

Four Corners Property Trust, Inc.
 Form 424B5
 March 22, 2019
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**Filed Pursuant to Rule 424(b)(5)
 Registration Statement No. 333-214908**

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee⁽¹⁾
Common Stock, \$0.0001 par value per share	\$210,000,000	\$19,449.68

(1) Calculated in accordance with Rule 457(o) under the Securities Act of 1933, as amended (the Securities Act), based on the proposed maximum aggregate offering price, and Rule 457(r) under the Securities Act. In accordance with Rules 456(b) and 457(r) under the Securities Act, the registrant initially deferred payment of all of the registration fees for the Registration Statement (File No. 333-214908) filed by the registrant on December 5, 2016 (the Registration Statement).

We have previously registered shares of common stock having an aggregate offering price of up to \$150,000,000, offered by means of a prospectus supplement dated December 5, 2016 (the 2016 Prospectus Supplement) and an accompanying prospectus dated December 5, 2016 pursuant to the Registration Statement. The filing fee of \$17,385 that was paid in connection with our filing of the 2016 Prospectus Supplement with the Securities and Exchange Commission (SEC) on December 5, 2016 was calculated in accordance with Rule 457(o) under the Securities Act based on the proposed maximum aggregate offering price. Such registration fee was paid to the SEC on December 5, 2016. Pursuant to Rule 415(a)(6) under the Securities Act, securities with an aggregate offering price of \$49,524,114 offered hereby are unsold securities previously registered on the Registration Statement, for which a filing fee of \$5,739.84 (as part of the \$17,385 filing fee) was previously paid to the SEC on December 5, 2016 and will continue to be applied to such unsold securities. Accordingly, we are paying a registration fee of \$19,449.68 herewith, which covers the additional maximum aggregate offering price of \$160,475,886 for the securities registered hereby.

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PROSPECTUS SUPPLEMENT

(To Prospectus dated December 5, 2016)

Up to \$210,000,000

Common Stock

We have entered into an equity distribution agreement (the Equity Distribution Agreement) dated March 22, 2019 with Morgan Stanley & Co. LLC, Barclays Capital Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Raymond James & Associates, Inc. and Wells Fargo Securities, LLC (each, a Manager and, together, the Managers) and the Forward Purchasers (as defined below) providing for the offer and sale of shares of our common stock, par value \$0.0001 per share (our common stock), having an aggregate gross sales price of up to \$210,000,000, from time to time through the Managers, acting as our sales agents, or, if applicable, as Forward Sellers (as defined below), or directly to one or more of the Managers, acting as principal.

Sales of shares of our common stock, if any, as contemplated by this prospectus supplement made through the Managers, as our sales agents or as Forward Sellers, will be made by means of ordinary brokers' transactions on the New York Stock Exchange (the NYSE) or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices, by privately negotiated transactions (including block sales) or by any other methods permitted by applicable law. The Equity Distribution Agreement contemplates that, in addition to the issuance and sale by us of shares of our common stock to or through the Managers, we may enter into separate forward sale agreements (each, a forward sale agreement and, collectively, the forward sale agreements), each with Bank of America, N.A., Barclays Bank PLC, Goldman Sachs & Co. LLC, JPMorgan Chase Bank, National Association, London Branch, Morgan Stanley & Co. LLC, Raymond James & Associates, Inc. and Wells Fargo Bank, National Association or one of their respective affiliates (in such capacity, each a Forward Purchaser and, collectively, the Forward Purchasers). If we enter into a forward sale agreement with any Forward Purchaser, we expect that such Forward Purchaser or its affiliate will attempt to borrow from third parties and sell, through the relevant Manager, acting as sales agent for such Forward Purchaser, shares of our common stock to hedge such Forward Purchaser's exposure under such forward sale agreement. We refer to a Manager, when acting as sales agent for the relevant Forward Purchaser, as, individually, a Forward Seller and, collectively, the Forward Sellers. Each Forward Purchaser will be either one of the Managers named in the second sentence of this paragraph or an affiliate of one of those Managers and unless otherwise expressly stated or the context otherwise requires, references herein to the related or relevant Forward Purchaser mean, with respect to any Manager, the affiliate of such Manager that is acting as Forward Purchaser or, if applicable, such Manager acting in its capacity as Forward Purchaser. Only Managers that are, or are affiliated with, Forward Purchasers will act as their Forward Sellers. We will not initially receive any proceeds from any sale of shares of our common stock borrowed by a Forward Purchaser or its affiliate and sold through the related Forward Seller.

We currently expect to fully physically settle each forward sale agreement, if any, with the relevant Forward Purchaser on one or more dates specified by us on or prior to the maturity date of such forward sale agreement, in

which case we expect to receive aggregate net cash proceeds at settlement equal to the number of shares specified in such forward sale agreement multiplied by the relevant forward price per share at such time. However, subject to certain exceptions and conditions, we may also elect, in our sole discretion, to cash settle or net share settle all or any portion of our obligations under any forward sale agreement, in which case we may not receive any proceeds (in the case of cash settlement) or will not receive any proceeds (in the case of net share settlement), and we may owe cash (in the case of cash settlement) or shares of our common stock (in the case of net share settlement) to the relevant Forward Purchaser. See Plan of Distribution in this prospectus supplement.

None of the Managers, whether acting as our sales agent or Forward Seller, is required to sell any specific number or dollar amount of shares of our common stock, but each has agreed, subject to the terms and conditions of the Equity Distribution Agreement, to use its commercially reasonable efforts, consistent with its normal trading and sales practices and applicable law and regulations, to sell shares of our common stock on the terms agreed upon by such Manager, us and, in the case of shares offered through such Manager as Forward Seller, the relevant Forward Purchaser from time to time. The Equity Distribution Agreement provides that the shares of our common stock offered and sold through the Managers, as our sales agents or as Forward Sellers, pursuant to the Equity Distribution Agreement will be offered and sold through only one Manager on any trading day.

We will pay the applicable Manager a commission at a mutually agreed rate that will not (except as provided below) exceed, but may be lower than, 2.0% of the gross sales price of the shares of our common stock sold through such Manager, as our sales agent. In connection with each forward sale agreement, we will pay the applicable Manager, acting as Forward Seller in connection with such forward sale agreement, a commission, in the form of a reduction to the initial forward price under the related forward sale agreement, at a mutually agreed rate that will not (except as provided below) exceed, but may be lower than, 2.0% of the gross sales price of the borrowed shares of our common stock sold through such Manager, as Forward Seller, during the applicable forward selling period for such shares (subject to certain possible adjustments to such gross sales price for daily accruals and any dividends having an ex-dividend date during such forward selling period).

Under the terms of the Equity Distribution Agreement, we may also sell shares of our common stock to one or more of the Managers as principal, at a price per share to be agreed upon at the time of sale. If we sell shares to one or more of the Managers as principal, we will enter into a separate written agreement with such Manager or Managers, as the case may be, and we will describe the terms of the offering of those shares in a separate prospectus supplement.

Our charter imposes certain restrictions on the ownership and transfer of shares of our common stock and our other securities, in each case as may be appropriate to, among other purposes, assist in maintaining our status as a real estate investment trust (REIT) for federal income tax purposes. You should read the information under the section entitled Restrictions on Ownership and Transfer beginning on page 23 of the accompanying prospectus for a description of these restrictions.

Shares of our common stock trade on the NYSE under the symbol FCPT. On March 21, 2019, the last sale price of shares of our common stock as reported on the NYSE was \$29.21 per share.

Investing in shares of our common stock involves risks that are described in the Risk Factors section beginning on page S-2 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

**Morgan Stanley
J.P. Morgan**

Barclays

**BofA Merrill Lynch
Raymond James**

**Goldman Sachs & Co. LLC
Wells Fargo Securities**

The date of this prospectus supplement is March 22, 2019.

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You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus or any applicable free writing prospectus in making a decision about whether to invest in shares of our common stock. We have not, and the Managers, the Forward Sellers and the Forward Purchasers have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in any jurisdiction where it is unlawful to make such offer or solicitation. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any applicable free writing prospectus and the documents incorporated by reference herein or therein is accurate only as of their respective dates or on the date or dates that are specified in such documents. Our business, financial condition, liquidity, results of operations and prospects may have changed since those

dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT AND THE PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering.

To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or documents incorporated by reference from a filing we made with the Securities and Exchange Commission (the SEC) under the Securities Exchange Act of 1934, as amended (the Exchange Act), prior to the date of this prospectus supplement, the information in this prospectus supplement will supersede such information. In addition, to the extent any information incorporated by reference in this prospectus supplement or the accompanying prospectus from a filing we make with the SEC after the date of this prospectus supplement adds to, updates or changes information contained in this prospectus supplement, the accompanying prospectus or an earlier filing we made with the SEC that is incorporated by reference in this prospectus supplement or the accompanying prospectus, the information in such later filing shall be deemed to modify, update and supersede such information in this prospectus supplement, the accompanying prospectus or the earlier filing with the SEC.

This prospectus supplement does not contain all of the information that is important to you. You should read the accompanying prospectus as well as the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. See **Incorporation by Reference** in this prospectus supplement and **Where to Find Additional Information** in the accompanying prospectus. Unless the context requires otherwise, references in this prospectus supplement to **we**, **our**, **us** and **our company** refer to Four Corners Property Trust, Inc., a Maryland corporation, together with its consolidated subsidiaries, including Four Corners Operating Partnership, LP, a Delaware limited partnership, which we refer to as the **Operating Partnership**.

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

Statements contained in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus that are not historical facts constitute forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In particular, statements pertaining to our capital resources, portfolio performance, results of operations and pending acquisitions or dispositions contain forward-looking statements. We do not guarantee that the transactions or events described in or incorporated by reference into this prospectus supplement or the accompanying prospectus will happen as described (or that they will happen at all). In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as may, will, should, expects, intends, plans, assumes, believes, estimates, predicts or potential or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You also can identify forward-looking statements by discussions of strategy, plans or intentions.

The forward-looking statements contained in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus reflect our views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause our actual results to differ significantly from those expressed in or contemplated by any forward-looking statement. We believe these factors include, but are not limited to, those described under Risk Factors in this prospectus supplement and under the sections Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations in our most recent Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q (in each case, including any amendments thereto), as such factors may be updated from time to time in our periodic filings with the SEC, which documents are incorporated by reference herein, as well as the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included or incorporated by reference in this prospectus supplement, the accompanying prospectus, or in any documents incorporated by reference herein and therein.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. Any forward-looking statements speak only as of the date on which they are made. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events or other changes.

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OUR COMPANY

We are a Maryland corporation and a real estate investment trust (REIT) that owns, acquires and leases properties for use in the restaurant and food-service related industries. We operate our business in two segments: real estate operations and restaurant operations. Our revenues from our real estate operations segment are primarily generated by leasing properties to Darden Restaurants, Inc. (together with its consolidated subsidiaries, Darden) and other tenants through net lease arrangements under which the tenants are primarily responsible for ongoing costs relating to the properties, including utilities, property taxes, insurance, common area maintenance charges, and maintenance and repair costs. We focus on income-producing properties leased to high quality tenants in major markets across the United States. In addition to managing our existing properties, our strategy includes investing in additional restaurant and food service real estate properties to grow and diversify our existing restaurant portfolio. We expect this acquisition strategy will decrease our reliance on Darden over time. We intend to purchase properties that are well located, occupied by durable concepts, with creditworthy tenants whose operating cash flows are expected to meaningfully exceed their lease payments to us. We seek to improve the probability of successful tenant renewal at the end of initial lease terms by acquiring properties that have high levels of operator profitability compared to rent payments and have absolute rent levels that generally reflect market rates.

We also generate revenues through our restaurant operations segment pursuant to franchise agreements with Darden related to six LongHorn SteakHouse® restaurant properties located in the San Antonio, Texas area.

As of December 31, 2018, we owned 616 properties located in 45 states.

We were incorporated as a Maryland corporation on July 2, 2015. Shares of our common stock are listed on the New York Stock Exchange (NYSE) under the ticker symbol FCPT. Substantially all of our business is conducted through the Operating Partnership, of which our wholly owned subsidiary, Four Corners GP, LLC, is the sole general partner. As of December 31, 2018, we owned 99.4% of the outstanding partnership units of the Operating Partnership.

We believe that we have been organized and have operated in conformity with the requirements for qualification and taxation as a REIT for U.S. federal income tax purposes commencing with our taxable year ended December 31, 2016, and we intend to continue to operate in a manner that will enable us to maintain our qualification as a REIT.

Our executive offices are located at 591 Redwood Highway, Suite 1150, Mill Valley, California 94941, and our main telephone number is (415) 965-8030. Our web address is www.fcpt.com. The information on or accessible through our website does not constitute a part of this prospectus supplement or the accompanying prospectus.

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RISK FACTORS

*Investment in shares of our common stock involves risks. Before acquiring shares of our common stock offered pursuant to this prospectus supplement and the accompanying prospectus, you should carefully consider the risks described below, as well as the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or in any free writing prospectus that we may prepare in connection with this offering, including, without limitation, the risks of an investment in our company under the captions *Risk Factors* and *Management's Discussion and Analysis of Financial Condition and Results of Operations* (or similar captions) in our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q (in each case, including any amendments thereto), incorporated by reference in this prospectus supplement and the accompanying prospectus, as updated in our subsequent filings with the SEC under the Exchange Act. Please refer to the section entitled *Incorporation by Reference* included elsewhere in this prospectus supplement. The occurrence of any of these risks could materially and adversely affect our business, financial condition, liquidity, results of operations and prospects and might cause you to lose all or a part of your investment in shares of our common stock. Please also refer to the section entitled *Disclosure Regarding Forward-Looking Statements* included elsewhere in this prospectus supplement.*

Risks Related to This Offering and any Forward Sale Agreement

Future sales of shares of our common stock may depress the price of our shares.

We cannot predict whether future issuances of shares of our common stock or the availability of shares of our common stock for resale in the open market will decrease the market price of shares of our common stock. Any sales of a substantial number of shares of our common stock in the public market, including upon the redemption of common limited partnership units of the Operating Partnership (*OP Units*), or the perception that such sales might occur, may cause the market price of shares of our common stock to decline. Upon completion of this offering, the shares of our common stock sold in this offering will be freely tradable without restriction (other than any restrictions set forth in our charter relating to our qualification as a REIT).

The redemption of OP units in exchange for shares of our common stock or the vesting of any restricted stock granted to directors, officers and other employees under our stock incentive plans, the issuance of shares our common stock or OP units in connection with property, portfolio or business acquisitions and other issuances of shares of our common stock (including by means of our currently effective shelf registration statement) could have an adverse effect on the market price of shares of our common stock. Furthermore, the existence of OP units and shares of our common stock reserved for issuance as restricted stock or upon redemption of OP units may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities. In addition, future sales of shares of our common stock may be dilutive to our existing stockholders.

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From time to time, we also may issue shares of our common stock or OP units in connection with property, portfolio or business acquisitions. We may grant demand or piggyback registration rights in connection with these issuances. The sale or issuance of substantial amounts of our common stock, or securities convertible into or exchangeable or exercisable for, shares of our common stock, or the perception that these sales or issuances could occur, may adversely affect the prevailing market price of shares of our common stock or may adversely affect the terms upon which we may be able to obtain additional capital through the sale of equity securities.

Our share price could be volatile and could decline, resulting in a substantial or complete loss on our stockholders' investment.

The stock markets (including the NYSE on which we list shares of our common stock) have experienced significant price and volume fluctuations. As a result, the market price of shares of our common stock could be similarly volatile, and investors in shares of our common stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. The price of shares of our common stock could be subject to wide fluctuations in response to a number of factors, including:

our operating performance and the performance of similar companies;

actual or anticipated differences in our operating results;

failure to close pending acquisitions;

changes in our revenue or earnings estimates or recommendations by securities analysts, or our failure to meet such estimates;

publication of research reports about us or our industry by securities analysts;

changes in market valuations of similar companies;

adverse market reaction to any debt or equity securities we may issue or additional debt we may incur in the future;

additions and departures of key personnel;

strategic decisions by us or our competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business strategy;

the passage of legislation or other regulatory developments that adversely affect us or our industry;

speculation in the press or investment community;

the realization of any of the other risk factors presented or incorporated by reference in this prospectus supplement;

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actions by institutional stockholders;

changes in accounting principles;

terrorist acts; and

general market conditions, including factors unrelated to our performance.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources.

Future offerings of debt, which would be senior to our common stock upon liquidation, and/or preferred equity securities which may be senior to our common stock for purposes of dividend distributions or upon liquidation, may adversely affect the market price of shares of our common stock.

In the future, we may increase our capital resources by making additional offerings of debt or preferred equity securities, including senior or subordinated notes and preferred stock. Upon liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings will receive distributions of our available assets prior to the holders of shares of our common stock. Additional equity offerings may dilute the holdings of our existing stockholders or reduce the market price of shares of our common stock, or both. Holders of shares of our common stock are not entitled to preemptive rights or other protections against dilution. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future offerings reducing the market price of shares of our common stock and diluting their stock holdings in us.

Settlement provisions contained in any forward sale agreement subject us to certain risks.

Each Forward Purchaser will have the right to accelerate any forward sale agreement it may enter into with us with respect to all or any portion of the transaction underlying any forward sale agreement (except with respect to events specified in (1) and (3) below, where accelerated settlement is limited to the portion of shares whose settlement would address the relevant event or that is affected by the relevant event) and require us to physically settle such shares on a date specified by such Forward Purchaser if: (1) in such Forward Purchaser's commercially reasonable judgment, it or its affiliate is unable to hedge (or maintain a hedge of) its exposure in a commercially reasonable manner under such forward sale agreement because (x) insufficient shares of our common stock have been made available for borrowing by securities lenders or (y) such Forward Purchaser or any of its affiliates would incur a stock borrow cost in excess of a specified threshold; (2) we declare any distribution, issue or dividend on shares of our common stock (a) payable in cash in excess of specified amounts (other than an extraordinary dividend), (b) that constitutes an extraordinary dividend under the forward sale agreement, (c) payable in securities of another company as a result of a spin-off or similar transaction, or (d) payable in any other type of securities (other than our common stock), rights,

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warrants or other assets for payment at less than the prevailing market price; (3) certain ownership thresholds applicable to such Forward Purchaser and its affiliates are or would be exceeded; (4) an event (i) is announced that if consummated would result in a specified extraordinary event (including certain mergers or tender offers, as well as certain events involving our nationalization, our insolvency or a delisting of our common stock) or (ii) occurs that would constitute a hedging disruption or a change in law; or (5) certain other events of default or termination events occur, including, among others, any material misrepresentation made by us in connection with such forward sale agreement or our insolvency (each as more fully described in the relevant forward sale agreement).

A Forward Purchaser's decision to exercise its right to accelerate all or a portion of the settlement of any forward sale agreement and to require us to physically settle the relevant shares will be made irrespective of our interests, including our need for capital. In such cases, we could be required to issue and deliver shares of our common stock under the terms of the physical settlement provisions of the applicable forward sale agreement irrespective of our capital needs, which would result in dilution to our earnings per share, funds from operations per share and adjusted funds from operations per share.

Except under certain circumstances and conditions, we will generally have the right, in lieu of physical settlement of any forward sale agreement, to elect cash or net share settlement in respect of any or all of the shares of common stock subject to such forward sale agreement. If we elect to cash or net share settle all or any part of any forward sale agreement, we would expect the relevant Forward Purchaser or one of its affiliates to purchase shares of our common stock in secondary market transactions over an unwind period to:

return shares of our common stock to securities lenders in order to unwind such Forward Purchaser's hedge (after taking into consideration any shares of our common stock to be delivered by us to such Forward Purchaser, in the case of net share settlement); and

if applicable, in the case of net share settlement, deliver shares of our common stock to us to the extent required upon settlement of such forward sale agreement.

The forward price we expect to receive upon physical settlement of a forward sale agreement will be subject to adjustment on a daily basis based on a specified floating interest rate factor less a spread. In addition, the forward price will be subject to decrease on certain dates specified in the relevant forward sale agreement by the amount per share of dividends we expect to declare on our common stock during the term of such forward sale agreement. If the specified floating interest rate factor is less than the applicable spread on any day, the interest rate factor will result in a daily reduction of the forward price. If the price of our common stock at which purchases by such Forward Purchaser (or its affiliate) as described in the immediately preceding paragraph are made is below the relevant forward price, such Forward Purchaser will pay us such difference in cash (if we elect to cash settle) or deliver to us shares of our common stock having a market value equal to such difference (if we elect to net share settle). If the price of our common stock at which these purchases are made by such Forward Purchaser (or its affiliate) exceeds the applicable forward price, we will pay such Forward Purchaser an amount in cash equal to such difference (if we elect to cash settle) or we will deliver to such Forward Purchaser

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a number of shares of our common stock having a market value equal to such difference (if we elect to net share settle). Any such difference could be significant and could result in our receipt of a significant amount of cash or number of shares of our common stock from such Forward Purchaser or require us to pay a significant amount of cash or deliver a significant number of shares of our common stock to such Forward Purchaser. See Plan of Distribution Sales Through Forward Sellers.

In addition, the purchase of our common stock by a Forward Purchaser or its affiliate to unwind the Forward Purchaser's hedge position could cause the price of our common stock to increase above the price that would have prevailed in the absence of those purchases (or prevent a decrease in such price), thereby increasing the amount of cash (in the case of cash settlement) or the number of shares (in the case of net share settlement) that we may owe such Forward Purchaser upon settlement of the applicable forward sale agreement or decrease the amount of cash (in the case of cash settlement) or the number of shares (in the case of net share settlement) that such Forward Purchaser may owe us upon settlement of the applicable forward sale agreement.

In case of our bankruptcy or insolvency, any forward sale agreements will automatically terminate, and we would not receive the expected net proceeds from any forward sales of shares of our common stock under these agreements.

If we file for or consent to a proceeding seeking a judgment in bankruptcy or insolvency or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or we or a regulatory authority with jurisdiction over us presents a petition for our winding-up or liquidation, or we consent to such a petition, any forward sale agreement that is then in effect will automatically terminate. If any such forward sale agreement so terminates under these circumstances, we would not be obligated to deliver to the relevant Forward Purchaser any shares of our common stock not previously delivered, and the relevant Forward Purchaser would be discharged from its obligation to pay the applicable forward price per share in respect of any shares of our common stock not previously settled under the applicable forward sale agreement. Therefore, to the extent that there are any shares of our common stock with respect to which any forward sale agreement has not been settled at the time of the commencement of any such bankruptcy or insolvency proceedings, we would not receive the relevant forward price per share in respect of those shares of our common stock.

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USE OF PROCEEDS

We intend to contribute the net cash proceeds we receive from the issuance and sale by us of any shares of our common stock to or through the Managers and any net cash proceeds we receive upon settlement of any forward sale agreements with the relevant Forward Purchasers to the Operating Partnership in exchange for OP Units. The Operating Partnership will use the net proceeds from this offering for general corporate purposes.

Pending application of cash proceeds, the Operating Partnership will invest the net proceeds from this offering in interest-bearing accounts and short-term, interest-bearing securities in a manner that is consistent with our intention to continue to qualify for taxation as a REIT.

If we enter into a forward sale agreement with any Forward Purchaser, we expect that such Forward Purchaser or its affiliate will attempt to borrow from third parties and sell, through the relevant Manager, acting as Forward Seller, shares of our common stock to hedge such Forward Purchaser's exposure under such forward sale agreement. All of the net proceeds from the sale of any such borrowed shares will be paid to the applicable Forward Purchaser (or one or more of its affiliates). Each Forward Purchaser will be either a Manager or an affiliate of a Manager. As a result, a Manager or its affiliate will receive the net proceeds from any sale of borrowed shares of our common stock made in connection with any forward sale agreements.

For additional information, see [Plan of Distribution](#) [Other Relationships](#).

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SUPPLEMENTAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

For a discussion of certain material U.S. federal income tax considerations regarding our company and an investment in the shares of our common stock offered hereby, please see Exhibit 99.2 to our Annual Report on Form 10-K for the year ended December 31, 2018 filed with the SEC on February 20, 2019, which is incorporated by reference in this prospectus supplement and the accompanying prospectus and supersedes and replaces, in its entirety, the discussion under the heading "United States Federal Income Tax Considerations" in Exhibit 99.1 to our Current Report on Form 8-K, filed with the SEC on October 30, 2018, and the accompanying prospectus. Our Annual Report on Form 10-K for the year ended December 31, 2018 may be obtained as described under "Where To Find Additional Information" in the accompanying prospectus. See "Incorporation By Reference." Prospective investors in shares of our common stock offered hereby should consult their tax advisors regarding the U.S. federal income and other tax considerations to them of the acquisition, ownership and disposition of the shares of our common stock offered by this prospectus supplement and the accompanying prospectus. Prospective investors should also carefully review the discussion appearing in Exhibit 99.2 to our Annual Report on Form 10-K for the year ended December 31, 2018, as well as the other information included and incorporated by reference in this prospectus supplement and the accompanying prospectus, before acquiring any of the shares of our common stock offered by this prospectus supplement and the accompanying prospectus.

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PLAN OF DISTRIBUTION

We have entered into an equity distribution agreement (the **Equity Distribution Agreement**) dated March 22, 2019 with Morgan Stanley & Co. LLC, Barclays Capital Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Raymond James & Associates, Inc. and Wells Fargo Securities, LLC (each, a **Manager** and, together, the **Managers**) and the Forward Purchasers (as defined below) providing for the offer and sale of shares of our common stock having an aggregate gross sales price of up to \$210,000,000, from time to time through the Managers, acting as our sales agents, or, if applicable, as Forward Sellers (as defined below), or directly to one or more of the Managers, acting as principal.

The Equity Distribution Agreement contemplates that, in addition to the issuance and sale by us of shares of our common stock to or through the Managers, we may enter into separate forward sale agreements (each, a **forward sale agreement** and, collectively, the **forward sale agreements**), each with Bank of America, N.A., Barclays Bank PLC, Goldman Sachs & Co. LLC, JPMorgan Chase Bank, National Association, London Branch, Morgan Stanley & Co. LLC, Raymond James & Associates, Inc. and Wells Fargo Bank, National Association or one of their respective affiliates (in such capacity, each a **Forward Purchaser** and, collectively, the **Forward Purchasers**). If we enter into a forward sale agreement with any Forward Purchaser, we expect that such Forward Purchaser or its affiliate will attempt to borrow from third parties and sell, through the relevant Manager, acting as sales agent for such Forward Purchaser, shares of our common stock to hedge such Forward Purchaser's exposure under such forward sale agreement. We refer to a Manager, when acting as sales agent for the relevant Forward Purchaser, as, individually, a **Forward Seller** and, collectively, the **Forward Sellers**. Each Forward Purchaser will be either one of the Managers named in the first sentence of this paragraph or an affiliate of one of those Managers and unless otherwise expressly stated or the context otherwise requires, references herein to the **related** or **relevant** Forward Purchaser mean, with respect to any Manager, the affiliate of such Manager that is acting as Forward Purchaser or, if applicable, such Manager acting in its capacity as Forward Purchaser. Only Managers that are, or are affiliated with, Forward Purchasers will act as Forward Sellers. We will not initially receive any proceeds from any sale of shares of our common stock borrowed by a Forward Purchaser or its affiliate and sold through the related Forward Seller.

Sales of shares of our common stock, if any, as contemplated by this prospectus supplement made through the Managers, as our sales agents or as Forward Sellers, will be made by means of ordinary brokers' transactions on the NYSE or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices, by privately negotiated transactions (including block sales) or by any other methods permitted by applicable law.

None of the Managers, whether acting as our sales agent or as Forward Seller, is required to sell any specific number or dollar amount of shares of our common stock, but each has agreed, subject to the terms and conditions of the Equity Distribution Agreement, to use its commercially reasonable efforts, consistent with its normal trading and sales practices and applicable law and regulations, to sell shares of our common stock on the terms agreed upon by such Manager, us and, in the case of shares offered through such Manager as Forward Seller, the relevant Forward

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Purchaser from time to time. The Equity Distribution Agreement provides that shares of our common stock offered and sold through the Managers, as our sales agent or as Forward Sellers, pursuant to the Equity Distribution Agreement will be offered and sold through only one Manager on any trading day.

We will report at least quarterly the number of shares of common stock sold by or through the Managers acting as our sales agents or as principal, the number of shares of common stock sold through the Managers acting as Forward Sellers, the net proceeds to us, the aggregate compensation paid by us to the Managers in connection with those sales of our common stock, the number of shares of common stock sold or delivered upon settlement of any forward sale agreements, in each case during such fiscal quarter, and the number of shares of common stock remaining for future settlement under any forward sale agreements as of the end of such fiscal quarter.

The offering of shares of our common stock pursuant to the Equity Distribution Agreement will terminate upon the earlier of (1) the sale of shares of our common stock having an aggregate gross sales price of up to \$210,000,000 (including shares sold by us to or through the Managers and borrowed shares sold through the Managers acting as Forward Sellers) and (2) the termination of the Equity Distribution Agreement by us or by the parties thereto by mutual agreement. Any Manager or Forward Purchaser may also terminate the Equity Distribution Agreement but only with respect to itself.

We have agreed in the Equity Distribution Agreement to provide indemnification and contribution to the Managers and the Forward Purchasers against certain liabilities, including liabilities under the Securities Act. We have also agreed, under certain circumstances, to reimburse the Managers and the Forward Purchasers for certain of their out-of-pocket expenses, including fees and expenses of counsel, in connection with the transactions contemplated by the Equity Distribution Agreement. To the extent that we have not sold shares of our common stock having an aggregate gross sales price of \$21,000,000 by the two-year anniversary of the Equity Distribution Agreement (including any shares sold to any Manager on a principal basis pursuant to the Equity Distribution Agreement and any separate written agreement as contemplated under the Equity Distribution Agreement) (or such earlier date at which we terminate the Equity Distribution Agreement), we have agreed, subject to certain limitations, to reimburse the Managers and the Forward Purchasers for all of their reasonable out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Managers and the Forward Purchasers, up to a maximum aggregate amount of \$150,000.

In connection with the offering, the Managers or securities dealers may distribute this prospectus supplement and the accompanying prospectus, as well as any free writing prospectus, pricing supplement or other prospectus supplement we may provide you in connection with this offering, by electronic means, such as e-mail.

We estimate that the total expenses payable by us in connection with the offering and sale of shares of our common stock pursuant to the Equity Distribution Agreement, excluding commissions and discounts, will be approximately \$150,000. The remaining sale proceeds from the sale of any shares of our common stock by us to or through the Managers, after deducting discounts and commissions, any transaction fees, transfer taxes or similar taxes or fees imposed by any arbitrator, court, governmental body, regulatory body, administrative agency or other authority, body or agency having jurisdiction over us or any of our subsidiaries or any of our or their respective properties, assets or operations or any self-regulatory organization in respect of such sales, shall constitute the net proceeds from our common stock sold by us to or through the Managers pursuant to this prospectus supplement and the accompanying prospectus. As described below under Sales Through Forward Sellers, we will not initially receive any proceeds from the sale of shares of our common stock borrowed by a Forward Purchaser or its affiliate and sold through the relevant Manager, acting as Forward Seller.

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Sales Through Managers as our Sales Agents or to Managers as Principal

In connection with any offers of shares of our common stock through a Manager, acting as our sales agent, we will deliver instructions directing such Manager, as our sales agent, to offer and sell the applicable shares of common stock on our behalf. Such instructions shall specify the maximum number of shares to be sold and the minimum price per share at which such shares may be sold. Subject to, among other things, the terms and conditions in the Equity Distribution Agreement and the acceptance of such instructions from us by the applicable Manager, such Manager has agreed to use its commercially reasonable efforts, consistent with its normal trading and sales practices and applicable laws and regulations, to sell, as our sales agent, all of the shares so designated for sale by us in accordance with such instructions, on the terms and subject to the conditions set forth in the Equity Distribution Agreement. We or any Manager may at any time immediately suspend the offering of shares of our common stock through such Manager, as our sales agent, upon notice to the other party.

The applicable Manager will provide written confirmation to us following the close of trading on the NYSE on each day on which shares of our common stock are sold through such Manager, as our sales agent, under the Equity Distribution Agreement. Each confirmation will include the number of shares of our common stock sold on that day, the gross offering proceeds received from such sale, the aggregate net proceeds and the compensation payable by us to such Manager in connection with such sales of our common stock.

We will pay the applicable Manager a commission at a rate agreed upon by us and such Manager that will not (except as provided below) exceed, but may be lower than, 2.0% of the gross sales price of the shares of our common stock sold through such Manager, as our sales agent under the Equity Distribution Agreement.

Under the terms of the Equity Distribution Agreement, we may also sell shares of our common stock to one or more of the Managers, as principal, at a price to be agreed upon at the time of sale. If we sell shares to one or more of the Managers as principal, we will enter into a separate written agreement with such Manager or Managers, as the case may be, and we will describe the terms of the offering of those shares in a separate prospectus supplement. None of the Managers has any obligation to purchase shares of common stock from us and may elect whether or not to do so in its sole and absolute discretion.

We expect that settlement for sales of our common stock through a Manager, acting as our sales agent, or to a Manager, acting as principal, as well as settlement between such Manager and buyers of such shares in the market, will occur on the second business day (or on such other date as may be agreed upon by the relevant parties) following the respective dates on which any such sales are made in return for payment of the net proceeds to us. There is no arrangement for funds to be received in an escrow, trust or similar arrangement. The obligations of each Manager under the Equity Distribution Agreement are subject to a number of conditions, which such Manager may waive in its sole and absolute discretion.

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Sales Through Forward Sellers

If we enter into a forward sale agreement with any Forward Purchaser, we expect that such Forward Purchaser or its affiliate will attempt to borrow from third parties and sell, through the relevant Manager, acting as sales agent for such Forward Purchaser, shares of our common stock to hedge such Forward Purchaser's exposure under such forward sale agreement.

In connection with any forward sale agreement, we will deliver instructions to the relevant Manager directing such Manager, as Forward Seller, to offer and sell the applicable borrowed shares of our common stock on behalf of the relevant Forward Purchaser. Such instructions shall specify the maximum number of shares to be sold and the minimum price per share at which such shares may be sold. Subject to, among other things the terms and conditions in the Equity Distribution Agreement and the acceptance of such instructions from us by the applicable Manager, such Manager has agreed to use its commercially reasonable efforts, consistent with its normal trading and sales practices and applicable laws and regulations, to sell, as forward seller for the applicable Forward Purchaser, all of the shares so designated for sale by us in accordance with such instructions, on the terms and subject to the conditions set forth in the Equity Distribution Agreement. We or the applicable Manager may at any time immediately suspend the offering of shares of our common stock through such Manager, as Forward Seller, upon notice to the other party.

The applicable Manager will provide written confirmation to us following the close of trading on the NYSE on each day on which shares of our common stock are sold through such Manager, as Forward Seller, under the Equity Distribution Agreement. Each confirmation will include the number of shares of our common stock sold on that day, the gross offering proceeds received from such sale, the net proceeds and the compensation payable by us to such Manager in connection with such sales of our common stock.

In connection with each forward sale agreement, we will pay the applicable Manager, acting as Forward Seller in connection with such forward sale agreement, a commission, in the form of a reduction to the initial forward price under the related forward sale agreement, at a rate agreed upon by us, such Manager and, in the case of shares sold on behalf of a Forward Purchaser, such Forward Purchaser that will not (except as provided below) exceed, but may be lower than, 2.0% of the gross sales price of the borrowed shares of our common stock sold through such Manager, acting as Forward Seller, during the applicable forward selling period for such shares (subject to certain possible adjustments to such gross sales price for daily accruals and any dividends having an ex-dividend date during such forward selling period). We may also agree with any Manager, acting as Forward Seller, to sell shares of our common stock other than through ordinary brokers' transactions using sales efforts and methods that may constitute distributions within the meaning of Rule 100 of Regulation M under the Exchange Act, and for which we may agree to pay such Manager a commission, in the form of a reduction to the initial forward price under the related forward sale agreement, that may exceed 2.0% of the gross sales price of our common stock sold through such Manager. We sometimes refer to this commission as the forward selling commission.

We expect that settlement between a Forward Purchaser and the relevant Manager, as Forward Seller, for sales of borrowed shares of our common stock, as well as settlement between

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such Manager and buyers of such shares in the market, will occur on the second business day (or on such other date as may be agreed upon by the relevant parties) following the respective dates on which any such sales are made in return for the payment of the net proceeds therefor. There is no arrangement for funds to be received in an escrow, trust or similar arrangement. The obligations of a Forward Purchaser and the related Manager, acting as Forward Seller, under the Equity Distribution Agreement are subject to a number of conditions, which such Forward Purchaser and Manager, respectively, may waive in their sole and absolute discretion.

Pursuant to each forward sale agreement, if any, we will have the right to issue and deliver to the Forward Purchaser party thereto a specified number of shares of our common stock on the terms and subject to the conditions set forth therein, or, alternatively, to elect cash settlement or net share settlement, as described below, for all or any portion of such shares. The initial forward price per share under each forward sale agreement will equal the product of (1) an amount equal to one minus the applicable forward selling commission and (2) the volume weighted average price per share at which the borrowed shares of our common stock were sold pursuant to the Equity Distribution Agreement by the relevant Manager, acting as Forward Seller, during the applicable forward selling period for such shares to hedge the relevant Forward Purchaser's exposure under such forward sale agreement (subject to certain possible adjustments for daily accruals and any dividends having an ex-dividend date during such forward selling period). Thereafter, the forward price will be subject to the price adjustment provisions of the applicable forward sale agreement, as described in the next paragraph. We will not initially receive any proceeds from any sale of shares of our common stock borrowed by a Forward Purchaser or its affiliate and sold through a Forward Seller, and all of such net proceeds will be paid to the relevant Forward Purchaser (or one or more of its affiliates).

We currently expect to fully physically settle each forward sale agreement, if any, with the relevant Forward Purchaser on one or more dates specified by us on or prior to the maturity date of such forward sale agreement, although, as discussed below, we will generally have the right, subject to certain exceptions and conditions, to elect cash settlement or net share settlement instead of physical settlement for any of the shares we have agreed to sell under such forward sale agreement. If we elect or are deemed to have elected to physically settle any forward sale agreement by delivering shares of our common stock, we will receive an amount of cash from the relevant Forward Purchaser equal to the product of (1) the forward price per share at such time under such forward sale agreement and (2) the number of shares of our common stock as to which we have elected or are deemed to have elected physical settlement, subject to the price adjustment and other provisions of such forward sale agreement. Each forward sale agreement will provide that the forward price will be subject to adjustment on a daily basis based on a specified floating interest rate factor less a spread. In addition, the forward price will be subject to decrease on certain dates specified in the relevant forward sale agreement by the amount per share of dividends we expect to declare on our common stock during the term of such forward sale agreement. If the specified floating interest rate factor is less than the applicable spread on any day, the interest rate factor will result in a daily reduction of the forward price.

We expect that, before any issuance of shares of our common stock upon physical settlement or net share settlement of any forward sale agreement, the shares issuable upon settlement of such forward sale agreement will be reflected in our diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of our

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common stock used in calculating diluted earnings per share, funds from operations per share and adjusted funds from operations per share will be deemed to be increased by the excess, if any, of the number of shares that would be issued upon physical settlement of such forward sale agreement over the number of shares that could be purchased by us in the market (based on the average market price during the relevant forward selling period specified in such forward sale agreement) using the proceeds receivable upon settlement (based on the adjusted forward price at the end of the relevant reporting period). Consequently, prior to physical or net share settlement of the forward sale agreement and subject to the occurrence of certain events, we anticipate there will be no dilutive effect on our earnings per share, funds from operations per share or adjusted funds from operations per share as a result of such forward sale agreement except during periods when the average market price of our common stock is above the per share adjusted forward price of such forward sale agreement, subject to increase or decrease based on the specified floating interest rate factor less a spread, and subject to decrease by amounts related to expected dividends on our common stock during the term of that particular forward sale agreement. However, if we decide to physically or net share settle any forward sale agreement, delivery of shares of our common stock by us will result in dilution to our earnings per share, funds from operations per share and adjusted funds from operations per share.

Except under the circumstances described below and subject to certain conditions in each forward sale agreement, we will generally have the right, in lieu of physical settlement of any forward sale agreement, to elect cash or net share settlement in respect of any or all of the shares of common stock subject to such forward sale agreement. If we elect to cash or net share settle all or any part of any forward sale agreement, we would expect the relevant Forward Purchaser or one of its affiliates to purchase shares of our common stock in secondary market transactions over an unwind period to:

return shares of our common stock to securities lenders in order to unwind such Forward Purchaser's hedge (after taking into consideration any shares of our common stock to be delivered by us to such Forward Purchaser, in the case of net share settlement); and

if applicable, in the case of net share settlement, deliver shares of our common stock to us to the extent required upon settlement of such forward sale agreement.

If the price of our common stock at which these purchases by such Forward Purchaser (or its affiliate) are made is below the relevant forward price, such Forward Purchaser will pay us such difference in cash (if we elect to cash settle) or deliver to us shares of our common stock having a market value equal to such difference (if we elect to net share settle). If the price of our common stock at which these purchases are made by such Forward Purchaser (or its affiliate) exceeds the applicable forward price, we will pay such Forward Purchaser an amount in cash equal to such difference (if we elect to cash settle) or we will deliver to such Forward Purchaser a number of shares of our common stock having a market value equal to such difference (if we elect to net share settle). Any such difference could be significant and could result in our receipt of a significant amount of cash or number of shares of our common stock from such Forward Purchaser or require us to pay a significant amount of cash or deliver a significant number of shares of our common stock to such Forward Purchaser.

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In addition, the purchase of our common stock by a Forward Purchaser or its affiliate to unwind the Forward Purchaser's hedge position could cause the price of our common stock to increase above the price that would have prevailed in the absence of those purchases (or prevent a decrease in such price), thereby increasing the amount of cash (in the case of cash settlement) or the number of shares (in the case of net share settlement) that we may owe such Forward Purchaser upon settlement of the applicable forward sale agreement or decrease the amount of cash (in the case of cash settlement) or the number of shares (in the case of net share settlement) that such Forward Purchaser may owe us upon settlement of the applicable forward sale agreement.

Each Forward Purchaser will have the right to accelerate any forward sale agreement it may enter into with us with respect to all or any portion of the shares underlying any forward sale agreement (except with respect to events specified in (1) and (3) below, where accelerated settlement is limited to the portion of shares whose settlement would address the relevant event or that is affected by the relevant event) and require us to physically settle such shares on a date specified by such Forward Purchaser if: (1) in such Forward Purchaser's commercially reasonable judgment, it or its affiliate is unable to hedge (or maintain a hedge of) its exposure in a commercially reasonable manner under such forward sale agreement because (x) insufficient shares of our common stock have been made available for borrowing by securities lenders or (y) such Forward Purchaser or any of its affiliates would incur a stock borrow cost in excess of a specified threshold; (2) we declare any distribution, issue or dividend on shares of our common stock (a) payable in cash in excess of specified amounts (other than an extraordinary dividend), (b) that constitutes an extraordinary dividend under the forward sale agreement, (c) payable in securities of another company as a result of a spin-off or similar transaction, or (d) payable in any other type of securities (other than our common stock), rights, warrants or other assets for payment at less than the prevailing market price; (3) certain ownership thresholds applicable to such Forward Purchaser and its affiliates are or would be exceeded; (4) an event (i) is announced that if consummated would result in a specified extraordinary event (including certain mergers or tender offers, as well as certain events involving our nationalization, our insolvency or a delisting of our common stock) or (ii) occurs that would constitute a hedging disruption or a change in law; or (5) certain other events of default or termination events occur, including, among others, any material misrepresentation made by us in connection with such forward sale agreement or our insolvency (each as more fully described in the relevant forward sale agreement).

A Forward Purchaser's decision to exercise its right to accelerate all or a portion of the settlement of any forward sale agreement and to require us to physically settle the relevant shares will be made irrespective of our interests, including our need for capital. In such cases, we could be required to issue and deliver shares of our common stock under the terms of the physical settlement provisions of the applicable forward sale agreement irrespective of our capital needs, which would result in dilution to our earnings per share, funds from operations per share and adjusted funds from operations per share.

In addition, upon certain events of bankruptcy or insolvency relating to us, the forward sale agreements will terminate without further liability of the parties thereto. Following any such termination, we would not issue any shares of our common stock pursuant to such forward sale agreements, and we would not receive any proceeds pursuant to the forward sale agreements. For further information, see **Risk Factors**. In case of our bankruptcy or insolvency, any forward sale agreements will automatically terminate, and we would not receive the expected net proceeds from any forward sales of shares of our common stock under these agreements.

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The descriptions of certain provisions of the forward sale agreements appearing above and elsewhere in this prospectus supplement are not complete and are subject to, and qualified in their entirety by reference to, the terms and provisions of such forward sale agreements. A form of the forward sale agreement is included as an exhibit to the Equity Distribution Agreement, and the Equity Distribution Agreement has been or will be filed as an exhibit to a document incorporated by reference in the accompanying prospectus and may be obtained as described under "Where To Find Additional Information" in the accompanying prospectus.

Other Relationships

Some or all of the Managers and Forward Purchasers and/or their respective affiliates have provided and in the future may provide investment banking, commercial banking and/or other financial services, including the provision of credit facilities, to us in the ordinary course of business for which they have received and may in the future receive compensation. Certain affiliates of Morgan Stanley & Co. LLC, Barclays Capital Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Raymond James & Associates, Inc. and Wells Fargo Securities, LLC are lenders and/or agents under our revolving credit facility and/or our term loan. To the extent that we use the net proceeds from this offering to repay amounts we have borrowed, we may borrow or re-borrow in the future under the revolving credit facility and/or our term loan, those lenders will receive their pro rata portion of any of the proceeds from this offering that we use to repay any such amounts.

In addition, in the ordinary course of their business activities, the Managers and the Forward Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours. In the case of any Managers, Forward Purchasers or their respective affiliates that have lending relationships with us, certain of those Managers, Forward Purchasers and/or affiliates routinely hedge, and certain other of those Managers, Forward Purchasers and affiliates may hedge, their credit exposure to us consistent with their customary risk management policy. Typically, those Managers, Forward Purchasers or affiliates would hedge such exposure by entering into transactions, which may consist of either the purchase of credit default swaps or the creation of short positions in our securities. The Managers and the Forward Purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

If we enter into a forward sale agreement with any Forward Purchaser, we expect that such Forward Purchaser or its affiliate will attempt to borrow from third parties and sell, through the relevant Manager, acting as Forward Seller, shares of our common stock to hedge such Forward Purchaser's exposure under such forward sale agreement. All of the net proceeds from the sale of any such borrowed shares will be paid to the applicable Forward Purchaser (or one or more of its affiliates). Each Forward Purchaser will be either a Manager or an affiliate of a Manager. As a result, a Manager or its affiliate will receive the net proceeds from any sale of borrowed shares of our common stock made in connection with any forward sale agreements.

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LEGAL MATTERS

Certain legal matters, including certain tax matters, will be passed upon for us by Latham & Watkins LLP, Los Angeles, California. Ballard Spahr LLP, Baltimore, Maryland, will pass upon the validity of the shares of our common stock to be issued by us and sold in this offering and certain other matters under Maryland law. Certain legal matters will be passed upon for the Managers by Vinson & Elkins L.L.P., Washington, DC. Sidley Austin LLP, New York, New York, will act as counsel to the Forward Sellers and Forward Purchasers.

EXPERTS

The consolidated financial statements and related financial statement schedule of Four Corners Property Trust, Inc. as of December 31, 2018 and 2017 and for each of the years in the three-year period ended December 31, 2018, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2018, have been incorporated by reference herein and in the registration statement in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

INCORPORATION BY REFERENCE

SEC rules allow us to incorporate information into this prospectus supplement by reference, which means that we disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement, except to the extent superseded by information contained herein or by information contained in documents filed with the SEC after the date of this prospectus supplement. This prospectus supplement incorporates by reference the documents set forth below that have been previously filed with the SEC:

our Annual Report on Form 10-K for the year ended December 31, 2018;

the portions of the Definitive Proxy Statement on Schedule 14A filed with the SEC on April 27, 2018 incorporated by reference in the Annual Report on Form 10-K for the year ended December 31, 2017; and

our registration statement on Form 10 filed with the SEC on August 11, 2015, as amended and declared effective on October 21, 2015, including, without limitation, the description of capital stock contained in such registration statement, and all reports filed for the purpose of updating such description.

We also incorporate by reference into this prospectus supplement additional documents that we may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act from the date of this prospectus supplement until we have sold all of the securities to which this prospectus supplement relates or the offering is otherwise terminated. These documents may include, among others, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements. We are not, however, incorporating any information furnished under either Item 2.02 or Item 7.01 of any Current Report on Form 8-K or any exhibits filed pursuant to Item 9.01 of Form 8-K that are not deemed filed with the SEC.

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You may obtain copies of the documents we incorporate by reference, at no cost, upon written or oral request, by contacting us as described below, or through contacting the SEC or accessing its website as described above. Documents incorporated by reference are available without charge, excluding all exhibits unless an exhibit has been specifically incorporated by reference into those documents, by requesting them in writing or by telephone at:

Four Corners Property Trust, Inc.

591 Redwood Highway, Suite 1150

Mill Valley, California

(415) 965-8030

Attn: Investor Relations

Our reports and documents incorporated by reference herein may also be found in the Investors section of our website at <http://www.fcpt.com>. Our website and the information contained in it or connected to it shall not be deemed to be incorporated into this prospectus supplement, the accompanying prospectus or any registration statement of which they form a part.

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PROSPECTUS

FOUR CORNERS PROPERTY TRUST, INC.

Common Stock

Preferred Stock

Depository Shares

Warrants

Rights

We may offer, from time to time, in one or more series or classes, separately or together, and in amounts, at prices and on terms to be set forth in one or more supplements to this prospectus, the following securities:

Shares of our common stock, par value \$0.0001 per share;

Shares of our preferred stock, par value \$0.0001 per share;

Depository shares representing an interest in our preferred stock;

Warrants to purchase our common stock, preferred stock or depository shares representing an interest in our preferred stock; and

Rights to purchase our common stock.

We refer to our common stock, preferred stock, depository shares, warrants, and rights collectively as the securities. This prospectus describes some of the general terms that may apply to these securities and the general manner in which they may be offered. The prices and terms of any securities to be offered, the net proceeds that we expect to receive from the sale of such securities and the specific manner in which such securities may be offered will be set forth in one or more supplements to this prospectus.

We will deliver this prospectus together with an applicable prospectus supplement setting forth the specific terms of the securities we are offering. The applicable prospectus supplement also will contain information, where applicable,

about U.S. federal income tax considerations relating to, and any listing on a securities exchange of, the securities covered by such prospectus supplement.

We may offer the securities directly to investors, through agents designated from time to time by them or us, or to or through underwriters or dealers. If any agents, underwriters, or dealers are involved in the sale of any of the securities, their names, and any applicable purchase price, fee, commission or discount arrangement with, between or among them, will be set forth, or will be calculable from the information set forth, in an accompanying prospectus supplement. For more detailed information, see Plan of Distribution beginning on page 57. No securities may be sold without delivery of a prospectus supplement describing the method and terms of the offering of those securities.

Our common stock is listed on the New York Stock Exchange (the NYSE) under the symbol FCPT. On December 2, 2016, the last reported sale price of our common stock on the NYSE was \$18.96 per share. Our principal executive offices are located at 591 Redwood Highway, Mill Valley, California 94941 and our telephone number is (415) 965-8030.

You should carefully read this entire prospectus, the documents that are incorporated by reference in this prospectus and any applicable prospectus supplement before you invest in our securities.

Investing in our securities involves risks. You should carefully consider the risks described under Risk Factors on page 5 of this prospectus, as well as the other information contained or incorporated by reference in this prospectus and any applicable prospectus supplement, before making a decision to invest in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated December 5, 2016.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the SEC) utilizing a shelf registration process. Under this shelf registration process, we may, from time to time, sell any combination of the securities described in this prospectus, in one or more offerings. This prospectus provides you with a general description of the securities we may offer and is not meant to provide a complete description of each security. As a result, each time we offer securities, we will provide a prospectus supplement that contains specific information about the terms of those securities, which we will attach to this prospectus. The prospectus supplement also may add, update or change information contained in this prospectus.

You should rely only on the information contained in this prospectus and any applicable prospectus supplement. To the extent there are any inconsistencies between the information in this prospectus and any applicable prospectus supplement, you should rely on the information in the applicable prospectus supplement. You should rely only on the information provided or information to which we have referred you, including any information incorporated by reference in this prospectus or any applicable prospectus supplement. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale of these securities is not permitted. You should assume that the information appearing in this prospectus, any free writing prospectus and any applicable prospectus supplement prepared by us or the other documents incorporated by reference herein or therein is accurate only as of their respective dates or on the date or dates that are specified in these documents. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.

You should carefully read this entire prospectus and any applicable prospectus supplement, as well as the documents incorporated by reference in this prospectus and any applicable prospectus supplement, which we have referred you to in Incorporation of Certain Information by Reference below, before making an investment decision. Information incorporated by reference after the date of this prospectus may add, update or change information contained in this prospectus. Statements contained or deemed to be incorporated by reference in this prospectus or any applicable prospectus supplement as to the content of any contract or other document are not necessarily complete, and in each instance we refer you to the copy of the contract or other document filed as an exhibit to a document incorporated or deemed to be incorporated by reference in this prospectus or such prospectus supplement, each such statement being qualified in all respects by such reference. Any information in such subsequent filings and any applicable prospectus supplement that is inconsistent with this prospectus will supersede the information in this prospectus or any earlier prospectus supplement.

Unless the context requires otherwise, references in this prospectus to we, our, us and our company refer to Four Corners Property Trust, Inc., a Maryland corporation, together with its consolidated subsidiaries, including Four Corners Operating Partnership, LP, a Delaware limited partnership, which we refer to as the Operating Partnership.

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FORWARD-LOOKING STATEMENTS

Some of the statements contained in, or incorporated by reference into, this prospectus constitute forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Likewise, all of our statements regarding anticipated growth in our funds from operations and anticipated market conditions are forward-looking statements. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as may, will, should, expects, intends, plans, anticipates, believes, estimates, predicts, or potential or the negative of these words or phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. You also can identify forward-looking statements by discussions of strategy, plans or intentions.

The forward-looking statements contained in, or incorporated by reference into, this prospectus reflect our current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause our actual results to differ significantly from those expressed in or contemplated by any forward-looking statement. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth in or contemplated by any forward-looking statements:

adverse economic or real estate developments in our markets or the restaurant industry;

global, national and local economic conditions;

difficulties in identifying properties to acquire and completing acquisitions;

our failure to successfully develop, redevelop and operate acquired properties or lines of business;

the increasingly competitive environment in which we operate;

the ability and willingness of our tenants, including Darden Restaurants, Inc. (Darden), to perform under leases and to renew the leases with us upon their expiration, and our ability to reposition our properties on the same or better terms in the event of nonrenewal or in the event we replace an existing tenant;

obligations, including indemnification obligations, we may incur in connection with the replacement of an existing tenant;

increased interest rates and operating costs, including increased energy costs;

financing risks, including our failure to obtain necessary outside financing;

decreased rental rates or increased vacancy rates;

our failure to qualify and maintain qualification as a real estate investment trust (REIT);

the ability to generate sufficient cash flows to service our outstanding indebtedness;

environmental uncertainties and risks related to natural disasters;

financial market fluctuations;

the ability to retain our key management personnel;

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other risks inherent in our properties, including illiquidity of real estate investments and restrictions on our ability to sell these properties;

changes in real estate and zoning laws, revaluations for tax purposes and increases in real property tax rates; and

changes in U.S. generally accepted accounting principles or other applicable accounting policies.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. Any forward-looking statements speak only as of the date on which they are made. We disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events or other changes. For a further discussion of these and other factors that could cause our future results to differ materially from any forward-looking statements, see the section of this prospectus entitled **Risk Factors** and the risk factors incorporated by reference from our most recent Annual Report on Form 10-K, as updated by our subsequent filings.

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OUR COMPANY

We are a REIT that owns, acquires and leases restaurant and other food service-related properties on a triple-net basis. Our primary goal is to create long-term stockholder value through the payment of consistent cash dividends and the growth of our cash flow and asset base. To achieve this goal, we are pursuing a business strategy focused on opportunistic acquisitions and asset and tenant diversification.

We operate our business in two segments: real estate operations and restaurant operations. As of September 30, 2016, we owned 440 properties, all within the continental United States. Our revenues from our real estate operations segment are primarily generated by leasing restaurant properties to Darden and other tenants through triple-net lease arrangements under which the lessee is primarily responsible for ongoing costs relating to the properties, including utilities, property taxes, insurance, common area maintenance charges, and maintenance and repair costs. We also generate revenues through our restaurant operations segment pursuant to franchise agreements with Darden related to six LongHorn SteakHouse® restaurant properties located in the San Antonio, Texas area.

We were incorporated as a Maryland corporation on July 2, 2015 as a wholly owned indirect subsidiary of Darden. On November 9, 2015, Darden completed a spin-off of Four Corners Property Trust, Inc. (the Spin-Off) whereby we became an independent, publicly traded, self-administered company. Substantially all of our business is conducted through the Operating Partnership, of which our wholly owned subsidiary, Four Corners GP, LLC, is the sole general partner. As of December 2, 2016, we owned 99.54% of the outstanding partnership units of the Operating Partnership.

We intend to elect to be taxed, and have operated and intend to continue to operate in a manner that will allow us to qualify, as a REIT for U.S. federal income tax purposes commencing with our taxable year beginning January 1, 2016. To qualify as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we distribute at least 90% of our adjusted taxable income to our stockholders, subject to certain adjustments and excluding any net capital gain. As a REIT, we will not be subject to federal corporate income tax on that portion of net income that is distributed to our stockholders. However, our taxable REIT subsidiaries (TRS) will generally be subject to federal, state, and local income taxes. We will make our REIT election upon the filing of our 2016 tax return.

Our shares of common stock are listed on the NYSE under the ticker symbol FCPT .

Our executive offices are located at 591 Redwood Highway, Suite 1150, Mill Valley, California 94941, and our telephone number is (415) 965-8030. Our web address is www.fourcornerspropertytrust.com. The information on or accessible through our website does not constitute a part of this prospectus or any applicable prospectus supplement.

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RISK FACTORS

Investment in any securities offered pursuant to this prospectus involves risks. You should carefully consider the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2015, which are incorporated by reference herein, together with all other information contained in or incorporated by reference into this prospectus, as updated by our subsequent filings under the Securities Exchange Act of 1934, as amended (the Exchange Act), and the risk factors and other information contained in any applicable prospectus supplement before acquiring any of such securities. The occurrence of any of the events described could materially and adversely affect our business, prospects, financial condition, results of operations and our ability to make cash distributions to our stockholders, which could cause you to lose all or a significant part of your investment in our securities. Some statements in this prospectus constitute forward-looking statements. Please refer to the section entitled Forward-Looking Statements.

USE OF PROCEEDS

Unless otherwise described in the applicable prospectus supplement to this prospectus used to offer specific securities, we intend to contribute the net proceeds from any sale of the securities pursuant to this prospectus to the Operating Partnership in exchange for operating partnership units. The Operating Partnership will use the net proceeds from the sale of securities under this prospectus for general corporate purposes, which may include the repayment of outstanding indebtedness, the acquisition of additional properties, capital expenditures, the redevelopment of properties in our portfolio, working capital and other general purposes.

Pending application of cash proceeds, we will invest the net proceeds in interest-bearing accounts and short-term, interest-bearing securities that are consistent with our intention to continue to qualify as a REIT for federal income tax purposes.

Table of Contents**RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS**

The following table sets forth our ratio of earnings to combined fixed charges and preferred stock dividends for each of the periods presented. For purposes of determining the ratio of earnings to fixed charges, earnings consist of net income before income taxes, adjustment for noncontrolling interests in the Operating Partnership, fixed charges and distributed income of equity investees, less capitalized interest and noncontrolling interest in pre-tax earnings of consolidated subsidiaries with no fixed charges. Fixed charges consist of interest costs, whether expensed or capitalized, amortization of debt issuance costs and the portion of rent expense deemed to be the equivalent of interest.

	Nine Months Ended September 30, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012
Ratio of earnings to combined fixed charges and preferred stock dividends ⁽¹⁾⁽²⁾	6.05x	6.46x	N/A ⁽³⁾	N/A ⁽³⁾	N/A ⁽³⁾

- (1) Due to the timing of the Spin-Off, the Company presents herein consolidated financial data for (i) the Company from November 9, 2015, the date of consummation of the Spin-Off, through September 30, 2016 and (ii) the Kerrow Restaurant Operating Business for all periods. Our real estate operations segment was not operated by Darden as a stand-alone business and, accordingly, there are no historical results of operations related to that business prior to November 9, 2015.
- (2) No shares of preferred stock were issued and outstanding for any of the periods presented.
- (3) For the years ended December 31, 2014, 2013, and 2012, the Company did not incur fixed charges. Therefore, the ratio is not applicable.

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DESCRIPTION OF CAPITAL STOCK

Our articles of amendment and restatement (our charter) provides that we may issue up to 500,000,000 shares of common stock, par value \$0.0001 per share (common stock), and 25,000,000 shares of preferred stock, par value \$0.0001 per share (preferred stock). Our charter authorizes our board of directors to amend our charter to increase or decrease the 525,000,000 aggregate number of authorized shares of common stock or preferred stock or the number of shares of stock of any class or series without stockholder approval.

As of December 2, 2016, 59,888,447 shares of common stock and no shares of preferred stock were outstanding.

Under Maryland law, stockholders generally are not personally liable for our debts or obligations solely as a result of their status as stockholders.

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DESCRIPTION OF COMMON STOCK

Authorization and Issuance

All shares of common stock offered by this prospectus will be duly authorized, validly issued, fully paid and nonassessable.

Voting Rights

Subject to the provisions of our charter regarding the restrictions on transfer and ownership of shares of our common stock and except as may otherwise be specified in the terms of any class or series of common stock, each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors, and, except as provided with respect to any other class or series of capital stock, the holders of shares of common stock vote together as a single class and possess exclusive voting power. Nominees for director in an election in which the number of nominees is equal to the number of open board seats are elected by a majority of the votes cast. If the number of nominees in an election exceeds the number of open board seats, directors are elected by a plurality vote, as provided in our bylaws. A majority of the votes cast by stockholders is sufficient to approve any other matter, unless a different vote is required by our bylaws, rule, regulation or statute, or by our charter.

Under the Maryland General Corporation Law (the "MGCL"), a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a statutory share exchange or engage in similar transactions outside the ordinary course of business unless declared advisable by a majority of its board of directors and approved by the affirmative vote of stockholders holding at least two-thirds of the shares entitled to vote on the matter unless a lesser percentage (but not less than a majority of all the votes entitled to be cast on the matter) is set forth in the corporation's charter. Our charter provides that these actions may be taken if declared advisable by a majority of our board of directors and approved by the vote of stockholders holding at least a majority of the votes entitled to be cast on the matter (other than certain amendments to the provisions of our charter related to the removal of directors and the restrictions on ownership and transfer of our shares of stock, which require a vote of at least two-thirds of the votes entitled to be cast on the matter). However, Maryland law permits a corporation to transfer all or substantially all of its assets without the approval of the stockholders of the corporation to one or more persons if all of the equity interests of the person or persons are owned, directly or indirectly, by the corporation. In addition, because operating assets may be held by a corporation's subsidiaries, as in our situation, these subsidiaries may be able to transfer all or substantially all of such assets without a vote of our stockholders.

Dividends, Distributions, Liquidation and Other Rights

Subject to the preferential rights of any other class or series of our stock and to the provisions of our charter regarding the restrictions on transfer of shares of stock, holders of shares of common stock are entitled to receive dividends on such shares of common stock if, as and when authorized by our board of directors and declared by us out of assets legally available therefor. Such holders also are entitled to share ratably in the assets of our company legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up after payment or establishment of reserves for all of our debts and liabilities and any shares with preferential rights thereto.

Holders of shares of common stock have no preference, conversion, exchange, sinking fund or redemption rights, have no preemptive rights to subscribe for any securities of our company and have no appraisal rights. Subject to the preferential rights of any other class or series of our stock and to the provisions of our charter regarding the restrictions on transfer of shares of stock, shares of common stock have equal dividend, liquidation and other rights.

Power to Reclassify Our Unissued Shares of Stock

Our charter authorizes our board of directors to classify and reclassify any unissued shares of common or preferred stock into other classes or series of shares of stock and to establish the number of shares in each class or

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series and to set the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption for each such class or series. As a result, our board of directors could authorize the issuance of shares of preferred stock that have priority over the shares of common stock with respect to dividends, distributions and rights upon liquidation and with other terms and conditions that could have the effect of delaying, deterring or preventing a transaction or a change in control that might involve a premium price for holders of shares of our common stock or otherwise might be in their best interest. As of December 2, 2016, no shares of preferred stock are outstanding, and we do not have present plans to issue any shares of preferred stock.

Power to Increase or Decrease Authorized Shares of Common Stock and Issue Additional Shares of Common and Preferred Stock

We believe that the power of our board of directors, without prior stockholder approval (subject to certain exceptions), to amend our charter to increase or decrease the number of authorized shares of stock, to issue additional authorized but unissued shares of common stock or preferred stock and to classify or reclassify unissued shares of common stock or preferred stock and thereafter to cause us to issue such classified or reclassified shares of stock will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise. The additional classes or series will be available for issuance without further action by our stockholders, unless such action is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Although our board of directors does not currently intend to do so, it could authorize us to issue a class or series that could, depending upon the terms of the particular class or series, delay, defer or prevent a transaction or a change in control of our company that might involve a premium price for holders of our securities or otherwise be in the best interest of our stockholders.

Restrictions on Ownership and Transfer

Holders of common stock will be subject to the ownership restrictions of our charter. See [Restrictions on Ownership and Transfer](#).

Certain Provisions of Maryland Law and Our Charter and Bylaws

For a description of certain provision of Maryland law and our charter and bylaws that may affect the rights and restrictions related to our common stock, see [Certain Provisions of Maryland Law and Our Charter and Bylaws](#).

Exchange Listing

Our common stock is listed on the NYSE under the symbol [FCPT](#).

Transfer Agent and Registrar

The transfer agent and registrar for our shares of common stock is Wells Fargo Bank, N.A.

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DESCRIPTION OF PREFERRED STOCK

General

Subject to the limitations prescribed by Maryland law and our charter and bylaws, our charter authorizes our board of directors to classify or reclassify and issue one or more classes or series of preferred stock without stockholder approval. Our board of directors may determine the relative preferences, conversion and other rights, voting powers, restrictions and limitations as to dividends or other distributions, qualifications or terms or conditions of redemption of each class or series of preferred stock so issued, which may be more beneficial than the rights, preferences and privileges attributable to our common stock. The issuance of preferred stock could have the effect of delaying, deterring or preventing a transaction or a change in control that might involve a premium price for holders of our securities or otherwise might be in their best interest. The preferred stock will, when issued, be fully paid and nonassessable and will not have, or be subject to, any preemptive or similar rights.

Any prospectus supplement relating to a series of preferred stock will describe the specific terms of such securities, which may include:

the title and stated value of such preferred stock;

the number of shares of such preferred stock offered, the liquidation preference per share and the offering price of such shares;

the dividend rate(s), period(s) and/or payment date(s) or method(s) of calculation thereof applicable to such preferred stock;

whether dividends shall be cumulative or non-cumulative and, if cumulative, the date from which dividends on such preferred stock shall accumulate;

the procedures for any auction and remarketing, if any, for such preferred stock;

the provisions for a sinking fund, if any, for such preferred stock;

the provisions for redemption, if applicable, of such preferred stock;

any listing of such preferred stock on any securities exchange;

the terms and conditions, if applicable, upon which shares of such preferred stock will be convertible into shares of our common stock, including the conversion price (or manner of calculation thereof) and

conversion period;

a discussion of additional material U.S. federal income tax considerations;

any limitations on issuance of any series of preferred stock ranking senior to or on a parity with such series of preferred stock as to dividend rights and rights upon liquidation, dissolution or winding up of our affairs;

in addition to those limitations described below, any other limitations on actual or constructive ownership and restrictions on transfer, in each case as may be appropriate to preserve our status as a REIT; and

any other specific terms, preferences, rights, limitations or restrictions of such preferred stock.

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Restrictions on Ownership and Transfer

Holders of preferred stock will be subject to the ownership restrictions of our charter. See Restrictions on Ownership and Transfer.

Certain Provisions of Maryland Law and Our Charter and Bylaws

See Certain Provisions of Maryland Law and Our Charter and Bylaws.

Transfer Agent and Registrar

The registrar and transfer agent for the shares of preferred stock will be set forth in the applicable prospectus supplement.

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DESCRIPTION OF DEPOSITARY SHARES

General

We may issue receipts for depositary shares, each of which will represent a fractional interest of a share of a particular series of preferred stock, as specified in the applicable prospectus supplement. Preferred stock of each series represented by depositary shares will be deposited under a separate deposit agreement among us, the depositary named therein and the holders from time to time of the depositary receipts. Subject to the terms of the applicable deposit agreement, each owner of a depositary receipt will be entitled, in proportion to the fractional interest of a share of a particular series of preferred stock represented by the depositary shares evidenced by such depositary receipt, to all the rights and preferences of the preferred stock represented by such depositary shares (including dividend, voting, conversion, redemption and liquidation rights).

The depositary shares will be evidenced by depositary receipts issued pursuant to the applicable deposit agreement. Immediately following the issuance and delivery of the shares of preferred stock by us to a preferred shares depositary, we will cause such preferred shares depositary to issue, on our behalf, the depositary receipts. Copies of the applicable form of deposit agreement and depositary receipt may be obtained from us upon request, and the statements made herein relating to the deposit agreement and the depositary receipts to be issued thereunder are summaries of certain provisions thereof and do not purport to be complete and are subject to, and qualified in their entirety by reference to, all of the provisions of the applicable deposit agreement and related depositary receipts.

Dividends and Other Distributions

The preferred shares depositary will distribute all cash dividends or other cash distributions received in respect of the shares of preferred stock to the record holders of depositary receipts evidencing the related depositary shares in proportion to the number of such depositary receipts owned by such holders, subject to certain obligations of holders to file proofs, certificates and other information and to pay certain charges and expenses to the preferred shares depositary.

In the event of a distribution other than in cash, the preferred shares depositary will distribute property received by it to the record holders of depositary receipts entitled thereto, subject to certain obligations of holders to file proofs, certificates and other information and to pay certain charges and expenses to the preferred shares depositary, unless the preferred shares depositary determines that it is not feasible to make such distribution, in which case the preferred shares depositary may, with our approval, sell such property and distribute the net proceeds from such sale to such holders.

No distribution will be made in respect of any depositary share to the extent that it represents any shares of preferred stock converted into other securities.

Withdrawal of Shares

Upon surrender of the depositary receipts at the corporate trust office of the applicable preferred shares depositary (unless the related depositary shares have previously been called for redemption or converted into other securities), the holders thereof will be entitled to delivery at such office, to or upon such holder's order, of the number of whole or fractional shares of preferred stock and any money or other property represented by the depositary shares evidenced by such depositary receipts. Holders of depositary receipts will be entitled to receive whole or fractional shares of preferred stock on the basis of the proportion of preferred stock represented by each depositary share as specified in the applicable prospectus supplement, but holders of such preferred stock will not thereafter be entitled to receive

depository shares therefor. If the depository receipts delivered by the holder evidence a number of depository shares in excess of the number of depository shares representing the number of shares of preferred stock to be withdrawn, the preferred shares depository will deliver to such holder at the same time a new depository receipt evidencing such excess number of depository shares.

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Redemption of Depositary Shares

Whenever we redeem shares of preferred stock held by the preferred shares depositary, the preferred shares depositary will redeem as of the same redemption date the number of depositary shares representing shares of preferred stock so redeemed, provided we shall have paid in full to the preferred shares depositary the redemption price of the preferred stock to be redeemed plus an amount equal to any accrued and unpaid dividends thereon to the date fixed for redemption. The redemption price per depositary share will be equal to the corresponding proportion of the redemption price and any other amounts per share payable with respect to the preferred stock. If fewer than all the depositary shares are to be redeemed, the depositary shares to be redeemed will be selected pro rata (as nearly as may be practicable without creating fractional depositary shares) or by any other equitable method determined by us that will not result in a violation of the ownership restrictions in our charter.

From and after the date fixed for redemption, all dividends in respect of the preferred stock so called for redemption will cease to accrue, the depositary shares so called for redemption will no longer be deemed to be outstanding and all rights of the holders of the depositary receipts evidencing the depositary shares so called for redemption will cease, except the right to receive any moneys payable upon such redemption and any money or other property to which the holders of such depositary receipts were entitled upon such redemption and surrender thereof to the preferred shares depositary. See Restrictions on Ownership and Transfer.

Voting of the Shares of Preferred Stock

Upon receipt of notice of any meeting at which the holders of the applicable shares of preferred stock are entitled to vote, the preferred shares depositary will mail the information contained in such notice of meeting to the record holders of the depositary receipts evidencing the depositary shares which represent such shares of preferred stock. Each record holder of depositary receipts evidencing depositary shares on the record date (which will be the same date as the record date for the preferred stock) will be entitled to instruct the preferred shares depositary as to the exercise of the voting rights pertaining to the amount of preferred stock represented by such holder's depositary shares. The preferred shares depositary will vote the amount of preferred stock represented by such depositary shares in accordance with such instructions, and we will agree to take all reasonable action which may be deemed necessary by the preferred shares depositary in order to enable the preferred shares depositary to do so. The preferred shares depositary will abstain from voting the amount of preferred stock represented by such depositary shares to the extent it does not receive specific instructions from the holders of depositary receipts evidencing such depositary shares. The preferred shares depositary shall not be responsible for any failure to carry out any instruction to vote, or for the manner or effect of any such vote made, as long as any such action or non-action is in good faith and does not result from negligence or willful misconduct of the preferred shares depositary.

Liquidation Preference

In the event of our liquidation, dissolution or winding up, whether voluntary or involuntary, the holders of each depositary receipt will be entitled to a fraction of the liquidation preference accorded each share of preferred stock represented by the depositary shares evidenced by such depositary receipt, as set forth in the applicable prospectus supplement.

Conversion of Shares of Preferred Stock

The depositary shares, as such, are not convertible into common stock or any of our other securities or property. Nevertheless, if so specified in the applicable prospectus supplement relating to an offering of depositary shares, the depositary receipts may be surrendered by holders thereof to the preferred shares depositary with written instructions

to the preferred shares depositary to instruct us to cause conversion of the shares of preferred stock represented by the depositary shares evidenced by such depositary receipts into whole shares of common stock or other shares of preferred stock, and we agree that upon receipt of such instructions and any amounts payable in respect thereof, we will cause the conversion thereof utilizing the same procedures as those provided for delivery of shares of preferred stock to effect such conversion. If the depositary shares evidenced by a depositary receipt are to be converted in part only, a new depositary receipt or receipts will be issued for any depositary shares not to be converted. No fractional shares of common stock will be issued upon conversion, and if such conversion would result in a fractional share being issued, an amount will be paid in cash by us equal to the value of the fractional interest based upon the closing price of the common stock on the last business day prior to the conversion.

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Amendment and Termination of Deposit Agreement

The form of depositary receipt evidencing the depositary shares which represent the preferred stock and any provision of the deposit agreement may at any time be amended by agreement between us and the preferred shares depositary. However, any amendment that materially and adversely alters the rights of the holders of depositary receipts or that would be materially and adversely inconsistent with the rights granted to the holders of the related preferred stock will not be effective unless such amendment has been approved by the existing holders of at least two-thirds of the applicable depositary shares evidenced by the applicable depositary receipts then outstanding. No amendment shall impair the right, subject to certain exceptions in the deposit agreement, of any holder of depositary receipts to surrender any depositary receipt with instructions to deliver to the holder the related preferred stock and all money and other property, if any, represented thereby, except in order to comply with law. Every holder of an outstanding depositary receipt at the time any such amendment becomes effective shall be deemed, by continuing to hold such receipt, to consent and agree to such amendment and to be bound by the deposit agreement as amended thereby.

The deposit agreement may be terminated by us upon not less than 30 days prior written notice to the preferred shares depositary if (i) such termination is necessary to preserve our status as a REIT or (ii) a majority of each series of preferred stock affected by such termination consents to such termination, whereupon the preferred shares depositary shall deliver or make available to each holder of depositary receipts, upon surrender of the depositary receipts held by such holder, such number of whole or fractional shares of preferred stock as are represented by the depositary shares evidenced by such depositary receipts together with any other property held by the preferred shares depositary with respect to such depositary receipts. We have agreed that if the deposit agreement is terminated to preserve our status as a REIT, then we will use our best efforts to list the preferred stock issued upon surrender of the related depositary shares on a national securities exchange. In addition, the deposit agreement will automatically terminate if (i) all outstanding depositary shares shall have been redeemed, (ii) there shall have been a final distribution in respect of the related preferred stock in connection with our liquidation, dissolution or winding up and such distribution shall have been distributed to the holders of depositary receipts evidencing the depositary shares representing such preferred stock or (iii) each related share of preferred stock shall have been converted into our securities not so represented by depositary shares.

Charges of Preferred Shares Depositary

We will pay all transfer and other taxes and governmental charges arising solely from the existence of the deposit agreement. In addition, we will pay the fees and expenses of the preferred shares depositary in connection with the performance of its duties under the deposit agreement. However, holders of depositary receipts will pay the fees and expenses of the preferred shares depositary for any duties requested by such holders to be performed which are outside of those expressly provided for in the deposit agreement.

Resignation and Removal of Depositary

The preferred shares depositary may resign at any time by delivering to us notice of its election to do so, and we may at any time remove the preferred shares depositary, any such resignation or removal to take effect upon the appointment of a successor preferred shares depositary. A successor preferred shares depositary must be appointed within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and that meets certain combined capital and surplus requirements.

Miscellaneous

The preferred shares depositary will forward to holders of depositary receipts any reports and communications from us which are received by the preferred shares depositary with respect to the related preferred stock.

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Neither we nor the preferred shares depositary will be liable if we or it is prevented from or delayed in, by law or any circumstances beyond our or its control, performing our or its obligations under the deposit agreement. The obligations of us and the preferred shares depositary under the deposit agreement will be limited to performing their duties thereunder in good faith and without negligence (in the case of any action or inaction in the voting of shares of preferred stock represented by the depositary shares), gross negligence or willful misconduct, and we and the preferred shares depositary will not be obligated to prosecute or defend any legal proceeding in respect of any depositary receipts, depositary shares or shares of preferred stock represented thereby unless satisfactory indemnity is furnished. We and the preferred shares depositary may rely on written advice of counsel or accountants, or information provided by persons presenting shares of preferred stock represented thereby for deposit, holders of depositary receipts or other persons believed in good faith to be competent to give such information, and on documents believed in good faith to be genuine and signed by a proper party.

In the event the preferred shares depositary shall receive conflicting claims, requests or instructions from any holders of depositary receipts, on the one hand, and us, on the other hand, the preferred shares depositary shall be entitled to act on such claims, requests or instructions received from us.

Restrictions on Ownership

Holders of depositary receipts will be subject to the ownership restrictions of our charter. See [Restrictions on Ownership and Transfer](#).

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DESCRIPTION OF WARRANTS

We may offer by means of this prospectus warrants for the purchase of any of the types of securities offered by this prospectus. We may issue warrants separately or together with any other securities offered by means of this prospectus, and the warrants may be attached to or separate from such securities. Each series of warrants will be issued under a separate warrant agreement to be entered into between us and a warrant agent specified therein or the applicable prospectus supplement. The warrant agent will act solely as our agent in connection with the warrants of such series and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of warrants.

Any prospectus supplement relating to warrants will describe the specific terms of such securities, which may include:

the title of such warrants;

the aggregate number of such warrants;

the price or prices at which such warrants will be issued;

the currencies in which the price or prices of such warrants may be payable;

the price or prices at which and currency or currencies in which the securities purchasable upon exercise of such warrants may be purchased;

the designation, amount and terms of the securities purchasable upon exercise of such warrants;

the designation and terms of the other securities with which such warrants are issued and the number of such warrants issued with each such security;

if applicable, the date on and after which such warrants and the securities purchasable upon exercise of such warrants will be separately transferable;

the date on which the right to exercise such warrants shall commence and the date on which such right shall expire;

the minimum or maximum amount of such warrants which may be exercised at any one time;

information with respect to book-entry procedures, if any;

a discussion of material U.S. federal income tax considerations; and

any other material terms of such warrants, including terms, procedures and limitations relating to the exchange and exercise of such warrants.

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DESCRIPTION OF RIGHTS

We may issue rights to our stockholders for the purchase of shares of common stock. Each series of rights will be issued under a separate rights agreement to be entered into between us and a bank or trust company, as rights agent, all as set forth in the prospectus supplement relating to the particular issue of rights. The rights agent will act solely as our agent in connection with the certificates relating to the rights of such series and will not assume any obligation or relationship of agency or trust for or with any holders of rights certificates or beneficial owners of rights. The rights agreement and the rights certificates relating to each series of rights will be filed with the SEC and incorporated by reference as an exhibit to the registration statement of which this prospectus is a part.

Any prospectus supplement relating to a series of rights will describe the specific terms of such securities, which may include:

the date for determining the stockholders entitled to the rights distribution;

the aggregate number of shares of common stock purchasable upon exercise of such rights and the exercise price;

the aggregate number of rights being issued;

the date, if any, on and after which such rights may be transferable separately;

the date on which the right to exercise such rights shall commence and the date on which such right shall expire;

a discussion of material U.S. federal income tax considerations; and

any other terms of such rights, including terms, procedures and limitations relating to the distribution, exchange and exercise of such rights.

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CERTAIN PROVISIONS OF MARYLAND LAW AND OUR CHARTER AND BYLAWS

The following is a summary of certain provisions of Maryland law and our charter and bylaws.

Our Board of Directors

Our charter and bylaws provide that the number of directors of our company may be established by our board of directors, but may not be fewer than the minimum number required under Maryland law nor more than 15 directors. Our charter and bylaws provide that any vacancy that results from an increase in the number of directors may be filled by a majority of the board of directors and any other vacancy may be filled by a majority of the board of directors, even if the remaining directors do not constitute a quorum. Any individual elected to fill such vacancy will serve for the remainder of the full term and until a successor is duly elected and qualified.

Pursuant to our bylaws, each of our directors is elected by our stockholders to serve until the next annual meeting of stockholders and until his or her successor is duly elected and qualifies under Maryland law. Holders of shares of our common stock will have no right to cumulative voting in the election of directors. Nominees for director in an election in which the number of nominees is equal to the number of open board seats are elected by a majority of the votes cast. If the number of nominees in an election exceeds the number of open board seats, directors are elected by a plurality vote, as provided in our bylaws.

Removal of Directors

Our charter provides that, subject to the rights of holders of one or more classes or series of preferred stock to elect or remove one or more directors, a director may be removed from office at any time, with or without cause by the affirmative vote of the holders of at least a majority of the voting power of our then outstanding capital stock entitled to be cast generally in the election of directors and that, subject to the rights of holders of any series of preferred stock, our board of directors has the exclusive power to fill vacant directorships.

Business Combinations

We have a charter provision specifying that the Maryland Business Combination Act does not apply to any business combination between us and any person. This charter provision can be amended only upon the recommendation of our board of directors and with the approval of the holders of at least a majority in voting power of our outstanding stock. If it were not for this election, under the MGCL, certain business combinations between us and any interested stockholder or affiliate of an interested stockholder would be prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities.

After the five-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of a supermajority of stockholders.

Control Share Acquisitions

We have a charter provision exempting all of our shares from the application of the Maryland Control Share Acquisition Act. This charter provision can be amended only upon the recommendation of our board of directors and with the approval of the holders of at least a majority in voting power of our outstanding stock. If it were not for this

exemption, Maryland law would provide that issued and outstanding shares of our stock acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by employees who are directors of the corporation are excluded from shares entitled to vote on the matter.

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Subtitle 8

We are prohibited by our charter from electing to be subject to the unsolicited takeover provisions of Subtitle 8 of Title 3 of the MGCL. Such provisions permit a Maryland corporation with (i) a class of equity securities registered under the Exchange Act and (ii) at least three independent directors to elect to be subject, by provision in its charter or bylaws or by a resolution of its board of directors (notwithstanding any contrary provision in its charter or bylaws), to any or all of five provisions:

a classified board;

a two-thirds vote requirement for removing a director;

a requirement that the number of directors be fixed only by vote of the directors;

a requirement that a vacancy on the board be filled only by the affirmative vote of a majority of the remaining directors in office and such director shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred and until a successor is elected and qualified; and

a majority requirement for the calling of a special meeting of stockholders.

This prohibition may be rescinded or amended only with the approval of at least a majority in voting power of our outstanding stock.

Amendment of Our Charter and Bylaws and Approval of Extraordinary Transactions

Under Maryland law, a Maryland corporation generally cannot amend its charter, merge, consolidate, sell all or substantially all of its assets, engage in a statutory share exchange or dissolve unless the action is advised by the board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these actions by a lesser percentage of stockholders, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter provides that the affirmative vote of the holders of at least a majority in voting power of our outstanding stock will be required to approve all charter amendments or the other extraordinary actions listed above. However, Maryland law permits a Maryland corporation to transfer all or substantially all of its assets without the approval of the stockholders of the corporation to one or more persons if all of the equity interests of the person or persons are owned, directly or indirectly, by the corporation.

Our charter requires the affirmative vote of the holders of at least a majority in voting power of our outstanding stock to amend any provision of the charter other than those amendments permitted to be made without stockholder vote by law or specific provision of the charter. Accordingly, at least a majority in voting power of our outstanding stock is required in order to amend provisions in our charter relating to restrictions on transfer and ownership of our stock, our election to opt-out of the Maryland Control Share Acquisition Act, amendment of our bylaws by the stockholders and the stockholder action voting requirements described above.

Our board of directors has the authority, without any action by our stockholders, to amend our charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue, including by effecting a reverse stock split.

Our charter provides that our bylaws may be altered, amended or repealed, in whole or in part, or new bylaws may be adopted by the stockholders or by the board of directors. All such amendments must be approved by either the affirmative vote of a majority in voting power of our outstanding stock entitled to vote thereon or by a majority of the entire board of directors then in office, as applicable.

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Meetings of Stockholders

Under our bylaws, annual meetings of stockholders are to be held each year at a date and time as determined by our board of directors. Special meetings of stockholders may be called only by a majority of the directors then in office, by the chairman of our board of directors, our president or our chief executive officer. Additionally, subject to the provisions of our bylaws, special meetings of the stockholders shall be called by our secretary upon the written request of stockholders entitled to cast not less than ten percent of the votes entitled to be cast at such meeting. Only matters set forth in the notice of the special meeting may be considered and acted upon at such a meeting. Maryland law and our bylaws provide that any action required or permitted to be taken at a meeting of stockholders may be taken without a meeting by unanimous written consent, if that consent sets forth that action and is signed by each stockholder entitled to vote on the matter.

Special Meetings of the Stockholders; Stockholder Action by Written Consent

Our charter provides that special meetings of the stockholders may be called at any time upon the written request of the holders of not less than ten percent in voting power of our outstanding stock. Our charter provides that the procedure for calling special meetings can be amended only with the approval of at least a majority in voting power of our outstanding stock. In addition, our bylaws provide that special meetings of stockholders may be called by a majority of the directors then in office,**I>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

NOT APPLICABLE

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**ITEM 8. *FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA*
 FRANKLIN ELECTRONIC PUBLISHERS, INCORPORATED AND SUBSIDIARIES**

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<u>REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	21
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<u>CONSOLIDATED BALANCE SHEETS March 31, 2008 and 2007</u>	23
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Report of Independent Registered Public Accounting Firm

Shareholders and Directors of

Franklin Electronic Publishers, Incorporated

Burlington, New Jersey 08016

We have audited the accompanying consolidated balance sheets of Franklin Electronic Publishers, Incorporated and subsidiaries as of March 31, 2008 and 2007 and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years ended March 31, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Franklin Electronic Publishers, Incorporated and subsidiaries as of March 31, 2008 and 2007, and the results of its operations and cash flows for each of the three years ended March 31, 2008 in conformity with accounting principles generally accepted in the United States.

/s/ Radin, Glass & Co., LLP

Certified Public Accountants

New York, New York

June 16, 2008

Table of Contents**FRANKLIN ELECTRONIC PUBLISHERS, INCORPORATED****AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF OPERATIONS**

(in thousands, except for per share data)

	Year Ended March 31,		
	2008	2007	2006
SALES	\$ 57,081	\$ 52,213	\$ 59,622
OTHER OPERATING REVENUE	3,500		
TOTAL REVENUE	60,581	52,213	59,622
COST OF SALES	28,660	28,321	29,605
GROSS MARGIN	31,921	23,892	30,017
EXPENSES:			
Sales and marketing	16,844	15,880	17,165
Research and development	3,551	4,401	4,497
General and administrative	8,431	6,836	6,848
Total operating expenses	28,826	27,117	28,510
OPERATING INCOME (LOSS)	3,095	(3,225)	1,507
Interest income (expense), net	116	207	(122)
Other, net	(439)	(94)	719
INCOME (LOSS) BEFORE INCOME TAXES	2,772	(3,112)	2,104
INCOME TAX PROVISION (Note 14)	237	68	92
NET INCOME (LOSS)	\$ 2,535	\$ (3,180)	\$ 2,012
PREFERRED STOCK DIVIDEND			243
NET INCOME (LOSS) APPLICABLE TO COMMON STOCK	\$ 2,535	\$ (3,180)	\$ 1,769
NET INCOME (LOSS) PER COMMON SHARE:			
Basic	\$ 0.31	\$ (0.39)	\$ 0.22
Diluted	\$ 0.30	\$ (0.39)	\$ 0.21
WEIGHTED AVERAGE COMMON SHARES:			
Basic	8,236	8,216	8,169
Diluted	8,458	8,216	8,574

See notes to consolidated financial statements.

Table of Contents**FRANKLIN ELECTRONIC PUBLISHERS, INCORPORATED****AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(in thousands, except share data)

	March 31,	
	2008	2007
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents (Note 3)	\$ 11,824	\$ 6,314
Short-term investments (Note 4)		2,088
Accounts receivable, less allowance for doubtful accounts of \$649 and \$306	6,100	6,616
Inventories (Note 5)	9,262	8,455
Prepays and other assets	1,017	1,531
TOTAL CURRENT ASSETS	28,203	25,004
PROPERTY AND EQUIPMENT (Note 6)	1,167	1,462
OTHER ASSETS:		
Deferred income tax asset (Notes 2 and 14)	5,700	5,700
Trademark and goodwill (Notes 2 and 8)	2,265	2,265
Software development costs	2,052	2,434
Other assets (Notes 2 and 7)	2,531	3,492
TOTAL OTHER ASSETS	12,548	13,891
TOTAL ASSETS	\$ 41,918	\$ 40,357
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses (Note 9)	\$ 7,896	\$ 9,108
Current portion of long-term liabilities Other	103	97
TOTAL CURRENT LIABILITIES	7,999	9,205
OTHER LIABILITIES (Note 10)	1,219	1,160
DEFERRED REVENUE (Note 2)	451	534
DEFERRED GAIN ON SALE AND LEASEBACK (Note 6)	3,587	4,032
SHAREHOLDERS' EQUITY (Note 13):		
Common stock, \$0.01 par value, authorized 50,000,000 shares, issued and outstanding, 8,265,196 and 8,217,921 shares	83	82
Additional paid in capital	50,978	50,743
Retained earnings (deficit)	(22,084)	(24,619)
Foreign currency translation adjustment (Note 2)	(315)	(780)
TOTAL SHAREHOLDERS' EQUITY	28,662	25,426
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 41,918	\$ 40,357

See notes to consolidated financial statements.

Table of Contents**FRANKLIN ELECTRONIC PUBLISHERS, INCORPORATED****AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF CASH FLOWS**

(in thousands)

	Year Ended March 31,		
	2008	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:			
NET INCOME (LOSS)	\$ 2,535	\$ (3,180)	\$ 2,012
ADJUSTMENTS TO RECONCILE NET INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Depreciation and amortization	3,155	4,251	3,112
Provision for losses on accounts receivable	543	121	24
Loss (gain) on disposal of property and equipment	3	(31)	(139)
Stock and options issued for services	180	74	48
Source (use) of cash from change in operating assets and liabilities:			
Accounts receivable	(27)	19	(904)
Inventories	(807)	(964)	1,289
Prepays and other assets	514	127	1,112
Accounts payable and accrued expenses	(1,285)	1	(2,071)
Other, net	(41)	(11)	36
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,770	407	4,519
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(454)	(789)	(845)
Proceeds from sale of property and equipment	23	49	13
Proceeds from sale of building			9,699
Software development costs	(1,020)	(879)	(2,091)
Investment in Kreutzfeldt Electronic Publishing		(852)	
Short-term investments	2,088	4,892	(6,981)
Change in other assets	(384)	(492)	(649)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	253	1,929	(854)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash dividends on preferred stock			(243)
Proceeds from issuance of common shares	56	3	181
Redemption of preferred shares			(2,448)
Other liabilities	(34)	4	(41)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	22	7	(2,551)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	465	261	(190)
INCREASE IN CASH AND CASH EQUIVALENTS	5,510	2,604	924
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6,314	3,710	2,786
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 11,824	\$ 6,314	\$ 3,710
SUPPLEMENTAL DATA:			
Cash paid (received) during the years:			
Income taxes	\$ 100	\$ (76)	\$ 28

Interest expense	\$	94	\$	165	\$	192
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See notes to consolidated financial statements.

Table of Contents**FRANKLIN ELECTRONIC PUBLISHERS, INCORPORATED****AND SUBSIDIARIES****CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY**

(in thousands, except for share data)

	Common Stock		Additional	Preferred Stock		Retained	Accumulated	Total
	Shares	Amount	Paid in Capital	Shares	Amount	Earnings	Other	Shareholders'
							Income *	Equity
BALANCE MARCH 31, 2005	8,125,222	\$ 81	\$ 50,406	2,434	\$ 2,412	\$ (23,194)	\$ (851)	\$ 28,854
Amortization of deferred compensation expense for shares issued for services	9,500		63					63
Issuance of common shares under employee stock option plan	75,049	1	181					182
Preferred stock dividend						(243)		(243)
Redemption of preferred shares				(2,434)	(2,434)	(14)		(2,448)
Write off of preferred stock issuance costs					22			22
Income for the period						2,012		2,012
Foreign currency translation adjustment							(190)	(190)
BALANCE MARCH 31, 2006	8,209,771	\$ 82	\$ 50,650		\$	\$ (21,439)	\$ (1,041)	\$ 28,252
Amortization of deferred compensation expense for shares issued for services and issuance of options	5,450		90					90
Issuance of common shares under employee stock option plan	2,700		3					3
Income for the period						(3,180)		(3,180)
Foreign currency translation adjustment							261	261
BALANCE MARCH 31, 2007	8,217,921	\$ 82	\$ 50,743		\$	\$ (24,619)	\$ (780)	\$ 25,426
Amortization of deferred compensation expense for shares and options issued for services	7,950		180					180
Issuance of common shares under employee stock option plan	39,325	1	55					56
Income for the period						2,535		2,535
Foreign currency translation adjustment							465	465
BALANCE MARCH 31, 2008	8,265,196	\$ 83	\$ 50,978		\$	\$ (22,084)	\$ (315)	\$ 28,662

* Comprehensive income, i.e., net income (loss), plus, or less, the change in foreign currency balance sheet translation adjustments, totaled \$3,000, (\$2,919) and \$1,822 for the fiscal years ended March 31, 2008, 2007 and 2006 respectively.

See notes to consolidated financial statements.

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FRANKLIN ELECTRONIC PUBLISHERS, INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands, except share and per share data)

1. LINE OF BUSINESS

Franklin Electronic Publishers, Incorporated and its wholly-owned subsidiaries (the Company) design, develop, publish, and distribute electronic information on handheld devices, memory media cards and via internet downloads. Other activities represent less than 10% of sales and identifiable assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation:

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, after elimination of intercompany accounts and transactions. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Inventories:

Inventories are valued at the lower of cost or realizable value determined by the first-in, first-out method of accounting.

Property and Equipment:

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from three to five years for furniture, equipment, tooling and computer software purchased.

Leasehold improvements are amortized over the term of the lease or the estimated life of the improvement, whichever is shorter. When assets are sold or retired, their cost and related accumulated depreciation are removed from the appropriate accounts. Any gains or losses on dispositions are recorded in current operations. Maintenance and minor repairs are charged to operations as incurred.

Trademark and Goodwill:

The ROLODEX® Electronics trademark is carried at the lower of impaired cost or fair value. Goodwill of purchased businesses is recorded at the lower of cost less amortization through March 31, 2002 or fair value.

Accounting for Long-Lived Assets:

The Company reviews long-lived assets, certain identifiable assets and any goodwill related to those assets for impairment at least annually or whenever circumstances and situations change such that there is an indication that the carrying amounts may not be recoverable. To the extent carrying values have exceeded fair values, an impairment loss has been recognized in operating results.

During the years ended March 31, 2008 and March 31, 2007 the Company recorded no impairment in the value of its long-lived assets.

Other Assets:

Other assets consist primarily of the Company's enterprise resource planning software and certain employment agreements and data conversion software, the components of which are being amortized over useful lives of 3 to 10 years.

Freight Billed:

The Company recognizes amounts billed to customers in sales transactions for shipping and handling as revenue earned for the goods provided and it classifies such billings as sales revenue.

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Revenue:

The Company recognizes revenue when it is realized. Approximately 93% of the Company's revenue arises from the shipment of products. The Company considers revenue realized when the product has been shipped or the services have been provided to the customer, and collectability is reasonably assured. The Company's sales are made with right of return or exchange for defective products, generally within one year from the original retail purchase. Revenue is reduced for estimated customer returns and other allowances. Sales returns are generally estimated and recorded based on historical sales and returns information. Products that exhibit unusual sales or return patterns are specifically investigated and analyzed as part of the accounting process.

The Company accrues for mark down money at the time of sale based on historical experience. The accrual is adjusted quarterly based on actual and anticipated claims.

The Company occasionally enters into multiple element arrangements, primarily involving its software technology which generally includes technology licensing fees and annual support fees. The Company begins recognizing the related revenue when technology is delivered and accepted by the customer with the total amount being spread evenly over the term of the support agreement. As of March 31, 2008 the unrecognized portion of revenue related to these agreements was \$451 and is included in the Deferred Revenue caption on the Company's balance sheets.

Software Development Costs:

The capitalization of software development costs and the related amortization is in accordance with Statement of Financial Accounting Standards (SFAS) No. 86, *Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed*. Software costs, which are capitalized after technological feasibility is established, totaled \$1,020, \$879 and \$1,922 for the fiscal years ended March 31, 2008, 2007, and 2006, respectively.

Amortization included in the accompanying Consolidated Statement of Operations for fiscal years ended March 31, 2008, 2007, and 2006, was \$1,394, \$2,075 and \$1,150, respectively.

Advertising Costs:

Advertising costs are expensed as incurred except for direct response advertising, the costs of which are deferred and amortized over the period the related sales are recorded.

Fair Value of Financial Instruments:

The carrying amounts reported in the balance sheet for cash, trade receivables, accounts payable and accrued expenses approximate fair value based on the short-term maturity of these instruments.

Foreign Currency Translation:

For operations outside of the United States that prepare financial statements in currencies other than the US dollar, the Company translates statement of operations amounts at average monthly exchange rates, and translates assets and liabilities at year-end exchange rates. The Company presents translation adjustments as a component of Foreign currency translation adjustment within shareholders' equity. Gains and losses from foreign currency transactions are included in results of operations.

The Company enters into forward foreign exchange contracts to protect the cash flow from its existing assets valued in foreign currency. Economic gains or losses on these contracts are generally offset by the gains or losses on underlying transactions. The Company only enters into contracts with major financial institutions that have an A- (or equivalent) credit rating. All outstanding foreign exchange contracts are marked-to-market at the end of each accounting period with unrealized gains and losses included in results of operations.

As of March 31, 2008 the Company had one outstanding foreign exchange contract in the amount of 1,500 euros (equivalent to US dollars of \$2,368) with a duration of six months. An unrealized loss of \$165 on the contract was included in results of operations under the Other, net caption with the offsetting balance recorded in the Accounts Payable and Accrued Expenses caption on our balance sheets.

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As of March 31, 2007 the Company had two outstanding foreign exchange contracts in the amounts of 1,500 and 1,000 euros (equivalent to US dollars of \$2,004 and \$1,336, respectively). The duration of these contracts was six months and three months. An unrealized loss of \$154 on the contracts was included in results of operations under the Other, net caption with the offsetting balance recorded in the Accounts Payable and Accrued Expenses caption on our balance sheets.

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As of March 31, 2006 the Company had one outstanding foreign exchange contract in the amount of 1,500 euros (equivalent to US dollars of \$1,818). The duration of this contract was six months. An unrealized loss of \$5 on the contract was included in results of operations under the Other, net caption with the offsetting balance recorded in the Accounts Payable and Accrued Expenses caption on our balance sheets.

Income Taxes:

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred taxes are determined based on the difference between the financial statement and tax basis of assets and liabilities using tax rates in effect in the years in which the differences are expected to reverse. The Company's \$5,700 deferred tax asset is based upon the Company's estimate of taxes that would be due and offset against the Company's net operating loss carry forward, based upon its estimate of future earnings.

Earnings(Loss) Per Share:

Net income (loss) per common share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding during the period. The net income per common share computation, assuming dilution, gives effect to all potential dilutive common shares during the period. The computation assumes that the outstanding stock options and warrants were exercised and that the proceeds were used to purchase common shares of the Company.

Stock Based Compensation:

Effective April 1, 2006, the Company adopted the provisions of Statement of Financial Accounting Standards No. 123(R) (SFAS 123(R)), Share-Based Payment, which establishes accounting for stock-based awards exchanged for employee services. Under the provisions of SFAS 123(R), share-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity grant). The Company amortizes stock-based compensation by using the straight-line method. The Company elected to adopt the modified prospective transition method as provided by SFAS 123(R). In accordance with the requirements of the modified prospective transition method, consolidated financial statements for prior year periods have not been restated to reflect the fair value method of expensing share-based compensation.

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option valuation model. The Black-Scholes model incorporates assumptions as to dividend yield, volatility, an appropriate risk-free interest rate and the expected life of the option. Many of these assumptions require management's judgment. The Company's volatility is based upon historical volatility of the Company's stock.

The results of operations for the year ended March 31, 2008 include non-cash compensation expense of approximately \$180 for the amortization of restricted shares and stock option expense.

Reclassifications:

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

Web Site Development Costs:

The Company accounts for web site development costs in accordance with Emerging Issues Task Force (EITF) Issue No. 00-2, *Accounting for Web Site Development Costs*. The Company provides for the capitalization of web site development costs and amortizes the costs over its useful life.

3. CASH AND CASH EQUIVALENTS

The Company classifies as cash equivalents highly liquid investments with maturities of less than ninety days. Occasionally, the Company has cash held in excess of \$100,000 which exceeds the FDIC insurance limits and is therefore uninsured.

Table of Contents**4. SHORT TERM INVESTMENTS**

Short term investments consist of shares in a short term bond fund. Shares in the bond fund may be redeemed at any time at the discretion of the Company.

5. INVENTORIES

Inventories consist of:

	March 31,	
	2008	2007
Finished products	\$ 9,145	\$ 8,348
Component parts	117	107
	\$ 9,262	\$ 8,455

6. PROPERTY AND EQUIPMENT

Property and equipment consist of:

	March 31,	
	2008	2007
Furniture, equipment and leasehold improvements	6,657	6,416
Tooling	5,112	4,845
Computer software purchased	1,590	1,565
	13,359	12,826
Accumulated depreciation and amortization	12,192	11,364
	\$ 1,167	\$ 1,462

On January 18, 2006, the Company completed the sale of its headquarters building. The Company entered into an agreement to lease back the building for a term of ten years and three months with an initial annual fixed rent of \$737. The Company is responsible for payment of all real estate taxes and utilities, most repairs, and is required to maintain appropriate insurance coverage. It has provided to the Landlord a refundable security deposit of \$368. The Company can extend the term of the Lease upon 12 months notice for an additional ten years upon the same terms and conditions, except that the rent shall be 95% of the then Fair Market Value. As of March 31, 2008, a gain of \$3,587 on the sale has been deferred and will be recognized over the remaining lease term. The deferred gain is recorded on the consolidated balance sheets under the caption Deferred Gain on Sale and Leaseback.

7. OTHER ASSETS

Other assets consist of:

	March 31,	
	2008	2007
Trademarks and patents	\$ 125	\$ 133

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Enterprise resource planning software (net of amortization of \$2,803 and \$2,378)	775	1,191
Advance royalties and licenses	325	454
Other intangible assets (net of amortization of \$175 and \$58)	603	720
Deposits and other assets	703	994
	\$ 2,531	\$ 3,492

Other intangible assets consist of employment agreements and software know-how acquired with the Company's acquisition of Kreutzfeldt Electronic Publishing which took place in July 2006. These assets are being amortized over five and ten years respectively.

Table of Contents**8. TRADEMARK AND GOODWILL**

The Company adopted SFAS No. 142, *Goodwill and Other Intangible Assets*, at the beginning of April 2002 for all goodwill and other intangible assets recognized in the Company's statement of financial position. This SFAS changed the accounting for goodwill from an amortization method to an impairment-only approach, and introduces a new model for determining impairment charges.

Upon initial application of SFAS No. 142, the trademark and goodwill are deemed to have an indefinite useful life because they are expected to generate cash flows indefinitely. Thus, the Company ceased amortizing the trademark and goodwill on April 1, 2002.

9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of:

	March 31,	
	2008	2007
Trade accounts payable	\$ 3,219	\$ 4,423
Accrued payroll, bonus, benefits and taxes	2,466	2,301
Accrued sales allowances	444	730
Accrued royalties	383	339
Accrued expenses - other	1,384	1,315
	\$ 7,896	\$ 9,108

10. LONG-TERM LIABILITIES

Long-term liabilities consist of:

	March 31,	
	2008	2007
Post retirement obligation	\$ 1,213	\$ 1,148
Other	109	109
	1,322	1,257
Less current portion	103	97
	\$ 1,219	\$ 1,160

The aggregate maturities of the long-term liabilities for the five years after March 31, 2008 are as follows:

Years Ending March 31,	
2009	128
2010	77
2011	71
2012	73
2013	76

On May 19, 2008, the Company entered into an amendment (the *Amendment*) to the Revolving Credit and Security Agreement (the *Credit Agreement*) with PNC Bank, National Association (*PNC*) dated December 7, 2004, as amended by a First Amendment to Revolving Credit and Security Agreement dated December 29, 2005, an Amendment to Loan Documents dated December 22, 2006, an Amendment to Loan

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Documents dated March 30, 2007, an Amendment to Loan Documents dated as of December 7, 2007, Letter of Extension dated March 4, 2008 and Letter of Extension dated May 6, 2008.

The Amendment modifies the Credit Agreement with PNC by providing for a \$20,000 revolving credit facility with sublimits of \$1,000 for Letters of Credit, \$500 for foreign currency borrowings and \$10,000 for acquisitions by the Company (the Loan). Loans under the Credit Agreement are secured by all of the assets of the Company. The term of the Credit Agreement has been amended to

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December 7, 2010 (the Term). At the Company's option, Loans under the Credit Agreement will be either Domestic Rate Loans based on PNC's Base Rate with the interest rate varying from the PNC Base Rate minus 50 basis points to the PNC Base Rate plus 50 basis points or LIBOR Rate Loans with the interest rate varying from LIBOR plus 100 basis points to LIBOR plus 225 basis points, in each case depending upon the ratio of the Company's Funded Debt to EBITDA and the composition of collateral provided. The Loans under the Credit Agreement are payable in full on the last day of the Term.

The Credit Agreement contains certain financial covenants and restrictions on indebtedness, business combinations and other related items. The Company was in compliance with all covenants of the amended Credit Agreement as of March 31, 2008. As of March 31, 2008, the Company had no borrowings under the Credit Agreement.

Long-term liabilities consist primarily of a post retirement obligation to a former CEO of the Company. The long-term balance of this obligation was \$1,050 and \$1,091 as of March 31, 2008 and 2007, respectively.

11. ADVERTISING AND MEDIA COSTS

Advertising costs for the years ended March 31, 2008, 2007 and 2006 were \$3,884, \$3,683, and \$4,771, respectively. Deferrals of direct response advertising were not material.

12. COMMITMENTS

Lease Commitments:

Rent expense under all operating leases was \$1,148, \$1,061, and \$606, for the years ended March 31, 2008, 2007 and 2006, respectively. The future minimum rental payments to be made under non-cancelable operating leases, principally for facilities, as of March 31, 2008 were as follows:

Years Ending March 31,	
2009	\$ 1,231
2010	1,297
2011	1,143
2012	1,109
2013	1,135

Royalty Agreements:

The Company acquires the rights to reference works, databases and technology from various publishers and technology companies under renewable contracts of varying terms. Royalties and license fees are based on a per unit charge or as a percentage of revenue from products utilizing such databases or software licenses. The Company does not believe that there are any net prepayments that will not be earned based upon anticipated future sales.

Litigation:

The Company is subject to litigation from time to time arising in the ordinary course of its business. The Company does not believe that any such litigation is likely, individually or in the aggregate, to have a material adverse effect on the financial condition of the Company.

Table of Contents**13. SHAREHOLDERS EQUITY***Restricted Stock Plan and Unearned Portion of Common Stock Issued for Services:*

The Company's 2005 Restricted Stock Plan provides for the grant of shares of common stock for services. The shares are subject to a restriction on transfer, which requires the holder to remain employed by the Company for up to three years in order to receive the shares. As of March 31, 2008, there were a total of 36,075 shares of common stock available for distribution under both the 2005 Restricted Stock Plan and the prior plan. For the year ended March 31, 2008, 7,950 shares of restricted stock were issued under the 2005 Restricted Stock Plan.

Employee Stock Options:

Under the Company's 2005 Stock Option Plan (the 2005 Plan), 1,500,000 shares of common stock have been reserved for issuance. The Plan authorizes the Company to grant options to purchase shares of common stock to key employees, consultants and outside directors of the Company.

The 2005 Plan provides for granting of options to purchase shares of common stock at not less than the fair market value on the date of grant. An option may not be granted for a period in excess of ten years from the date of grant. Options are not transferable by the optionee other than upon death. Under the terms of the 2005 Plan, an employee may deliver shares of common stock as payment for options being exercised. The shares are valued at the closing price on the date of exercise. As of March 31, 2008, 1,061,572 shares remained available for grant under the 2005 Plan.

Accounting for Employee Stock Options:

Effective April 1, 2006, the Company adopted the provisions of Statement of Financial Accounting Standards No. 123(R) (SFAS 123(R)), Share-Based Payment, which establishes accounting for stock-based awards exchanged for employee services. Under the provisions of SFAS 123(R), share-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity grant). The Company amortizes stock-based compensation by using the straight-line method. The Company elected to adopt the modified prospective transition method as provided by SFAS 123(R). In accordance with the requirements of the modified prospective transition method, consolidated financial statements for prior year periods have not been restated to reflect the fair value method of expensing share-based compensation.

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option valuation model. The Black-Scholes model incorporates assumptions as to dividend yield, volatility, an appropriate risk-free interest rate and the expected life of the option. Many of these assumptions require management's judgment. The Company's volatility is based upon historical volatility of the Company's stock. The results of operations for the year ended March 31, 2008 include non-cash compensation expense of approximately \$175 for the amortization of stock option expense.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for stock options granted during the years ended March 31, 2008, 2007, and 2006, respectively: annual dividends of \$0.00 for all years, expected volatility of 42.0%, 42.0% and 52.6%, risk free interest rate of 4.0%, 4.7% and 4.4% and expected life of between 5 and 6.25 years for all grants. The number of shares granted, the weighted-average exercise price and weighted average fair value of the stock options granted during the years ended March 31, 2008, 2007, and 2006 were as follows:

	Number of Shares Granted	Weighted- Average Exercise Price	Weighted- Average Fair Value
Year ended March 31, 2006			
Exercise price equals market value	355,802	\$ 3.82	\$ 1.93
Year ended March 31, 2007			
Exercise price equals market value	105,995	\$ 2.10	\$ 0.95
Year ended March 31, 2008			
Exercise price equals market value	472,178	\$ 3.44	\$ 1.62

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The following table summarizes the changes in options outstanding and the related price ranges for shares of common stock:

	Shares	Stock Options Weighted Average Exercise Price
Outstanding at March 31, 2005	2,626,243	5.05
Granted	355,802	3.82
Exercised	(75,274)	2.41
Expired or cancelled	(132,392)	10.37
Outstanding at March 31, 2006	2,774,379	4.71
Granted	105,995	2.10
Exercised	(2,700)	1.20
Expired or cancelled	(226,428)	7.16
Outstanding at March 31, 2007	2,651,246	4.40
Granted	472,178	3.44
Exercised	(39,325)	1.40
Expired or cancelled	(321,209)	7.20
Outstanding at March 31, 2008	2,762,890	3.95
Outstanding options by plan:		
1988 Plan	235,471	
1998 Plan	2,038,991	
2005 Plan	438,428	
Outside of Plan	50,000	
Options available for grant under the 2005 Plan	1,061,572	
Options available for grant under the 1998 Plan	461,009	
No options were available for grant under the 1988 Plan		

The following table summarizes information about stock options outstanding at March 31, 2008:

Range of Exercise Prices	Options outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$ 1.20 \$ 1.80	366,212	4.11	\$ 1.45	364,712	\$ 1.44
2.00 2.80	364,294	5.75	\$ 2.53	320,544	\$ 2.53
2.95 3.78	518,368	5.85	\$ 3.42	369,690	\$ 3.55
3.80 3.97	710,642	6.88	\$ 3.82	461,493	\$ 3.82
4.00 4.88	285,608	2.65	\$ 4.26	285,608	\$ 4.24
5.63 7.50	409,000	1.44	\$ 6.79	409,000	\$ 6.68
8.50 10.13	72,766	1.36	\$ 8.98	72,766	\$ 8.95
11.00 14.88	36,000	0.45	\$ 11.49	36,000	\$ 11.47
\$ 1.20 \$14.88	2,762,890			2,319,813	

Options exercisable and the weighted average exercise price at March 31, 2007 and March 31, 2006, were 2,508,002 options and \$4.51, and 2,724,379 options and \$4.72 respectively.

Table of Contents**14. INCOME TAXES**

The components of the net deferred income tax asset are the following:

	March 31,	
	2008	2007
US loss carry forward Franklin	\$ 12,491	\$ 13,325
Inventory valuation allowances	458	570
Trademark Impairment charge, net of prior amortization	1,160	1,530
Gain on sale of headquarters building	1,371	1,541
Other items (taxable) deductible in future years net	1,420	982
	16,900	17,948
Deferred income tax valuation allowance	11,200	12,248
	\$ 5,700	\$ 5,700

Deferred income taxes result from temporary differences between income tax and financial reporting computed at the effective income tax rate. A valuation allowance has been provided to reduce the deferred income tax asset to the amount which is expected more likely than not to be realized.

The income tax provision consists of the following:

	Year ended March 31,		
	2008	2007	2006
Federal	\$ 41	\$ (18)	\$ 9
State	(14)	24	53
Foreign	210	62	30
	\$ 237	\$ 68	\$ 92

The reconciliation of income taxes shown in the financial statements and amounts computed by applying the Federal income tax rate of 35% for the years ended March 31, 2008, 2007 and 2006 is as follows:

	Year Ended March 31,		
	2008	2007	2006
Income (loss) before income taxes	\$ 2,772	\$ (3,112)	\$ 2,104
Computed expected tax	970	(1,089)	736
Effect of non-deductible expenses	70	20	20
Income tax expense	41	(18)	9
Foreign tax provision	210	62	30
State tax provision	(14)	24	53
Change in valuation allowance	(1,040)	1,069	(756)
Provision for income taxes	\$ 237	\$ 68	\$ 92

Effective April 1, 1997, the Company filed elections with the Internal Revenue Service to treat most of its foreign subsidiaries as divisions of the parent for U.S. income tax reporting.

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The loss carry forward and expiration date are as follows:

	Amount	Expiration Date
United States	\$33,000	2019 -2027

Table of Contents**15. SEGMENT AND GEOGRAPHIC INFORMATION**

Information regarding segments is presented in accordance with SFAS No. 131, Disclosure about Segments of an Enterprise and Related Information. Based on the criteria outlined in SFAS No. 131, the Company's operating results are reported by geographical segments. The Company's profit and loss segments are reviewed by the chief operating decision maker of the Company. The assets are reported as one segment, and reported on an aggregate basis. The profit and loss information is provided below:

	North America	Europe	Other International	Other Domestic	Corporate	Consolidated
Year ended March 31, 2008						
Sales	\$ 32,066	\$ 18,422	\$ 5,663	\$ 930	\$	\$ 57,081
Other operating revenue					3,500	3,500
Cost of sales	15,591	8,158	2,965	83	1,863	28,660
Gross margin	16,475	10,264	2,698	847	1,637	31,921
Operating expenses:						
Sales and marketing	8,734	4,027	1,320	448	2,315	16,844
Research and development			63	400	3,088	3,551
General and administrative	1,085	1,023	363	(14)	5,974	8,431
Total expense	9,819	5,050	1,746	834	11,377	28,826
Operating income	\$ 6,656	\$ 5,214	\$ 952	\$ 13	\$ (9,740)	\$ 3,095

	North America	Europe	Other International	Other Domestic	Corporate	Consolidated
Year ended March 31, 2007						
Sales	\$ 31,698	\$ 13,815	\$ 5,836	\$ 864	\$	\$ 52,213
Cost of sales	15,202	6,029	2,945	148	3,997	28,321
Gross margin	16,496	7,786	2,891	716	(3,997)	23,892
Operating expenses:						
Sales and marketing	8,621	3,402	1,395	211	2,251	15,880
Research and development			180	296	3,925	4,401
General and administrative	711	806	366	86	4,867	6,836
Total expense	9,332	4,208	1,941	593	11,043	27,117
Operating income	\$ 7,164	\$ 3,578	\$ 950	\$ 123	\$ (15,040)	\$ (3,225)

	North America	Europe	Other International	Other Domestic	Corporate	Consolidated
Year ended March 31, 2006						
Sales	\$ 36,904	\$ 12,989	\$ 5,036	\$ 4,693	\$	\$ 59,622
Cost of sales	17,874	6,114	2,457	1,242	1,918	29,605
Gross margin	19,030	6,875	2,579	3,451	(1,918)	30,017
Operating expenses:						
Sales and marketing	10,531	3,190	1,494	65	1,885	17,165
Research and development				233	4,264	4,497
General and administrative	561	676	464		5,147	6,848
Total expense	11,092	3,866	1,958	298	11,296	28,510
Operating income	\$ 7,938	\$ 3,009	\$ 621	\$ 3,153	\$ (13,214)	\$ 1,507

For the fiscal years ended March 31, 2008, 2007 and 2006, no customer accounted for more than 10% of the Company's revenues.

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For the fiscal year ended March 31, 2008 three suppliers accounted for more than 10% of the Company's purchases of its inventory. The three suppliers individually accounted for 29%, 28% and 13% of inventory purchases. For the fiscal year ended March 31, 2007 four suppliers accounted for more than 10% of the Company's purchases of its inventory. The four suppliers individually accounted for 27%, 23%, 14% and 11% of inventory purchases. For the fiscal year ended March 31, 2006 two suppliers accounted for more than 10% of the Company's purchases of its inventory. The two suppliers individually accounted for 31% and 21% of inventory purchases

KREUTZFELDT ELECTRONIC PUBLISHING GMBH

On July 25, 2006, the Company entered into a Share Sale and Transfer Agreement (the "Share Agreement") and Earn Out Agreement (the "Earn Out Agreement") with Kreutzfeldt Electronic Publishing GmbH, a limited liability company incorporated under the laws of Germany ("Kreutzfeldt"), to purchase 100% of the outstanding shares of Kreutzfeldt for a cash purchase price of 500 (approximately \$629) subject to an additional payment by the Company of up to 1,550 (approximately \$1,950) based upon Kreutzfeldt earnings from April 1, 2007 through March 31, 2017. The additional payments pursuant to the Earn Out Agreement will be 50% in cash and 50% in common stock of the Company, until the proportion of cash to stock as determined by the total consideration paid (including the initial purchase price) consists of 75% cash and 25% common stock. Thereafter, the additional payments will be 75% in cash and 25% in common stock. For the fiscal year ended March 31, 2008 no additional payments were made.

JOINT VENTURE AGREEMENT

During the quarter ended September 30, 2006 the Company entered into a joint venture relationship with Keysbond Ltd. of Hong Kong, an electronics development and manufacturing concern, under which the Company and Keysbond have incorporated and jointly own Embedded Linguistic Solutions (HK) Ltd., a new software development company based in Hong Kong. The Company expects that a portion of its software development work for each of its respective products will be undertaken by the new joint venture company. The agreement obligates the Company to make certain minimum purchases from Keysbond during the term of the agreement, including minimum purchases of \$4,500 during the first year of the agreement. Subsequent minimums are based on 7.5% of the Company's net sales for the preceding year. For the twelve months ended March 31, 2007 and 2008, the Company purchased approximately \$5,110 and \$5,838, respectively, of product from Keysbond, meeting the minimum purchase requirement in both years. If the minimum purchases are not attained, the Company will pay to Keysbond a penalty of 10% of any shortfall. However, the agreement provides for a cure period in the year succeeding any shortfall if the purchases in the succeeding year exceed that year's guaranty. The Company has contracted with Keysbond for development and manufacturing services since 2001. The joint venture is accounted for by the Company under the equity method of accounting.

Table of Contents**16. VALUATION AND RESERVE ACCOUNTS****Franklin Electronic Publishers, Incorporated****Valuation and Reserve Accounts****For the years ended March 31, 2008, 2007 and 2006****(in thousands)**

	Balance at Beginning of Period	Charges to Revenue or Expenses	Deductions	Balance at End of Period
Allowance for Bad Debts:				
Year ended March 31, 2008	\$ 306	\$ 551	\$ 208(1)	\$ 649
Year ended March 31, 2007	\$ 280	\$ 121	\$ 95(1)	\$ 306
Year ended March 31, 2006	\$ 456	\$ 20	\$ 196(1)	\$ 280
Allowance for Sales Returns:				
Year ended March 31, 2008	\$ 655	\$ 2,509	\$ 2,664(2)	\$ 500
Year ended March 31, 2007	\$ 1,116	\$ 3,199	\$ 3,660(2)	\$ 655
Year ended March 31, 2006	\$ 597	\$ 2,937	\$ 2,418(2)	\$ 1,116
Allowance for Mark Downs:				
Year ended March 31, 2008	\$ 418	\$ 359	\$ 516(3)	\$ 261
Year ended March 31, 2007	\$ 40	\$ 886	\$ 508(3)	\$ 418
Year ended March 31, 2006	\$ 53	\$ 198	\$ 211(3)	\$ 40

Notes:

- (1) Write-offs of Accounts Receivable net of recoveries.
- (2) Return offset against provision.
- (3) Mark Downs offset against provision.

17. RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued SFAS No. 157 Fair Value Measurements (SFAS 157). SFAS 157 provides a new single authoritative definition of fair value and provides enhanced guidance for measuring the fair value of assets and liabilities and requires additional disclosures related to the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. SFAS 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the impact, if any, of SFAS 157 on its financial position, results of operations, or cash flows.

In February 2007, the FASB issued SFAS No. 159 (SFAS 159), The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of SFAS No. 115 . SFAS 159 which allows measurement at fair value of eligible financial assets and liabilities that are not otherwise measured at fair value. If the fair value option for an eligible item is elected, unrealized gains and losses for that item shall be reported in current earnings at each subsequent reporting date. SFAS No. 159 also establishes presentation and disclosure requirements designed to draw comparison between the different measurements attributes the Company elects for similar types of assets and liabilities. This statement is effective for fiscal years beginning after November 15, 2007. The Company does not believe that SFAS No. 159 will have a material impact on its financial position, results of operations, or cash flows.

In December 2007, the FASB issued SFAS No. 141(R), Business Combination (SFAS 141(R)). SFAS 141(R) requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction; establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose to investors and other

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users all of the information they need to evaluate and understand the nature and financial effect of the business combination. This statement is effective for fiscal years beginning after December 15, 2008. The Company does not believe that SFAS No. 141(R) will have a material impact on its financial position, results of operations, or cash flows.

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In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interest In Consolidated Financial Statements (SFAS 160). SFAS 160 requires all entities to report noncontrolling (minority) interests in subsidiaries in the same way as equity in the consolidated financial statements. Moreover, SFAS 160 eliminates the diversity that currently exists in accounting for transactions between an entity and noncontrolling interests by requiring they be treated as equity transactions. This statement is effective for fiscal years beginning after December 15, 2008. The Company does not believe that SFAS No. 160 will have a material impact on its financial position, results of operations, or cash flows.

18. SUMMARIZED QUARTERLY FINANCIAL DATA

	Quarter Ended			
	June 30	September 30	December 31	March 31
Fiscal 2008				
Net sales	\$ 13,675	\$ 14,980	\$ 17,044	\$ 11,382
Other operating revenue		3,000		500
Total Revenue	13,675	17,980	17,044	11,882
Gross margin	6,797	10,069	8,524	6,531
Net income (loss)	68	2,782	741	(1,056)
Net income (loss) per common share:				
Basic	.01	.34	.09	(0.13)
Diluted	.01	.33	.09	(0.13)
Fiscal 2007				
Net sales	\$ 11,785	\$ 12,276	\$ 17,179	\$ 10,973
Gross margin	5,322	5,536	8,111	4,923
Net income (loss)	(1,039)	(898)	393	(1,636)
Net income (loss) per common share:				
Basic	(0.13)	(0.11)	.05	(0.20)
Diluted	(0.13)	(0.11)	.05	(0.20)
Fiscal 2006				
Net sales	\$ 17,652	\$ 13,898	\$ 17,894	\$ 10,178
Gross margin	8,598	6,743	9,989	4,687
Net income (loss)	898	124	1,995	(1,005)
Net income (loss) per common share:				
Basic	.10	.02	.23	(0.12)
Diluted	.09	.01	.22	(0.12)

19. SUBSEQUENT EVENT

In May 2008, the Company eliminated 10 percent of its U.S. workforce in an effort to reduce operating expenses. These cuts impacted certain areas that will reflect the Company's goal to increase efficiencies and bottom line profitability. As of March 31, 2008, no associated costs have been recorded to reflect the reduction in the US workforce.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE
NONE

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ITEM 9A(T). CONTROLS AND PROCEDURES

As of March 31, 2008 (the end of the period covered by this report), our management carried out an evaluation, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective.

In designing and evaluating our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Securities Exchange Act of 1934), management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurances of achieving the desired control objectives, as ours are designed to do, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. We believe that our disclosure controls and procedures provide such reasonable assurance.

Our senior management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Securities Exchange Act of 1934), designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms.

Because of inherent limitations, a system of internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has evaluated the effectiveness of its internal control over financial reporting as of March 31, 2008 based on the criteria set forth in a report entitled *Internal Control - Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, we have concluded that, as of March 31, 2008, our internal control over financial reporting is effective based on those criteria.

This annual report on Form 10-K does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting of the Company. Our management report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this annual report.

No change occurred in our internal controls concerning financial reporting during the fourth quarter ended March 31, 2008 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

NONE

Table of Contents**PART III****ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

We have adopted a code of ethics that applies to our chief executive officer and chief financial officer, our principal executive officer and principal financial officer, respectively, and all of our other financial executives. We have also adopted a code of ethics applicable to all employees, officers and directors. We make both our codes of ethics available free of charge through our internet website, www.franklin.com. We will disclose on our website amendments to or waivers from our code of ethics in accordance with all applicable laws and regulations.

Information called for by Item 10 is set forth under the heading "Election of Directors" in our Proxy Statement for our 2008 annual meeting of stockholders (the "2008 Proxy Statement"), which is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information called for by Item 11 is set forth under the heading "Executive Compensation" in the 2008 Proxy Statement, which is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**Equity Compensation Plan Information**

The following table gives information about our common stock that may be issued upon the exercise of options, warrants and rights under all of our existing equity compensation plans as of March 31, 2008, including our 1988 Stock Option Plan, our 1998 Stock Option Plan, as amended and restated, our 2005 Stock Option Plan, our Restricted Stock Plan, as amended and restated, our 2005 Restricted Stock Plan and various stock option agreements to which we are a party.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	2,712,890	\$ 3.96	1,097,647(2)
Equity compensation plans not approved by security holders(1)	50,000	\$ 4.00	
Total	2,762,890	\$ 3.95	1,097,647

- (1) Pursuant to a Stock Option Agreement entered into between the Company and Arnold D. Levitt. In July 1999, in connection with the hiring of Arnold D. Levitt, our former Senior Vice President, we entered into a Stock Option Agreement pursuant to which we granted Mr. Levitt a ten year option to purchase 50,000 shares of common stock at an exercise price of \$4.00 per share, the fair market value of the common stock on the date of grant. On November 12, 2007, Arnold D. Levitt retired from Franklin. Options

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- granted under this Stock Option Agreement have fully vested and will expire two years from his retirement date.
- (2) We maintain a Restricted Stock Plan, as amended and restated, and a 2005 Restricted Stock Plan, which provide for the grant of shares of common stock for services. The shares are subject to a restriction on transfer which requires the holder to remain employed by the Company for up to three years in order to receive the shares. As of March 31, 2008, 36,075 shares of common stock were available for future issuance under the restricted stock plans and 1,061,572 shares of common stock were available for issuance under our stock option plans.

Additional information called for by Item 12 is set forth under the heading Security Ownership of Certain Beneficial Owners and Management in the 2008 Proxy Statement, which is incorporated herein by reference.

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information called for by Item 13 is set forth under the heading Certain Relationships and Related Transactions and Director Independence in the 2008 Proxy Statement, which is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information called for by Item 14 is set forth under the heading Principal Accountant Fees and Services in the 2008 Proxy Statement, which is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial statements and schedules filed as a part of this report are listed on the Index to Financial Statements contained herein. All other schedules are omitted because (i) they are not required under the instructions, (ii) they are inapplicable or (iii) the information is included in the financial statements.

(2) Financial Statement Schedules

Schedule	Description	Page
II	Valuation and Reserve Accounts, Three Years ended March 31, 2008	37
(b) Exhibits		

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EXHIBITS

EXHIBITS NO.

3.01	Certificate of Incorporation of Franklin (Incorporated by reference to Exhibit 3.01 to Registration Statement on Form S-1, File No. 3-6612 (the Company's 1986 S-1 Registration Statement))
3.02	Articles of Amendment to the Certificate of Incorporation of Franklin (Incorporated by reference to Exhibit 3.02 to the Company's 1990 report on Form 10-K for the year ended March 31, 1990 (the Company's 1990 10-K))
3.03	Articles of Amendment to the Certificate of Incorporation of Franklin (Incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form 8-A, as amended, filed on October 31, 2003)
3.04	Amended and Restated Statement of Rights and Preferences of Series A 10% Convertible Preferred Stock (Incorporated by reference to the Exhibit to the Company's Report on Form 8-K filed May 23, 2001)
3.05	By-laws of Franklin (Incorporated by reference to Exhibit 3.02 to the Company's 1986 S-1 Registration Statement)
3.06	Amendment to By-laws of Franklin (Incorporated by reference to Exhibit A to the Company's Proxy Statement relating to the 1987 Annual Meeting of Shareholders)
3.07	Amendment to By-laws of Franklin (Incorporated by reference to Exhibit 3.05 to the Company's 1990 Form 10-K)
3.08	Amendment to By-laws of Franklin (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on November 14, 2007)
10.01	Standard form of Sales Representative Agreement (Incorporated by reference to Exhibit 10.07 to the Company's 1986 S-1 Registration Statement)
10.02**	Franklin Restricted Stock Plan, as amended (Incorporated by reference to Exhibit 10.13 to the Company's report on Form 10-K for the year ended March 31, 1987)
10.03**	Franklin Stock Option Plan as Amended and Restated effective as of July 24, 1996 (Incorporated by reference to the Company's Proxy Statement relating to the 1996 Annual Meeting of Shareholders)
10.04**	Franklin Stock Option Plan as Amended and Restated effective July 20, 2001 (Incorporated by reference to Exhibit 4 to the Company's Registration Statement on Form S-8 filed on August 27, 2001)
10.05**	Stock Option Agreement dated July 28, 1999 between the Company and Arnold D. Levitt (Incorporated by reference to Exhibit 4(e) to the Company's Registration Statement on form S-8 filed on December 14, 1999)
10.06**	Stock Option Agreement dated April 8, 2002 between the Company and Andrew Horsfall (Incorporated by reference to Exhibit 10.6 to the Company's Annual Report on Form 10-K filed on June 29, 2005)
10.07**	Stock Option Agreement dated August 12, 2002 between the Company and Kurt A. Goszyk (Incorporated by reference to Exhibit 10.07 to the Company's Annual Report on Form 10-K filed on June 29, 2004)

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EXHIBITS NO.

10.08	Revolving Credit and Security Agreement by and among the Company, Franklin Electronic Publishers (Europe) LTD., Franklin Electronic Publishers (Deutschland) GMBH and PNC Bank, National Association, dated December 7, 2004. (Incorporated by reference to Exhibit 10.01 to the Company's Quarterly Report on Form 10-Q filed on February 14, 2005)
10.09**	Bonus Plan (Incorporated by reference to the Company's Current Report on Form 8-K filed on May 26, 2005)
10.10	Framework for Technology Agreement by and between Amazon.com, Inc. and the Company dated March 30, 2005 (Incorporated by reference to the Exhibit 10.10 to the Company's Annual Report on Form 10-K filed on June 29, 2005)
10.11**	Amendment dated January 1, 2005 to Stock Option Agreement dated August 12, 2002 between the Company and Kurt A. Goszyk (Incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K filed on June 29, 2005)
10.12**	2005 Stock Option Plan (Incorporated by reference to the Company's Proxy Statement relating to the 2005 Annual Meeting of Shareholders)
10.13**	2005 Restricted Stock Plan (Incorporated by reference to the Company's Proxy Statement relating to the 2005 Annual Meeting of Shareholders)
10.14	Agreement of sale, dated as of November 14, 2005 between the Company and Berk-Cohen Associates Investment Co., LLC (Incorporated by reference to the Company's Current Report of Form 8-K filed on January 24, 2006)
10.15	Lease dated as of January 18, 2006 between Berk and Berk, at Franklin Plaza, a Limited Liability Company and the Company (Incorporated by reference to the Company's Current Report on Form 8-K filed on January 24, 2006)
10.16	Share Sale and Transfer Agreement among Hans Kreutzfeldt, Nina Kreutzfeldt, Simon Kreutzfeldt and Franklin Electronic Publishers, Incorporated dated as of July 25, 2006. (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed on August 14, 2006)
10.17	Earn Out Agreement among Hans Kreutzfeldt, Nina Kreutzfeldt, Simon Kreutzfeldt and Franklin Electronic Publishers, Incorporated dated as of July 25, 2006. (Incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q filed on August 14, 2006)
10.18**	Amendment of Contract of Employment between Franklin Electronic Publishers (Deutschland) GmbH and Walter Schillings dated June 19, 2006. (Incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q filed on August 14, 2006)
10.19	Amendment to Loan Documents by and between the Company, Franklin Electronic Publishers (Europe) LTD., Franklin Electronic Publishers (Deutschland) GMBH and PNC Bank, National Association, dated December 22, 2006. (Incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed on February 14, 2007)
10.20	Termination and Release Agreement, dated as of June 30, 2007, between Seiko Instruments, Inc. and Franklin Electronic Publishers, Inc., together with Exhibits A, B and C thereto. (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 14, 2007)
10.21**	Employment letter for the appointment of Frank Musto as Chief Financial Officer, Treasurer and Secretary of the Company effective September 4, 2007. (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on November 14, 2007)

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EXHIBITS NO.

10.22**	Employment letter for the appointment of Toshihide Hokari as Vice President, Chief Corporate Development Officer of the Company. (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on November 14, 2007)
10.23	Amendment to the Revolving Credit and Security Agreement dated December 7, 2007 between PNC Bank, National Association and Franklin Electronic Publishers, Inc. (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on February 12, 2008)
10.24+	Amendment to the Revolving Credit and Security Agreement dated March 4, 2008 between PNC Bank, National Association and Franklin Electronic Publishers, Inc.
10.25+	Amendment to the Revolving Credit and Security Agreement dated May 6, 2008 between PNC Bank, National Association and Franklin Electronic Publishers, Inc.
10.26+	Amendment to the Revolving Credit and Security Agreement dated May 19, 2008 between PNC Bank, National Association and Franklin Electronic Publishers, Inc.
21.1+	List of Subsidiaries of the Company
23.1+	Consent of Independent Registered Public Accounting Firm
31.1+	Chief Executive Officer's Certificate, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2+	Chief Financial Officer's Certificate, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1++	Chief Executive Officer's Certificate, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2++	Chief Financial Officer's Certificate, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

** Management contract or compensatory plan or arrangement required to be filed as an exhibit to this form pursuant to Item 15(c) of this report.

+ Filed herewith

++ Furnished herewith

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SIGNATURES

PURSUANT TO THE REQUIREMENTS OF SECTION 13 OR 15(D) 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.

FRANKLIN ELECTRONIC PUBLISHERS, INCORPORATED

Dated: June 26, 2008

By: /S/ BARRY J. LIPSKY
Barry J. Lipsky
President and Chief Executive Officer

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES EXCHANGE ACT OF 1934, THIS REPORT HAS BEEN SIGNED BELOW BY THE FOLLOWING PERSONS ON BEHALF OF THE REGISTRANT AND IN THE CAPACITIES AND ON THE DATES INDICATED.

Signature	Title	Date
/S/ BARRY J. LIPSKY Barry J. Lipsky	President, Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	June 26, 2008
/S/ FRANK A. MUSTO Frank A. Musto	Vice President, Chief Financial Officer, Treasurer and Secretary <i>(Principal Financial and Accounting Officer)</i>	June 26, 2008
/s/ EDWARD H. COHEN Edward H. Cohen	Director	June 23, 2008
/s/ LEONARD M. LODISH Leonard M. Lodish	Director	June 25, 2008
/S/ JAMES MEISTER James Meister	Director	June 23, 2008
/S/ HOWARD L. MORGAN Howard L. Morgan	Director	June 23, 2008
/S/ JERRY R. SCHUBEL Jerry R. Schubel	Director	June 23, 2008
/s/ JAMES H. SIMONS James H. Simons	Director	June 24, 2008
/S/ WILLIAM H. TURNER William H. Turner	Director	June 24, 2008

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