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Four Corners Property Trust, Inc.

Form 10-Q

November 04, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2016

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-37538

Four Corners Property Trust, Inc.

(Exact name of registrant as specified in its charter)

Maryland 47-4456296  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

591 Redwood Highway, Suite 1150 94941  
Mill Valley, California  
(Address of principal executive offices) (Zip Code)  
(415) 965-8030  
(Registrant's telephone number, including area code)  
Not applicable  
(Former name or former address, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No  
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

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

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

Number of shares of common stock outstanding as of November 3, 2016: 59,888,447

FOUR CORNERS PROPERTY TRUST, INC.  
 FORM 10 - Q  
 THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016  
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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## FOUR CORNERS PROPERTY TRUST, INC.

## CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	September 30, 2016 (Unaudited)	December 31, 2015
<b>ASSETS</b>		
Real estate investments:		
Land	\$ 405,245	\$ 404,812
Buildings, equipment and improvements	1,002,393	992,418
Total real estate investments	1,407,638	1,397,230
Less: Accumulated depreciation	(582,870 )	(568,539 )
Total real estate investments, net	824,768	828,691
Real estate held for sale	12,318	—
Cash and cash equivalents	18,870	98,073
Deferred rent	9,299	1,500
Derivative assets	—	165
Other assets	1,130	1,008
Total Assets	\$ 866,385	\$ 929,437
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Notes payable, net of deferred financing costs	\$ 393,496	\$ 392,302
Dividends payable	14,510	—
Deferred rental revenue	7,885	7,940
Derivative liabilities	6,594	477
Deferred tax liabilities	196	80,881
Other liabilities	4,340	6,195
Total liabilities	427,021	487,795
Stockholders' equity:		
Preferred stock, par value \$0.0001 per share, 25,000,000 authorized, zero shares issued and outstanding.	—	—
Common stock, par value \$0.0001 per share; 500,000,000 shares authorized, 59,888,447 and 42,741,995 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively	6	4
Additional paid-in capital	437,838	436,697
Retained earnings	7,978	5,257
Accumulated other comprehensive loss	(6,458 )	(316 )
Total stockholders' equity	439,364	441,642
Total Liabilities and Equity	\$ 866,385	\$ 929,437

FOUR CORNERS PROPERTY TRUST, INC.  
CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE INCOME  
(In thousands, except for share and per share data)  
(Unaudited)

	Three Months Ended September 30, 2016		Nine Months Ended September 30, 2015	
Revenues:				
Rental income	\$26,373	\$—	\$78,836	\$—
Restaurant revenues	4,443	4,413	14,003	13,927
Total revenues	30,816	4,413	92,839	13,927
Operating expenses:				
General and administrative	2,608	—	8,434	—
Depreciation and amortization	5,059	208	15,347	605
Restaurant expenses	4,308	4,088	13,600	12,936
Interest expense	3,549	—	11,588	—
Total expenses	15,524	4,296	48,969	13,541
Income before income tax	15,292	117	43,870	386
(Provision for) benefit from income tax	(52 )	(6 )	80,455	5
Net Income	\$15,240	\$ 111	\$124,325	\$ 391
Other comprehensive loss:				
Realized and unrealized gain (loss) in hedging transactions, net	2,404	—	(6,142 )	—
Comprehensive Income	\$17,644	\$ 111	\$118,183	\$ 391
Basic net income per share:	\$0.25	N/A (2)	\$2.22	N/A (2)
Diluted net income per share:	\$0.25	N/A (2)	\$2.09	N/A (2)
Weighted average number of common shares outstanding:				
Basic	59,832,824	N/A (2)	56,026,594	N/A (2)
Diluted (1)	59,863,109	N/A (2)	59,469,008	N/A (2)
Dividends declared per common share	\$0.2425	—	\$0.7275	—

(1) Includes 17,085,566 shares issued on March 2, 2016 as part of our Earnings and Profits distribution to satisfy REIT requirements. For financial reporting purposes, these shares were assumed to have been issued on January 7, 2016.

(2) Due to the material change in the Company's operations as a result of our formation transaction in November 2015, management does not consider presentation of income per share for the pre-formation period to be meaningful.

FOUR CORNERS PROPERTY TRUST, INC.  
 CONSOLIDATED AND COMBINED STATEMENT OF CHANGES IN EQUITY

(In thousands, except share data)  
 (Unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)		Total
	Shares	Amount					
Balance at December 31, 2015	42,741,995	\$ 4	\$436,697	\$ 5,257	\$ (316	)	\$441,642
Net income	—	—	—	124,325	—		124,325
Other comprehensive loss	—	—	—	—	(6,142	)	(6,142 )
Earnings and profits distribution	17,085,566	2	(2 )	(78,076 )	—		(78,076 )
Dividends declared on common stock	—	—	—	(43,528 )	—		(43,528 )
Stock-based compensation, net	60,886	—	1,143	—	—		1,143
Balance at September 30, 2016	59,888,447	\$ 6	\$437,838	\$ 7,978	\$ (6,458	)	\$439,364

FOUR CORNERS PROPERTY TRUST, INC.  
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Nine Months Ended September 30,	
	2016	2015
Cash flows -		
Operating activities		
Net income	\$ 124,325	\$ 391
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	15,347	605
Loss on disposal of land, building, and equipment	—	25
Amortization of financing costs	1,194	—
Stock-based compensation expense	1,158	96
Deferred income taxes	(80,685 )	(56 )
Changes in assets and liabilities:		
Derivative assets and liabilities	140	—
Deferred rent asset	(7,799 )	—
Deferred rental revenue	(55 )	—
Other assets and liabilities	(1,992 )	(216 )
Net cash provided by operating activities	51,633	845
Cash flows - investing activities		
Purchases of fixed assets	(23,742 )	(97 )
Net cash used in investing activities	(23,742 )	(97 )
Cash flows - financing activities		
Net distributions to parent	—	(748 )
Payment of dividend to shareholders	(107,094 )	—
Net cash used in financing activities	(107,094 )	(748 )

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Net decrease in cash and cash equivalents	(79,203	)	—
Cash and cash equivalents, beginning of period	98,073		7
Cash and cash equivalents, ending of period	\$ 18,870		\$ 7
Supplemental disclosures:			
Dividends declared but not paid	\$ 14,510		—
Interest paid	\$ 6,554		—
Taxes paid	\$ 2,369		—