

MAUI LAND & PINEAPPLE CO INC  
Form 10-Q  
April 26, 2019

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

**(Mark One)**

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

**For the quarterly period ended March 31, 2019**

**OR**

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

**Commission file number 001-06510**

**MAUI LAND & PINEAPPLE COMPANY, INC.**

(Exact name of registrant as specified in its charter)



Exchange Act.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

| <b>Class</b>               | <b>Outstanding at April 15, 2019</b> |
|----------------------------|--------------------------------------|
| Common Stock, no par value | 19,299,731 shares                    |

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**MAUI LAND & PINEAPPLE COMPANY, INC.**

**AND SUBSIDIARIES**

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****MAUI LAND & PINEAPPLE COMPANY, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(UNAUDITED)**

|   | <b>March<br/>31,<br/>2019</b>               | <b>December<br/>31,<br/>2018</b> |
|---|---|----------------------------------|
|   | <b>(in thousands except<br/>share data)</b> |                                  |
| <b>ASSETS</b>   |   |                                  |
| <b>CURRENT ASSETS</b>   |   |                                  |
| Cash  | \$1,133                                     | \$ 624                           |
| Accounts receivable, less allowance of \$34 for doubtful accounts | 1,196                                       | 897                              |
| Current Portion of income tax receivable                          | 2,499                                       | 2,499                            |
| Prepaid expenses and other assets                                 | 128   | 37                               |
| Assets held for sale  | 156   | 212                              |
| Total current assets  | 5,112                                       | 4,269                            |
| <b>PROPERTY</b>   | 66,153                                      | 65,962                           |
| Accumulated depreciation  | (37,173)                                    | (36,741 )                        |
| Net property  | 28,980                                      | 29,221                           |
| <b>OTHER ASSETS</b>   |   |                                  |
| Deferred development costs  | 10,772                                      | 10,790                           |
| Income tax receivable   | 2,500                                       | 2,500                            |
| Other noncurrent assets   | 1,295                                       | 1,320                            |
| Total other assets  | 14,567                                      | 14,610                           |
| <b>TOTAL ASSETS</b>   | <b>\$48,659</b>                             | <b>\$ 48,100</b>                 |

## LIABILITIES &amp; STOCKHOLDERS' EQUITY

## CURRENT LIABILITIES

|  |         |          |
|--|---------|----------|
| Current portion of long-term debt              | \$1,735 | \$ 1,235 |
| Accounts payable                               | 2,081   | 2,024    |
| Payroll and employee benefits                  | 335     | 814      |
| Current portion of accrued retirement benefits | 165     | 165      |
| Deferred revenue                               | 551     | 137      |
| Other current liabilities                      | 380     | 323      |
| Total current liabilities                      | 5,247   | 4,698    |

## LONG-TERM LIABILITIES

|                              |        |        |
|------------------------------|--------|--------|
| Accrued retirement benefits  | 9,889  | 9,871  |
| Deposits                     | 2,543  | 2,558  |
| Other noncurrent liabilities | 118    | 54     |
| Total long-term liabilities  | 12,550 | 12,483 |

## COMMITMENTS AND CONTINGENCIES (Note 11)

## STOCKHOLDERS' EQUITY

|   |          |           |
|---|----------|-----------|
| Common stock--no par value, 43,000,000 shares authorized, 19,180,375 and 19,125,521 shares issued and outstanding | 80,170   | 79,411    |
| Additional paid in capital  | 9,314    | 9,246     |
| Accumulated deficit   | (37,029) | (35,934 ) |
| Accumulated other comprehensive loss  | (21,593) | (21,804 ) |
| Total stockholders' equity  | 30,862   | 30,919    |
| TOTAL LIABILITIES & STOCKHOLDERS' EQUITY  | \$48,659 | \$48,100  |

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**MAUI LAND & PINEAPPLE COMPANY, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS****(UNAUDITED)**

|  | <b>Three Months<br/>Ended March<br/>31,<br/>2019      2018<br/>(in thousands<br/>except<br/>per share<br/>amounts)</b> |                 |
|--|--|-----------------|
| <b>OPERATING REVENUES</b>                  |  |                 |
| Real estate                                | \$ 157   | \$ 36           |
| Leasing                                    | 1,677  | 1,495           |
| Utilities                                  | 748  | 704             |
| Resort amenities and other                 | 261  | 307             |
| Total operating revenues                   | 2,843  | 2,542           |
| <b>OPERATING COSTS AND EXPENSES</b>        |  |                 |
| Real estate                                | 264  | 66              |
| Leasing                                    | 568  | 578             |
| Utilities                                  | 601  | 521             |
| Resort amenities and other                 | 311  | 353             |
| General and administrative                 | 864  | 831             |
| Share-based compensation                   | 598  | 579             |
| Depreciation                               | 432  | 439             |
| Total operating costs and expenses         | 3,638  | 3,367           |
| <b>OPERATING LOSS</b>                      | <b>(795 )</b>  | <b>(825 )</b>   |
| Pension and other post-retirement expenses | (253 )   | (102 )          |
| Interest expense                           | (47 )  | (37 )           |
| <b>NET LOSS</b>                            | <b>\$(1,095)</b>   | <b>\$(964 )</b> |
| Pension, net of income taxes of \$0        | 211  | 185             |
| <b>COMPREHENSIVE LOSS</b>                  | <b>\$(884 )</b>  | <b>\$(779 )</b> |
| <b>NET LOSS PER COMMON SHARE</b>           |  |                 |
| --BASIC AND DILUTED                        | \$(0.06 )  | \$(0.05 )       |



See Notes to Condensed Consolidated Financial Statements.

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|                                       | <b>Common Stock<br/>Shares</b> | <b>Common Stock<br/>Amount</b> | <b>Additional<br/>Paid in<br/>Capital</b> | <b>Accumulated<br/>Deficit</b> | <b>Accumulated<br/>Other<br/>Comprehensive<br/>Loss</b> | <b>Total</b> |
|---------------------------------------|--------------------------------|--------------------------------|---|--------------------------------|---|--------------|
| Balance, January 1, 2019              | 19,125                         | \$ 79,411                      | \$ 9,246                                  | \$ (35,934 )                   | \$ (21,804 )  | \$ 30,919    |
| Share-based compensation              | 52                             | 889                            | 208                                       |                                |   | 1,097        |
| Vested restricted stock issued        | 16                             | 208                            | (208 )                                    |                                |   | -            |
| Stock option exercised (Note 3)       | 25                             | 62                             | 68  |                                |   | 130          |
| Shares cancelled to pay tax liability | (38 )                          | (400 )                         |   |                                |   | (400 )       |
| Other comprehensive income - pension  |                                |                                |   |                                | 211   | 211          |
| Net loss                              |                                |                                |   | (1,095 )                       |   | (1,095 )     |
| Balance, March 31, 2019               | 19,180                         | \$ 80,170                      | \$ 9,314                                  | \$ (37,029 )                   | \$ (21,593 )  | \$ 30,862    |
| Balance, January 1, 2018              | 19,040                         | \$ 78,584                      | \$ 9,246                                  | \$ (36,432 )                   | \$ (20,254 )  | \$ 31,144    |
| Share-based compensation              | 71                             | 845                            | 120                                       |                                |   | 965          |
| Vested restricted stock issued        | 15                             | 120                            | (120 )                                    |                                |   | -            |
| Shares cancelled to pay tax liability | (35 )                          | (411 )                         |   |                                |   | (411 )       |
| Other comprehensive income - pension  |                                |                                |   |                                | 185   | 185          |
| Net income                            |                                |                                |   | (964 )                         |   | (964 )       |
| Balance, March 31, 2018               | 19,091                         | \$ 79,138                      | \$ 9,246                                  | \$ (37,396 )                   | \$ (20,069 )  | \$ 30,919    |

See Notes to Condensed Consolidated Financial Statements.



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|   | <b>Three Months<br/>Ended March<br/>31,<br/>2019    2018<br/>(in thousands)</b> |         |
|---|---|---------|
| NET CASH PROVIDED BY OPERATING ACTIVITIES           | \$555   | \$522   |
| INVESTING ACTIVITIES                                |   |         |
| Payments of deferred development costs              | (146 )  | (90 )   |
| NET CASH USED IN INVESTING ACTIVITIES               | (146 )  | (90 )   |
| FINANCING ACTIVITIES                                |   |         |
| Proceeds from long-term debt                        | 500   | -       |
| Debt and common stock issuance costs and other      | (400 )  | (411 )  |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | 100   | (411 )  |
| NET INCREASE IN CASH                                | 509   | 21      |
| CASH AT BEGINNING OF PERIOD                         | 624   | 1,029   |
| CASH AT END OF PERIOD                               | \$1,133   | \$1,050 |
| Cash paid during the period:                        |   |         |
| Interest  | \$26  | \$30    |

**SUPPLEMENTAL NON-CASH ACTIVITIES:**

Common stock issued to certain members of the Company's management totaled \$951,000 and \$845,000 for the three months ended March 31, 2019 and 2018, respectively.

Accounts payable at March 31, 2018 includes \$100,000 for the estimated cost of subdividing the Kapalua Golf Academy practice course.

See Notes to Condensed Consolidated Financial Statements.

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**MAUI LAND & PINEAPPLE COMPANY, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(UNAUDITED)**

**1. BASIS OF PRESENTATION**

The accompanying interim unaudited condensed consolidated financial statements have been prepared by Maui Land & Pineapple Company, Inc. (together with its subsidiaries, the “Company”) in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information that are consistent in all material respects with those applied in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018, and pursuant to the instructions to Form 10-Q and Article 8 promulgated by Regulation S-X of the Securities and Exchange Commission (SEC). Accordingly, they do not include all of the information and notes to financial statements required by GAAP for complete financial statements. In the opinion of management, the accompanying condensed consolidated financial statements contain all normal and recurring adjustments necessary to fairly present the Company’s financial position, results of operations and cash flows for the interim periods ended March 31, 2019 and 2018. The condensed consolidated financial statements and notes should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Form 10-K for the fiscal year ended December 31, 2018.

**2. USE OF ESTIMATES AND RECLASSIFICATIONS**

The Company’s reports for interim periods utilize numerous estimates of general and administrative expenses and other costs for the full year. Future actual amounts may differ from these estimates. Amounts reflected in interim reports are not necessarily indicative of results for a full year. Certain amounts in the December 31, 2018 condensed consolidated balance sheet were reclassified to conform to the current period’s presentation. Such amounts had no impact on total assets and liabilities or net loss and comprehensive loss previously reported.

**3. STOCKHOLDERS’ EQUITY**

Basic and diluted weighted-average shares outstanding for the three months ended March 31, 2019 and 2018 were as follows:

|                      | <b>Three Months Ended</b> |             |
|----------------------|---------------------------|-------------|
|                      | <b>March 31,</b>          |             |
|                      | <b>2019</b>               | <b>2018</b> |
| Basic and diluted    | 19,144,912                | 19,058,202  |
| Potentially dilutive | 19,775                    | 27,500      |

Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding. Diluted net income (loss) per common share is computed similar to basic net income (loss) per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares from share-based compensation arrangements had been issued.

Potentially dilutive shares arise from non-qualified stock options to purchase common stock. The treasury stock method is utilized to determine the number of potentially dilutive shares related to the outstanding non-qualified stock options.

On March 6, 2019, the Company's Chairman & Chief Executive Officer exercised a non-qualified stock option to acquire 25,000 shares of the Company's stock at an exercise price of \$5.20 per share. The stock option was granted on March 9, 2009 and vested 20% annually beginning March 9, 2010 through March 9, 2014. The stock option had an expiration date of March 9, 2019.

Table of Contents**4. PROPERTY**

Property at March 31, 2019 and December 31, 2018 consisted of the following:

|                               | <b>March<br/>31,<br/>2019</b> | <b>December<br/>31,<br/>2018</b> |
|-------------------------------|-------------------------------|----------------------------------|
|                               | <b>(in thousands)</b>         |                                  |
| Land                          | \$5,086                       | \$ 5,059                         |
| Land improvements             | 24,727                        | 24,727                           |
| Buildings                     | 24,884                        | 24,884                           |
| Machinery and equipment       | 11,277                        | 11,143                           |
| Construction in progress      | 179                           | 149                              |
| Total property                | 66,153                        | 65,962                           |
| Less accumulated depreciation | 37,173                        | 36,741                           |
| Net property                  | \$28,980                      | \$ 29,221                        |

*Land*

Most of the Company's 22,800 acres of land were acquired between 1911 and 1932 and is carried in its balance sheets at cost. Approximately 20,700 acres of land are located in West Maui and comprise a largely contiguous parcel that extends from the sea to an elevation of approximately 5,700 feet. This parcel includes approximately 900 acres within the Kapalua Resort, a master-planned, destination resort and residential community located in West Maui encompassing approximately 3,000 acres. The Company's remaining 2,100 acres of land are located in Upcountry Maui in an area commonly known as Hali'imaile and are mainly comprised of leased agricultural fields, including related processing and maintenance facilities.

*Land Improvements*

Land improvements are comprised primarily of roads, utilities, and landscaping infrastructure improvements at the Kapalua Resort. Also included is the Company's potable and non-potable water systems in West Maui. The majority of the Company's land improvements were constructed and placed in service in the mid-to-late 1970's or conveyed in 2017. Depreciation expense would be considerably higher if these assets were stated at current replacement cost.



*Buildings*

Buildings are comprised of restaurant, retail and light industrial spaces located at the Kapalua Resort and Hali'imaile which are used in the Company's leasing operations. The majority of the buildings were constructed and placed in service in the mid-to-late 1970's. Depreciation expense would be considerably higher if these assets were stated at current replacement cost.

*Machinery and Equipment*

Machinery and equipment are mainly comprised of zipline course equipment installed in 2008 at the Kapalua Resort and used in the Company's leasing operations. Also included are machinery and equipment used in the Zipline Course and in the Company's utilities operations.

**5. ASSETS HELD FOR SALE AND REAL ESTATE SALES**

Assets held for sale at March 31, 2019 and December 31, 2018 consisted of the following:

|   | <b>March 31,<br/>2019<br/>(in thousands)</b> | <b>December 31,<br/>2018</b> |
|---|--|------------------------------|
| Upcountry Maui,<br>630-acre parcel of<br>agricultural land  | \$ 156                                       | \$ 156                       |
| Upcountry Maui,<br>33-acre parcel of<br>agricultural land<br>and wastewater<br>treatment facility | -  | 56                           |
| Assets held for sale  | \$ 156                                       | \$ 212                       |

The above assets held for sale have not been pledged as collateral under the Company's credit facility.

The value of the Upcountry Maui, 33-acre parcel of agricultural land and wastewater treatment facility was considered fully impaired and written down to zero at March 31, 2019.



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**6. LONG-TERM DEBT**

Long-term debt is comprised of amounts outstanding under the Company's \$15.0 million revolving line of credit facility with First Hawaiian Bank (Credit Facility). The Credit Facility matures on December 31, 2019 and provides for two optional one-year extension periods. Interest on borrowings is at LIBOR plus 3.50%, or 5.99% and 5.84%, at March 31, 2019 and December 31, 2018, respectively. The Company has pledged its 800-acre Kapalua Mauka project and approximately 30,000 square feet of commercial leased space in the Kapalua Resort as security for the Credit Facility. Net proceeds from the sale of any collateral are required to be repaid toward outstanding borrowings and will permanently reduce the Credit Facility's revolving commitment amount. There are no commitment fees on the unused portion of the Credit Facility.

The terms of the Credit Facility include various representations, warranties, affirmative, negative and financial covenants and events of default customary for financings of this type. Financial covenants include a minimum liquidity (as defined) of \$2.0 million, a maximum of \$45.0 million in total liabilities, and a limitation on new indebtedness.

The Company believes that it is in compliance with the covenants under the Credit Facility as of March 31, 2019.

**7. SHARE-BASED COMPENSATION**

The Company's directors, officers and certain members of management receive a portion of their compensation in shares of the Company's common stock granted under the Company's 2017 Equity and Incentive Award Plan (Equity Plan). Share-based compensation is valued based on the average of the high and low share price on the date of grant. Shares are issued upon execution of agreements reflecting the grantee's acceptance of the respective shares subject to the terms and conditions of the Equity Plan. Restricted shares issued under the Equity Plan vest quarterly and have voting and regular dividend rights but cannot be disposed of until such time as they are vested. All unvested restricted shares are forfeited upon the grantee's termination of directorship or employment from the Company.

Share-based compensation is determined and awarded annually to the Company's officers and certain members of management based on their achievement of certain predefined performance goals and objectives under the Equity Plan. Such share-based compensation is comprised of an annual incentive paid in shares of common stock and a long-term incentive paid in restricted shares vesting quarterly over a period of three years.

Share-based compensation totaled \$598,000 and \$579,000 for the three months ended March 31, 2019 and 2018, respectively. Included in these amounts were \$208,000 and \$120,000 of restricted shares of common stock which vested during the first three months of 2019 and 2018, respectively.

## 8. ACCRUED RETIREMENT BENEFITS

Accrued retirement benefits at March 31, 2019 and December 31, 2018 consisted of the following:

|  | <b>March<br/>31,<br/>2019</b> | <b>December<br/>31,<br/>2018</b> |
|--|-------------------------------|----------------------------------|
|  | <b>(in thousands)</b>         |                                  |
| Defined benefit pension plans                      | \$7,987                       | \$ 7,971                         |
| Non-qualified retirement plans                     | 2,067                         | 2,065                            |
| Total  | 10,054                        | 10,036                           |
| Less current portion                               | (165 )                        | (165 )                           |
| Non-current portion of accrued retirement benefits | \$9,889                       | \$ 9,871                         |

The Company had two defined benefit pension plans which cover substantially all of its former bargaining and non-bargaining full-time, part-time and intermittent employees. In 2011, pension benefits under both plans were frozen. The Company also has unfunded non-qualified retirement plans covering twelve of its former executives. The non-qualified retirement plans were frozen in 2009 and future vesting of additional benefits was discontinued. During the fourth quarter of 2018, the Company merged the two defined benefit pension plans to streamline the administration of the frozen plan.

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The net periodic benefit costs for pension and postretirement benefits for the three months ended March 31, 2019 and 2018 were as follows:

|   | <b>Three<br/>Months<br/>Ended<br/>March 31,<br/>2019 2018</b> |        |
|---|---|--------|
|   | <b>(in<br/>thousands)</b>                                     |        |
| Interest cost                             | \$ 527  | \$ 495 |
| Expected return on plan assets            | (485)   | (578)  |
| Amortization of net loss                  | 211   | 185    |
| Pension and other postretirement expenses | \$ 253  | \$ 102 |

**9. INCOME TAXES**

The Company uses a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company's effective tax rate for 2019 and 2018 reflects the recognition of interim period tax benefits and changes to its tax valuation allowance.

In December 2017, The Tax Cuts and Jobs Act of 2017 (TCJA) was signed into law. The law includes significant changes to the U.S. corporate income tax system, including a Federal corporate rate reduction from 35% to 21%, elimination of Alternative Minimum Tax (AMT) and refund of AMT credit carryforward, limitations on the deductibility of interest expense and executive compensation, and the transition of U.S. international taxation from a worldwide tax system to a territorial tax system. The TCJA also establishes new tax laws that will affect future periods, including, but not limited to: (1) reducing the U.S. federal corporate tax rate; (2) limiting deductible interest expense; (3) modifying the tax treatment of like-kind exchanges; (4) generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries; (5) imposing a new provision designed to tax global intangible low-tax income; (6) creating the base erosion anti-abuse tax, a new minimum tax; (7) limiting the use of Net Operating Loss (NOL) carryforwards created in tax years beginning after December 31, 2017; (8) modifying the limitations on the use of foreign tax credits to reduce our U.S. income tax liability; and (9) further restricting the deductibility of certain executive compensation and fringe benefits. The Company is in the process of analyzing the regulations issued and determining an estimate of the financial impact.

In accordance with TCJA, the Company eliminated \$91.3 million of AMT NOL carry forwards at December 31, 2018 and recognized as income tax benefit \$5.0 million from its unused AMT credit carry forwards. The Company expects to receive 50%, or \$2.5 million, of said credit in 2019 and the remaining balance over the following two years.

## 10. REPORTABLE OPERATING SEGMENTS

The Company's reportable operating segments are comprised of the discrete business units whose operating results are regularly reviewed by the Company's Chief Executive Officer – its chief decision maker – in assessing performance and determining the allocation of resources. Reportable operating segments are as follows:

Real Estate includes the development and sale of real estate inventory and the operations of Kapalua Realty Company, a general brokerage real estate company located within the Kapalua Resort.

Leasing primarily includes revenues and expenses from real property leasing activities, license fees and royalties for the use of certain of the Company's trademarks and brand names by third parties, and the cost of maintaining the Company's real estate assets, including conservation activities.

Utilities primarily include the operations of Kapalua Water Company and Kapalua Waste Treatment Company, the Company's water and sewage transmission services (regulated by the Hawaii Public Utilities Commission) for the Kapalua Resort. The operating segment also includes the management of ditch, reservoir and well systems that provide non-potable irrigation water to West and Upcountry Maui areas.

Resort Amenities include a membership program that provides certain benefits and privileges within the Kapalua Resort for its members.

The Company's reportable operating segment results are measured based on operating income (loss), exclusive of interest, depreciation, general and administrative, share-based compensation, pension and other postretirement expenses.

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Reportable operating segment revenues and income for the three months ended March 31, 2019 and 2018 were as follows:

|                                  | <b>Three Months<br/>Ended March<br/>31,<br/>2019    2018<br/>(in thousands)</b> |          |
|----------------------------------|---|----------|
| Operating Segment Revenues       |   |          |
| Real estate                      | \$ 157  | \$ 36    |
| Leasing                          | 1,677   | 1,495    |
| Utilities                        | 748   | 704      |
| Resort amenities and other       | 261   | 307      |
| Total Operating Segment Revenues | \$ 2,843  | \$ 2,542 |
| Operating Segment Income (Loss)  |   |          |
| Real estate                      | \$(107 )  | \$(30 )  |
| Leasing                          | 1,109   | 917      |
| Utilities                        | 147   | 183      |
| Resort amenities and other       | (50 )   | (46 )    |
| Total Operating Segment Income   | \$ 1,099  | \$ 1,024 |

**11. COMMITMENTS AND CONTINGENCIES**

There have been no changes in the status of commitments and contingencies as reported in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018. There are various other claims and legal actions pending against the Company. In the opinion of management, after consultation with legal counsel, the resolution of these other matters is not expected to have a material adverse effect on the Company's financial position or results of operations.

**12. FAIR VALUE MEASUREMENTS**

GAAP establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements to enable the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. GAAP requires that financial assets and liabilities be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The Company considers all cash on hand to be unrestricted cash for the purposes of the consolidated balance sheets and consolidated statements of cash flows. The fair value of receivables and payables approximate their carrying value due to the short-term nature of the instruments. The fair value of income tax receivables approximate their carrying value due to the certainty of collection or short-term nature of the instruments. The valuation is based on settlements of similar financial instruments all of which are short-term in nature and are generally settled at or near cost. The fair value of debt was estimated based on borrowing rates currently available to the Company for debt with similar terms and maturities. The carrying amount of debt at March 31, 2019 and December 31, 2018 were \$1,735,000 and \$1,235,000, respectively, which approximated fair value. The fair value of debt was measured using the level 2 inputs, noted above.

### **13. NEW ACCOUNTING PRONOUNCEMENTS**

In February 2016, the FASB issued an ASU that sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a lease agreement (i.e., lessees and lessors). Subsequently, the FASB issued additional ASUs that further clarified the original ASU. The ASUs became effective for us on January 1, 2019. Upon adoption of the lease ASUs on January 1, 2019, we elected the following practical expedients provided by these ASUs:

Package of practical expedients – requires the Company not to reevaluate its existing or expired leases as of January 1, 2019, under the new lease accounting ASUs.

Optional transition method practical expedient – requires the Company to apply the new lease ASUs prospectively from the adoption date of January 1, 2019.

Land easements practical expedient – requires the Company to account for land easements existing as of January 1, 2019, under the accounting standards applied to them prior to January 1, 2019.

Single component practical expedient – requires the Company to account for lease and nonlease components associated with that lease under the new lease ASUs, if certain criteria are met.

Short-term leases practical expedient – for operating leases with a term of 12 months or less in which the Company is the lessee, this expedient allows us not to record on the Company's balance sheets related lease liabilities, taxes collected from lessees, lessor costs paid directly by lessee to a third party and right-of-use assets.

#### Lessor accounting



The Company recognized revenue from our lease agreements aggregating \$1.7 million for the three months ended March 31, 2019. This revenue consisted primarily of rental revenue, percentage rental revenue, and tenant recoveries.

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The Company recognizes rental revenue from its operating leases on a straight-line basis over the respective lease terms. The Company commences recognition of rental revenue at the date the property is ready for its intended use and the tenant takes possession of or controls the physical use of the property.

Under the lease ASU, each lease agreement will be evaluated to identify the lease components and nonlease components at lease inception. The total consideration in the lease agreement will be allocated to the lease and nonlease components based on their relative standalone selling prices. Lessors will continue to recognize the lease revenue component using an approach that is substantially equivalent to existing guidance for operating leases (straight-line basis).

On January 1, 2019, the Company elected the single component practical expedient, which requires the Company, by class of underlying asset, not to allocate the total consideration to the lease and nonlease components based on their relative stand-alone selling prices. This single component practical expedient requires the Company to account for the lease component and nonlease component(s) associated with that lease as a single component if (i) the timing and pattern of transfer of the lease component and the nonlease component(s) associated with it are the same and (ii) the lease component would be classified as an operating lease if it were accounted for separately. If it is determined that the lease component is the predominant component, the Company accounts for the single component as an operating lease in accordance with the new lease ASUs. Conversely, the Company is required to account for the combined component under the new revenue recognition ASU if it is determined that the nonlease component is the predominant component.

As a result of this assessment, rental revenues and tenant recoveries from the lease of real estate assets that qualify for this expedient are accounted for as a single component under the new lease ASUs, with tenant recoveries primarily as variable consideration. Tenant recoveries that do not qualify for the single component practical expedient and are considered nonlease components are accounted for under the revenue recognition ASUs. The Company's operating leases commencing or modified after January 1, 2019, for which the Company is the lessor are expected to qualify for the single component practical expedient accounting under the new lease ASUs. The adoption of this guidance will not have a material impact on the Company's financial statements.

## Costs to execute leases

The new lease ASU will require that lessors and lessees capitalize, as initial direct costs, only those costs that are incurred due to the execution of a lease (e.g. commissions paid to leasing brokers). Under the new lease ASU, allocated payroll costs and other costs such as legal costs incurred as part of the leasing process prior to the execution of a lease will no longer qualify for classification as initial direct costs but will instead be expensed as incurred. Under the package of practical expedients that the Company elected on January 1, 2019, it is not required to reassess whether initial direct leasing costs capitalized prior to the adoption of the new lease ASUs in connection with the leases that commenced prior to January 1, 2019, qualify for capitalization under the new lease ASUs. Effective January 1, 2019,

costs that the Company incurs to negotiate or arrange a lease regardless of its outcome, such as fixed employee compensation, tax, or legal advice to negotiate lease terms, and costs related to advertising or soliciting potential tenants are expensed as incurred.

### Lessee accounting

Under the new lease ASUs, lessees are required to apply a dual approach by classifying leases as either finance or operating leases based on the principle of whether the lease is effectively a financed purchase of the leased asset by the lessee. This classification will determine whether the lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, which corresponds to a similar evaluation performed by lessors. In addition to this classification, a lessee is also required to recognize a right-of-use asset and a lease liability for all leases regardless of their classification, whereas a lessor is not required to recognize a right-of-use asset and a lease liability for any operating leases.

For the three months ended March 31, 2019, the Company recognized rent expense of approximately \$7,000 for these leases. As of March 31, 2019, the remaining contractual payments under the office and equipment leases are \$50,000. All of the aforementioned leases for which the Company is the lessee are currently classified as operating leases.

Under the package of practical expedients that the Company elected upon adoption of the new lease ASUs, all of its operating leases existing as of January 1, 2019, for which the Company is the lessee, continue to be classified as operating leases subsequent to the adoption of the new lease ASUs. The Company has also evaluated the effect of the new lease ASUs on the calculation of its debt covenants as of March 31, 2019 and noted no significant effect on the calculation.

In June 2016, FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses. This ASU replaces the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of information to determine credit loss estimates. This ASU will be effective for annual reporting periods beginning after December 15, 2019 for public business entities. The Company is in the process of assessing the impact of ASU No. 2016-13 on its financial statements.

On August 28, 2018, the FASB issued ASU 2018-14 which amends ASC 715 to add, remove, and clarify disclosure requirements related to defined benefit pension and other postretirement plans. The ASU's changes related to disclosures are part of the FASB's disclosure framework project which was aimed to improve the effectiveness of disclosures in notes to financial statements. This ASU is effective for public business entities for annual reporting periods beginning after December 15, 2020, with early adoption permitted. The Company is in the process of assessing the impact of ASU on its financial statements and expects to adopt the new disclosure requirements on January 1, 2021.

**Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2018 and the unaudited condensed consolidated financial statements and related notes included in this Quarterly Report on Form 10-Q. Depending upon the context, the terms the “Company,” “we,” “our,” and “us,” refer to either Maui Land & Pineapple Company, Inc. alone, or to Maui Land & Pineapple Company, Inc. and its subsidiaries collectively.

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### **Overview**

Maui Land & Pineapple Company, Inc. is a Hawaii corporation and the successor to a business organized in 1909. Depending upon the context, the terms “Company,” “we,” “our,” and “us,” refer to either Maui Land & Pineapple Company, Inc. alone, or to Maui Land & Pineapple Company, Inc. and its subsidiaries collectively. The Company consists of a landholding and operating parent company, its principal subsidiary, Kapalua Land Company, Ltd. and certain other subsidiaries of the Company.

We own approximately 23,000 acres of land on the island of Maui, Hawaii and develop, sell, and manage residential, resort, commercial, agricultural and industrial real estate through the following business segments:

- **Real Estate**—Our real estate operations consist of land planning and entitlement, development and sales activities. This segment also includes the operations of Kapalua Realty Company, Ltd., a general brokerage real estate company located in the Kapalua Resort.
- **Leasing**—Our leasing operations include residential, resort, commercial, agricultural and industrial land and property leases, licensing of our registered trademarks and trade names, and stewardship and conservation efforts.
- **Utilities**—We own two regulated utility companies which provide potable and non-potable water and wastewater transmission services to the Kapalua Resort. In addition, we also own a network of several major non-potable water systems in West and Upcountry Maui.
- **Resort Amenities**—We manage the operations of the Kapalua Club, a private, non-equity club program providing our members special programs, access and other privileges at certain amenities at the Kapalua Resort.

### **Critical Accounting Policies and Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of accounting estimates. Changes in these estimates and assumptions are considered reasonably possible and may have a material effect on the consolidated financial statements and thus actual results could differ from the amounts reported and disclosed herein. Our critical accounting policies that require the use of estimates and assumptions were discussed in detail in our most recently filed Form 10-K. On January 1, 2019,

we adopted ASU No. 2016-02 and related ASUs which changes certain aspects of accounting for leases for both lessees and lessors without material impact. There have been no significant changes in our critical accounting policies during the first three months of 2019, other than the adoption of ASU No. 2016-02.

## RESULTS OF OPERATIONS

*Three Months Ended March 31, 2019 compared to Three Months Ended March 31, 2018*

## CONSOLIDATED

|  | <b>Three Months<br/>Ended March<br/>31,<br/>2019    2018<br/>(in thousands)</b> |               |
|--|---|---------------|
| <i>Operating revenues</i>                        | \$2,843   | \$2,542       |
| <i>Operating costs and expenses</i>              | (1,744)   | (1,518)       |
| <i>General and administrative</i>                | (864 )  | (831 )        |
| <i>Share-based compensation</i>                  | (598 )  | (579 )        |
| <i>Depreciation</i>                              | (432 )  | (439 )        |
| <i>Operating loss</i>                            | (795 )  | (825 )        |
| <i>Pension and other postretirement expenses</i> | (253 )  | (102 )        |
| <i>Interest expense</i>                          | (47 )   | (37 )         |
| <i>Net loss</i>                                  | \$(1,095)   | \$(964 )      |
| <br><i>Net loss per common share</i>             | <br>\$(0.06 )   | <br>\$(0.05 ) |

## REAL ESTATE

|                                     | <b>Three<br/>Months<br/>Ended<br/>March 31,<br/>2019    2018<br/>(in<br/>thousands)</b> |        |
|-------------------------------------|---|--------|
| <i>Operating revenues</i>           | \$157   | \$36   |
| <i>Operating costs and expenses</i> | (264)   | (66)   |
| <i>Operating loss</i>               | \$(107)   | \$(30) |

Included in our real estate operating revenues were sales commissions from resales of properties owned by private residents in the Kapalua Resort and surrounding areas by our wholly-owned subsidiary, Kapalua Realty Company, Ltd. totaling \$157,000 and \$36,000 for the three months ended March 31, 2019 and 2018, respectively.

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The increase in operating costs and expenses for the three months ended March 31, 2019 compared to the three months ended March 31, 2018 was due to legal defense costs incurred in the lawsuits with respect to the project formerly known as The Ritz-Carlton Club and Residences, Kapalua Bay and impairment charges related to our Upcountry Maui, 33-acre parcel of agricultural land and wastewater treatment facility.

We did not have any significant real estate development expenditures in the first three months of 2019 or 2018.

Real estate development and sales are cyclical and depend on a number of factors. Results for one period are therefore not necessarily indicative of future performance trends in this business segment.

## LEASING

|                                     | <b>Three Months<br/>Ended March<br/>31,<br/>2019    2018</b> |         |
|-------------------------------------|--|---------|
|                                     | <b>(in thousands)</b>  |         |
| <i>Operating revenues</i>           | \$1,677  | \$1,495 |
| <i>Operating costs and expenses</i> | (568 )   | (578 )  |
| <i>Operating income</i>             | \$1,109  | \$917   |

The increase in operating revenues for the three months ended March 31, 2019 compared to the three months ended March 31, 2018 was due to higher rent income from new tenants in our Upcountry Maui properties.

Our leasing operations face substantial competition from other property owners in Maui and Hawaii.

## UTILITIES

**Three  
Months  
Ended  
March 31,  
2019    2018**



|                                     | <b>(in<br/>thousands)</b> |       |
|-------------------------------------|---------------------------|-------|
| <i>Operating revenues</i>           | \$748                     | \$704 |
| <i>Operating costs and expenses</i> | (601)                     | (521) |
| <i>Operating income</i>             | \$147                     | \$183 |

We have contracted a third-party water engineering and management company to manage the operations of our wholly-owned subsidiaries: Kapalua Water Company, Ltd. and Kapalua Waste Treatment Company, Ltd. We have contracted a water maintenance company to manage our non-potable/irrigation water systems in West and Upcountry Maui.

Our Utilities segment operations are primarily affected by the amount of rainfall and the level of development and volume of visitors in the Kapalua Resort. Rates charged by our Kapalua Water Company, Ltd. and Kapalua Waste Treatment Company, Ltd. subsidiaries are regulated by the Hawaii Public Utilities Commission. The increase in utilities operating costs and expenses for the three months ended March 31, 2019 compared to the three months ended March 31, 2018 was due to higher deferred maintenance expenditures and repairs and maintenance costs.

#### RESORT AMENITIES AND OTHER

|                                     | <b>Three<br/>Months<br/>Ended<br/>March 31,<br/>2019 2018<br/>(in<br/>thousands)</b> |         |
|-------------------------------------|--|---------|
| <i>Operating revenues</i>           | \$261  | \$307   |
| <i>Operating costs and expenses</i> | (311)  | (353)   |
| <i>Operating loss</i>               | \$(50 )  | \$(46 ) |

Our Resort Amenities segment includes the operations of the Kapalua Club, a private, non-equity club providing its members special programs, access and other privileges at certain of the amenities at the Kapalua Resort including a 30,000 square foot full-service spa and a private pool-side dining beach club. The Kapalua Club does not operate any resort amenities and the member dues collected are primarily used to pay contracted fees to provide access for its members to the spa, beach club and other resort amenities.

The decrease in operating revenues for the three months ended March 31, 2019 compared to the three months ended March 31, 2018 was due to completion in 2018 of the accretion of non-refundable club dues collected from fractional interests in the project formerly known as The Ritz-Carlton Club and Residences, Kapalua Bay.

The decrease in operating costs and expenses for the three months ended March 31, 2019 compared to the three months ended March 31, 2018 was mainly due to the closure of the Kapalua Plantation Golf Course for renovations in February 2019.

## LIQUIDITY AND CAPITAL RESOURCES

### *Liquidity*

We had cash on hand of \$1.1 million and \$13.3 million of available credit under a \$15.0 million revolving line of credit facility with First Hawaiian Bank as of March 31, 2019.

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We have a \$15.0 million revolving line of credit facility with First Hawaiian Bank (Credit Facility). The Credit Facility matures on December 31, 2019 and provides for two optional one-year extension periods. Interest on borrowings is at LIBOR plus 3.50% (5.99% at March 31, 2019). We have pledged our 800-acre Kapalua Mauka project and approximately 30,000 square feet of commercial leased space in the Kapalua Resort as security for the Credit Facility. Net proceeds from the sale of any collateral are required to be repaid toward outstanding borrowings and will permanently reduce the Credit Facility's revolving commitment amount. There are no commitment fees on the unused portion of the Credit Facility.

The terms of the Credit Facility include various representations, warranties, affirmative, negative and financial covenants and events of default customary for financings of this type. Financial covenants include a minimum liquidity (as defined) of \$2.0 million, a maximum of \$45.0 million in total liabilities, and a limitation on new indebtedness.

As of March 31, 2019, we were in compliance with the covenants under the Credit Facility.

*Cash Flows*

During the first three months of 2019, net cash flow provided by our operating activities totaled \$0.5 million. Interest payments on our long-term debt totaled \$26,000 for the three months ended March 31, 2019.

We were not required to make any minimum funding contributions to our defined benefit pension plans during the three months ended March 31, 2019.

*Future Cash Inflows and Outflows*

Our business initiatives for the next nine months include investing in our operating infrastructure and continued planning and entitlement efforts on our development projects. At times, this may require borrowing under our Credit Facility or other indebtedness, repayment of which may be dependent on selling of our real estate assets at acceptable prices in condensed timeframes.

Our indebtedness could have the effect of, among other things, increasing our exposure to general adverse economic and industry conditions, limiting our flexibility in planning for, or reacting to, changes in our business and industry,

and limiting our ability to borrow additional funds.

#### FORWARD-LOOKING STATEMENTS AND RISKS

This and other reports filed by us with the Securities and Exchange Commission, or SEC, contain forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They contain words such as “may,” “will,” “project,” “might,” “expect,” “believe,” “anticipate,” “intend,” “could,” “would,” “estimate,” “continue” or “pursue,” or the negative or other variations thereof or comparable terminology. Actual results could differ materially from those projected in forward-looking statements as a result of the following factors, among others:

- unstable macroeconomic market conditions, including, but not limited to, energy costs, credit markets, interest rates and changes in income and asset values;

- risks associated with real estate investments generally, and more specifically, demand for real estate and tourism in Hawaii;

- risks due to joint venture relationships;

- our ability to complete land development projects within forecasted time and budget expectations, if at all;

- our ability to obtain required land use entitlements at reasonable costs, if at all;

- our ability to compete with other developers of real estate in Maui;

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potential liabilities and obligations under various federal, state and local environmental regulations with respect to the presence of hazardous or toxic substances;

changes in weather conditions or the occurrence of natural disasters;

our ability to maintain the listing of our common stock on the New York Stock Exchange;

our ability to comply with funding requirements of our defined benefit pension plans;

our ability to comply with the terms of our indebtedness, including the financial covenants set forth therein, and to extend maturity dates, or refinance such indebtedness, prior to its maturity date;

our ability to raise capital through the sale of certain real estate assets;

availability of capital on terms favorable to us, or at all; and

failure to maintain security of internal and customer electronic information.

Such risks and uncertainties also include those risks and uncertainties discussed in the sections entitled “Business,” “Risk Factors,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2018 and the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” in this Quarterly Report on Form 10-Q, as well as other factors described from time to time in our reports filed with the SEC. Although we believe that our opinions and expectations reflected in the forward-looking statements are reasonable as of the date of this report, we cannot guarantee future results, levels of activity, performance or achievements, and our actual results may differ substantially from the views and expectations set forth in this report. Thus, you should not place undue reliance on any forward-looking statements. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Further, any forward-looking statements speak only as of the date made and, except as required by law, we undertake no obligation to publicly revise our forward-looking statements to reflect events or circumstances that arise after the date of this report.

**Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We have no material exposure to changes in interest rates related to our borrowing and investing activities used to maintain liquidity and to fund business operations. We have no material exposure to foreign currency risks.

#### **Item 4. CONTROLS AND PROCEDURES**

##### *Evaluation of Disclosure Controls and Procedures*

We maintain disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Rules 13a-15(e) and 15d-15(e) under the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the fiscal quarter covered by this report. Based upon the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in applicable SEC rules and forms.

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*Changes in Internal Controls Over Financial Reporting*

There has been no significant changes in our internal controls over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f) or 15d-15(f)) during the three months ended March 31, 2019.

**Item 5. OTHER INFORMATION**

On April 26, 2019, the Company appointed Scott N. Kodama as Interim Controller and Principal Accounting Officer. Mr. Kodama has over 25 years of accounting and business management experience, and was a former audit manager at Ernst & Young LLP and Deloitte and Touche LLP.

**PART II OTHER INFORMATION**

**Item 1A. RISK FACTORS**

Potential risks and uncertainties include, among other things, those factors discussed in the sections entitled “Business,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2018 and the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Quarterly Report on Form 10-Q. Readers should carefully review those risks and the risks and uncertainties disclosed in other documents we file from time to time with the SEC. We undertake no obligation to publicly release the results of any revisions to any forward-looking statements to reflect anticipated or unanticipated events or circumstances occurring after the date of such statements.

**Item 6. EXHIBITS**

- 31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(d) / 15d-14(a) of the Securities Exchange Act of 1934.
- 31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(d) / 15d-14(a) of the Securities Exchange Act of 1934.

32.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(b) / 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.

32.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(b) / 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350.

101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema Document

101.CAL XBRL Taxonomy Extension Calculation Document

101.DEF XBRL Taxonomy Extension Definition Linkbase

101.LAB XBRL Taxonomy Extension Labels Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Link Document

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**SIGNATURE**

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

MAUI LAND & PINEAPPLE COMPANY, INC.

April 26, 2019 /s/ TIM T. ESAKI  
Date Tim T. Esaki  
*Chief Financial Officer*  
(Principal Financial Officer)

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**EXHIBIT INDEX**

| <b>Exhibit Number</b> | <b>Description</b>   |
|-----------------------|--|
| 31.1                  | Certification of Chief Executive Officer Pursuant to Rule 13a-14(d) / 15d-14(a) of the Securities Exchange Act of 1934. (1)                            |
| 31.2                  | Certification of Chief Financial Officer Pursuant to Rule 13a-14(d) / 15d-14(a) of the Securities Exchange Act of 1934. (1)                            |
| 32.1                  | Certification of Chief Executive Officer Pursuant to Rule 13a-14(b) / 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350. (2) |
| 32.2                  | Certification of Chief Financial Officer Pursuant to Rule 13a-14(b) / 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350. (2) |
| 101.INS               | XBRL Instance Document (2)   |
| 101.SCH               | XBRL Taxonomy Extension Schema Document (2)  |
| 101.CAL               | XBRL Taxonomy Extension Calculation Document (2)   |
| 101.DEF               | XBRL Taxonomy Extension Definition Linkbase (2)  |
| 101.LAB               | XBRL Taxonomy Extension Labels Linkbase Document (2)   |
| 101.PRE               | XBRL Taxonomy Extension Presentation Link Document (2)   |

(1) Filed herewith.

(2) Furnished herewith and not “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.