

Trinity Place Holdings Inc.
Form 10-Q
August 08, 2018

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 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 001-08546

TRINITY PLACE HOLDINGS INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware **22-2465228**
(State or Other Jurisdiction of (I.R.S. Employer Identification No.)
Incorporation or Organization)

340 Madison Avenue, New York, New York 10173
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: **(212) 235-2190**

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 (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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. (Check One):

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer
Smaller Reporting Company Emerging Growth 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

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Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of August 8, 2018, there were 31,638,042 shares of the registrant's common stock, par value \$0.01 per share, outstanding.

INDEX

	PAGE NO.
<u>PART I. FINANCIAL INFORMATION</u>	<u>3</u>
<u>Item 1. Financial Statements</u>	<u>3</u>
<u>Condensed Consolidated Balance Sheets as of June 30, 2018 (unaudited) and December 31, 2017 (audited)</u>	<u>3</u>
<u>Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2018 (unaudited) and June 30, 2017 (unaudited)</u>	<u>4</u>
<u>Condensed Consolidated Statement of Stockholders' Equity for the six months ended June 30, 2018 (unaudited)</u>	<u>5</u>
<u>Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2018 (unaudited) and June 30, 2017 (unaudited)</u>	<u>6</u>
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	<u>7</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>29</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>42</u>
<u>Item 4. Controls and Procedures</u>	<u>43</u>
<u>PART II. OTHER INFORMATION</u>	<u>44</u>
<u>Item 1. Legal Proceedings</u>	<u>44</u>
<u>Item 1A. Risk Factors</u>	<u>44</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>44</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>44</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>44</u>
<u>Item 5. Other Information</u>	<u>44</u>
<u>Item 6. Exhibits</u>	<u>45</u>

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

TRINITY PLACE HOLDINGS INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value and share amounts)

	June 30, 2018 (unaudited)	December 31, 2017 (audited)
ASSETS		
Real estate, net	\$ 166,997	\$ 76,269
Cash and cash equivalents	15,155	15,273
Restricted cash	1,168	8,916
Investment in unconsolidated joint venture	12,053	12,533
Receivables, net	3,351	3,417
Deferred rents receivable	542	548
Prepaid expenses and other assets, net	5,588	4,059
Intangible assets, net	11,100	-
Total assets	\$ 215,954	\$ 121,015
LIABILITIES		
Loans payable, net	\$ 109,922	\$ 36,167
Deferred real estate deposits	26,874	-
Accounts payable and accrued expenses	11,476	13,323
Pension liabilities	3,828	4,235
Secured line of credit	-	-
Total liabilities	152,100	53,725
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock, 40,000,000 shares authorized; no shares issued and outstanding	-	-

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Preferred stock, \$0.01 par value; 2 shares authorized, no shares issued and outstanding at June 30, 2018 and December 31, 2017	-	-
Special stock, \$0.01 par value; 1 share authorized, issued and outstanding at June 30, 2018 and December 31, 2017	-	-
Common stock, \$0.01 par value; 79,999,997 shares authorized; 37,146,068 and 36,803,218 shares issued at June 30, 2018 and December 31, 2017, respectively; 31,638,042 and 31,451,796 shares outstanding at June 30, 2018 and December 31, 2017, respectively	371	368
Additional paid-in capital	131,915	130,897
Treasury stock (5,508,026 and 5,351,422 shares at June 30, 2018 and December 31, 2017, respectively)	(54,724)	(53,666)
Accumulated other comprehensive loss	(2,732)	(2,732)
Accumulated deficit	(10,976)	(7,577)
Total stockholders' equity	63,854	67,290
Total liabilities and stockholders' equity	\$ 215,954	\$ 121,015

See Notes to Condensed Consolidated Financial Statements

TRINITY PLACE HOLDINGS INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

	Three Months Ended June 30, 2018 (unaudited)	Three Months Ended June 30, 2017 (unaudited)	Six Months Ended June 30, 2018 (unaudited)	Six Months Ended June 30, 2017 (unaudited)
Revenues				
Rental revenues	\$ 552	\$ 342	\$ 833	\$ 681
Tenant reimbursements	121	153	237	274
Total revenues	673	495	1,070	955
Operating Expenses				
Property operating expenses	340	200	488	371
Real estate taxes	81	150	159	221
General and administrative	1,530	1,341	3,066	2,691
Transaction related costs	-	22	-	68
Depreciation and amortization	515	125	644	249
Total operating expenses	2,466	1,838	4,357	3,600
Operating loss	(1,793)	(1,343)	(3,287)	(2,645)
Equity in net loss from unconsolidated joint venture	(139)	(237)	(256)	(508)
Interest income (expense), net	93	(41)	146	(109)
Interest expense -amortization of deferred finance costs	-	(118)	-	(200)
Reduction of claims liability	-	-	-	1,043
Loss before taxes	(1,839)	(1,739)	(3,397)	(2,419)
Tax expense	2	37	2	38
Net loss attributable to common stockholders	\$ (1,841)	\$ (1,776)	\$ (3,399)	\$ (2,457)
Loss per share - basic and diluted	\$ (0.06)	\$ (0.06)	\$ (0.11)	\$ (0.08)
	31,612	31,290	31,572	29,436

Weighted average number of common shares - basic and diluted

See Notes to Condensed Consolidated Financial Statements

4

TRINITY PLACE HOLDINGS INC.**CONDENSED CONSOLIDATED STATEMENT OF STOCKOLDERS' EQUITY****(In thousands)**

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Treasury Stock Shares	Treasury Stock Amount	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
Balance as of December 31, 2017 (audited)	36,803	\$ 368	\$ 130,897	(5,351)	\$(53,666)	\$ (7,577)	\$ (2,732)	\$ 67,290
Net loss attributable to common stockholders	-	-	-	-	-	(3,399)	-	(3,399)
Settlement of stock awards	343	3	-	(157)	(1,058)	-	-	(1,055)
Stock-based compensation expense	-	-	1,018	-	-	-	-	1,018
Balance as of June 30, 2018 (unaudited)	37,146	\$ 371	\$ 131,915	(5,508)	\$(54,724)	\$ (10,976)	\$ (2,732)	\$ 63,854

See Notes to Condensed Consolidated Financial Statements

TRINITY PLACE HOLDINGS INC.**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands)**

	Six Months Ended June 30, 2018 (unaudited)	Six Months Ended June 30, 2017 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss attributable to common stockholders	\$ (3,399)	\$ (2,457)
Adjustments to reconcile net loss attributable to common stockholders to net cash used in operating activities:		
Depreciation and amortization	644	249
Amortization of deferred finance costs	-	195
Stock-based compensation expense	667	612
Deferred rents receivable	6	(38)
Equity in net loss from unconsolidated joint venture	256	508
Distribution from unconsolidated joint venture	224	163
Decrease (Increase) in operating assets:		
Receivables, net	66	(24)
Prepaid expenses and other assets, net	(2,047)	(529)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	816	(1,452)
Pension liabilities	(407)	(406)
Net cash used in operating activities	(3,174)	(3,179)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to real estate	(103,514)	(3,775)
Deferred real estate deposits	26,874	-
Investment in unconsolidated joint venture	-	(69)
Net cash used in investing activities	(76,640)	(3,844)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans payable	74,750	-
Payment of finance costs	(1,747)	(414)
Settlement of stock awards	(1,055)	(2,548)
Proceeds from sale of common stock, net	-	40,561
Net cash provided by financing activities	71,948	37,599
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(7,866)	30,576
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH , BEGINNING OF PERIOD	24,189	8,366

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CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	\$ 16,323	\$ 38,942
CASH AND CASH EQUIVALENTS, BEGINNING PERIOD	\$ 15,273	\$ 4,678
RESTRICTED CASH, BEGINNING OF PERIOD	8,916	3,688
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	\$ 24,189	\$ 8,366
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 15,155	\$ 34,555
RESTRICTED CASH, END OF PERIOD	1,168	4,387
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	\$ 16,323	\$ 38,942
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	\$ 1,704	\$ 1,172
Taxes	\$ 2	\$ 37
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Accrued development costs included in accounts payable and accrued expenses	\$ 7,512	\$ 1,733
Capitalized amortization of deferred financing costs and lease commissions	\$ 947	\$ 59
Capitalized stock-based compensation expense	\$ 351	\$ 1,015

See Notes to Condensed Consolidated Financial Statements

Trinity Place Holdings Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
June 30, 2018

Note 1 – Business

Overview

Trinity Place Holdings Inc. (“Trinity,” “we,” “our,” or “us”) is a real estate holding, investment and asset management company. Our business is primarily to acquire, invest in, own, manage, develop or redevelop and sell real estate assets and/or real estate related securities. Our largest asset is currently a property located at 77 Greenwich Street (“77 Greenwich”) in Lower Manhattan. 77 Greenwich was a vacant building that was demolished and is under development as a residential condominium tower that also includes plans for retail space and a New York City elementary school. We also own a retail strip center located in West Palm Beach, Florida, a property formerly occupied by a retail tenant in Paramus, New Jersey, a newly built 105-unit, 12-story apartment building located at 237 11th Street, Brooklyn, New York (“237 11th”) acquired on May 24, 2018, and, through a joint venture, a 50% interest in a newly constructed 95-unit multi-family property, known as The Berkley, located in Brooklyn, New York (see Properties under Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations for a more detailed description of our properties). We continue to evaluate new investment opportunities.

We also control a variety of intellectual property assets focused on the consumer sector, a legacy of our predecessor, Syms Corp. (“Syms”), including our on-line marketplace at FilenesBasement.com, our rights to the Stanley Blacker® brand, as well as the intellectual property associated with the Running of the Brides® event and An Educated Consumer is Our Best Customer® slogan. We also had approximately \$234.0 million of federal net operating loss carryforwards (“NOLs”) at June 30, 2018, which can be used to reduce our future taxable income.

Trinity is the successor to Syms, which also owned Filene’s Basement. Syms and its subsidiaries filed for relief under the United States Bankruptcy Code in 2011. In September 2012, the Syms Plan of Reorganization (the “Plan”) became effective and Syms and its subsidiaries consummated their reorganization under Chapter 11 through a series of transactions contemplated by the Plan and emerged from bankruptcy. As part of those transactions, reorganized Syms merged with and into Trinity, with Trinity as the surviving corporation and successor issuer pursuant to Rule 12g-3 under the Exchange Act.

On January 18, 2018, Syms and certain of its subsidiaries (together, the “Reorganized Debtors”) filed with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) a motion (the “Motion”) for entry of a final decree (the “Final Decree”) (i) closing the chapter 11 cases of the Reorganized Debtors; (ii) terminating the services of

the claims and noticing agent; and (iii) retaining the Bankruptcy Court's jurisdiction as provided for in the Plan, including to enforce or interpret its own orders pertaining to the chapter 11 cases including, but not limited to, the Plan and Final Decree. On the same date, the Reorganized Debtors filed a Final Report in support of the Motion. On February 6, 2018, the Bankruptcy Court entered the Final Decree pursuant to which the chapter 11 cases of the Reorganized Debtors were closed.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and include our financial statements and the financial statements of our wholly-owned subsidiaries.

The accompanying unaudited condensed consolidated interim financial information has been prepared according to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted in accordance with such rules and regulations. Management believes that the disclosures presented in these unaudited condensed consolidated financial statements are adequate to make the information presented not misleading. In management’s opinion, all adjustments and eliminations, consisting only of normal recurring adjustments, necessary to present fairly the financial position and results of operations for the reported periods have been included. The results of operations for such interim periods are not necessarily indicative of the results for the full year. The accompanying unaudited condensed consolidated interim financial information should be read in conjunction with our December 31, 2017 audited consolidated financial statements, as previously filed with the SEC in our 2017 Annual Report on Form 10-K (the “2017 Annual Report”), and other public information.

Principles of Consolidation - The condensed consolidated financial statements include our accounts and those of our subsidiaries which are wholly-owned or controlled by us. Entities which we do not control through our voting interest and entities which are variable interest entities, but where we are not the primary beneficiary, are accounted for under the equity method. Accordingly, our share of the earnings (losses) of these unconsolidated joint ventures is included in our condensed consolidated statements