



FRP HOLDINGS, INC./NEWS

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FRP HOLDINGS, INC. (NASDAQ: FRPH) ANNOUNCES RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2018

FRP Holdings, Inc. (NASDAQ-FRPH) Jacksonville, Florida; March 7, 2019 –

Fourth Quarter Consolidated Results of Operations

Net income for the fourth quarter of 2018 was \$706,000 or \$.07 per share versus \$13,203,000 or \$1.31 per share in the same period last year. Income from discontinued operations for the fourth quarter of 2018 was \$20,000 or \$.00 per share versus \$6,034,000 or \$.60 per share in the same period last year. The fourth quarter of 2017 included a reduction of \$12,043,000, or \$1.20 per share, in the provision for income taxes resulting from revaluing the Company's net deferred tax liabilities per the Tax Cuts and Jobs Act of 2017. This positively impacted net income by the same amount.

The fourth quarter of 2018 was impacted by the following items:

- Interest income is reduced by a \$905,000 realized loss on the sale of bonds during the quarter.
- Corporate expense includes \$372,000 for the annual director stock grant and \$100,000 for stock options granted to employees.
- Operating expenses includes \$218,000 professional fees related to organization of the Bryant St. joint venture.
- Operating expenses include \$276,000 in due diligence costs on the CSX Fort Smallwood potential purchase.
- Interest income includes the \$81,000 preferred return on The Maren.
- Loss on joint ventures includes \$64,000 for our share of the loss.

The fourth quarter of 2017 included consulting fees of \$200,000 charged to discontinued operations.

Fourth 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 \$592,000, up \$18,000 or 3.1%, over the same period last year. Operating profit was \$261,000, up \$33,000 compared to the same quarter last year due to lower allocation of corporate expenses.

Mining Royalty Lands Segment:

Total revenues in this segment were \$2,187,000 versus \$1,860,000 in the same period last year. Total operating profit in this segment was \$1,950,000, an increase of \$254,000 versus \$1,696,000 in the same period last year.

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.”
- We finished shell construction this past quarter 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 subsequent to the end of the year in January. We are now in the process of leasing these four single-story buildings totaling 100,000 square feet of office and retail space.
- We are the principal capital source of a residential development venture in Essexshire now 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. This project will hold 125 town homes and 4 single family lots and is currently in the entitlement process.
- 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 will be our first building with a 32-foot clear and should come on line in the second quarter of 2019.
- 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.

Stabilized Joint Venture Segment:

Average occupancy for the quarter was 94.63%, and at the end of the fourth quarter Dock 79 was 96.39% leased and 95.08% occupied. During the fourth quarter, 65.57% of expiring leases renewed with an average increase in rent of 3.36%. Dock 79 is a joint venture between the Company and MRP, in which FRP Holdings, Inc. is the majority partner with 66% ownership.

Calendar Year 2018 Consolidated Results of Operations

Net income for 2018 was \$124,472,000 or \$12.32 per share versus \$41,750,000 or \$4.16 per share in the same period last year. Income from discontinued operations for 2018 was \$122,129,000 or \$12.09 per share versus \$11,003,000 or \$1.10 per share in the same period last year. Interest income was reduced by realized losses on bond and bond fund sales of \$1,195,000 in 2018. Calendar year 2017 included a gain on remeasurement of investment of \$60.2 million in the Company's Dock 79 real estate partnership as a result of the asset's stabilization and the ensuing change in control of the partnership for accounting purposes. This change in control brought with it this substantial and non-taxable gain. The gain is based on the difference between the carrying value and the fair value of all assets and liabilities in the partnership and is included in income from continuing operations before income taxes. Calendar year 2017 also included a gain of \$12,043,000, or \$1.20 per share, due to a reduction in the provision for income taxes resulting from revaluing the Company's net deferred tax liabilities per the Tax Cuts and Jobs Act of 2017.

Total revenues were \$22,022,000, up 41.1%, 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.

Calendar Year 2018 Segment Operating Results

Asset Management Segment:

Total revenues in this segment were \$2,309,000, up \$25,000 or 1.1%, over the same period last year. Operating profit of \$898,000 was up \$17,000 compared to the same period last year.

Mining Royalty Lands Segment:

Total revenues in this segment were \$8,139,000 versus \$7,241,000 in the same period last year. Total operating profit in this segment was \$7,290,000, an increase of \$725,000 versus \$6,565,000 in the same period last year.

Stabilized Joint Venture Segment:

Average occupancy for 2018 was 94.77%, and at the end of 2018 Dock 79 was 96.39% leased and 95.08% occupied. Through calendar year 2018, 58.40% of expiring leases renewed with an average increase in rent of 3.29%. 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

2018 was among the more important years in the history of this company. Our mining royalty segment had its biggest year *ever* in terms of both revenue and operating profit; we broke ground on The Maren,

Phase II of RiverFront on the Anacostia; and we entered an incredibly important joint venture with MRP in our Bryant Street Project. But without a doubt, the most important event was the sale of our industrial real estate portfolio. This asset sale provides us with substantial liquidity heading into a period of economic uncertainty when liquidity may be at a premium. At the very least, it gives us the very enviable problem of what to do with a substantial amount of money. We have said before that because we believe that we sold at the top, we are not anxious to turn around and reinvest at the top. Though we believe there are still some investment opportunities out there right now that make financial sense—Bryant Street is an excellent example—we would like to hold on to most of the cash until asset prices cool off and the economic future becomes a little clearer.

We end the year a very different company than we started, and yet a number of things remain the same—we still have some of the best assets in the businesses we are involved in and our management team remains committed to maximizing the value of your investment. Central to both those issues is how we decide to redeploy the proceeds of the warehouse sale, so please, at the risk of repeating ourselves, rest assured that we will not squander this opportunity.

Conference Call

The Company will also host a conference call on Thursday, March 7, 2019 at 1:00 p.m. (EST). 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.frpholdings.com. You may also click on this link for the live streaming <http://stream.conferenceamerica.com/frp030719>. For the archived audio via the internet, click on the following link <http://archive.conferenceamerica.com/archivestream/frp030719.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 15511787. 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 DECEMBER 31,		TWELVE MONTHS ENDED DECEMBER 31,	
	2018	2017	2018	2017
Revenues:				
Rental revenue	\$ 3,282	3,206	13,219	7,815
Mining Royalty and rents	2,165	1,842	8,050	7,153
Revenue – reimbursements	205	165	753	634
Total Revenues	5,652	5,213	22,022	15,602
Cost of operations:				
Depreciation, depletion and amortization	1,548	2,631	7,898	5,934
Operating expenses	1,334	824	4,285	2,136
Environmental remediation recovery	—	—	(465)	—
Property taxes	676	632	2,625	2,016
Management company indirect	399	333	1,765	1,295
Corporate expenses (Note 4 Related Party)	1,042	670	3,952	3,180
Total cost of operations	4,999	5,090	20,060	14,561
Total operating profit	653	123	1,962	1,041
Net investment income, including realized losses	797	—	2,672	—
Interest expense	(685)	(1,958)	(3,103)	(2,741)
Equity in loss of joint ventures	(52)	(9)	(88)	(1,598)
Gain on remeasurement of investment in real estate partnership	—	—	—	60,196
Gain on investment land sold	43	—	40	—
Income (loss) before income taxes	756	(1,844)	1,483	56,898
Provision for (benefit from) income taxes	255	(8,021)	524	7,350
Income from continuing operations	501	6,177	959	49,548
Income from discontinued operations, net of tax	20	6,034	122,129	11,003
Net income	521	12,211	123,088	60,551
Gain (loss) attributable to noncontrolling interest	(185)	(992)	(1,384)	18,801
Net income attributable to the Company	\$ 706	13,203	124,472	41,750
Earnings per common share:				
Income from continuing operations-				
Basic	\$ 0.05	0.62	0.10	4.97
Diluted	\$ 0.05	0.61	0.09	4.94
Discontinued operations-				
Basic	\$ 0.00	0.60	12.16	1.10
Diluted	\$ 0.00	0.60	12.09	1.10
Net income attributable to the Company-				
Basic	\$ 0.07	1.32	12.40	4.19
Diluted	\$ 0.07	1.31	12.32	4.16
Number of shares (in thousands) used in computing:				
-basic earnings per common share	10,049	10,011	10,040	9,975
-diluted earnings per common share	10,094	10,070	10,105	10,040

FRP HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share data)

	December 31 2018	December 31 2017
Assets:		
Real estate investments at cost:		
Land	\$ 83,721	87,235
Buildings and improvements	144,543	147,670
Projects under construction	6,683	1,764
Total investments in properties	234,947	236,669
Less accumulated depreciation and depletion	28,394	26,755
Net investments in properties	206,553	209,914
Real estate held for investment, at cost	7,167	7,176
Investments in joint ventures	88,884	13,406
Net real estate investments	302,604	230,496
Cash and cash equivalents	22,547	4,524
Cash held in escrow	202	333
Accounts receivable, net	564	615
Investments available for sale at fair value	165,212	—
Federal and state income taxes receivable	9,854	2,962
Unrealized rents	53	223
Deferred costs	773	2,708
Other assets	455	179
Assets of discontinued operations	3,224	176,694
Total assets	\$ 505,488	418,734
Liabilities:		
Secured notes payable, current portion	\$ —	125
Secured notes payable, less current portion	88,789	90,029
Accounts payable and accrued liabilities	3,545	2,081
Environmental remediation liability	100	2,037
Deferred revenue	27	107
Deferred income taxes	27,981	25,982
Deferred compensation	1,450	1,457
Tenant security deposits	53	54
Liabilities of discontinued operations	288	32,280
Total liabilities	122,233	154,152
Commitments and contingencies		
Equity:		
Common stock, \$.10 par value		
25,000,000 shares authorized,		
9,969,174 and 10,014,667 shares issued		
and outstanding, respectively	997	1,001
Capital in excess of par value	58,004	55,636
Retained earnings	306,307	186,855
Accumulated other comprehensive income (loss), net	(701)	38
Total shareholders' equity	364,607	243,530
Noncontrolling interest MRP	18,648	21,052
Total equity	383,255	264,582
Total liabilities and shareholders' equity	\$ 505,488	418,734

Asset Management Segment:

(dollars in thousands)	Three months ended December 31					
	2018	%	2017	%	Change	%
Rental revenue	\$ 569	96.1%	553	96.3%	16	2.9%
Revenue-reimbursements	23	3.9%	21	3.7%	2	9.5%
Total revenue	592	100.0%	574	100.0%	18	3.1%
Depreciation, depletion and amortization	135	22.8%	127	22.1%	8	6.3%
Operating expenses	117	19.8%	118	20.6%	(1)	-0.8%
Property taxes	42	7.1%	39	6.8%	3	7.7%
Management company indirect	30	5.0%	26	4.5%	4	15.4%
Corporate expense	7	1.2%	36	6.3%	(29)	-80.6%
Cost of operations	331	55.9%	346	60.3%	(15)	-4.3%
Operating profit	\$ 261	44.1%	228	39.7%	33	14.5%

Mining Royalty Lands Segment:

(dollars in thousands)	Three months ended December 31			
	2018	%	2017	%
Mining Royalty and rents	\$ 2,165	99.0%	1,842	99.0%
Revenue-reimbursements	22	1.0%	18	1.0%
Total revenue	2,187	100.0%	1,860	100.0%
Depreciation, depletion and amortization	53	2.4%	19	1.0%
Operating expenses	40	1.8%	38	2.0%
Property taxes	87	4.0%	64	3.5%
Corporate expense	57	2.6%	43	2.3%
Cost of operations	237	10.8%	164	8.8%
Operating profit	\$ 1,950	89.2%	1,696	91.2%

Development Segment:

(dollars in thousands)	Three months ended December 31		
	2018	2017	Change
Rental revenue	\$ 144	184	(40)
Revenue-reimbursements	118	115	3
Total revenue	262	299	(37)
Depreciation, depletion and amortization	57	74	(17)
Operating expenses	580	41	539
Property taxes	269	277	(8)
Management company indirect	314	267	47
Corporate expense	874	296	578
Cost of operations	2,094	955	1,139
Operating loss	\$ (1,832)	(656)	(1,176)

Stabilized Joint Venture Segment:

(dollars in thousands)	Three Months Ended December 31			
	2018	%	2017	%
Rental revenue	\$ 2,569	98.4%	2,470	99.6%
Revenue-reimbursements	42	1.6%	10	.4%
Total revenue	2,611	100.0%	2,480	100.0%
Depreciation and amortization	1,303	49.9%	2,411	97.2%
Operating expenses	597	22.9%	627	25.3%
Property taxes	278	10.6%	252	10.2%
Management company indirect	55	2.1%	40	1.6%
Corporate expense	104	4.0%	38	1.5%
Cost of operations	2,337	89.5%	3,368	135.8%
Operating profit	\$ 274	10.5%	\$ (888)	-35.8%

Asset Management Segment:

(dollars in thousands)	Twelve months ended December 31					
	2018	%	2017	%	Change	%
Rental revenue	\$ 2,212	95.8%	2,203	96.5%	9	0.4%
Revenue-reimbursements	97	4.2%	81	3.5%	16	19.8%
Total revenue	2,309	100.0%	2,284	100.0%	25	1.1%
Depreciation, depletion and amortization	540	23.4%	512	22.4%	28	5.5%
Operating expenses	452	19.6%	489	21.4%	(37)	-7.6%
Property taxes	164	7.1%	148	6.5%	16	10.8%
Management company indirect	102	4.4%	100	4.4%	2	2.0%
Corporate expense	153	6.6%	154	6.7%	(1)	-0.6%
Cost of operations	1,411	61.1%	1,403	61.4%	8	0.6%
Operating profit	\$ 898	38.9%	881	38.6%	17	1.9%

Mining Royalty Lands Segment:

(dollars in thousands)	Twelve months ended December 31			
	2018	%	2017	%
Mining Royalty and rents	\$ 8,050	98.9%	7,153	98.8%
Revenue-reimbursements	89	1.1%	88	1.2%
Total revenue	8,139	100.0%	7,241	100.0%
Depreciation, depletion and amortization	198	2.4%	110	1.5%
Operating expenses	168	2.1%	159	2.2%
Property taxes	269	3.3%	240	3.3%
Corporate expense	214	2.6%	167	2.3%
Cost of operations	849	10.4%	676	9.3%
Operating profit	\$ 7,290	89.6%	6,565	90.7%

Development Segment:

(dollars in thousands)	Twelve months ended December 31		
	2018	2017	Change
Rental revenue	\$ 753	785	(32)
Revenue-reimbursements	453	445	8
Total revenue	1,206	1,230	(24)
Depreciation, depletion and amortization	228	337	(109)
Operating expenses	1,198	200	998
Environmental remediation recovery	(465)	—	(465)
Property taxes	1,037	1,108	(71)
Management company indirect	1,312	1,113	199
Corporate expense	1,984	1,231	753
Cost of operations	5,294	3,989	1,305
Operating loss	\$ (4,088)	(2,759)	(1,329)

Stabilized Joint Venture Segment:

(dollars in thousands)	Twelve Months Ended December 31			
	2018	%	2017	%
Rental revenue	\$ 10,254	98.9%	4,827	99.6%
Revenue-reimbursements	114	1.1%	20	.4%
Total revenue	10,368	100.0%	4,847	100.0%
Depreciation and amortization	6,932	66.9%	4,975	102.7%
Operating expenses	2,467	23.8%	1,288	26.6%
Property taxes	1,155	11.1%	520	10.7%
Management company indirect	351	3.4%	82	1.7%
Corporate expense	393	3.8%	65	1.3%
Cost of operations	11,298	109.0%	6,930	143.0%
Operating profit	\$ (930)	-9.0%	\$ (2,083)	-43.0%

FRP HOLDINGS, INC. AND SUBSIDIARIES
DISCONTINUED OPERATIONS

(In thousands except per share amounts)

(Unaudited)

	THREE MONTHS ENDED DECEMBER 31,		TWELVE MONTHS ENDED DECEMBER 31,	
	2018	2017	2018	2017
Revenues:				
Rental revenue	\$ 189	5,936	9,791	22,570
Revenue – reimbursements	33	1,306	2,307	5,019
Total Revenues	<u>222</u>	<u>7,242</u>	<u>12,098</u>	<u>27,589</u>
Cost of operations:				
Depreciation, depletion and amortization	30	1,871	3,161	7,598
Operating expenses	48	915	1,742	3,485
Property taxes	20	800	1,286	3,008
Management company indirect	—	192	1,360	734
Corporate expenses	4	200	1,462	200
Total cost of operations	<u>102</u>	<u>3,978</u>	<u>9,011</u>	<u>15,025</u>
Total operating profit	120	3,264	3,087	12,564
Interest expense	—	(495)	(587)	(1,582)
Gain on sale of buildings	<u>(92)</u>	<u>—</u>	<u>164,915</u>	<u>—</u>
Income before income taxes	28	2,769	167,415	10,982
Provision for (benefit from) income taxes	<u>8</u>	<u>(3,265)</u>	<u>45,286</u>	<u>(21)</u>
Income from discontinued operations	<u>\$ 20</u>	<u>6,034</u>	<u>122,129</u>	<u>11,003</u>
Earnings per common share:				
Income (loss) from discontinued operations-				
Basic	\$ 0.00	0.60	12.16	1.10
Diluted	\$ 0.00	0.60	12.09	1.10