

Edgar Filing: Four Corners Property Trust, Inc. - Form 10-Q

Four Corners Property Trust, Inc.

Form 10-Q

April 26, 2018

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 March 31, 2018

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer  Accelerated filer  Non-accelerated filer  (do not check if a smaller reporting  
Smaller reporting company  Emerging growth company  company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 April 26, 2018: 61,391,187

FOUR CORNERS PROPERTY TRUST, INC.  
 FORM 10 - Q  
 THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017  
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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)

	March 31, 2018 (Unaudited)	December 31, 2017
<b>ASSETS</b>		
Real estate investments:		
Land	\$463,020	\$449,331
Buildings, equipment and improvements	1,121,129	1,115,624
Total real estate investments	1,584,149	1,564,955
Less: Accumulated depreciation	(604,055 )	(598,846 )
Total real estate investments, net	980,094	966,109
Cash and cash equivalents	53,066	64,466
Straight-line rent adjustment	23,413	21,130
Derivative assets	10,138	4,997
Other assets	9,040	11,957
Total Assets	\$1,075,751	\$1,068,659
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Long-term debt, net of deferred financing costs	\$515,994	\$515,539
Dividends payable	16,855	16,843
Rent received in advance	8,462	8,295
Derivative liabilities	—	8
Other liabilities	6,447	5,706
Total liabilities	547,758	546,391
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, 61,391,187 and 61,329,489 shares issued and outstanding, respectively	6	6
Additional paid-in capital	474,869	473,685
Retained earnings	35,251	36,318
Accumulated other comprehensive income	10,055	4,478
Noncontrolling interest	7,812	7,781
Total equity	527,993	522,268
Total Liabilities and Equity	\$1,075,751	\$1,068,659

The accompanying notes are an integral part of this financial statement.

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

	Three Months Ended March 31,	
	2018	2017
Revenues:		
Rental revenue	\$29,589	\$ 27,764
Restaurant revenues	5,214	4,943
Total revenues	34,803	32,707
Operating expenses:		
General and administrative	3,669	2,863
Depreciation and amortization	5,345	5,409
Restaurant expenses	4,870	4,668
Interest expense	4,855	4,094
Total expenses	18,739	17,034
Other income	358	5
Income before income taxes	16,422	15,678
Income tax expense	(58 )	(45 )
Net income	16,364	15,633
Net income attributable to noncontrolling interest	(109 )	(117 )
Net Income Available to Common Shareholders	\$16,255	\$ 15,516
Basic net income per share:	\$0.27	\$ 0.26
Diluted net income per share:	\$0.26	\$ 0.26
Weighted average number of common shares outstanding:		
Basic	61,291,642	59,929,276
Diluted	61,413,978	59,995,930
Dividends declared per common share	\$0.2750	\$ 0.2425

The accompanying notes are an integral part of this financial statement.

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

	Three Months Ended March 31,	
	2018	2017
Net income	\$16,364	\$15,633
Other comprehensive income:		
Effective portion of change in fair value of derivative instruments:		
Effective portion of change in fair value of derivative instruments	5,384	660
Reclassification adjustment of derivative instruments included in net income	(240 )	625
Other comprehensive income	5,144	1,285
Comprehensive income	21,508	16,918
Less: comprehensive income attributable to noncontrolling interest		
Net income attributable to noncontrolling interest	109	117
Other comprehensive income attributable to noncontrolling interest	34	10
Comprehensive income attributable to noncontrolling interest	143	127
Comprehensive Income Attributable to Common Shareholders	\$21,365	\$16,791

The accompanying notes are an integral part of this financial statement.

FOUR CORNERS PROPERTY TRUST, INC.  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(In thousands, except share data)  
(Unaudited)

	Common Stock		Additional	Retained	Accumulated	Noncontrolling	Total
	Shares	Par Value	Paid-in Capital	Earnings	Other Comprehensive Income	Interest	
Balance at December 31, 2017	61,329,489	\$ 6	\$473,685	\$36,318	\$ 4,478	\$ 7,781	\$522,268
ASU 2017-12 cumulative effect adjustment	—	—	—	(467 )	467	—	—
Net income	—	—	—	16,255	—	109	16,364
Other comprehensive income	—	—	—	—	5,110	34	5,144
Dividends and distributions to equity holders	—	—	—	(16,855 )	—	(112 )	(16,967 )
Stock-based compensation, net	61,698	—	1,184	—	—	—	1,184
Balance at March 31, 2018	61,391,187	\$ 6	\$474,869	\$35,251	\$ 10,055	\$ 7,812	\$527,993

The accompanying notes are an integral part of this financial statement.

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

(In thousands)

(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Cash flows - operating activities		
Net income	\$16,364	\$15,633
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	5,345	5,409
Gain on exchange of nonfinancial assets	(228 )	—
Amortization of financing costs	455	398
Stock-based compensation expense	1,184	494
Deferred income taxes	—	(21 )
Changes in assets and liabilities:		
Derivative assets and liabilities	(5 )	52
Straight-line rent adjustment	(2,283 )	(2,373 )
Rent received in advance	167	(2 )
Other assets and liabilities	751	(601 )
Net cash provided by operating activities	21,750	18,989
Cash flows - investing activities		
Purchases of real estate investments	(21,050 )	(11,722 )
Advance deposits on acquisition of operating real estate	(50 )	—
Cash used in investing activities	(21,100 )	(11,722 )
Cash flows - financing activities		
Net proceeds from equity issuance	—	984
Payment of dividend to shareholders	(16,843 )	(14,519 )
Distribution to non-controlling interests	(112 )	—
Repayment of debt assumed in purchase of real estate investments	—	(2,305 )
Net cash used in financing activities	(16,955 )	(15,840 )
Net decrease in cash and cash equivalents	(16,305 )	(8,573 )
Cash and cash equivalents, including restricted, at beginning of period	69,371	26,643
Cash and cash equivalents, including restricted, at end of period	\$53,066	\$18,070
Supplemental disclosures:		
Interest paid	\$2,872	\$3,941
Taxes paid	\$152	\$199
Non-cash investing and financing activities:		
Dividends declared but not paid	\$16,855	\$14,536
Debt assumed in acquisition of real estate investments	\$—	