018
Marketable securities	986	—
Accounts receivable, net of allowance of $1,389 and $2,663, respectively	184,225	108,578
Net investment in finance leases, net of allowance of $86 and $169, respectively	110,397	78,459
Container leaseback financing receivable, net of allowance of $38 and $98, respectively	29,865	27,076
Trading containers	18,850	9,375
Containers held for sale	7,405	15,629
Prepaid expenses and other current assets	14,049	13,713
Due from affiliates, net	2,770	1,509
Total current assets	552,646	385,357
Restricted cash	76,955	74,147
Marketable securities	3,240	—
Containers, net of accumulated depreciation of $1,789,718 and $1,619,591, respectively	4,693,533	4,125,052
Net investment in finance leases, net of allowance of $610 and $1,164, respectively	1,591,858	801,501
Container leaseback financing receivable, net of allowance of $84 and $326, respectively	331,808	336,792
Derivative instruments	2,514	47
Deferred taxes	1,151	1,153
Other assets (1)	14,440	17,327
Total assets	$ 7,268,145	$ 5,741,376
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 22,248	$ 24,385
Container contracts payable	282,794	231,647
Other liabilities	4,841	2,288
Due to container investors, net	18,188	18,697
Debt, net of unamortized costs of $8,101 and $8,043, respectively	346,287	408,365
Total current liabilities	674,358	685,382
Debt, net of unamortized costs of $28,501 and $18,639, respectively	4,799,995	3,706,979
Derivative instruments	3,671	29,235
Income tax payable	10,466	10,047
Deferred taxes	7,405	6,491
Other liabilities	40,396	16,524
Total liabilities	5,536,291	4,454,658
Equity:		
Textainer Group Holdings Limited shareholders' equity:		
Preferred shares, $0.01 par value, $25,000 liquidation preference per share. Authorized 10,000,000 shares		
7.00% Series A fixed-to-floating rate cumulative redeemable perpetual preferred shares, 6,000 shares issued and outstanding (equivalent to 6,000,000 depositary shares at $25.00 liquidation preference per depositary share)	150,000	—
6.25% Series B fixed rate cumulative redeemable perpetual preferred shares, 6,000 shares issued and outstanding (equivalent to 6,000,000 depositary shares at $25.00 liquidation preference per depositary share)	150,000	—
Common shares, $0.01 par value. Authorized 140,000,000 shares; 59,183,228 shares issued and 49,252,536 shares outstanding at 2021; 58,740,919 shares issued and 50,495,789 shares outstanding at 2020	592	587
Treasury shares, at cost, 9,930,692 and 8,245,130 shares, respectively	(132,028)	(86,239)
Additional paid-in capital	424,273	416,609
Accumulated other comprehensive loss	(1,379)	(9,744)
Retained earnings	1,140,396	938,395
Total Textainer Group Holdings Limited shareholders' equity	1,731,854	1,259,608
Noncontrolling interest	—	27,110
Total equity	1,731,854	1,286,718
Total liabilities and equity	$ 7,268,145	$ 5,741,376

(1) Amount for the year ended December 31, 2020 has been reclassified to conform with the 2021 presentation (see Note 2 (g) “Reclassifications and Changes in Presentation”).

See accompanying notes to condensed consolidated financial statements.

TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

Condensed Consolidated Statements of Shareholders' Equity
(Unaudited)
(All currency expressed in United States dollars in thousands)

	Preferred shares		Common shares		Treasury shares		Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Total Textainer Group Holdings Limited shareholders' equity	Noncontrolling interest
	Shares	Amount	Shares	Amount	Shares	Amount					
Balances, December 31, 2019	—	$-	58,326,555	$583	(1,508,637)	$(17,746)	$410,595	$(511)	$866,458	$1,259,379	$26,266
Cumulative adjustment for adoption of ASU 2016-13	—	—	—	—	—	—	—	—	(885)	(885)	(7)
Restricted share units vested	—	—	66,101	1	—	—	(1)	—	—	—	—
Exercise of share options			21,327				224			224	
Purchase of treasury shares	—	—	—	—	(5,957,459)	(56,779)	—	—	—	(56,779)	—
Share-based compensation expense	—	—	—	—	—	—	3,218	—	—	3,218	—
Net income	—	—	—	—	—	—	—	—	28,562	28,562	73
Other comprehensive income (loss):											
Change in derivative instruments designated as cash flow hedges	—	—	—	—	—	—	—	(13,093)	—	(13,093)	—
Reclassification of realized loss on derivative instruments designated as cash flow hedges	—	—	—	—	—	—	—	1,658	—	1,658	—
Foreign currency translation adjustments	—	—	—	—	—	—	—	3	—	3	—
Income tax benefit related to items of other comprehensive loss	—	—	—	—	—	—	—	115	—	115	—
Total other comprehensive loss											
Balances, September 30, 2020	—	$-	58,413,983	$584	(7,466,096)	$(74,525)	$414,036	$(11,828)	$894,135	$1,222,402	$26,332
Balances, December 31, 2020	—	$-	58,740,919	$587	(8,245,130)	$(86,239)	$416,609	$(9,744)	$938,395	$1,259,608	$27,110
Issuance of preferred shares, net of offering expenses	12,000	300,000	—	—	—	—	(10,350)	—	—	289,650	—
Restricted share units vested	—	—	65,505	1	—	—	(1)	—	—	—	—
Exercise of share options	—	—	376,804	4	—	—	6,785	—	—	6,789	—
Purchase of treasury shares	—	—	—	—	(1,685,562)	(45,789)	—	—	—	(45,789)	—
Share-based compensation expense	—	—	—	—	—	—	4,208	—	—	4,208	—
Purchase of noncontrolling interest	—	—	—	—	—	—	7,022	—	—	7,022	(27,110)
Preferred shares dividends declared	—	—	—	—	—	—	—	—	(4,433)	(4,433)	—
Net income	—	—	—	—	—	—	—	—	206,434	206,434	—
Other comprehensive income (loss):											
Change in derivative instruments designated as cash flow hedges	—	—	—	—	—	—	—	3,084	—	3,084	—
Reclassification of realized loss on derivative instruments designated as cash flow hedges	—	—	—	—	—	—	—	5,378	—	5,378	—
Foreign currency translation adjustments	—	—	—	—	—	—	—	(108)	—	(108)	—
Income tax benefit related to items of other comprehensive income	—	—	—	—	—	—	—	11	—	11	—
Total other comprehensive income											
Balances, September 30, 2021	12,000	$300,000	59,183,228	$592	(9,930,692)	$(132,028)	$424,273	$(1,379)	$1,140,396	$1,731,854	$-

See accompanying notes to condensed consolidated financial statements.

TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(All currency expressed in United States dollars in thousands)

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Cash flows from operating activities:		
Net income	$ 206,434	$ 28,635
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	208,660	196,056
Bad debt recovery, net	(1,225)	(326)
Container recovery from lessee default, net	(4,835)	(140)
Unrealized (gain) loss on financial instruments, net	(4,681)	9,434
Amortization of unamortized debt issuance costs and accretion of bond discounts (1)	7,153	6,011
Debt termination expense (1)	15,078	8,750
Amortization of intangible assets	2,290	1,766
Gain on sale of owned fleet containers, net	(51,222)	(19,410)
Share-based compensation expense	4,208	3,218
Changes in operating assets and liabilities	1,757	54,319
Total adjustments	177,183	259,678
Net cash provided by operating activities	383,617	288,313
Cash flows from investing activities:		
Purchase of containers and fixed assets	(1,689,588)	(273,171)
Payments on container leaseback financing receivable	(18,705)	(24,089)
Proceeds from sale of containers and fixed assets	112,745	109,144
Receipt of principal payments on container leaseback financing receivable	21,081	15,788
Net cash used in investing activities	(1,574,467)	(172,328)
Cash flows from financing activities:		
Proceeds from debt	4,229,756	1,626,759
Payments on debt	(3,199,942)	(1,704,132)
Payment of debt issuance costs	(21,107)	(13,333)
Proceeds from container leaseback financing liability, net	16,305	—
Principal repayments on container leaseback financing liability, net	(3,128)	(12,754)
Issuance of preferred shares, net of underwriting discount	290,550	—
Purchase of treasury shares	(45,789)	(56,779)
Issuance of common shares upon exercise of share options	6,789	224
Dividends paid on preferred shares	(4,433)	—
Purchase of noncontrolling interest	(21,500)	—
Other	(654)	—
Net cash provided by (used in) financing activities	1,246,847	(160,015)
Effect of exchange rate changes	(108)	3
Net increase (decrease) in cash, cash equivalents and restricted cash	55,889	(44,027)
Cash, cash equivalents and restricted cash, beginning of the year	205,165	277,905
Cash, cash equivalents and restricted cash, end of the period	$ 261,054	$ 233,878
Supplemental disclosures of cash flow information:		
Cash paid for interest expense and realized loss and settlement of derivative instruments	$ 115,454	$ 98,351
Income taxes paid	$ 1,559	$ 29
Receipt of payments on finance leases, net of income earned	$ 47,490	$ 33,325
Supplemental disclosures of noncash operating activities:		
Receipt of marketable securities from a lessee	$ 5,789	$ -
Right-of-use asset for leased properties	$ 272	$ 555
Supplemental disclosures of noncash investing activities:		
Increase in accrued container purchases	$ 51,147	$ 316,503
Containers placed in finance leases	$ 902,748	$ 355,096

(1) Amounts for the period ended September 30, 2020 have been reclassified to conform with the 2021 presentation (see Note 2 (g) "Reclassifications and Changes in Presentation").

See accompanying notes to condensed consolidated financial statements.

(1) Nature of Business

Textainer Group Holdings Limited ("TGH") is incorporated in Bermuda. TGH is the holding company of a group of companies, consisting of TGH and its subsidiaries (collectively, the "Company"), involved in the purchase, management, leasing and resale of a fleet of marine cargo containers. The Company manages and provides administrative support to the third-party owners' (the "Container Investors") container fleets.

The Company conducts its business activities in three main areas: Container Ownership, Container Management and Container Resale (see Note 10 "Segment Information").

(2) Accounting Policy Updates and Recent Accounting Pronouncements

(a) Basis of Presentation

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") have been condensed or omitted. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2020 ("2020 Form 20-F") filed with the Securities and Exchange Commission on March 18, 2021.

The preparation of financial statements in conformity with U.S. GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and disclosure of contingent assets and liabilities in the financial statements. The Company's management evaluates its estimates on an ongoing basis, including those related to container rental equipment, containers held for sale, allowance for credit losses, income taxes and accruals. Actual results could differ from those estimates under different assumptions or conditions.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal and recurring adjustments) necessary to present fairly the Company's condensed consolidated balance sheet as of September 30, 2021, the Company's condensed consolidated statements of operations for the three and nine months ended September 30, 2021 and 2020, condensed consolidated statements of comprehensive income for the three and nine months ended September 30, 2021 and 2020, condensed consolidated statements of shareholders' equity for the nine months ended September 30, 2021 and 2020 and condensed consolidated statements of cash flows for the nine months ended September 30, 2021 and 2020. These condensed consolidated financial statements are not necessarily indicative of the results of operations or cash flows that may be reported for the remainder of the fiscal year ending December 31, 2021.

(b) Principles of Consolidation and Variable Interest Entity

The condensed consolidated financial statements of the Company include TGH and all of its subsidiaries in which the Company has a controlling financial interest. All significant intercompany accounts and balances have been eliminated in consolidation.

TAP Funding

TAP Funding Ltd. ("TAP Funding") (a Bermuda company) was a joint venture between the Company's wholly-owned subsidiary, Textainer Limited ("TL") (a Bermuda company) and TAP Ltd. ("TAP") in which TL owned 50.1%, TAP owned 49.9% of the common shares of TAP Funding, and TAP Funding was a voting interest entity ("VME"). The Company consolidated TAP Funding as the Company had a controlling financial interest in TAP Funding. In January 2021, the Company completed the acquisition of 49.9% of the common shares of TAP Funding from TAP Ltd. for a total purchase price consideration of $21,500. After the acquisition of the noncontrolling interest ("NCI"), the Company owns 100% of TAP Funding and TAP Funding became a wholly-owned subsidiary of the Company. The Company accounted for this equity transaction as a reduction in the related NCI, and the difference between the carrying value of the NCI on January 1, 2021 and the cash consideration was recognized as an increase in additional paid-in capital ("APIC") of $7,022.

Prior to the acquisition of the NCI, the equity owned by TAP in TAP Funding was shown as NCI on the Company's condensed consolidated balance sheet as of December 31, 2020 and the net income was shown as net income attributable to the NCI on the Company's condensed consolidated statements of operations for the three and nine months ended September 30, 2020. After the capital restructuring, there is no NCI in TAP Funding on the Company's condensed consolidated balance sheet as of September 30, 2021 and there is no net income attributable to the NCI on the Company's condensed consolidated statements of operations for the three and nine months ended September 30, 2021.

(c) Containers

Capitalized container costs include the container cost payable to the manufacturer and the associated transportation costs incurred in moving the Company's containers from the manufacturer to the containers' first destined port. Containers are depreciated using the straight-line method over their estimated useful lives to an estimated residual value. Used containers are depreciated based upon their remaining useful lives at the date of acquisition to an estimated residual value.

The cost, accumulated depreciation and net book value of the Company's container leasing equipment by equipment type as of September 30, 2021 and December 31, 2020 were as follows:

	September 30, 2021			December 31, 2020		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Dry containers other than open top and flat rack containers:						
20'	$ 1,542,819	$ (461,938)	$ 1,080,881	$ 1,532,753	$ (428,913)	$ 1,103,840
40'	143,250	(55,252)	87,998	144,881	(55,154)	89,727
40' high cube	3,379,715	(756,551)	2,623,164	2,717,384	(672,416)	2,044,968
45' high cube	27,902	(13,730)	14,172	27,880	(12,747)	15,133
Refrigerated containers:						
20'	19,738	(9,313)	10,425	20,164	(8,493)	11,671
20' high cube	1,006	(777)	229	2,605	(1,742)	863
40' high cube	1,166,053	(446,240)	719,813	1,103,817	(398,721)	705,096
Open top and flat rack containers:						
20' folding flat	16,355	(5,166)	11,189	17,228	(5,132)	12,096
40' folding flat	48,487	(18,976)	29,511	49,167	(18,275)	30,892
20' open top	13,128	(2,022)	11,106	13,253	(1,790)	11,463
40' open top	21,673	(4,839)	16,834	22,271	(4,738)	17,533
Tank containers	103,125	(14,914)	88,211	93,240	(11,470)	81,770
Total containers	$ 6,483,251	$ (1,789,718)	$ 4,693,533	$ 5,744,643	$ (1,619,591)	$ 4,125,052

See Note 4 "Managed Container Fleet" for information on the managed fleet containers included above.

Impairment of Container Rental Equipment

The Company reviews its containers for impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. The Company compares the carrying value of the containers to the expected future undiscounted cash flows for the purpose of assessing the recoverability of the recorded amounts. If the carrying value exceeds expected future undiscounted cash flows, the assets are reduced to fair value. There was no such impairment of the Company's leasing equipment for the three and nine months ended September 30, 2021 and 2020.

Write-Off (Recoveries) of Container Rental Equipment due to Lessees in Default

The Company evaluates the recoverability of the recorded amounts of containers that are unlikely to be recovered from lessees in default. For the three and nine months ended September 30, 2021, the Company recorded impairment charges of $928 and $2,793, respectively, to write-off containers that were unlikely to be recovered from lessees in default, offset by gains of $10 and $7,628, respectively, associated with recoveries on containers previously estimated as lost with lessees in default. The gain on container recovery of $7,577 recorded in the first quarter of 2021 was due to the reinstatement of containers with a previously insolvent and bankrupt lessee who made a successful exit from bankruptcy, such containers had been written off in 2019. The Company recorded impairment charges of $33 to write-off containers that were unlikely to be recovered from lessees in default for the three months ended September 30, 2020 and gains of $1,525 on container recovery due to a settlement agreement with an insolvent lessee on containers which were previously written off in 2018 for the nine months ended September 30, 2020. These amounts are recorded in the condensed consolidated statements of operations as "container lessee default expense (recovery), net".

Impairment of Containers Held for Sale

Containers identified as being available for sale are valued at the lower of carrying value or fair value, less costs to sell. The Company records impairment to write-down the value of containers held for sale to their estimated fair value, less cost to sell, under observable (Level 2) market inputs. The fair value was estimated based on recent gross sales proceeds for sales of similar types of containers in the locations in which the containers are stored. When containers are sold or otherwise retired, the cost and related accumulated depreciation are removed, and any resulting gain or loss is recognized.

Subsequent additions or reductions to the fair values of these written down assets are recorded as adjustments to the carrying value of the containers held for sale. The carrying value of containers held for sale that have been impaired and written down to their estimated fair value less cost to sell was $336 and $5,845 as of September 30, 2021 and December 31, 2020, respectively. Any subsequent increase in fair value less costs to sell is recognized as a reversal of container impairment but not in excess of the cumulative loss previously recognized. During the three and nine months ended September 30, 2021, the Company recorded container impairment charges (reversals) of $265 and $(279), respectively, and during the three and nine months ended September 30, 2020, the Company recorded container impairments of $3,041 and $10,382, respectively, to write down the value of containers held for sale to their estimated fair value less cost to sell, net of reversals of previously recorded impairments on containers held for sale, due to rising used container prices. The impairment charges (reversals) are included in "depreciation expense" in the condensed consolidated statements of operations.

(d) Concentrations

The Company's customers are mainly international shipping lines, which transport goods on international trade routes. Once the containers are on-hire with a lessee, the Company does not track their location. The domicile of the lessee is not indicative of where the lessee is transporting the containers. The Company's business risk in its foreign concentrations lies with the creditworthiness of the lessees rather than the geographic location of the containers or the domicile of the lessees.

Except for the lessees noted in the tables below, no other single lessee made up greater than 10% of the Company's lease rental income from its owned fleet for the three and nine months ended September 30, 2021 and 2020 and more than 10% of the Company's gross accounts receivable from its owned fleet as of September 30, 2021 and December 31, 2020:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Lease Rental Income - owned fleet	**2021**	**2020**	**2021**	**2020**
Customer A	22.5%	18.6%	21.1%	17.7%
Customer B	11.4%	9.3%	13.9%	8.3%
Customer C	11.4%	12.5%	11.5%	13.0%

Gross Accounts Receivable- owned fleet	**September 30, 2021**	**December 31, 2020**
Customer A	35.3%	30.3%
Customer C	17.8%	12.9%
Customer B	7.7%	10.3%

Total fleet lease rental income, as reported in the condensed consolidated statements of operations, comprises revenue earned from leases on containers in the Company's total fleet, including revenue earned from leases on containers in its managed fleet. Except for the lessees noted in the tables below, no other single lessee accounted for more than 10% of the Company's total fleet lease rental income for the three and nine months ended September 30, 2021 and 2020 and more than 10% of the Company's gross accounts receivable from its total fleet as of September 30, 2021 and December 31, 2020:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Lease Rental Income - total fleet	**2021**	**2020**	**2021**	**2020**
Customer A	21.6%	18.0%	20.3%	17.1%
Customer C	11.8%	12.7%	11.7%	13.6%
Customer B	11.7%	9.8%	13.9%	8.7%

Gross Accounts Receivable- total fleet	**September 30, 2021**	**December 31, 2020**
Customer A	45.9%	37.7%
Customer C	17.5%	11.6%
Customer B	6.3%	16.7%

(e) Net Income Attributable to Common Shareholders Per Common Share

Basic earnings per share ("EPS") is computed by dividing net income attributable to common shareholders by the weighted average number of shares outstanding during the applicable period. Diluted EPS reflects the potential dilution that could occur if all outstanding share options were exercised for, and all outstanding restricted share units ("RSU") and performance restricted share units ("PSU") were converted into, common shares. A reconciliation of the numerator and denominator of basic EPS with that of diluted EPS is reported as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Share amounts in thousands	**2021**	**2020**	**2021**	**2020**
Numerator:				
Net income attributable to common shareholders	$ 64,729	$ 16,952	$ 200,574	$ 28,562
Denominator:				
Weighted average common shares outstanding - basic	49,414	52,514	49,804	54,221
Dilutive share options, RSU and PSU	1,003	199	904	96
Weighted average common shares outstanding - diluted	50,417	52,713	50,708	54,317
Net income attributable to common shareholders per common share:				
Basic	$ 1.31	$ 0.32	$ 4.03	$ 0.53
Diluted	$ 1.28	$ 0.32	$ 3.96	$ 0.53
Share options, RSU and PSU excluded from the computation of diluted EPS because they were anti-dilutive	281	1,553	288	2,009

(f) Fair Value Measurements

As of September 30, 2021 and December 31, 2020, the carrying amounts of cash and cash equivalents, restricted cash, accounts receivable and payable, due from affiliates, net, container contracts payable and due to container investors, net, approximate their fair values due to the short-term nature of these financial instruments. See Note 2 (c) "Containers" and Note 9 "Debt and Derivative Instruments" for further discussions on fair value of containers held for sale and fair value of derivative instruments, respectively.

As of September 30, 2021, the Company held investments in marketable equity securities with readily determinable fair values of $4,226 (see Note 3 "Insurance Receivable and Impairment"). The fair value of investments in equity securities is measured at each balance sheet date based on quoted market prices (Level 1) and the change in fair value of marketable securities still held as of September 30, 2021 was $40 and $(425) for the three and nine months ended September 30, 2021 respectively, which are included as "unrealized gain (loss) on financial instruments, net" in the condensed consolidated statements of operations. There were no marketable equity securities as of December 31, 2020.

At September 30, 2021 and December 31, 2020, the fair value of net investment in finance leases (including the short-term balance) was approximately $1,703,561 and $856,392, respectively, compared to book values of $1,702,255 and $879,960 at September 30, 2021 and December 31, 2020, respectively. The fair value of container leaseback financing receivable (including the short-term balance) was approximately $364,390 and $363,774 at September 30, 2021 and December 31, 2020, respectively, compared to book values of $361,673 and $363,868 at September 30, 2021 and December 31, 2020, respectively. The fair value of long-term debt (including current maturities) based on the borrowing rates available to the Company was approximately $5,139,952 and $4,144,332 at September 30, 2021 and December 31, 2020, respectively, compared to book values of $5,146,282 and $4,115,344 at September 30, 2021 and December 31, 2020, respectively.

(g) Reclassifications and Changes in Presentation

Certain prior period amounts for the year ended December 31, 2020 and for the nine months ended September 30, 2020 have been reclassified to conform to the current period presentation. The Company reclassified the amounts out of the separate line items "fixed assets, net of accumulated depreciation" and "intangible assets, net of accumulated amortization" to be included within the line item "other assets" in the condensed consolidated balance sheets. Additionally, amounts for write-off of unamortized debt issuance costs and bond discounts were reclassified out of the previously reported line item "amortization and write-off of unamortized debt issuance costs and accretion of bond discounts" to be included within the line item "debt termination expense" in the condensed consolidated statements of cash flows. The changes in the presentation have no impact on "total assets" and "net increase (decrease) in cash, cash equivalents and restricted cash".

(h) Recently Issued Accounting Standards

In March 2020, the FASB issued Accounting Standards Update No. 2020-04, *Reference Rate Reform ("Topic 848")*: Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU 2020-04"). In January 2021, the FASB also issued Accounting Standards Update No 2021-01, *Reference Rate Reform: Scope* ("ASU 2021-01"), which expands the scope of Topic 848. The amendments provide optional guidance for a limited time to ease the potential burden in accounting for reference rate reform. The new guidance provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by the reference rate reform if certain criteria are met, that reference LIBOR or another rate that is expected to be discontinued due to reference rate reform. The amendments in ASU 2020-04 and ASU 2021-01 are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The Company will continue its review of the debt and derivative agreements during the transition period until the LIBOR cessation by the end of June 2023. The Company expects the adoption of this guidance will not have a material impact on the Company's condensed consolidated financial statements.

In August 2020, the FASB issued Accounting Standards Update No. 2020-06, *Debt—Debt with Conversion and Other Options* (Subtopic 470-20) and *Derivatives and Hedging—Contracts in Entity's Own Equity* (Subtopic 815-40): *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity* ("ASU 2020-06"). The new guidance simplifies the accounting for convertible debt and convertible preferred stock by removing the requirements to separately present certain conversion features in equity. In addition, ASU 2020-06 amends the derivative scope exception for contracts in an entity's own equity by removing certain criteria that must be satisfied in order to classify a contract as equity. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. Effective January 1, 2021, the Company early adopted ASU 2020-06 using the modified retrospective approach with no impact on the Company's condensed consolidated financial statements.

In July 2021, the FASB issued Accounting Standards Update No. 2021-05, *Leases (Topic 842), Lessors – Certain Leases with Variable Lease Payments* ("ASU 2021-05"). The amendment provides guidance to clarify lessor's accounting for certain leases with variable lease payments by amending the lessor lease classification requirements under Topic 842, which was adopted by the Company on the effective date of January 1, 2019. ASU 2021-05 requires a lessor to classify and account for a lease with variable lease payments that do not depend on a reference index or a rate as an operating lease if both of the following criteria are met: 1) The lease would have been classified as a sales-type lease or a direct financing lease in accordance with the classification criteria in Topic 842; and 2) The lessor would have otherwise recognized a day-one loss. ASU 2021-05 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Company will adopt ASU 2021-05 effective January 1, 2022 on a prospective basis and expects no impact on the Company's condensed consolidated financial statements.

There were no changes to the Company's significant accounting policies during the nine months ended September 30, 2021. For further discussion on the Company's accounting policies, please refer to Note 1 "Nature of Business and Summary of Significant Accounting Polices" in Item 18, "Financial Statements" in our 2020 Form 20-F.

(3) Insurance Receivable and Impairment

One of the Company's customers became bankrupt in 2019. As a result of the assessment of the previously insolvent customer's restructuring and successful exit from bankruptcy, the Company recorded a container loss recovery of $7,986 included in "container lessee default expense (recovery), net" in the condensed consolidated statements of operations during the first quarter of 2021. The Company did not submit a final insurance claim after its review of the previously insolvent customer's restructuring plan, therefore, the insurance receivable of $2,106 that was recorded in the "prepaid expenses and other current assets" in the condensed consolidated balance sheets as of December 31, 2020 was reversed and included in "container lessee default recovery, net" in the condensed consolidated statements of operations during the first quarter of 2021. In April 2021, the bankruptcy settlement amount related to the restructuring of the previously insolvent customer was finalized. Under the terms of the settlement agreement, the Company received $77 in cash and $5,789 in stock value of the previously insolvent customer, whose stock value is denominated in renminbi and held in China. The stock fair value was recorded as "marketable securities" in the condensed consolidated balance sheet.

During the first quarter of 2021, one of the Company's customers became insolvent and the total net book value of its owned containers leased to this insolvent customer was $10,538. The Company recorded impairment charges of $1,581 on the unrecoverable containers from this insolvent customer which was included in "container lessee default recovery, net" in the condensed consolidated statements of operations during the first quarter of 2021. The Company also recorded bad debt expense of $378 in 2020 to fully reserve for this insolvent customer's outstanding accounts receivable. Due to a slightly better than expected recovery, the Company recorded a gain on container recovery of $176 included in "container lessee default expense (recovery), net" during the three months ended September 30, 2021. There is no claim under our current insurance policies associated with this insolvent customer.

(4) Managed Container Fleet

Lease rental income and expenses from the managed fleet owned by Container Investors are reported on a gross basis. Lease rental income – managed fleet represents rental charges billed to the ultimate lessees for the managed fleet, including charges for handling fees, drop-off charges, pick-up charges, and charges for a damage protection plan that is set forth in the leases.

Management fees from non-leasing services are earned for acquiring new managed containers and sales commissions are earned from sales of the managed containers on behalf of the Container Investors. Acquisition fees from purchases of containers for the managed fleet are deferred and recognized as earned on a straight-line basis over the deemed lease term. As of September 30, 2021 and December 31, 2020, deferred revenue from acquisition fees amounted to $1,012 and $1,049, respectively, which were combined and reported as "accounts payable and accrued expenses" in the condensed consolidated balance sheets.

Containers - December 31, 2018 and Prior

Distribution expense to managed fleet container investors represents direct container expenses of the managed containers and the amounts distributed to the Container Investors, reduced by associated lease management fees earned and retained by the Company.

Managed containers in the Company's managed fleet on or before December 31, 2018 are not included in the Company's container leasing equipment in the Company's condensed consolidated balance sheet as of September 30, 2021 and December 31, 2020.

In July 2021, the Company completed a container purchase of previously managed containers from a Container Investor for a cash purchase price consideration of $57,637, which was recorded in the Company's container leasing equipment as of September 30, 2021. As a result of the asset acquisition, the management agreement between the Company and the Container Investor was terminated and the Company recognized a loss of $116 for the effective settlement of the pre-existing contractual relationship at acquisition date which was included in "other, net" in the condensed consolidated statements of operations. In addition, intangible assets for the management rights relinquished amounting to $551 was written-off and recorded in the condensed consolidated statements of operations as "amortization expense".

Container Purchases On or After January 1, 2019

Distribution expense to managed fleet container investors represents direct container expenses of the managed containers.

From an accounting perspective, in accordance with *Topic 842 - Leases* which was effective January 1, 2019 for the Company and under the management arrangements, the Company is deemed to control the containers owned by the Container Investors before they are leased out. Furthermore, the deemed leaseback is considered a sales-type lease under *Topic 842 - Leases*, with the Company as lessee and the Container Investors as lessors.

For accounting purposes, the Company is deemed to own the managed containers purchased by the Company on or after January 1, 2019 for and on behalf of Container Investors, notwithstanding the contractual management relationship which the Company has with the Container Investors. Accordingly, such managed containers are included in the Company's container leasing equipment in the Company's condensed consolidated balance sheets as of September 30, 2021 and December 31, 2020. The purchase consideration paid by the Container Investors for such containers is reported as a deemed financial liability of the Company.

In July 2021, the Company paid $2,725 in cash to purchase previously managed containers from a Container Investor which resulted in the extinguishment of the deemed financial liability. As of September 30, 2021 and December 31, 2020, the Company's container leaseback financial liability to the Container Investors amounted to $16,172, and $4,762, respectively, which were reported as "other liabilities" in the condensed consolidated balance sheets.

The Company's container leasing equipment includes such managed containers in the condensed consolidated balance sheets as of September 30, 2021 and December 31, 2020, which consisted of the following:

	September 30, 2021			December 31, 2020		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Containers - owned fleet	$ 6,466,486	$ (1,789,023)	$ 4,677,463	$ 5,740,717	$ (1,619,304)	$ 4,121,413
Containers - managed fleet	16,765	(695)	16,070	3,926	(287)	3,639
Total containers	$ 6,483,251	$ (1,789,718)	$ 4,693,533	$ 5,744,643	$ (1,619,591)	$ 4,125,052

Total management fee income from the managed fleet, including management fees earned from acquisition fees and sales commissions during the three and nine months ended September 30, 2021 and 2020 were as follows (see Note 5 "Transactions with Affiliates and Container Investors"):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Lease rental income - managed fleet	$ 13,175	$ 15,543	$ 42,982	$ 47,075
Less: distribution expense to managed fleet container investors	(11,751)	(14,364)	(38,770)	(43,219)
Less: depreciation and interest expense on managed containers purchased on or after January 1, 2019	(426)	(106)	(860)	(625)
Management fees from leasing	998	1,073	3,352	3,231
Management fees from non-leasing services	598	1,696	2,746	3,724
Total management fees	$ 1,596	$ 2,769	$ 6,098	$ 6,955

The following table provides a reconciliation of the balance sheet accounts from the managed fleet to the total amount as of September 30, 2021 and December 31, 2020 in the condensed consolidated balance sheets (also, see Note 5 "Transactions with Affiliates and Container Investors"):

	September 30, 2021	December 31, 2020
Accounts receivable, net - owned fleet	$ 173,874	$ 97,950
Accounts receivable, net - managed fleet	10,351	10,628
Total accounts receivable, net	$ 184,225	$ 108,578
Prepaid expenses and other current assets - owned fleet	$ 14,029	$ 13,614
Prepaid expenses and other current assets - managed fleet	20	99
Total prepaid expenses and other current assets	$ 14,049	$ 13,713
Accounts payable and accrued expenses - owned fleet	$ 21,816	$ 23,198
Accounts payable and accrued expenses - managed fleet	432	1,187
Total accounts payable and accrued expenses	$ 22,248	$ 24,385
Container contracts payable - owned fleet	$ 282,794	$ 231,647
Total container contracts payable	$ 282,794	$ 231,647

For further discussion on the Company's managed container fleet, please refer to Item 18, "Financial Statements – Note 3" in our 2020 Form 20-F.

(5) Transactions with Affiliates and Container Investors

Due from affiliates, net of $2,770 and $1,509, as of September 30, 2021 and December 31, 2020, respectively, represents lease rentals on tank containers collected on behalf of and payable to the Company from the Company's tank container manager, net of direct container expenses and management fees.

Total management fees earned from the Company's managed fleet, including acquisition fees and sales commissions for the three and nine months ended September 30, 2021 amounted to $1,596 and $6,098, respectively, and $2,769 and $6,955 for the three and nine months ended September 30, 2020, respectively.

The following table provides a summary of due to container investors, net at September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Accounts receivable, net - managed fleet	$ 10,351	$ 10,628
Prepaid expenses and other current assets - managed fleet	20	99
Accounts payable and accrued expenses - managed fleet	(432)	(1,187)
	9,939	9,540
Distributions due to container investors on lease rentals collected, net of container expenses paid and management fees	8,249	9,157
Due to container investors, net	$ 18,188	$ 18,697

(6) Leases

(a) Lessor

The Company's lease rental income for the three and nine months ended September 30, 2021 and 2020 were as follows:

	Three Months Ended September 30,					
	2021			2020		
	Owned	Managed	Total	Owned	Managed	Total
Lease rental income - operating leases	$ 149,751	$ 12,793	$ 162,544	$ 115,774	$ 14,362	$ 130,136
Interest income on net investment in finance leases	23,854	—	23,854	7,881	—	7,881
Interest income on container leaseback financing receivable	5,304	—	5,304	4,188	—	4,188
Variable lease revenue	3,746	382	4,128	5,744	1,181	6,925
Total lease rental income	$ 182,655	$ 13,175	$ 195,830	$ 133,587	$ 15,543	$ 149,130

	Nine Months Ended September 30,					
	2021			2020		
	Owned	Managed	Total	Owned	Managed	Total
Lease rental income - operating leases	$ 426,559	$ 41,900	$ 468,459	$ 344,373	$ 43,759	$ 388,132
Interest income on net investment in finance leases	56,901	—	56,901	18,839	—	18,839
Interest income on container leaseback financing receivable	16,083	—	16,083	12,263	—	12,263
Variable lease revenue	9,983	1,082	11,065	16,832	3,316	20,148
Total lease rental income	$ 509,526	$ 42,982	$ 552,508	$ 392,307	$ 47,075	$ 439,382

Variable lease revenue includes other charges set forth in the leases, such as handling fees, pick-up and drop-off charges and charges for damage protection plan.

For finance leases, the net selling gain recognized at lease commencement, representing the difference between the estimated fair value of containers placed on these leases and their net book value, in the amount of $1,064 and $33 for the three months ended September 30, 2021 and 2020, respectively, and $2,350 and $47 for the nine months ended September 30, 2021 and 2020, respectively, are included in "gain on sale of owned fleet containers, net" in the condensed consolidated statements of operations.

Operating Leases

The following is a schedule, by year, of future minimum lease payments receivable under the long-term leases for the owned and managed container fleet as of September 30, 2021:

	Owned	Managed	Total
Twelve months ending September 30:			
2022	436,644	28,674	465,318
2023	394,372	23,590	417,962
2024	332,789	20,757	353,546
2025	262,636	16,223	278,859
2026	186,481	11,764	198,245
2027 and thereafter	358,182	12,915	371,097
Total future minimum lease payments receivable	$ 1,971,104	$ 113,923	$ 2,085,027

Net Investment in Finance Leases

The following table represents the components of the net investment in finance leases as of September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Future minimum lease payments receivable	$ 2,423,468	$ 1,216,086
Residual value of containers	15,070	12,601
Less: unearned income	(735,587)	(347,394)
Net investment in finance leases (1)	$ 1,702,951	$ 881,293
Less: Allowance for credit losses	(696)	(1,333)
Net investment in finance leases, net	$ 1,702,255	$ 879,960
Amounts due within one year	$ 110,397	$ 78,459
Amounts due beyond one year	1,591,858	801,501
Net investment in finance leases, net	$ 1,702,255	$ 879,960

(1) One major customer represented 84.9% and 80.1% of the Company’s finance leases portfolio as of September 30, 2021 and December 31, 2020, respectively. No other customer represented more than 10% of the Company’s finance leases portfolio in each of those periods.

Container Leaseback Financing Receivable

The Company’s container leaseback financing receivable pertains to containers purchased that were leased back to the seller-lessees through a sales-type leaseback arrangement that are accounted for as financing transactions.

The following table represents the components of the container leaseback financing receivable as of September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Future minimum payments receivable	$ 496,227	$ 505,473
Less: unearned income	(134,432)	(141,181)
Container leaseback financing receivable (1)	$ 361,795	$ 364,292
Less: Allowance for credit losses	(122)	(424)
Container leaseback financing receivable, net	$ 361,673	$ 363,868
Amounts due within one year	$ 29,865	$ 27,076
Amounts due beyond one year	331,808	336,792
Container leaseback financing receivable, net	$ 361,673	$ 363,868

(1) One major customer represented 90.0% and 89.7% of the Company's container leaseback financing receivable portfolio as of September 30, 2021 and December 31, 2020, respectively. As of December 31, 2020, one other customer represented 10.3% of the Company's container leaseback financing receivable portfolio.

The following is a schedule by year, of future minimum lease payments receivable under the net investment in finance leases and container leaseback financing receivable as of September 30, 2021:

Twelve months ending September 30:	Net Investment in Finance Leases	Container Leaseback Financing Receivable	Total
2022	207,570	50,529	258,099
2023	193,474	50,529	244,003
2024	184,932	49,135	234,067
2025	183,022	39,232	222,254
2026	182,375	37,915	220,290
2027 and thereafter	1,472,095	268,887	1,740,982
Total future minimum lease payments receivable	$ 2,423,468	$ 496,227	$ 2,919,695

(b) Lessee

Right-of-use ("ROU") lease assets and lease liabilities are recognized for the Company's office space leases at the commencement date based on the present value of lease payments over the lease term. As of September 30, 2021 and December 31, 2020, ROU operating lease assets amounted to $9,387 and $10,331, respectively, which were reported in "other assets" in the condensed consolidated balance sheets. As of September 30, 2021 and December 31, 2020, total lease liabilities amounted to $11,489 and $12,636, respectively, which were reported in "other liabilities" in the condensed consolidated balance sheets. As of September 30, 2021, the weighted average discount rate was 4.75% and the weighted average remaining lease term was 4 years.

Operating lease expense is recognized on a straight-line basis over the lease term and is reported in "general and administrative expense" in the condensed consolidated statements of operations. Other information related to the Company's operating leases are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30	
	2021	2020	2021	2020
Operating lease cost	$ 525	$ 527	$ 1,578	$ 1,577
Short-term and variable lease cost	38	31	112	95
Total rent expense	$ 563	$ 558	$ 1,690	$ 1,672
Cash paid for amounts included in the measurement of lease liabilities	$ 456	$ 595	$ 1,816	$ 1,739

Future minimum lease payment obligations under the Company's noncancelable operating leases at September 30, 2021 were as follows:

	Operating Leases
Twelve months ending September 30:	
2022	$ 2,247
2023	2,396
2024	2,433
2025	2,168
2026	2,164
2027 and thereafter	1,480
Total minimum lease payments	12,888
Less imputed interest	(1,399)
Total present value of operating lease liabilities	$ 11,489

(7) Allowance for Credit Losses

The Company's allowance for credit losses is estimated based on historical losses from lessee defaults, current economic conditions, reasonable and supportable forecasts and ongoing review of the credit worthiness, but not limited to, each lessee's payment history, lessee credit ratings, management's current assessment of each lessee's financial condition and the recoverability. Changes in economic conditions or other events may necessitate additions or deductions to the allowance for credit losses.

Accounts Receivable

The Company maintains allowances, if necessary, for doubtful accounts against accounts receivables resulting from the inability of its lessees to make required payments related to billed amounts under the operating leases, finance leases and container leaseback financing receivable. The allowance for credit losses included in accounts receivable, net, amounted to $1,389 and $2,663 as of September 30, 2021 and December 31, 2020, respectively.

As of September 30, 2021 and December 31, 2020, the allowance for credit losses related to the billed amounts under the container leaseback financing receivable and finance leases were included in accounts receivable, net, amounted to $596 and $735, respectively.

Net Investment in Finance Leases and Container Leaseback Financing Receivable

The Company maintains allowances for credit losses against net investment in finance leases and container leaseback financing receivable related to unbilled amounts under the finance leases and the sales-type leaseback arrangements accounted for as financing receivable. The allowance for credit losses related to unbilled amounts under finance leases and included in net investment in finance leases, net, amounted to $696 and $1,333 as of September 30, 2021 and December 31, 2020, respectively. The allowance for credit losses related to unbilled amounts under the financing arrangements and included in container leaseback financing receivable, net, amounted to $122 and $424 as of September 30, 2021 and December 31, 2020, respectively.

The Company evaluates its exposure by portfolio with similar risk characteristics based on the creditworthiness, external credit data and overall credit quality of its lessees. The Company's internal risk rating categories are "Tier 1" for the lowest level of risk which are typically the large international shipping lines with a strong financial and asset base; "Tier 2" for moderate level of risk which includes lessees which are well-established in the market; and "Tier 3" for the highest level of risk which includes smaller shipping lines or lessees that exhibit high volatility in payments on a regular basis.

The following table presents the net investment in finance leases and container leaseback financing receivable by internal credit rating category and year of origination as of September 30, 2021:

	Nine Months Ended September 30, 2021	2020	2019	2018	2017	Prior	Total
Tier 1	$ 759,221	$ 597,752	$ 106,715	$ 33,958	$ 6,948	$ 19,126	$1,523,720
Tier 2	64,108	38,231	34,813	19,272	17	5,656	162,097
Tier 3	7,586	2,484	6,169	583	—	312	17,134
Net investment in finance leases	$ 830,915	$ 638,467	$ 147,697	$ 53,813	$ 6,965	$ 25,094	$1,702,951
Tier 1	$ 12,239	$ 109,224	$ 204,299	$ —	$ —	$ —	$ 325,762
Tier 2	5,583	—	30,450	—	—	—	36,033
Container leaseback financing receivable	$ 17,822	$ 109,224	$ 234,749	$ —	$ —	$ —	$ 361,795

(8) Income Taxes

The Company's effective income tax rates were -0.1% and -0.9% for the three months ended September 30, 2021 and 2020, respectively, and 0.4% and 0.3% for the nine months ended September 30, 2021 and 2020, respectively. The Company has computed its provision for income taxes based on the estimated annual effective income tax rate and is affected by recurring items, such as tax rates in foreign jurisdictions and the relative amounts of income the Company earns in those jurisdictions. It is also affected by the changes in discrete items that may occur in any given period. The increase in the effective income tax rate in 2021 compared to the same periods in 2020 was primarily due to a higher pre-tax income, partially offset by an increased proportion of the Company's income generated in lower tax jurisdictions in 2021 and a higher amount of income tax benefit associated with discrete items.

(9) Debt and Derivative Instruments

Debt

The following represents the Company's debt obligations as of September 30, 2021 and December 31, 2020:

Secured Debt Facilities, Revolving Credit Facilities, Term Loan and Bonds Payable	September 30, 2021		December 31, 2020		
	Outstanding	Average Interest	Outstanding	Average Interest	Final Maturity
TL Revolving Credit Facility	$ 1,164,532	1.58%	$ 1,433,919	1.65%	September 2023
TL 2019 Term Loan	140,204	3.50%	148,131	3.50%	December 2026
TL 2021 Term Loan	66,444	2.65%	—	0.00%	February 2028
TMCL II Secured Debt Facility (1)	904,521	1.83%	646,551	1.91%	July 2026
TMCL VI Term Loan	—	0.00%	223,630	4.29%	February 2038
TMCL VII 2019-1 Bonds	—	0.00%	300,305	4.02%	April 2044
TMCL VII 2020-1 Bonds	395,571	3.07%	429,600	3.07%	August 2045
TMCL VII 2020-2 Bonds	544,706	2.26%	587,183	2.26%	September 2045
TMCL VII 2020-3 Bonds	199,355	2.15%	214,168	2.15%	September 2045
TMCL VII 2021-1 Bonds	518,744	1.72%	—	0.00%	February 2046
TMCL VII 2021-2 Bonds	622,808	2.27%	—	0.00%	April 2046
TMCL VII 2021-3 Bonds	589,397	1.98%	—	0.00%	August 2046
TAP Funding Revolving Credit Facility	—	0.00%	131,857	2.11%	December 2021
Total debt obligations	$ 5,146,282		$ 4,115,344		
Amount due within one year	$ 346,287		$ 408,365		
Amounts due beyond one year	$ 4,799,995		$ 3,706,979		

(1) Final maturity of the TMCL II Secured Debt Facility is based on the assumption that the facility will not be extended on its associated conversion date.

In February 2021, Textainer Marine Containers VII Limited ("TMCL VII") issued $523,500 of aggregate Class A and $26,500 of aggregate Class B Series 2021-1 Fixed Rate Asset Backed Notes ("the TMCL VII 2021-1 Bonds"). Under the terms of the TMCL VII 2021-1 Bonds, both principal and interest incurred are payable monthly. Proceeds from the TMCL VII 2021-1 Bonds were primarily used to pay down the Company's revolving credit facilities to create additional borrowing capacity for future container investments.

In February 2021, TL completed a $70,270 fixed rate term loan (the "TL 2021 Term Loan") with a group of financial institutions. Interest on the outstanding amount due under this term loan is payable monthly in arrears. Proceeds from this term loan were used to pay down TL's revolving credit facility.

In February 2021, the Company fully repaid and terminated the TAP Funding Revolving Credit Facility prior to its scheduled maturity.

In April 2021, TMCL VII issued $605,200 of aggregate Class A and $46,000 of aggregate Class B Series 2021-2 Fixed Rate Asset Backed Notes ("the TMCL VII 2021-2 Bonds"). Under the terms of the TMCL VII 2021-2 Bonds, both principal and interest incurred are payable monthly. Proceeds from the TMCL VII 2021-2 Bonds were primarily used to pay down the Company's revolving credit facilities and to pay off the TMCL VII 2019-1 Bonds.

In May 2021, Textainer Marine Containers II Limited ("TMCL II") entered into an amendment of the TMCL II Secured Debt Facility which increased the aggregate commitment amount from $1,200,000 to $1,500,000.

In August 2021, TMCL VII issued $548,800 of aggregate Class A and $51,200 of aggregate Class B Series 2021-3 Fixed Rate Asset Backed Notes ("the TMCL VII 2021-3 Bonds"). Under the terms of the TMCL VII 2021-3 Bonds, both principal and interest incurred are payable monthly. Proceeds from the TMCL VII 2021-3 Bonds were primarily used to pay down the Company's revolving credit facilities and to pay off the TMCL VI Term Loan. The Company made a loan termination payment of $10,631 and unamortized debt issuance costs of $1,235 were written-off, both related to the early redemption of TMCL VI Term Loan and were recorded in the condensed consolidated statements of operations as "debt termination expense". The cash paid for the loan termination is classified under financing cash flows as payments on debt.

The Company's debt agreements contain various restrictive financial and other covenants, and the Company was in full compliance with these restrictive covenants at September 30, 2021.

The following is a schedule of the Company's outstanding borrowings and borrowing capacities, as of September 30, 2021:

	Total Borrowing	Available Borrowing, as limited by the Borrowing Base	Current and Available Borrowing, as limited by the Borrowing Base	Total Commitment
TL Revolving Credit Facility	$ 1,167,858	$ 226,934	$ 1,394,792	$ 1,500,000
TL 2019 Term Loan	141,339	—	141,339	141,339
TL 2021 Term Loan	67,155	—	67,155	67,155
TMCL II Secured Debt Facility	906,241	18,123	924,364	1,500,000
TMCL VII 2020-1 Bonds (1)	399,418	—	399,418	399,418
TMCL VII 2020-2 Bonds (1)	550,158	—	550,158	550,158
TMCL VII 2020-3 Bonds (1)	200,889	—	200,889	200,889
TMCL VII 2021-1 Bonds (1)	524,333	—	524,333	524,333
TMCL VII 2021-2 Bonds (1)	629,493	—	629,493	629,493
TMCL VII 2021-3 Bonds (1)	596,000	—	596,000	596,000
Total (2)	$ 5,182,884	$ 245,057	$ 5,427,941	$ 6,108,785

(1) Amounts on the bonds payable exclude unamortized discounts in an aggregate amount of $648.

(2) Total borrowing for all debts excludes unamortized prepaid debt issuance costs in an aggregate amount of $35,954.

For further discussion on the Company's debt instruments, please refer to Item 18, "Financial Statements – Note 8" in our 2020 Form 20-F.

Derivative Instruments and Hedging Activities

The Company has entered into several derivative agreements with several banks to reduce the impact of changes in interest rates associated with its variable rate debt. The Company has utilized the income approach to measure at each balance sheet date the fair value of its derivative instruments using observable (Level 2) market inputs. The valuation also reflects the credit standing of the Company and the counterparties to the derivative agreements. The credit valuation adjustment was determined to be $315 reduction to the net fair value and $247 addition to the net fair value as of September 30, 2021 and December 31, 2020, respectively.

Derivative instruments are designated or non-designated for hedge accounting purposes. The change in fair value of derivative instruments that are designated as cash flow hedge for accounting purposes are initially reported in the condensed consolidated balance sheets as a component of "accumulated other comprehensive income" and reclassified to earnings in "interest expense, net" when realized. The change in fair value of derivative instruments that are not designated for hedge accounting are recognized in earnings during the period of change.

The following table summarizes the fair value of the derivative instruments that were reflected on a gross basis on the condensed consolidated balance sheets as of September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
Assets		
Interest rate swaps - designated as hedges	$ 2,514	$ 47
Total	$ 2,514	$ 47
Liabilities		
Interest rate swaps - designated as hedges	$ 3,671	$ 9,665
Interest rate swaps - not designated as hedges	—	19,570
Total	$ 3,671	$ 29,235

As of September 30, 2021, all of the Company's interest rate swaps were designated as cash flow hedges, with a total notional amount of $1,523,250, with fixed rates between 0.17% and 1.58% and termination dates between February 2023 and May 2031.

During the three and nine months ended September 30, 2021, the Company early terminated a total notional amount of $22,500 and $508,250 interest rate swaps not designated as cash flow hedges with a total settlement amount, including accrued interest, of $574 and $14,552, respectively. During the three and nine months ended September 30, 2021, the Company entered into new interest rate swaps designated as cash flow hedges with a total notional amount of $405,000 and $825,000, effective as of September 30, 2021, with fixed rates between 0.53% and 1.28% per annum and termination dates through May 2031.

Over the next twelve months, the Company expects to reclassify an estimated net loss of $12,649 related to the designated interest rate swap agreements from "accumulated other comprehensive loss" in the condensed consolidated statements of shareholders' equity to "interest expense" in the condensed consolidated statements of operations.

The following table summarizes the pre-tax impact of derivative instruments on the condensed consolidated statements of operations during the three and nine months ended September 30, 2021 and 2020:

		Three Months Ended September 30,		Nine Months Ended September 30,	
Derivative instruments	Financial Statement Caption	2021	2020	2021	2020
Non-designated	Realized loss on financial instruments, net	$ 4	$ 4,107	$ 5,408	$ 8,900
Non-designated	Unrealized gain (loss) on financial instruments, net	$ 43	$ 4,161	$ 5,220	$ (9,434)
Designated	Other comprehensive income (loss)	$ 3,288	$ 158	$ 3,084	$ (13,093)
Designated	Interest expense	$ 2,887	$ 1,130	$ 5,378	$ 1,658

For further discussion on the Company's derivative instruments, please refer to Item 18, "Financial Statements – Note 9" in our 2020 Form 20-F.

(10) Segment Information

The Company operates in three reportable segments: Container Ownership, Container Management and Container Resale. The following tables show segment information for the three and nine months ended September 30, 2021 and 2020:

Three Months Ended September 30, 2021	Container Ownership	Container Management	Container Resale	Other	Eliminations	Totals
Lease rental income - owned fleet	$ 182,450	$ 205	$ -	$ -	$ -	$ 182,655
Lease rental income - managed fleet	-	13,175	-	-	-	13,175
Lease rental income	$ 182,450	$ 13,380	$ -	$ -	$ -	$ 195,830
Management fees - non-leasing from external customers	$ -	$ 93	$ 505	$ -	$ -	$ 598
Inter-segment management fees	$ -	$ 23,381	$ 2,390	$ -	$ (25,771)	$ -
Trading container margin	$ -	$ -	$ 2,639	$ -	$ -	$ 2,639
Gain on sale of owned fleet containers, net	$ 20,028	$ -	$ -	$ -	$ -	$ 20,028
Depreciation expense	$ 74,899	$ 307	$ -	$ -	$ (2,367)	$ 72,839
Container lessee default expense, net	$ 1,928	$ -	$ -	$ -	$ -	$ 1,928
Interest expense	$ 32,920	$ 208	$ -	$ -	$ -	$ 33,128
Debt termination expense	$ 11,866	$ -	$ -	$ -	$ -	$ 11,866
Realized loss on financial instruments, net	$ 4	$ 108	$ -	$ -	$ -	$ 112
Unrealized gain on financial instruments, net	$ 43	$ 40	$ -	$ -	$ -	$ 83
Segment income (loss) before income taxes	$ 57,591	$ 13,273	$ 4,518	$ (1,904)	$ (5,194)	$ 68,284
Total assets	$ 7,141,719	$ 191,363	$ 22,314	$ 17,427	$ (104,678)	$ 7,268,145
Purchase of containers and fixed assets	$ 652,828	$ 61	$ -	$ -	$ -	$ 652,889

Nine Months Ended September 30, 2021	Container Ownership	Container Management	Container Resale	Other	Eliminations	Totals
Lease rental income - owned fleet	$ 509,010	$ 516	$ -	$ -	$ -	$ 509,52
Lease rental income - managed fleet	-	42,982	-	-	-	42,98
Lease rental income	$ 509,010	$ 43,498	$ -	$ -	$ -	$ 552,50
Management fees - non-leasing from external customers	$ -	$ 299	$ 2,447	$ -	$ -	$ 2,74
Inter-segment management fees	$ -	$ 63,899	$ 7,602	$ -	$ (71,501)	$
Trading container margin	$ -	$ -	$ 9,036	$ -	$ -	$ 9,03
Gain on sale of owned fleet containers, net	$ 51,222	$ -	$ -	$ -	$ -	$ 51,22
Depreciation expense	$ 214,607	$ 781	$ -	$ -	$ (6,728)	$ 208,66
Container lessee default recovery, net	$ 1,185	$ -	$ -	$ -	$ -	$ 1,18
Interest expense	$ 91,980	$ 401	$ -	$ -	$ -	$ 92,38
Debt termination expense	$ 15,078	$ -	$ -	$ -	$ -	$ 15,07
Realized loss on financial instruments, net	$ 5,408	$ 108	$ -	$ -	$ -	$ 5,51
Unrealized gain (loss) on financial instruments, net	$ 5,220	$ (539)	$ -	$ -	$ -	$ 4,68
Segment income (loss) before income taxes	$ 172,234	$ 37,473	$ 15,433	$ (3,822)	$ (13,994)	$ 207,32
Total assets	$ 7,141,719	$ 191,363	$ 22,314	$ 17,427	$ (104,678)	$ 7,268,14
Purchase of containers and fixed assets	$ 1,727,123	$ 84	$ -	$ -	$ -	$ 1,727,20
Payments on container leaseback financing receivable	$ 18,705	$ -	$ -	$ -	$ -	$ 18,70

(1) Container Ownership segment income (loss) before income taxes includes unrealized gain on financial instruments, net of $43 and $5,220 for the three and nine months ended September 30, 2021, respectively, and debt termination expense of $11,866 and $15,078 for the three and nine months ended September 30, 2021, respectively.

Three Months Ended September 30, 2020	Container Ownership	Container Management	Container Resale	Other	Eliminations	Totals
Lease rental income - owned fleet	$ 133,413	$ 174	$ -	$ -	$ -	$ 133,587
Lease rental income - managed fleet	-	15,543	-	-	-	15,543
Lease rental income	$ 133,413	$ 15,717	$ -	$ -	$ -	$ 149,130
Management fees - non-leasing from external customers	$ 98	$ 72	$ 1,526	$ -	$ -	$ 1,696
Inter-segment management fees	$ -	$ 15,204	$ 4,066	$ -	$ (19,270)	$ -
Trading container margin	$ -	$ -	$ 934	$ -	$ -	$ 934
Gain on sale of owned fleet containers, net	$ 7,976	$ -	$ -	$ -	$ -	$ 7,976
Depreciation expense	$ 67,072	$ 219	$ -	$ -	$ (1,917)	$ 65,374
Container lessee default expense, net	$ 76	$ -	$ -	$ -	$ -	$ 76
Interest expense	$ 29,079	$ 44	$ -	$ -	$ -	$ 29,123
Debt termination expense	$ 8,628	$ -	$ -	$ -	$ -	$ 8,628
Realized loss on derivative instruments, net	$ 4,107	$ -	$ -	$ -	$ -	$ 4,107
Unrealized gain on derivative instruments, net	$ 4,161	$ -	$ -	$ -	$ -	$ 4,161
Segment income (loss) before income tax and noncontrolling interests	$ 8,550	$ 7,290	$ 5,389	$ (1,016)	$ (2,919)	$ 17,294
Total assets	$ 5,307,260	$ 163,306	$ 18,294	$ 26,154	$ (101,663)	$ 5,413,351
Purchase of containers and fixed assets	$ 406,853	$ 48	$ -	$ -	$ -	$ 406,901
Payments on container leaseback financing receivable	$ 14,170	$ -	$ -	$ -	$ -	$ 14,170

Nine Months Ended September 30, 2020	Container Ownership	Container Management	Container Resale	Other	Eliminations	Totals
Lease rental income - owned fleet	$ 391,561	$ 746	$ -	$ -	$ -	$ 392,307
Lease rental income - managed fleet	-	47,075	-	-	-	47,075
Lease rental income	$ 391,561	$ 47,821	$ -	$ -	$ -	$ 439,382
Management fees - non-leasing from external customers	$ 294	$ 62	$ 3,368	$ -	$ -	$ 3,724
Inter-segment management fees	$ -	$ 37,101	$ 9,174	$ -	$ (46,275)	$ -
Trading container margin	$ -	$ -	$ 2,154	$ -	$ -	$ 2,154
Gain on sale of owned fleet containers, net	$ 19,410	$ -	$ -	$ -	$ -	$ 19,410
Depreciation expense	$ 200,981	$ 729	$ -	$ -	$ (5,654)	$ 196,056
Container lessee default recovery, net	$ 1,607	$ -	$ -	$ -	$ -	$ 1,607
Interest expense	$ 94,933	$ 324	$ -	$ -	$ -	$ 95,257
Debt termination expense	$ 8,750	$ -	$ -	$ -	$ -	$ 8,750
Realized loss on derivative instruments, net	$ 8,900	$ -	$ -	$ -	$ -	$ 8,900
Unrealized loss on derivative instruments, net	$ 9,434	$ -	$ -	$ -	$ -	$ 9,434
Segment income (loss) before income tax and noncontrolling interests	$ 7,475	$ 14,220	$ 11,537	$ (3,005)	$ (1,503)	$ 28,724
Total assets	$ 5,307,260	$ 163,306	$ 18,294	$ 26,154	$ (101,663)	$ 5,413,351
Purchase of containers and fixed assets	$ 586,970	$ 134	$ -	$ -	$ -	$ 587,104
Payments on container leaseback financing receivable	$ 24,089	$ -	$ -	$ -	$ -	$ 24,089

(1) Container Ownership segment income (loss) before income taxes and noncontrolling interests includes unrealized gain (loss) on financial instruments, net of $4,161 and $(9,434) for the three and nine months ended September 30, 2020, respectively, and debt termination expense of $8,628 and $8,750 for the three and nine months ended September 30, 2020, respectively.

General and administrative expenses are allocated to the reportable business segments based on direct overhead costs incurred by those segments. Amounts reported in the "Other" column represent activity unrelated to the active reportable business segments. Amounts reported in the "Eliminations" column represent inter-segment management fees between the Container Management and Container Resale segments and the Container Ownership segment.

Geographic Segment Information

Substantially all of the Company's leasing related revenue is denominated in U.S. dollars. As all of the Company's containers are used internationally, where no single container is domiciled in one particular place for a prolonged period of time, all of the Company's long-lived assets are considered to be international with no single country of use.

The following table represents the geographic allocation of total fleet lease rental income and management fees from non-leasing services during the three and nine months ended September 30, 2021 and 2020 based on customers' and Container Investors' primary domicile, respectively:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2021	Percent of Total	2020	Percent of Total	2021	Percent of Total	2020	Percent of Total
Lease rental income:								
Asia	$ 99,216	50.7%	$ 75,045	50.3%	$ 281,791	51.0%	$ 220,439	50.1%
Europe	88,001	44.9%	66,220	44.4%	245,967	44.5%	194,479	44.3%
North / South America	8,237	4.2%	7,359	4.9%	23,612	4.3%	22,652	5.2%
All other international	376	0.2%	506	0.4%	1,138	0.2%	1,812	0.4%
	$ 195,830	100.0%	$ 149,130	100.0%	$ 552,508	100.0%	$ 439,382	100.0%
Management fees, non-leasing:								
Europe	$ 300	50.2%	$ 789	46.5%	$ 1,183	43.1%	$ 1,692	45.4%
Bermuda	245	41.0%	893	52.7%	1,451	52.9%	1,974	53.0%
Asia	21	3.5%	4	0.2%	45	1.6%	7	0.2%
North / South America	8	1.3%	2	0.1%	19	0.7%	0	—
All other international	24	4.0%	8	0.5%	48	1.7%	51	1.4%
	$ 598	100.0%	$ 1,696	100.0%	$ 2,746	100.0%	$ 3,724	100.0%

The following table represents the geographic allocation of trading container sales proceeds and gain on sale of owned fleet containers, net during the three and nine months ended September 30, 2021 and 2020 based on the location of sale:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2021	Percent of Total	2020	Percent of Total	2021	Percent of Total	2020	Percent of Total
Trading container sales proceeds:								
Asia	$ 5,343	84.7%	$ 2,975	38.9%	$ 10,293	45.5%	$ 12,948	52.5%
Europe	656	10.4%	796	10.4%	3,360	14.8%	2,469	10.0%
North / South America	308	4.9%	3,884	50.7%	8,994	39.7%	9,241	37.5%
All other international	—	—	—	—	1	0.0%	9	0.0%
	$ 6,307	100.0%	$ 7,655	100.0%	$ 22,648	100.0%	$ 24,667	100.0%
Gain on sale of owned fleet containers, net:								
Asia	$ 14,941	74.6%	$ 5,032	63.1%	$ 36,084	70.5%	$ 11,322	58.3%
North / South America	2,741	13.7%	1,410	17.7%	7,241	14.1%	4,440	22.9%
Europe	2,346	11.7%	1,493	18.7%	7,897	15.4%	3,714	19.1%
All other international	—	—	41	0.5%	—	—	(66)	(0.3)%
	$ 20,028	100.0%	$ 7,976	100.0%	$ 51,222	100.0%	$ 19,410	100.0%

(11) Commitments and Contingencies

(a) Restricted Cash

Restricted interest-bearing cash accounts were established by the Company as additional collateral for outstanding borrowings under certain of the Company's debt facilities. The total balance of these restricted cash accounts was $76,955 and $74,147 as of September 30, 2021 and December 31, 2020, respectively.

(b) Container Commitments

At September 30, 2021, the Company had commitments to purchase containers to be delivered subsequent to September 30, 2021 in the total amount of $258,446.

(c) Distribution Expense to Managed Fleet Container Investors

The amounts distributed to the Container Investors are variable payments based upon the net operating income for each managed container (see Note 4 "Managed Container Fleet"). There are no future minimum lease payment obligations under the Company's management agreements.

(12) Shareholders' Equity

Share Repurchase Program

In 2019, the Company's board of directors approved a share repurchase program to repurchase up to $25,000 of the Company's common shares, in 2020 the board of directors approved an increase of another $75,000 to this program, in May 2021 the program was further increased by $50,000 and in September 2021 the program was further increased by $50,000. Under the program, the Company may purchase its common shares from time to time in the open market, in privately negotiated transactions or such other manner as will comply with applicable laws and regulations. The authorization does not obligate the Company to acquire a specific number of shares during any period, but it may be modified, suspended, or terminated at any time at the discretion of the Company's board of directors.

During the nine months ended September 30, 2021, the Company repurchased 1,685,562 shares at an average price of $27.17 for a total amount of $45,789, including commissions paid. During the nine months ended September 30, 2020, the Company repurchased 5,957,459 shares at an average price of $9.49 for a total amount of $56,779, including commissions paid. As of September 30, 2021, approximately $77,522 remained available for repurchase under the share repurchase program.

Preferred Shares

In April 2021, the Company completed an underwritten public offering of 6,000,000 depositary shares, each representing a 1/1,000th interest in a share of its 7.00% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preference Shares, par value $0.01 per share and $25,000 liquidation preference per share (equivalent to $25.00 per depositary share) ("Series A Preferred Shares"), resulting in net proceeds to the Company of approximately $144,746 after deducting the underwriting discount and other offering expenses. The net proceeds from the offering were used for general corporate purposes, including the purchase of additional containers. The Series A Preferred Shares are perpetual, have no maturity date and are redeemable from June 15, 2026 (the "first reset date") by the Company.

In August 2021, the Company completed an underwritten public offering of 6,000,000 depositary shares, each representing a 1/1,000th interest in a share of its 6.25% Series B Fixed Rate Cumulative Redeemable Perpetual Preference Shares, par value $0.01 per share and $25,000 liquidation preference per share (equivalent to $25.00 per depositary share) ("Series B Preferred Shares"), resulting in net proceeds to the Company of approximately $144,904 after deducting the underwriting discount and other offering expenses. The net proceeds from the offering were used for general corporate purposes, including the purchase of additional containers. The Series B Preferred Shares are perpetual, have no maturity date and are redeemable from December 15, 2026 by the Company.

Each Series of preferred shares may be redeemed at the Company's option, at any time after approximately five years from original issuance, for cash at a redemption price of $25.00 per depositary share plus an amount equal to all accumulated and unpaid dividends, whether or not declared. The Company may also redeem each Series of preferred shares in the event of a Change of Control (as defined in the Certificate of Designations). If the Company does not elect to redeem the preferred shares in a Change of Control triggering event, holders of each Series of preferred shares may have the right to convert their preferred shares into common shares.

There is no mandatory redemption of each Series of preferred shares or redemption at the option of the holders. Holders of the preferred shares do not have general voting rights.

Preferred Dividends

Dividends on each Series of preferred shares accrue daily and are cumulative from and including the date of original issuance and are payable quarterly in arrears on the 15th day of March, June, September and December of each year, when declared by the Company’s board of directors. Dividends accrue at the stated annual rate of the $25,000 liquidation preference. Each Series of preferred shares rank senior to the Company's common shares with respect to dividend rights and rights upon the Company's liquidation, dissolution or winding up.

The Company’s board of directors approved and declared a quarterly preferred cash dividend during the nine months ended September 30, 2021 on its issued and outstanding preferred shares:

		Series A Preferred Shares		Series B Preferred Shares (2)	
Record Date	**Payment Date**	**Aggregate Payment**	**Per Depositary Share Payment (1)**	**Aggregate Payment**	**Per Depositary Share Payment (1)**
May 31, 2021	June 15, 2021	$ 1,808	$ 0.30	—	—
August 31, 2021	September 15, 2021	$ 2,625	$ 0.44	—	—

(1) Rounded to the nearest whole cent.

(2) Dividend payment on the Series B Preferred Shares commences on December 15, 2021 (see Note 13 “Subsequent Events”).

As of September 30, 2021, the Company had cumulative unpaid preferred dividends of $1,427.

(13) Subsequent Events

In October 2021, TL completed a $209,000 seven-year fixed rate term loan with a group of financial institutions. Interest on the outstanding amount due under this term loan is based on a fixed rate of 2.90% per annum, payable monthly in arrears. Proceeds from this term loan are primarily used to pay down the Company’s revolving credit facilities.

In November 2021, the Company’s board of directors approved and declared a quarterly preferred cash dividend on its issued and outstanding preferred shares, payable on December 15, 2021 to holders of record as of December 3, 2021. The dividend declared on Series A Preferred Shares and Series B Preferred Shares were $0.44 and $0.49 per depositary share (rounded to the nearest whole cent), respectively, for a total aggregate amount of $2,625 and $2,917, respectively.

In November 2021, the Company’s board of directors approved and declared a cash dividend of $0.25 per share on its issued and outstanding common shares, payable on December 15, 2021 to holders of record as of December 3, 2021.

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

The following discussion and analysis of our consolidated financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto included in Item 1, "Condensed Consolidated Financial Statements (Unaudited)" of this Quarterly Report on Form 6-K, as well as our audited consolidated financial statements and notes thereto included in our Annual Report on Form 20-F for the fiscal year ended December 31, 2020 filed with the U.S. Securities and Exchange Commission (the "SEC") on March 18, 2021 (our "2020 Form 20-F"). In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results may differ materially from those contained in or implied by any forward-looking statements. See "Information Regarding Forward-Looking Statements; Cautionary Language." Factors that could cause or contribute to these differences include those discussed below, the additional risk factor as set forth in Item 4, "Risk Factors" of this Quarterly Report on Form 6-K and Item 3, "Key Information -- Risk Factors" included in our 2020 Form 20-F.

As used in the following discussion and analysis, unless indicated otherwise or the context otherwise requires, references to: (1) "the Company," "we," "us," "our" or "TGH" refer collectively to Textainer Group Holdings Limited, the issuer of the publicly-traded common shares that have been registered pursuant to Section 12(b) of the U.S. Securities Exchange Act of 1934, as amended, and its subsidiaries; (2) "TEU" refers to a "Twenty-Foot Equivalent Unit," which is a unit of measurement used in the container shipping industry to compare shipping containers of various lengths to a standard 20' dry freight container, thus a 20' container is one TEU and a 40' container is two TEU; (3) "CEU" refers to a Cost Equivalent Unit, which is a unit of measurement based on the approximate cost of a container relative to the cost of a standard 20' dry freight container, so the cost of a standard 20' dry freight container is one CEU; the cost of a 40' dry freight container is 1.6 CEU; and the cost of a 40' high cube dry freight container (9'6" high) is 1.7 CEU; and the cost of a 40' high cube refrigerated container is 8.0 CEU; (4) "our owned fleet" means the containers we own; (5) "our managed fleet" means the containers we manage that are owned by other container investors; (6) "our fleet" and our" total fleet" means our owned fleet plus our managed fleet plus any containers we lease from other lessors; and (7) "container investors" means the owners of the containers in our managed fleet.

Dollar amounts in this section of this Quarterly Report on Form 6-K are expressed in thousands. Per container amounts are in dollars.

Overview

We are one of the world's largest lessors of intermodal containers based on fleet size, with a total fleet of approximately 2.6 million containers, representing 4.3 million TEU. Containers are an integral component of intermodal trade, providing a secure and cost-effective method of transportation because they can be used to transport freight by ship, rail or truck, making it possible to move cargo from point of origin to final destination without repeated unpacking and repacking.

We lease containers to approximately 250 shipping lines and other lessees, including all of the world's leading international shipping lines. We believe that our scale, global presence, customer service, market knowledge and long history with our customers have made us one of the most reliable suppliers of leased containers. We have a long track record in the industry, operating since 1979, and have developed long-standing relationships with key industry participants. Our top 20 customers, as measured by revenues, have on average been our customer for 27 years.

We have provided an average of approximately 320,000 TEU of new containers per year for the past five years and have been one of the largest buyers of new containers over the same period. We are one of the largest sellers of used containers, having sold an average of approximately 150,000 containers per year for the last five years to more than 1,500 customers.

We provide our services worldwide via an international network of 14 regional and area offices and approximately 400 independent depots.

We operate our business in three core segments:

- *Container Ownership*. As of September 30, 2021, we owned containers accounting for approximately 92.6%, as measured in TEUs, of our fleet.
- *Container Management*. As of September 30, 2021, we managed containers on behalf of 11 unaffiliated container investors, providing acquisition, management and disposal services. As of September 30, 2021, total managed containers accounted for approximately 7.4%, as measured in TEUs, of our fleet.
- *Container Resale*. We generally sell containers from our fleet when they reach the end of their useful lives in marine service or when we believe it is financially attractive for us to do so, considering the location, sale price, cost of repair and possible repositioning expenses. We also purchase and lease or resell containers from shipping line customers, container traders and other sellers of containers.

The table below summarizes the composition of our owned and managed fleets, in TEU and CEU, by type of containers, as of September 30, 2021:

	TEU			CEU		
	Owned	Managed	Total	Owned	Managed	Total
Standard dry freight	3,698,557	300,659	3,999,216	3,274,747	267,328	3,542,075
Refrigerated	199,050	7,072	206,122	800,780	28,597	829,377
Other specialized	53,773	5,835	59,608	84,515	8,430	92,945
Total fleet	3,951,380	313,566	4,264,946	4,160,042	304,355	4,464,397
Percent of total fleet	92.6%	7.4%	100.0%	93.2%	6.8%	100.0%

Our total fleet as of September 30, 2021, by lease type, as a percentage of total TEU on hire was as follows:

	Percent of Total On-Hire Fleet
Term leases	64.4%
Finance leases	22.4%
Master leases	12.0%
Spot leases	1.2%
Total	100.0%

The following table summarizes our average total fleet utilization (CEU basis) for the three and nine months ended September 30, 2021 and 2020:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Utilization	99.8%	96.0%	99.7%	95.9%

We measure the utilization rate on the basis of CEU on lease, using the actual number of days on hire, expressed as a percentage of CEU available for lease, using the actual days available for lease. CEU available for lease excludes CEU that have been manufactured but have not yet been delivered to a lessee and CEU designated as held-for-sale units.

Our total revenues primarily consist of leasing revenues derived from the lease of owned and managed containers. The most important driver of our profitability is the extent to which revenues on our owned fleet and management fee income exceed our operating costs. The key drivers of our revenues are fleet size, rental rates, utilization and direct costs. Our operating costs primarily consist of depreciation, container impairment, interest expense, direct operating expenses and administrative expenses. Our lessees are generally responsible for loss of or damage to a container beyond ordinary wear and tear, and they are required to purchase insurance to cover any other liabilities.

COVID-19 Impact

The COVID-19 pandemic has had significant impacts on global economies. Governments and other organizations around the world have taken, and may take additional or reimpose previous, emergency measures to combat COVID-19's spread, including vaccination requirements, implementation of travel bans, shelter-in-place orders and closures of offices, factories, schools and businesses. The decrease in global trade volumes and economic activity due to the COVID-19 pandemic led to disruptions in global shipping and reduced container demand during the first half of 2020. However, we have seen a sharp rebound in cargo volumes and leasing demand since the second half of 2020, and continuing through 2021, as high demand for consumer goods and supply chain congestion have caused freight volumes to increase. Even as certain government restrictions are lifted and economies gradually stabilized, the shape of the economic recovery is still uncertain as the global vaccination efforts experienced divergent progress and COVID-19's continues to mutate and spread in many places.

We currently believe these disruptions are temporary and we have strongly benefited from the increased global containerized trade volumes and trade disruptions that have emerged since the second half of 2020 and throughout 2021. While macro uncertainty from COVID-19 remains, we are encouraged by our strong financial performance, our customers' improved financial performance and strengthening credit profile, the overall strong market fundamentals arising from expected elevated cargo volumes, high container prices and high freight rates that have continued into the end of 2021. For additional information regarding the risk and uncertainties that we could encounter as a result of the COVID-19 pandemic and related global conditions, see Item 3, "*Key Information - Risk Factors*" included in our 2020 Form 20-F.

Key Factors Affecting Our Performance

We believe there are a number of key factors that have affected, and are likely to continue to affect, our operating performance. These key factors include the following, among others:

- the demand for leased containers;
- lease rates;
- steel prices and the price and availability of other container components;
- interest rates and availability of debt financing at acceptable terms;
- our ability to lease our new containers shortly after we purchase them;
- access to container production capacity;
- prices of new and used containers and the impact of changing prices on containers held for sale and the residual value of our in-fleet owned containers;
- remarketing risk;
- the creditworthiness of our customers;
- further consolidation among shipping lines and/or container lessors;
- further consolidation of container manufacturers and/or decreased access to new containers;
- global and macroeconomic factors that affect trade generally, such as recessions, trade disputes, terrorist attacks, pandemics, such as the COVID-19 pandemic, or the outbreak of war and hostilities.

For further details regarding these and other factors that may affect our business and results of operations, see Item 3, "*Key Information -- Risk Factors*" included in our 2020 Form 20-F.

Results of Operations

Comparison of the Three and Nine Months Ended September 30, 2021 and 2020

The following table summarizes our total revenues for the three and nine months ended September 30, 2021 and 2020 and the percentage changes between those periods:

	Three Months Ended September 30,		% Change Between 2021 and 2020	Nine Months Ended September 30,		% Change Between 2021 and 2020
	2021	2020		2021	2020	
	(Dollars in thousands)			(Dollars in thousands)		
Lease rental income - owned fleet	$ 182,655	$ 133,587	36.7%	$ 509,526	$ 392,307	29.9%
Lease rental income - managed fleet	13,175	15,543	(15.2%)	42,982	47,075	(8.7%)
Lease rental income	$ 195,830	$ 149,130	31.3%	$ 552,508	$ 439,382	25.7%
Management fees - non-leasing	$ 598	$ 1,696	(64.7%)	$ 2,746	$ 3,724	(26.3%)
Trading container sales proceeds	6,307	7,655	(17.6%)	22,648	24,667	(8.2%)
Cost of trading containers sold	(3,668)	(6,721)	(45.4%)	(13,612)	(22,513)	(39.5%)
Trading container margin	$ 2,639	$ 934	182.5%	$ 9,036	$ 2,154	319.5%
Gain on sale of owned fleet containers, net	$ 20,028	$ 7,976	151.1%	$ 51,222	$ 19,410	163.9%

Lease rental income for the three months ended September 30, 2021 increased $46,700 compared to the three months ended September 30, 2020, primarily due to an increase of $18,263 in the growth of our fleet on finance leases, an increase of $13,487 (10.6%) in our total operating fleet that was available for lease, an increase of $11,478 (6.3%) in average per diem rental rates and an increase of $6,595 (4.7%) in utilization, partially offset by a decrease of $4,499 in ancillary lease revenues due to lower drop-off activity. Lease rental income for the nine months ended September 30, 2021 increased $113,126 compared to the nine months ended September 30, 2020 primarily due to an increase of $43,564 in the growth of our fleet on finance leases, an increase of $29,327 (4.5%) in average per diem rental rates, an increase of $29,012 (8.1%) in our total operating fleet that was available for lease, an increase of $18,837 (4.6%) in utilization and a $5,865 settlement received in the second quarter of 2021 from a previously insolvent customer in relation to unrecognized lease rental income from prior periods, partially offset by a decrease of $11,957 in ancillary lease revenues due to lower drop-off activity.

Management fees – non-leasing for the three and nine months ended September 30, 2021 decreased $1,098 and $978 compared to the three and nine months ended September 30, 2020, primarily due to $1,021 and $ 921 decrease in sales commissions, respectively.

Trading container margin for the three months ended September 30, 2021 increased $1,705 compared to the three months ended September 30, 2020; $2,255 of the increase resulted from an improvement in per unit margin, partially offset by a $550 decrease which resulted from a reduction in unit sales volume. Trading container margin for the nine months ended September 30, 2021 increased $6,882 compared to the nine months ended September 30, 2020; $7,971 of the increase resulted from an improvement in per unit margin, partially offset by a $1,089 decrease which resulted from a reduction in unit sales volume.

Gain on sale of owned fleet containers, net for the three months ended September 30, 2021 increased $12,052 compared to the three months ended September 30, 2020 primarily due to $15,272 increase which resulted from an improvement in per unit margin, partially offset by a $4,273 decrease which resulted from a reduction in the number of containers being sold. Gain on sale of owned fleet containers, net for the nine months ended September 30, 2021 increased $31,812 compared to the nine months ended September 30, 2020 primarily due to $38,234 increase which resulted from an improvement in per unit margin, partially offset by a $8,753 decrease which resulted from a reduction in the number of containers being sold.

The following table summarizes our total operating expenses for the three and nine months ended September 30, 2021 and 2020 and the percentage changes between those periods:

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	% Change Between 2021 and 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	% Change Between 2021 and 2020
	(Dollars in thousands)			(Dollars in thousands)		
Direct container expense - owned fleet	$ 5,210	$ 16,395	(68.2%)	$ 17,794	$ 44,907	(60.4%)
Distribution expense to managed fleet container investors	11,751	14,364	(18.2%)	38,770	43,219	(10.3%)
Depreciation expense	72,839	65,374	11.4%	208,660	196,056	6.4%
Amortization expense	802	645	24.3%	2,290	1,766	29.7%
General and administrative expense	12,543	10,868	15.4%	34,263	30,872	11.0%
Bad debt recovery, net	(15)	(2,095)	(99.3%)	(1,225)	(326)	275.8%
Container lessee default expense (recovery), net	1,928	76	2436.8%	(1,185)	(1,607)	(26.3%)
Total operating expenses	$ 105,058	$ 105,627	(0.5%)	$ 299,367	$ 314,887	(4.9%)

Direct container expense – owned fleet for the three months ended September 30, 2021 decreased $11,185 compared to the three months ended September 30, 2020 primarily due to a $5,551 decrease in storage expense, a $3,428 decrease in maintenance and handling expense and a $695 decrease in insurance expense. Direct container expense – owned fleet for the nine months ended September 30, 2021 decreased $27,113 compared to the nine months ended September 30, 2020 primarily due to a $16,456 decrease in storage expense, a $7,088 decrease in maintenance and handling expense and a $1,846 decrease in insurance expense.

Distribution expense to managed fleet container investors for the three and nine months ended September 30, 2021 decreased $2,613 and $4,449 compared to the three and nine months ended September 30, 2020, respectively, primarily due to a decrease in lease rental income of the managed fleet resulting from a reduction in the fleet size.

Depreciation expense for the three months ended September 30, 2021 increased $7,465 compared to the three months ended September 30, 2020; $10,241 of the increase was due to a net increase in the size of our owned depreciable fleet, partially offset by a net decrease of $2,776 in writing down the value of containers held for sale to their estimated fair value less cost to sell. Depreciation expense for the nine months ended September 30, 2021 increased $12,604 compared to the nine months ended September 30, 2020; $23,265 of the increase was due to a net increase in the size of our owned depreciable fleet, partially offset by a net decrease of $10,661 in writing down the value of containers held for sale to their estimated fair value less cost to sell.

Amortization expense represents the amortization of amounts paid to acquire the rights to manage the container fleets of Capital Lease Limited, Hong Kong (“Capital”); Amphibious Container Leasing Limited (“Amficon”); and Capital Intermodal Limited, Capital Intermodal GmbH, Capital Intermodal Inc., Capital Intermodal Assets Limited and Xines Limited (“Capital Intermodal”). Amortization expense for the three and nine months ended September 30, 2021 increased $157 and $524 compared to the three and nine months ended September 30, 2020, respectively, primarily due to a revision in the estimates for management fee revenue.

General and administrative expense for the three months ended September 30, 2021 increased $1,675 compared to the three months ended September 30, 2020, primarily due to a $1,490 increase in compensation and benefit costs, predominately associated with improved company performance. General and administrative expense for the nine months ended September 30, 2021 increased $3,391 compared to the nine months ended September 30, 2020 primarily due to a $2,570 increase in compensation and benefit costs, predominately associated with improved company performance, and a $647 increase in technology expense.

Bad debt recovery, net for the three months ended September 30, 2021 decreased $2,080 compared to the three months ended September 30, 2020, primarily due to improvements in collections and our general customer credit profile in the third quarter of 2020. Bad debt recovery, net for the nine months ended September 30, 2021 increased $899 compared to the nine months ended September 30, 2020, primarily due to a decrease in the estimates for credit loss reserve on our net investment in finance leases and container leaseback financing receivable in 2021, partially offset by a larger improvement in collections and our general customer credit profile in 2020.

Container lessee default expense (recovery), net for the three and nine months ended September 30, 2021 amounted to an expense of $1,928 and a recovery of $1,185, respectively, which are summarized in the below table,

	September 30, 2021	
	Three months ended	Nine months ended
	(Dollars in thousands)	
Cost to recover containers with insolvent lessees	$ 1,010	$ 3,650
Charge for written off containers that were deemed unlikely to be recovered from insolvent lessees	928	2,793
Gain associated with recoveries, net of container recovery costs, on containers previously estimated as lost with an insolvent lessee in 2019 who subsequently exited out of bankruptcy	—	(7,577)
Others	(10)	(51)
Container lessee default expense (recovery), net	$ 1,928	$ (1,185)

Container lessee default expense (recovery), net for the three and nine months ended September 30, 2020 amounted to an expense of $76 and a recovery of $1,607, respectively; primarily due to aggregate payments of $1,386 received on a settlement agreement with an insolvent lessee in the second quarter of 2020.

The following table summarizes other (expense) income and income tax benefit (expense) for the three and nine months ended September 30, 2021 and 2020 and the percentage changes between those periods:

	Three Months Ended September 30,		% Change Between	Nine Months Ended September 30,		% Change Between
	2021	2020	2021 and 2020	2021	2020	2021 and 2020
	(Dollars in thousands)			(Dollars in thousands)		
Interest expense	$ (33,128)	$ (29,123)	13.8%	$ (92,381)	$ (95,257)	(3.0%)
Debt termination expense	(11,866)	(8,628)	37.5%	(15,078)	(8,750)	72.3%
Interest income	20	23	(13.0%)	83	479	(82.7%)
Realized loss on financial instruments, net	(112)	(4,107)	(97.3%)	(5,516)	(8,900)	(38.0%)
Unrealized gain (loss) on financial instruments, net	83	4,161	(98.0%)	4,681	(9,434)	(149.6%)
Other, net	(750)	859	(187.3%)	(610)	803	(176.0%)
Net other expense	$ (45,753)	$ (36,815)	24.3%	$ (108,821)	$ (121,059)	(10.1%)
Income tax benefit (expense)	$ 59	$ 152	(61.2%)	$ (890)	$ (89)	900.0%

Interest expense for the three months ended September 30, 2021 increased $4,005 compared to the three months ended September 30, 2020, primarily due to a $9,736 increase resulting from an increase in the average debt balance of $1,245,021, partially offset by a $5,707 decrease resulting from a reduction in average interest rates of 0.46 percentage points. Interest expense for the nine months ended September 30, 2021 decreased $2,876 compared to the nine months ended September 30, 2020; $25,629 decrease resulting from a reduction in average interest rates of 1.11 percentage points, partially offset by a $22,926 increase resulting from an increase in the average debt balance of $897,057.

Debt termination expense for the three and nine months ended September 30, 2021 amounted to $11,866 and $15,078, respectively, which included $10,631 loan termination expense and $1,235 write-off of unamortized debt issuance costs resulting from the early redemption of TMCL VI Term Loan were included in the third quarter of 2021. $2,857 on the write-off of unamortized debt issuance costs of the early redemption of 2019-1 Bonds in the second quarter 2021 was also included in the nine months ended September 30, 2021. Debt termination expense for the three and nine months ended September 30, 2020 amounted to $8,628 and $8,750, respectively, of which $8,628 related to the write-off of unamortized debt issuance costs resulting from the early redemption of 2017-1 Bonds, 2017-2 Bonds and 2018-1 Bonds in the third quarter of 2020.

Realized loss on financial instruments included amounts for our marketable securities and derivative instruments. Realized loss on marketable securities for both the three and nine months ended September 30, 2021 amounted to $108, which related to certain of the shares of marketable equity securities of a lessee that we received in the second quarter of 2021 for a bankruptcy settlement were sold in the third quarter of 2021. Realized loss on derivative instruments, net for the three and nine months ended September 30, 2021 decreased $4,103 and $3,492, compared to the three and nine months ended September 30, 2020, respectively; these changes were primarily due to the termination of all our interest rate swaps during the second and third quarters of 2021 that were not designated as cash flow hedges. See Note 9 "Debt and Derivative instruments" in Item 1, "Financial Statements" in this Quarterly Report on Form 6-K for further information.

Unrealized gain (loss) on financial instruments included amounts for our marketable securities and derivative instruments. Unrealized gain (loss) on marketable securities for the three and nine months ended September 30, 2021 amounted to a gain of $40 and a loss of $539, respectively, which related to a fair value change in the marketable equity securities of a lessee that we received in the second quarter of 2021 for a bankruptcy settlement. Unrealized gain on derivative instruments, net for the three months ended September 30, 2021 decreased $4,118 compared to the three months ended September 30, 2020, and changed from a net loss of $9,434 for the nine months ended September 30, 2020 to a net gain of $5,220 for the nine months ended September 30, 2021. These changes were primarily due to the termination of all our interest rate swaps during the second and third quarters of 2021 that were not designated as cash flow hedges. See Note 9 "Debt and Derivative instruments" in Item 1, "Financial Statements" in this Quarterly Report on Form 6-K for further information.

Income tax benefit (expense) for the three and nine months ended September 30, 2021 decreased $93 in benefit and increased $801 in expense compared to the three and nine months ended September 30, 2020, respectively. The increase in income tax expense for the year was primarily due to an increase in pre-tax income, partially offset by an increased proportion of the Company’s income generated in lower tax jurisdictions in 2021 and a higher amount of income tax benefit associated with discrete items.

Segment Information

The following table summarizes our income before taxes and noncontrolling interests attributable to each of our business segments for the three and nine months ended September 30, 2021 and 2020 (before inter-segment eliminations) and the percentage changes between those periods:

	Three Months Ended September 30,		% Change Between	Nine Months Ended September 30,		% Change Between
	2021	2020	2021 and 2020	2021	2020	2021 and 2020
	(Dollars in thousands)			(Dollars in thousands)		
Container ownership	$ 57,591	$ 8,550	573.6%	$ 172,234	$ 7,475	2204.1%
Container management	13,273	7,290	82.1%	37,473	14,220	163.5%
Container resale	4,518	5,389	(16.2%)	15,433	11,537	33.8%
Other	(1,904)	(1,016)	87.4%	(3,822)	(3,005)	27.2%
Eliminations	(5,194)	(2,919)	77.9%	(13,994)	(1,503)	831.1%
Income before income taxes	$ 68,284	$ 17,294	294.8%	$ 207,324	$ 28,724	621.8%

Income before income taxes attributable to the Container Ownership segment for the three months ended September 30, 2021 increased $49,041 compared to the three months ended September 30, 2020. The following table summarizes the variances included within this increase:

Increase in lease rental income - owned fleet	$	49,037
Increase in gain on sale of owned fleet containers, net		12,052
Decrease in direct container expense		7,678
Decrease in realized loss on derivative instruments, net		4,103
Increase in depreciation expense		(7,827)
Decrease in unrealized gain on derivative instruments, net		(4,118)
Increase in interest expense		(3,841)
Increase in debt termination expense		(3,238)
Decrease in bad debt recovery, net		(2,077)
Increase in container lessee default expense, net		(1,852)
Other		(876)
	$	49,041

Income before income taxes attributable to the Container Ownership segment for the nine months ended September 30, 2021 increased $164,759 compared to the nine months ended September 30, 2020. The following table summarizes the variances included within this increase:

Increase in lease rental income - owned fleet	$	117,449
Increase in gain on sale of owned fleet containers, net		31,812
Decrease in direct container expense		15,345
Change from unrealized loss to unrealized gain on derivative instruments, net		14,654
Decrease in realized loss on derivative instruments, net		3,492
Decrease in interest expense		2,953
Increase in depreciation expense		(13,626)
Increase in debt termination expense		(6,328)
Other		(992)
	$	164,759

Income before income taxes attributable to the Container Management segment for the three months ended September 30, 2021 increased $5,983 compared to the three months ended September 30, 2020. The following table summarizes the variances included within this increase:

Increase in management fees	$	8,198
Decrease in distribution expense to managed fleet container investors		2,613
Decrease in lease rental income - managed fleet		(2,368)
Increase in general and administrative expense		(1,441)
Other		(1,019)
	$	5,983

Income before income taxes attributable to the Container management segment for the nine months ended September 30, 2021 increased $23,253 compared to the nine months ended September 30, 2020. The following table summarizes the variances included within this increase:

Increase in management fees	$	27,036
Decrease in distribution expense to managed fleet container investors		4,449
Decrease in lease rental income - managed fleet		(4,093)
Increase in general and administrative expense		(2,917)
Other		(1,222)
	$	23,253

Income before income taxes attributable to the Container Resale segment for the three months ended September 30, 2021 decreased $871 compared to the three months ended September 30, 2020, primarily due to a decrease in management fees, partially offset by an increase in trading container margin. Income before income taxes attributable to the Container Resale segment for the nine months ended September 30, 2021 increased $3,896 compared to the three months ended September 30, 2020, primarily due to an increase in trading container margin, partially offset by a decrease in management fees.

Loss before income taxes attributable to Other activities unrelated to our reportable business segments for the three and nine months ended September 30, 2021 increased $888 and $817 compared to the three and nine months ended September 30, 2020, respectively, primarily due to increases in foreign exchange loss and general and administrative expense.

Segment eliminations for the three and nine months ended September 30, 2021 increased $2,275 and $12,491 compared to the three and nine months ended September 30, 2021, respectively, due to $2,724 and $ 13,565 increase in acquisition fees received by our Container Management segment from our Container Ownership segment, partially offset by a $449 and $1,074 increase in depreciation expense related to capitalized acquisition fees received by our Container Management segment from our Container Ownership segment, respectively. Our Container Ownership segment capitalizes acquisition fees billed by our Container Management segment as part of containers, net and records depreciation expense to amortize the acquisition fees over the useful lives of the containers, which is eliminated in consolidation.

Currency

Almost all of our revenues are denominated in U.S. dollars, and approximately 80.7% and 78.5% of our direct container expenses – owned fleet for the three and nine months ended September 30, 2021, respectively, were denominated in U.S. dollars. See the risk factor entitled “Because substantially all of our revenues are generated in U.S. dollars, but a significant portion of our expenses are incurred in other currencies, exchange rate fluctuations could have an adverse impact on our results of operations” under Item 3, “*Key Information—Risk Factors*” included in our 2020 Form 20-F. Our operations in non-U.S. dollar locations have some exposure to foreign currency fluctuations, and trade growth and the direction of trade flows can be influenced by large changes in relative currency values. For the nine months ended September 30, 2021, our non-U.S. dollar operating expenses were spread among 16 currencies, resulting in some level of self-hedging. We do not engage in currency hedging.

Liquidity and Capital Resources

As of September 30, 2021, we had cash and cash equivalents (including restricted cash) of $261,054. Our principal sources of liquidity have been our cash flows from operations including the sale of containers and borrowings under debt facilities. As of September 30, 2021, we had the following outstanding borrowings and borrowing capacities per debt facility (in thousands):

Facility:	Current Borrowing	Additional Borrowing Commitment	Total	Current Borrowing	Available Borrowing, as limited by our Borrowing Base	Current and Available Borrowing
TL Revolving Credit Facility	$ 1,167,858	$ 332,142	$ 1,500,000	$ 1,167,858	$ 226,934	$ 1,394,792
TL 2019 Term Loan	141,339	—	141,339	141,339	—	141,339
TL 2021 Term Loan	67,155	—	67,155	67,155	—	67,155
TMCL II Secured Debt Facility	906,241	593,759	1,500,000	906,241	18,123	924,364
TMCL VII 2020-1 Bonds (1)	399,418	—	399,418	399,418	—	399,418
TMCL VII 2020-2 Bonds (1)	550,158	—	550,158	550,158	—	550,158
TMCL VII 2020-3 Bonds (1)	200,889	—	200,889	200,889	—	200,889
TMCL VII 2021-1 Bonds (1)	524,333	—	524,333	524,333	—	524,333
TMCL VII 2021-2 Bonds (1)	629,493	—	629,493	629,493	—	629,493
TMCL VII 2021-3 Bonds (1)	596,000	—	596,000	596,000	—	596,000
Total (2)	$ 5,182,884	$ 925,901	$ 6,108,785	$ 5,182,884	$ 245,057	$ 5,427,941

(1) Amounts on all the bonds payable exclude an unamortized discount in an aggregate amount of $648.

(2) Current borrowing for all debts excludes prepaid debt issuance costs in an aggregate amount of $35,954.

Assuming that our lenders remain solvent, and lessees meet their lease payment obligations, we currently believe that our existing cash and cash equivalents, cash flows generated from operations, proceeds from the sale of containers and borrowing availability under our debt facilities are sufficient to meet our working capital needs and other capital and liquidity requirements for the next twelve months. While we are not yet through the pandemic, the financial performance of our customers has generally held up better than anticipated since our customers continue to benefit from recent high cargo volumes and high freight rates. We will continue to monitor our liquidity and the credit markets in light of the global economic uncertainty and financial market conditions caused by the COVID-

19 pandemic. However, we cannot predict with any certainty the impact on the Company of any further disruptions in the credit environment.

During the nine months ended September 30, 2021, the Company completed the offering of Series A Preferred Shares and Series B Preferred Shares which generated aggregate gross proceeds of $300,000 (see Note 12 "Shareholders' Equity" in Item 1, "*Financial Statements*" in this Quarterly Report on Form 6-K for further information). All of our debt facilities are secured by specific pools of containers and related assets owned by the Company. In addition to customary events of default as defined in our credit agreements and indenture and various restrictive financial covenants, the Company's debt facilities also contain various other debt covenants and borrowing base minimums. As of September 30, 2021, we were in compliance with all of the applicable debt covenants.

Cash Flow

The following table summarizes cash flow information for the nine months ended September 30, 2021 and 2020:

	Nine Months Ended September 30,	
	2021	2020
	(Dollars in thousands)	
Net income	$ 206,434	$ 28,635
Adjustments to reconcile net income to net cash provided by operating activities	177,183	259,678
Net cash provided by operating activities	383,617	288,313
Net cash used in investing activities	(1,574,467)	(172,328)
Net cash provided by (used in) financing activities	1,246,847	(160,015)
Effect of exchange rate changes	(108)	3
Net increase (decrease) in cash, cash equivalents and restricted cash	55,889	(44,027)
Cash, cash equivalents and restricted cash, beginning of period	205,165	277,905
Cash, cash equivalents and restricted cash, end of the period	$ 261,054	$ 233,878

Operating Activities

Net cash provided by operating activities for the nine months ended September 30, 2021 increased by $95,304 compared to the nine months ended September 30, 2020. The increase in net cash provided by operating activities was due to a $181,738 increase in net income adjusted for depreciation and other non-cash items, partially offset by a $86,434 decrease in net working capital adjustments. The decrease in net working capital provided by operating activities was primarily due to an increase of $31,812 in gain on sale of owned fleet containers, net, a $57,352 increase in accounts receivable due to increased level of revenues and timing of customer collections, a $6,201 decrease in accounts payable and accrued expenses, and a $5,789 receipt in marketable equity securities from a lessee due to bankruptcy settlement, partially offset by a $14,165 increase in receipt of payments on finance leases, net of income earned.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2021 increased by $1,402,139 compared to the nine months ended September 30, 2020. The change was primarily due to a $1,416,467 increase in payments for container purchases to support the strong container demand.

Financing Activities

Net cash provided by (used in) financing activities changed from net cash used in financing activities of $160,015 for the nine months ended September 30, 2020, to net cash provided by financing activities of $1,246,847 for the nine months ended September 30, 2021. The change was primarily due to an increase of $2,602,997 in proceeds from debt, partially offset by an increase of $1,485,179 in principal repayments of debt and a $10,631 payment for loan termination related to the early redemption of TMCL VI Term Loan. Additionally, the increase in cash provided by financing activities during the nine months ended September 30, 2021 was due to the Company's Series A and Series B preferred shares offering which generated net proceeds of $289,896 and an increase of $16,305 in proceeds from container leaseback financing liability, which was offset by a cash payment of $21,500 for the purchase of noncontrolling interest which resulted in the Company's 100% ownership of TAP Funding.

Contractual Obligations and Commercial Commitments

The following table sets forth our contractual obligations by due date as of September 30, 2021:

	Payments Due by Twelve Month Period Ending September 30,						
	Total	2022	2023	2024	2025	2026	2027 and thereafter
	(Dollars in thousands)						
Total debt obligations:							
TL Revolving Credit Facility	$ 1,167,858	$ —	$ 1,167,858	$ -	$ —	$ —	$ —
TL 2019 Term Loan	141,339	11,187	11,585	11,997	12,423	12,865	81,282
TL 2021 Term Loan	67,155	5,454	5,600	5,750	5,905	6,063	38,383
TMCL II Secured Debt Facility (1)	906,241	52,096	86,865	86,865	86,865	593,550	—
TMCL VII 2020-1 Bonds (2)	399,418	55,928	57,530	57,699	58,248	52,489	117,524
TMCL VII 2020-2 Bonds (2)	550,158	65,516	65,139	68,115	69,554	67,125	214,709
TMCL VII 2020-3 Bonds (2)	200,889	20,111	20,111	20,111	20,111	20,111	100,334
TMCL VII 2021-1 Bonds (2)	524,333	44,000	44,000	44,000	44,000	44,000	304,333
TMCL VII 2021-2 Bonds (2)	629,493	52,096	52,096	52,096	52,096	52,096	369,013
TMCL VII 2021-3 Bonds (2)	596,000	48,000	48,000	48,000	48,000	48,000	356,000
Interest on obligations (3)	433,312	103,340	93,987	67,200	58,244	47,375	63,165
Interest rate swaps payables, net (4)	62,460	12,649	10,647	7,912	6,543	5,993	18,716
Office lease obligations	12,888	2,247	2,396	2,433	2,168	2,164	1,480
Container contracts payable	282,794	282,794	—	—	—	—	—
Total contractual obligations (5) (6)	$ 5,974,338	$ 755,418	$ 1,665,814	$ 472,178	$ 464,157	$ 951,831	$ 1,664,939

(1) The estimated future scheduled repayments for TMCL II Secured Debt Facility are based on the assumption that the facility will not be extended on its associated conversion date.

(2) Future scheduled payments for all bonds payable exclude unamortized discounts in an aggregate amount of $648.

(3) Using 0.08% which was one-month spot interest rate of London InterBank Offered Rate ("LIBOR") plus a margin rate that varies based on each debt facility. Weighted average interest rate at 2.04%.

(4) Calculated based on the difference between our fixed contractual pay rates and the counterparties' average rate estimated at 0.08% which was one-month spot interest of LIBOR rate as of September 30, 2021, for all periods, for all interest rate contracts outstanding as of September 30, 2021.

(5) Future scheduled payments for all debts exclude prepaid debt issuance costs in an aggregate amount of $35,954.

(6) Excluded container leaseback financing liability amounting to $16,172 as of September 30, 2021. This is excluded due to the uncertainty in the timing and variable amounts of future cash flows since the estimated future scheduled payments is dependent upon assumptions regarding the amounts distributed to the Container Investors which is based on net operating income of the managed fleet, reduced by the management fees earned. The Container Investors have no rights or recourse against the Company in the event of a lessee default or any other risk in respect of the managed containers.

Off Balance Sheet Arrangements

As of September 30, 2021, we had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, change in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Critical Accounting Policies and Estimates

We have identified the policies and estimates in Item 5, *"Operating and Financial Review and Prospects"* included in our 2020 Form 20-F as among those critical to our business operations and the understanding of our results of operations. These policies and estimates are considered critical due to the existence of uncertainty at the time the estimate is made, the likelihood of changes in estimates from period to period and the potential impact that these estimates can have on our financial statements. These policies remain consistent with those reported in our 2020 Form 20-F. Please refer to Item 5, *"Operating and Financial Review and Prospects"* included in our 2020 Form 20-F.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET AND CREDIT RISK

Quantitative and Qualitative Disclosures About Market Risk

We could be exposed to market risk from future changes in interest rates and foreign exchange rates. At times, we may enter into various derivative instruments to manage certain of these risks. We do not enter into derivative instruments for speculative or trading purposes.

For the nine months ended September 30, 2021, we did not experience any material changes in market risk that affect the quantitative and qualitative disclosures presented in Item 11, *"Quantitative and Qualitative Disclosures About Market Risk—Foreign Exchange Risk"* or in Item 11, *"Quantitative and Qualitative Disclosures About Market Risk—Interest Rate Risk"* included in our 2020 Form 20-F. Updated interest rate swap agreement information is set forth below.

Interest Rate Risk

We have entered into various interest rate swap agreements to mitigate our exposure associated with our variable rate debt. The swap agreements involve payments by us to counterparties at fixed rates in return for receipts based upon variable rates indexed to the London InterBank Offered Rate. All of our derivative agreements are with highly rated financial institutions. Credit exposures are measured based on the market value of outstanding derivative instruments. The fair value of the derivative instruments not designated as cash flow hedges are measured at each of these balance sheet dates and the change in fair value is recorded in the consolidated statements of operations as unrealized gain (loss) on financial instruments, net and reclassified to realized gain (loss) on financial instruments, net as they are realized. As of September 30, 2021, all of our interest rate swap agreements are designated as cash flow hedges for accounting purposes, and any unrealized gains or losses related to the changes in fair value are recognized in accumulated comprehensive income (loss) and re-classed to interest expense as they are realized.

The notional amount of the interest rate swap agreements was $1,523,250 as of September 30, 2021, with expiration dates between February 2023 and May 2031. We pay fixed rates between 0.17% and 1.58% under the interest rate swap agreements. The net fair value of these agreements was a liability of $1,157 as of September 30, 2021.

As of September 30, 2021, approximately 89% of our debt is either fixed or hedged using derivative instruments which helps mitigate the impact of changes in short-term interest rates. It is estimated that a 1% increase in interest rates on our unhedged debt (primarily LIBOR) would result in an increase of $5,508 in interest expense over the next twelve months.

Quantitative and Qualitative Disclosures About Credit Risk

We monitor our container lessees' performance and our lease exposures on an ongoing basis, and our credit management processes are aided by the long payment experience we have with most of our container lessees and our broad network of long-standing relationships in the shipping industry that provide current information about our container lessees. In managing this risk, we also make an allowance for doubtful accounts on our accounts receivable. The allowance for doubtful accounts is developed based on two key components:

- specific reserves for receivables which are impaired for which management believes full collection is doubtful; and
- general reserves for estimated losses inherent in the receivables based upon historical trends and age of the balances.

For the nine months ended September 30, 2021, we did not experience any material changes in our credit risks that affect the quantitative and qualitative disclosures about credit risk presented in Item 11, "*Quantitative and Qualitative Disclosures About Market Risk – Quantitative and Qualitative Disclosures About Credit Risk*" included in our 2020 Form 20-F.

ITEM 4. RISK FACTORS

There have been no material changes with respect to the risk factors disclosed in Item 3, *"Key Information —Risk Factors"* included in our 2020 Form 20-F that was filed with the Securities and Exchange Commission on March 18, 2021. Please refer to that section for disclosures regarding the risks and uncertainties related to the Company's business and industry and the Company's common shares.

ITEM 5. EXHIBITS

The following exhibits are filed as part of this Quarterly Report on Form 6-K:

Exhibit Number	Description of Document
101.INS†	Inline XBRL Instance Document
101.SCH†	Inline XBRL Taxonomy Extension Schema Document
101.CAL†	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF†	Inline XBRL Taxonomy Definition Linkbase Document
101.LAB†	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE†	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

† Filed herewith.

SIGNATURE

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

Textainer Group Holdings Limited

/s/ Olivier Ghesquiere
Olivier Ghesquiere
President and Chief Executive Officer

/s/ Michael K. Chan
Michael K. Chan
Executive Vice President and Chief Financial Officer

Date: November 12, 2021