



# FRP HOLDINGS, INC./NEWS

Contact: John D. Milton, Jr.  
Chief Financial Officer

904/858-9100

---

## **FRP HOLDINGS, INC. (NASDAQ: FRPH) ANNOUNCES RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2019**

FRP Holdings, Inc. (NASDAQ-FRPH) Jacksonville, Florida; May 6, 2019 –

### **First Quarter Consolidated Results of Operations**

Net income for the first quarter of 2019 was \$1,898,000 or \$.19 per share versus \$1,560,000 or \$.15 per share in the same period last year. Income from discontinued operations for the first quarter of 2019 was \$86,000 or \$.01 per share versus \$1,722,000 or \$.17 per share in the same period last year.

### **First Quarter Segment Operating Results**

#### Asset Management Segment:

Most of the Asset Management Segment was reclassified to discontinued operations leaving only three commercial properties and one recent industrial acquisition, Cranberry Run, which we purchased this quarter for \$6,411,000. Cranberry Run is a five-building industrial park in Harford County, MD totaling 268,010 square feet of industrial/ flex space. The park is currently 26% leased and occupied, and it is our plan to make \$1,455,000 in improvements in order to re-lease the property for a total investment of \$29.35 per square foot. This past quarter, we entered into a Purchase and Sale Agreement to sell 7030 Dorsey Road in Anne Arundel County, one of the three commercial properties remaining from the asset sale last May, for \$8,823,000. The study period for the purchaser expired April 15, 2019 and we expect to close in the second quarter of 2019. Total revenues in this segment were \$641,000, up \$60,000 or 10.3%, over the same period last year. Operating loss was (\$66,000), down \$322,000 compared to the same quarter last year due to higher allocation of corporate expenses and operating losses associated with the Cranberry Run acquisition.

#### Mining Royalty Lands Segment:

Total revenues in this segment were \$2,229,000 versus \$1,772,000 in the same period last year. Total operating profit in this segment was \$2,001,000, an increase of \$460,000 versus \$1,541,000 in the same period last year. Among the reasons for this increase in revenue and operating profit is the contribution from our Ft. Myers quarry, the revenue from which, now that mining has begun in earnest, was more than double the minimum royalty we have been receiving until recently.

### Development Segment:

The Development segment is responsible for (i) seeking out and identifying opportunistic purchases of income producing warehouse/office buildings, and (ii) developing our non-income producing properties into income production.

With respect to ongoing projects:

- We are fully engaged in the formal process of seeking PUD entitlements for our 118-acre tract in Hampstead, Maryland, now known as “Hampstead Overlook.” This past quarter, Hampstead Overlook received non-appealable rezoning from industrial to residential.
- We finished shell construction in December on the two office buildings in the first phase of our joint venture with St. John Properties. Shell construction of the two retail buildings was completed in January. We are now in the process of leasing these four single-story buildings totaling 100,030 square feet of office and retail space. Phase I is currently 44% leased.
- We are the principal capital source of a residential development venture in Essexshire known as “Hyde Park.” We have committed up to \$9.2 million in exchange for an interest rate of 10% and a preferred return of 20% after which a “waterfall” determines the split of proceeds from sale. Hyde Park will hold 122 town homes and 4 single family lots and received a non-appealable Plan Approval this past quarter. We are now in the process of obtaining record plat and construction drawing approval as well as seeking proposals from residential home builders.
- During the second quarter of 2018, we began construction on a 94,350-square foot spec building at Hollander Business Park. This Class “A” facility is our first building with a 32-foot clear. Shell construction was completed subsequent to the end of the quarter and we are now in the process of leasing up the building.
- In April, we began construction on Phase II of our RiverFront on the Anacostia project, now known as “The Maren.” We expect to deliver the building in the first half of 2020.
- In December 2018, the Company entered into a joint venture agreement with MidAtlantic Realty Partners (MRP) for the development of the first phase of a multifamily, mixed-use development in northeast Washington, DC known as “Bryant Street.” FRP contributed \$32 million for common equity and another \$23 million for preferred equity to the joint venture. Construction began in February 2019 and should be finished in 2021.

### Stabilized Joint Venture Segment:

Average occupancy for the quarter was 93.49%, and at the end of the quarter Dock 79 was 94.75% leased and 93.11% occupied. During the first quarter, 61.70% of expiring leases renewed with an average increase in rent of 3.14%. Net Operating Income for this segment was \$1,630,679, up \$145,282 or 9.78% compared to the same quarter last year. Dock 79 is a joint venture between the Company and MRP, in which FRP Holdings, Inc. is the majority partner with 66% ownership.

## Summary and Outlook

We began this year a very different company than we were at the start of 2018. The asset sale of nearly a year ago has dramatically reshaped the landscape of our business and our direction forward. The disposition of over 40 buildings, the infrastructure required to support it, and the cash we retained from that disposition has shifted our focus towards development as the number of ongoing projects in our development segment demonstrates. Despite or maybe *because* of the lack of consensus regarding economic forecasts, indicators, and the volatility of markets, we believe we are in an enviable financial position given our current liquidity. Though we, like any other company, would stand to benefit from the rising tide of this nearly unprecedented stretch of economic growth, the cash and investments on our balance sheet allow us to play defense and protect our assets should a downturn present itself as our projects are coming online, while also allowing us to play offense should that same downturn create opportunities to grow our business segments via attractively priced acquisitions. It is because we prize this liquidity so much, that we remain steadfast in our commitment to redeploy these proceeds as carefully as we possibly can. The substantial amount of dry powder retained from the sale affords this company an amazing opportunity that we are loathe to squander. We have some of the best assets in the business segments in which we compete, as demonstrated by another amazing quarter from our mining royalties segment and the continued ability to grow rents at Dock 79, and we will not make any further investments unless they fall in line with the quality of assets and opportunities of your company as it is situated presently. This past quarter we repurchased 35,932 shares at an average price of \$47.71.

## Conference Call

The Company will also host a conference call on Monday, May 6, 2019 at 2:00 p.m. (EDT). Analysts, stockholders and other interested parties may access the teleconference live by calling 1-800-311-9406 (passcode 939063) within the United States. International callers may dial 1-334-323-7224 (passcode 939063). Computer audio live streaming is available via the Internet through the Company's website at [www.frp Holdings.com](http://www.frp Holdings.com). You may also click on this link for the live streaming <http://stream.conferenceamerica.com/frp050619>. For the archived audio via the internet, click on the following link <http://archive.conferenceamerica.com/archivestream/frp050619.mp3>. If using the Company's website, click on the Investor Relations tab, then select the earnings conference stream. An audio replay will be available for sixty days following the conference call. To listen to the audio replay, dial toll free 1-877-919-4059, international callers dial 1-334-323-0140. The passcode of the audio replay is 54972211. Replay options: "1" begins playback, "4" rewind 30 seconds, "5" pause, "6" fast forward 30 seconds, "0" instructions, and "9" exits recording. There may be a 30-40 minute delay until the archive is available following the conclusion of the conference call.

*Investors are cautioned that any statements in this press release which relate to the future are, by their nature, subject to risks and uncertainties that could cause actual results and events to differ materially from those indicated in such forward-looking statements. These include, but are not limited to: the possibility that we may be unable to find appropriate reinvestment opportunities for the proceeds from the Sale Transaction; levels of construction activity in the markets served by our mining properties; demand for flexible warehouse/office facilities in the Baltimore-Washington-Northern Virginia area*

*demand for apartments in Washington D.C.; our ability to obtain zoning and entitlements necessary for property development; the impact of lending and capital market conditions on our liquidity; our ability to finance projects or repay our debt; general real estate investment and development risks; vacancies in our properties; risks associated with developing and managing properties in partnership with others; competition; our ability to renew leases or re-lease spaces as leases expire; illiquidity of real estate investments; bankruptcy or defaults of tenants; the impact of restrictions imposed by our credit facility; the level and volatility of interest rates; environmental liabilities; inflation risks; cybersecurity risks; as well as other risks listed from time to time in our SEC filings; including but not limited to; our annual and quarterly reports. We have no obligation to revise or update any forward-looking statements, other than as imposed by law, as a result of future events or new information. Readers are cautioned not to place undue reliance on such forward-looking statements.*

FRP Holdings, Inc. is a holding company engaged in the real estate business, namely (i) leasing and management of commercial properties owned by the Company, (ii) leasing and management of mining royalty land owned by the Company, (iii) real property acquisition, entitlement, development and construction primarily for apartment, retail, warehouse, and office, (iv) leasing and management of a residential apartment building.

**FRP HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**

(In thousands except per share amounts)  
(Unaudited)

	THREE MONTHS ENDED MARCH 31,	
	2019	2018
<b>Revenues:</b>		
Lease revenue	\$ 3,485	3,303
Mining lands lease revenue	2,229	1,772
Total Revenues	5,714	5,075
<b>Cost of operations:</b>		
Depreciation, depletion and amortization	1,487	2,398
Operating expenses	882	865
Property taxes	753	675
Management company indirect	592	361
Corporate expenses (Note 4 Related Party)	645	679
Total cost of operations	4,359	4,978
<b>Total operating profit</b>	1,355	97
Net investment income, including realized gains of \$119 and \$0	1,810	5
Interest expense	(588)	(843)
Equity in loss of joint ventures	(264)	(12)
Income (loss) from continuing operations before income taxes	2,313	(753)
Provision for (benefit from) income taxes	672	(60)
Income (loss) from continuing operations	1,641	(693)
Income from discontinued operations, net of tax	86	1,722
Net income	1,727	1,029
Income (loss) attributable to noncontrolling interest	(171)	(531)
<b>Net income attributable to the Company</b>	\$ 1,898	1,560
<b>Earnings per common share:</b>		
Income (loss) from continuing operations-		
Basic	\$ 0.16	(0.07)
Diluted	\$ 0.16	(0.07)
Discontinued operations-		
Basic	\$ 0.01	0.17
Diluted	\$ 0.01	0.17
Net income attributable to the Company-		
Basic	\$ 0.19	0.16
Diluted	\$ 0.19	0.15
<b>Number of shares (in thousands) used in computing:</b>		
-basic earnings per common share	9,952	10,015
-diluted earnings per common share	9,996	10,085

**FRP HOLDINGS, INC. AND SUBSIDIARIES**

## CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share data)

	March 31 2019	December 31 2018
<b>Assets:</b>		
Real estate investments at cost:		
Land	\$ 85,072	83,721
Buildings and improvements	149,505	144,543
Projects under construction	7,086	6,683
Total investments in properties	241,663	234,947
Less accumulated depreciation and depletion	29,847	28,394
Net investments in properties	211,816	206,553
Real estate held for investment, at cost	7,167	7,167
Investments in joint ventures	94,294	88,884
Net real estate investments	313,277	302,604
Cash and cash equivalents	29,641	22,547
Cash held in escrow	185	202
Accounts receivable, net	688	564
Investments available for sale at fair value	148,778	165,212
Federal and state income taxes receivable	8,349	9,854
Unrealized rents	665	53
Deferred costs	990	773
Other assets	459	455
Assets of discontinued operations	3,091	3,224
Total assets	\$ 506,123	505,488
<b>Liabilities:</b>		
Secured notes payable	\$ 88,823	88,789
Accounts payable and accrued liabilities	1,851	3,545
Environmental remediation liability	100	100
Deferred revenue	831	27
Deferred income taxes	27,981	27,981
Deferred compensation	1,448	1,450
Tenant security deposits	244	53
Liabilities of discontinued operations	243	288
Total liabilities	121,521	122,233
Commitments and contingencies		
<b>Equity:</b>		
Common stock, \$.10 par value		
25,000,000 shares authorized,		
9,933,242 and 9,969,174 shares issued		
and outstanding, respectively	993	997
Capital in excess of par value	57,824	58,004
Retained earnings	306,704	306,307
Accumulated other comprehensive income, net	859	(701)
Total shareholders' equity	366,380	364,607
Noncontrolling interest MRP	18,222	18,648
Total equity	384,602	383,255
Total liabilities and shareholders' equity	\$ 506,123	505,488

**Asset Management Segment:**

(dollars in thousands)	Three months ended March 31					
	2019	%	2018	%	Change	%
Lease revenue	\$ 641	100.0%	581	100.0%	60	10.3%
Depreciation, depletion and amortization	177	27.6%	131	22.6%	46	35.1%
Operating expenses	209	32.6%	128	22.0%	81	63.3%
Property taxes	56	8.8%	39	6.7%	17	43.6%
Management company indirect	102	15.9%	24	4.1%	78	325.0%
Corporate expense	<u>163</u>	<u>25.4%</u>	<u>3</u>	<u>0.5%</u>	<u>160</u>	<u>5333.3%</u>
Cost of operations	<u>707</u>	<u>110.3%</u>	<u>325</u>	<u>55.9%</u>	<u>382</u>	<u>117.5%</u>
Operating profit	<u>\$ (66)</u>	<u>-10.3%</u>	<u>256</u>	<u>44.1%</u>	<u>(322)</u>	<u>-125.8%</u>

**Mining Royalty Lands Segment:**

(dollars in thousands)	Three months ended March 31					
	2019	%	2018	%	Change	%
Mining lands lease revenue	\$ 2,229	100.0%	1,772	100.0%	457	25.8%
Depreciation, depletion and amortization	52	2.3%	54	3.0%	(2)	-3.7%
Operating expenses	16	0.7%	40	2.3%	(24)	-60.0%
Property taxes	68	3.1%	60	3.4%	8	13.3%
Management company indirect	49	2.2%	—	0.0%	49	0.0%
Corporate expense	<u>43</u>	<u>1.9%</u>	<u>77</u>	<u>4.3%</u>	<u>(34)</u>	<u>-44.2%</u>
Cost of operations	<u>228</u>	<u>10.2%</u>	<u>231</u>	<u>13.0%</u>	<u>(3)</u>	<u>-1.3%</u>
Operating profit	<u>\$ 2,001</u>	<u>89.8%</u>	<u>1,541</u>	<u>87.0%</u>	<u>460</u>	<u>29.9%</u>

**Development Segment:**

(dollars in thousands)	Three months ended March 31		
	2019	2018	Change
Lease revenue	\$ 269	297	(28)
Depreciation, depletion and amortization	58	57	1
Operating expenses	46	118	(72)
Property taxes	323	268	55
Management company indirect	395	241	154
Corporate expense	<u>399</u>	<u>419</u>	<u>(20)</u>
Cost of operations	<u>1,221</u>	<u>1,103</u>	<u>118</u>
Operating loss	<u>\$ (952)</u>	<u>(806)</u>	<u>(146)</u>

**Stabilized Joint Venture Segment:**

(dollars in thousands)	Three months ended March 31					
	2019	%	2018	%	Change	%
Lease revenue	\$ 2,575	100.0%	2,425	100.0%	150	6.2%
Depreciation, depletion and amortization	1,200	46.6%	2,156	88.9%	(956)	-44.3%
Operating expenses	611	23.7%	579	23.9%	32	5.5%
Property taxes	306	11.9%	308	12.7%	(2)	-0.6%
Management company indirect	46	1.8%	96	3.9%	(50)	-52.1%
Corporate expense	40	1.6%	142	5.9%	(102)	-71.8%
Cost of operations	<u>2,203</u>	<u>85.6%</u>	<u>3,281</u>	<u>135.3%</u>	<u>(1,078)</u>	<u>-32.9%</u>
Operating profit	<u>\$ 372</u>	<u>14.4%</u>	<u>(856)</u>	<u>-35.3%</u>	<u>1,228</u>	<u>-143.5%</u>

**FRP HOLDINGS, INC. AND SUBSIDIARIES**  
**DISCONTINUED OPERATIONS**  
(In thousands except per share amounts)  
(Unaudited)

	THREE MONTHS ENDED MARCH 31,	
	2019	2018
Lease revenue	238	7,547
<b>Cost of operations:</b>		
Depreciation, depletion and amortization	29	1,885
Operating expenses	95	1,178
Property taxes	20	798
Management company indirect	—	178
Corporate expenses	—	747
Total cost of operations	<u>144</u>	<u>4,786</u>
<b>Total operating profit</b>	94	2,761
Interest expense	—	(400)
Gain on sale of buildings	<u>23</u>	<u>—</u>
Income before income taxes	117	2,361
Provision for income taxes	<u>31</u>	<u>639</u>
<b>Income from discontinued operations</b>	<u>86</u>	<u>1,722</u>
<b>Earnings per common share:</b>		
Income from discontinued operations-		
Basic	0.01	0.17
Diluted	0.01	0.17



## Non-GAAP Financial Measures.

To supplement the financial results presented in accordance with GAAP, FRP presents certain non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. The non-GAAP financial measure included in this quarterly report is net operating income (NOI). FRP uses this non-GAAP financial measure to analyze its continuing operations and to monitor, assess, and identify meaningful trends in its operating and financial performance. This measure is not, and should not be viewed as, a substitute for GAAP financial measures.

### Net Operating Income Reconciliation Three months ended 03/31/19 (in thousands)

	Asset		Stabilized Joint	Mining	Unallocated	FRP
	Management Segment	Development Segment	Venture Segment	Royalties Segment	Corporate Expenses	Holdings Totals
Income (loss) from continuing operations	(48)	(716)	(196)	1,452	1,149	1,641
Income Tax Allocation	(18)	(266)	(9)	539	426	672
Income (loss) from continuing operations before income taxes	(66)	(982)	(205)	1,991	1,575	2,313
Less:						
Unrealized rents	3	—	28	—	—	31
Interest income	—	224	—	—	1,586	1,810
Plus:						
Unrealized rents	—	—	—	122	—	122
Equity in loss of Joint Venture	—	254	—	10	—	264
Interest Expense	—	—	577	—	11	588
Depreciation/Amortization	177	58	1,200	52	—	1,487
Management Co. Indirect	102	395	46	49	—	592
Allocated Corporate Expenses	163	399	40	43	—	645
Net Operating Income	373	(100)	1,630	2,267	—	4,170

### Net Operating Income Reconciliation Three months ended 03/31/18 (in thousands)

	Asset		Stabilized Joint	Mining	Unallocated	FRP
	Management Segment	Development Segment	Venture Segment	Royalties Segment	Corporate Expenses	Holdings Totals
Income (loss) from continuing operations	187	(584)	(1,383)	1,115	(28)	(693)
Income Tax Allocation	69	(217)	(316)	414	(10)	(60)
Income (loss) from continuing operations before income taxes	256	(801)	(1,699)	1,529	(38)	(753)
Less:						
Unrealized rents	—	—	52	—	—	52
Other income	—	5	—	—	—	5
Plus:						
Unrealized rents	20	—	—	119	—	139
Equity in loss of Joint Venture	—	—	—	12	—	12
Interest Expense	—	—	843	—	—	843
Depreciation/Amortization	131	57	2,156	54	—	2,398
Management Co. Indirect	24	241	96	—	—	361
Allocated Corporate Expenses	3	419	142	77	38	679
Net Operating Income	434	(89)	1,486	1,791	—	3,622