



FRP HOLDINGS, INC./NEWS

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

904/858-9100

FRP HOLDINGS, INC. (NASDAQ: FRPH) ANNOUNCES RESULTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED JUNE 30, 2018.

FRP Holdings, Inc. (NASDAQ-FRPH) Jacksonville, Florida; August 2, 2018 –

Second Quarter Consolidated Results of Operations.

As previously announced on May 21, 2018, the Company completed the disposition of 40 industrial warehouse properties and three additional land parcels to an affiliate of Blackstone Real Estate Partners VIII, L.P. for \$347.2 million. One warehouse property valued at \$11.7 million was excluded from the sale due to the tenant exercising its right of first refusal to purchase the property. These properties comprised substantially all the assets of our Asset Management segment and have been reclassified as discontinued operations for all periods presented. As of the end of the quarter, cash was \$311 million, and we are currently exploring options to reinvest these proceeds into opportunities more in line with our other business segments.

Net income for the second quarter of 2018 was \$119,982,000 or \$11.87 per share versus \$1,713,000 or \$.17 per share in the same period last year. Income from discontinued operations for the second quarter of 2018 was \$120,465,000 or \$11.92 per share versus \$1,588,000 or \$.16 per share in the same period last year. Loss from continuing operations for the quarter of \$879,000 included \$1,085,000 in stock compensation expense (\$682,800 for the 2018 director stock grant and \$402,000 for vesting of option grants from 2016 and 2017 due to the asset disposition).

Total revenues were \$5,553,000, up 104.2%, versus the same period last year, primarily because of the addition of rental revenues from Dock 79 when its results were consolidated starting in July 2017.

In April, construction began on Phase II of our RiverFront on the Anacostia project, which we expect to deliver in the first or second quarter of 2020.

Second Quarter Segment Operating Results.

Asset Management Segment:

Most of the Asset Management Segment was reclassified to discontinued operations leaving only three office buildings. Total revenues in this segment were \$568,000, up \$15,000 or 2.7%, over the same period last year. Operating profit was \$149,000, down \$62,000 compared to the same quarter last year due to an \$82,000 increase in corporate expense allocation.

Mining Royalty Lands Segment:

Total revenues in this segment were \$2,055,000 versus \$1,833,000 in the same period last year. Total operating profit in this segment was \$1,866,000, an increase of \$193,000 versus \$1,673,000 in the same period last year.

Land Development and Construction Segment:

The Land Development and Construction 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.”
- We began construction in the third quarter of last year on our joint venture with St. John Properties and expect to complete construction of the first phase of this project in the third quarter of 2018. This first phase will comprise four single-story buildings totaling 100,000 square feet of office and retail space.
- We are the financial backer of a residential development in Essexshire now known as “Hyde Park.” This project will hold 125 town homes and 4 single family lots and is currently in the entitlement process.
- This quarter, we began construction on a 95,000-square foot spec building at Hollander Business Park. This Class “A” facility will be our first building with a 32-foot clear and should come on line in the second quarter of 2019.
- As mentioned previously, in April of this past quarter, 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.

RiverFront on the Anacostia Segment:

Average occupancy for the quarter was 95.0% and at the end of the second quarter, Dock 79 was 95.1% leased and 97.4% occupied. During the second quarter, 58.0% of expiring leases renewed with an average increase in rent of 4.5%. Both figures exceeded our budgeted expectations. Dock 79 is a joint venture between the Company and MidAtlantic Realty Partners, in which FRP Holdings, Inc. is the majority partner with 66% ownership.

Six Months Consolidated Results of Operations.

Net income for first half of 2018 was \$121,542,000 or \$12.04 per share versus \$3,156,000 or \$.32 per share in the same period last year. Income from discontinued operations for the first half of 2018 was \$122,187,000 or \$12.10 per share versus \$3,384,000 or \$.34 per share in the same period last year. Loss

from continuing operations for the period of \$1,572,000 included \$1,085,000 in stock compensation expense (\$682,800 for the 2018 director stock grant and \$402,000 for vesting of option grants from 2016 and 2017 due to the asset disposition).

Total revenues were \$10,628,000, up 98.5%, versus the same period last year, primarily because of the addition of rental revenues from Dock 79 when its results were consolidated starting in July 2017.

Six Months Segment Operating Results.

Asset Management Segment:

Total revenues in this segment were \$1,149,000, down \$2,000 or .2%, over the same period last year. Operating profit of \$395,000 was down \$36,000 compared to the same quarter last year due primarily to an increase of \$21,000 in corporate expense allocation.

Mining Royalty Lands Segment:

Total revenues in this segment were \$3,827,000 versus \$3,595,000 in the same period last year. Total operating profit in this segment was \$3,407,000, an increase of \$175,000 versus \$3,232,000 in the same period last year.

RiverFront on the Anacostia Segment:

Average occupancy for the first six months was 94.7% and at the end of the second quarter, Dock 79 was 95.1% leased and 97.4% occupied. Through the first half of the year, 60.2% of expiring leases renewed with an average increase in rent of 3.6%. Both figures exceeded our budgeted expectations. Dock 79 is a joint venture between the Company and MidAtlantic Realty Partners, in which FRP Holdings, Inc. is the majority partner with 66% ownership.

Summary and Outlook.

The last three months were huge for this company. Mining Royalty revenue was up the second straight quarter. Dock 79 continues to exceed our lofty expectations making us all the more excited for 2020 and the arrival of its younger sibling, "The Maren." The development of our remaining lots commenced with the start of construction of our first 32-foot clear building at Hollander Business Park. However, all of that is secondary in importance to the significance of the sale of our industrial real estate portfolio, which closed the book on nearly three decades of hard work and value creation by our team in Baltimore and raises the question of what comes next. The problem of what to do with the proceeds is a good one to have, but a problem nonetheless. Selling when one believes valuations are at their peak also means having to deploy the proceeds when valuations are at their peak, which obviously we are loath to do. As mentioned previously, we are currently looking for opportunities more in line with our other business segments, but that does not mean we are going to let this money "burn a hole in our pocket." Being opportunistic means being disciplined in our approach, remaining patient rather than pressing. If that means letting the cash earn interest for a few quarters, that is what we are prepared to do. We are not going to wait forever to put this money to work, but this sale and its proceeds are too important an opportunity to waste, and as stewards of your capital, we are taking this moment very seriously.

Conference Call.

The Company will also host a conference call on Thursday, August 2, 2018 at 2:00 p.m. (EDT). Analysts, stockholders and other interested parties may access the teleconference live by calling 1-800-311-9406 (passcode 16794705) within the United States. International callers may dial 1-334-323-7224 (passcode 16794705). Computer audio live streaming is available via the Internet through the Company's website at www.frpholdings.com. You may also click on this link for the live streaming <http://stream.conferenceamerica.com/frp080218>. For the archived audio via the internet, click on the following link <http://archive.conferenceamerica.com/archivestream/frp080218.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 81414237. 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 the Sale Transaction may adversely affect our remaining business;-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) mining royalty land ownership and leasing, (ii) land acquisition, entitlement and development primarily for future warehouse/office or residential building construction, (iii) ownership, leasing, and management of a residential apartment building, and (iv) warehouse/office building ownership, leasing and management.

FRP HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(In thousands except per share amounts)

(Unaudited)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2018	2017	2018	2017
Revenues:				
Rental revenue	\$ 3,350	750	6,497	1,507
Mining Royalty and rents	2,033	1,809	3,783	3,548
Revenue – reimbursements	170	160	348	299
Total Revenues	5,553	2,719	10,628	5,354
Cost of operations:				
Depreciation, depletion and amortization	2,131	273	4,529	499
Operating expenses	1,103	207	1,968	437
Property taxes	611	376	1,286	737
Management company indirect	455	307	816	611
Corporate expenses	1,709	566	2,388	1,893
Total cost of operations	6,009	1,729	10,987	4,177
Total operating profit (loss)	(456)	990	(359)	1,177
Interest income	216	—	221	—
Interest expense	(807)	—	(1,650)	—
Equity in loss of joint ventures	(11)	(806)	(23)	(1,577)
Income (loss) before income taxes	(1,058)	184	(1,811)	(400)
Provision for (benefit from) income taxes	(179)	59	(239)	(172)
Income (loss) from continuing operations	(879)	125	(1,572)	(228)
Income from discontinued operations, net	120,465	1,588	122,187	3,384
Net income	119,586	1,713	120,615	3,156
Loss attributable to noncontrolling interest	(396)	—	(927)	—
Net income attributable to the Company	\$ 119,982	1,713	121,542	3,156
Earnings per common share:				
Income (loss) from continuing operations-				
Basic	\$ (0.09)	0.01	(0.16)	(0.02)
Diluted	\$ (0.09)	0.01	(0.16)	(0.02)
Discontinued operations-				
Basic	\$ 12.01	0.16	12.19	0.34
Diluted	\$ 11.92	0.16	12.10	0.34
Net income attributable to the Company-				
Basic	\$ 11.96	0.17	12.13	0.32
Diluted	\$ 11.87	0.17	12.04	0.32
Number of shares (in thousands) used in computing:				
-basic earnings per common share	10,033	9,965	10,024	9,948
-diluted earnings per common share	10,109	10,038	10,099	10,019

FRP HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share data)

	June 30 2018	December 31 2017
Assets:		
Real estate investments at cost:		
Land	\$ 83,709	87,235
Buildings and improvements	146,580	147,670
Projects under construction	2,028	1,764
Total investments in properties	232,317	236,669
Less accumulated depreciation and depletion	28,446	26,755
Net investments in properties	203,871	209,914
Real estate held for investment, at cost	7,176	7,176
Investments in joint ventures	22,616	13,406
Net real estate investments	233,663	230,496
Cash and cash equivalents	32,849	4,524
Cash held in escrow	278,573	333
Accounts receivable, net	648	615
Federal and state income taxes receivable	—	2,962
Unrealized rents	595	223
Deferred costs	1,228	2,708
Other assets	178	179
Assets of discontinued operations	2,210	176,694
Total assets	\$ 549,944	418,734
Liabilities:		
Secured notes payable, current portion	\$ —	125
Secured notes payable, less current portion	88,720	90,029
Accounts payable and accrued liabilities	3,072	2,081
Environmental remediation liability	1,807	2,037
Federal and state income taxes payable	728	—
Deferred revenue	26	107
Deferred income taxes	21,254	25,982
Deferred compensation	1,455	1,457
Tenant security deposits	47	54
Liabilities of discontinued operations	46,456	32,280
Total liabilities	163,565	154,152
Commitments and contingencies (Note 8)		
Equity:		
Common stock, \$.10 par value		
25,000,000 shares authorized,		
10,046,019 and 10,014,667 shares issued		
and outstanding, respectively	1,005	1,001
Capital in excess of par value	57,324	55,636
Retained earnings	308,397	186,855
Accumulated other comprehensive income, net	38	38
Total shareholders' equity	366,764	243,530
Noncontrolling interest MRP	19,615	21,052
Total equity	386,379	264,582
Total liabilities and shareholders' equity	\$ 549,944	418,734

FRP HOLDINGS, INC. AND SUBSIDIARIES
DISCONTINUED OPERATIONS

(In thousands except per share amounts)
(Unaudited)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2018	2017	2018	2017
Revenues:				
Rental revenue	\$ 3,394	5,472	9,412	10,998
Revenue – reimbursements	716	1,169	2,245	2,330
Total Revenues	<u>4,110</u>	<u>6,641</u>	<u>11,657</u>	<u>13,328</u>
Cost of operations:				
Depreciation, depletion and amortization	1,217	1,929	3,102	3,762
Operating expenses	464	795	1,642	1,566
Property taxes	449	753	1,247	1,454
Management company indirect	812	168	990	333
Corporate expenses	655	—	1,402	—
Total cost of operations	<u>3,597</u>	<u>3,645</u>	<u>8,383</u>	<u>7,115</u>
Total operating profit	513	2,996	3,274	6,213
Interest expense	(187)	(371)	(587)	(619)
Gain on sale of buildings	164,807	—	164,807	—
Income before income taxes	165,133	2,625	167,494	5,594
Provision for income taxes	44,668	1,037	45,307	2,210
Income from discontinued operations	<u>\$ 120,465</u>	<u>1,588</u>	<u>122,187</u>	<u>3,384</u>
Earnings per common share:				
Income (loss) from discontinued operations-				
Basic	\$ 12.01	0.16	12.19	0.34
Diluted	\$ 11.92	0.16	12.10	0.34

Asset Management Segment:

(dollars in thousands)	Three months ended June 30					
	2018	%	2017	%	Change	%
Rental revenue	\$ 546	96.1%	536	96.9%	10	1.9%
Revenue-reimbursements	22	3.9%	17	3.1%	5	29.4%
Total revenue	568	100.0%	553	100.0%	15	2.7%
Depreciation, depletion and amortization	129	22.7%	128	23.1%	1	0.8%
Operating expenses	91	16.0%	128	23.1%	(37)	-28.9%
Property taxes	40	7.1%	35	6.3%	5	14.3%
Management company indirect	50	8.8%	24	4.4%	26	108.3%
Corporate expense	109	19.2%	27	4.9%	82	303.7%
Cost of operations	419	73.8%	342	61.8%	77	22.5%
Operating profit	\$ 149	26.2%	211	38.2%	(62)	-29.4%

Mining Royalty Lands Segment:

(dollars in thousands)	Three months ended June 30			
	2018	%	2017	%
Mining Royalty and rents	\$ 2,033	98.9%	1,809	98.7%
Revenue-reimbursements	22	1.1%	24	1.3%
Total revenue	2,055	100.0%	1,833	100.0%
Depreciation, depletion and amortization	36	1.8%	35	1.9%
Operating expenses	40	1.9%	39	2.1%
Property taxes	61	3.0%	58	3.2%
Corporate expense	52	2.5%	28	1.5%
Cost of operations	189	9.2%	160	8.7%
Operating profit	\$ 1,866	90.8%	1,673	91.3%

Land Development and Construction Segment:

(dollars in thousands)	Three months ended June 30		
	2018	2017	Change
Rental revenue	\$ 214	214	—
Revenue-reimbursements	103	119	(16)
Total revenue	317	333	(16)
Depreciation, depletion and amortization	57	110	(53)
Operating expenses	367	40	327
Property taxes	231	283	(52)
Management company indirect	292	283	9
Corporate expense	283	217	66
Cost of operations	1,230	933	297
Operating loss	\$ (913)	(600)	(313)

Dock 79 Segment:

(dollars in thousands)	Three Months Ended June 30			
	2018	%	2017	%
Rental revenue	\$ 2,590	99.1%	—	— %
Revenue-reimbursements	23	0.9%	—	— %
Total revenue	2,613	100.0%	—	— %
Depreciation and amortization	1,909	73.1%	—	— %
Operating expenses	605	23.1%	—	— %
Property taxes	279	10.7%	—	— %
Management company indirect	113	4.3%	—	— %
Corporate expense	95	3.6%	—	— %
Cost of operations	3,001	114.8%	—	— %
Operating profit	\$ (388)	-14.8%	\$ —	— %

Asset Management Segment:

(dollars in thousands)	Six months ended June 30					
	2018	%	2017	%	Change	%
Rental revenue	\$ 1,099	95.6%	1,113	96.7%	(14)	-1.3%
Revenue-reimbursements	50	4.4%	38	3.3%	12	31.6%
Total revenue	1,149	100.0%	1,151	100.0%	(2)	-0.2%
Depreciation, depletion and amortization	260	22.6%	260	22.6%	—	0.0%
Operating expenses	229	19.9%	252	21.9%	(23)	-9.1%
Property taxes	79	6.9%	71	6.2%	8	11.3%
Management company indirect	74	6.5%	46	4.0%	28	60.9%
Corporate expense	112	9.7%	91	7.9%	21	23.1%
Cost of operations	754	65.6%	720	62.6%	34	4.7%
Operating profit	\$ 395	34.4%	431	37.4%	(36)	-8.4%

Mining Royalty Lands Segment:

(dollars in thousands)	Six months ended June 30			
	2018	%	2017	%
Mining Royalty and rents	\$ 3,783	98.9%	3,548	98.7%
Revenue-reimbursements	44	1.1%	47	1.3%
Total revenue	3,827	100.0%	3,595	100.0%
Depreciation, depletion and amortization	90	2.4%	74	2.1%
Operating expenses	80	2.1%	78	2.2%
Property taxes	121	3.2%	117	3.2%
Corporate expense	129	3.3%	94	2.6%
Cost of operations	420	11.0%	363	10.1%
Operating profit	\$ 3,407	89.0%	3,232	89.9%

Land Development and Construction Segment:

(dollars in thousands)	Six months ended June 30		
	2018	2017	Change
Rental revenue	\$ 395	394	1
Revenue-reimbursements	<u>219</u>	<u>214</u>	<u>5</u>
Total revenue	614	608	6
Depreciation, depletion and amortization	114	165	(51)
Operating expenses	475	107	368
Property taxes	499	549	(50)
Management company indirect	533	565	(32)
Corporate expense	<u>702</u>	<u>725</u>	<u>(23)</u>
Cost of operations	<u>2,323</u>	<u>2,111</u>	<u>212</u>
Operating loss	<u>\$ (1,709)</u>	<u>(1,503)</u>	<u>(206)</u>

Dock 79 Segment:

(dollars in thousands)	Six Months Ended June 30			
	2018	%	2017	%
Rental revenue	\$ 5,003	99.3%	—	—%
Revenue-reimbursements	<u>35</u>	<u>0.7%</u>	<u>—</u>	<u>—%</u>
Total revenue	5,038	100.0%	—	—%
Depreciation and amortization	4,065	80.7%	—	—%
Operating expenses	1,184	23.5%	—	—%
Property taxes	587	11.7%	—	—%
Management company indirect	209	4.1%	—	—%
Corporate expense	<u>237</u>	<u>4.7%</u>	<u>—</u>	<u>—%</u>
Cost of operations	<u>6,282</u>	<u>124.7%</u>	<u>—</u>	<u>—%</u>
Operating profit	<u>\$ (1,244)</u>	<u>-24.7%</u>	<u>\$ —</u>	<u>—%</u>