FRP Holdings, Inc. (NASDAQ: FRPH) Announces Results for the Second Quarter and Six Months Ended June 30, 2019

JACKSONVILLE, Fla., Aug. 05, 2019 (GLOBE NEWSWIRE) -- FRP Holdings, Inc. (NASDAQ-FRPH) –

Second Quarter Consolidated Results of Operations

Net income for the second quarter of 2019 was $9,825,000 or $.99 per share versus $119,982,000 or $11.87 per share in the same period last year. Income from discontinued operations for the second quarter of 2019 was $6,776,000 or $.68 per share versus $120,465,000 or $11.92 per share in the same period last year. Second quarter of 2019 includes $536,000 in pretax profit related to the sale of our office building at 7030 Dorsey Road. Second quarter of 2018 loss from continuing operations 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). The income from discontinued operations in the current year and the prior year is related to the sale of the Company's industrial warehouse properties in May 2018. The current year income from discontinued operations includes the sale to the same buyer of our property at 1502 Quarry Drive for $11.7 million. This asset was excluded from the original sale due to the tenant potentially exercising its right of first refusal to purchase the property.

Second Quarter Segment Operating Results

Asset Management Segment:

Most of the Asset Management Segment was reclassified to discontinued operations leaving two commercial properties as well as Cranberry Run, which we purchased first quarter, and 1801 62nd Street which joined Asset Management on April 1. Cranberry Run is a five-building industrial park in Harford County, MD totaling 268,010 square feet of industrial/ flex space and at quarter end was 32.8% leased and occupied. 1801 62nd Street is our most recent spec building in Hollander Business Park and is our first warehouse with a 32-foot clear. We completed construction on this building earlier this year and are in the process of leasing it up. This quarter we completed the sale of 7030 Dorsey Road in Anne Arundel County for $8,850,000. It was one of the three commercial properties remaining from the asset sale last May. Total revenues in this segment were $662,000, up $94,000 or 16.5%, over the same period last year. Operating loss was ($11,000), down $160,000 compared to the same quarter last year due to higher allocation of corporate expenses as well as increased operating expenses associated with the Cranberry Run acquisition and the addition of 1801 62nd Street to Asset Management this quarter.

Mining Royalty Lands Segment:

Total revenues in this segment were $2,633,000 versus $2,055,000 in the same period last year. Total operating profit in this segment was $2,422,000, an increase of $556,000 versus $1,866,000 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 nearly 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." Hampstead Overlook received non-appealable rezoning from industrial to residential during the first quarter this year.
- We finished shell construction in December 2018 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. At quarter end, Phase I was 44% leased and 8% occupied.
- 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 four single-family lots and received a non-appealable Plan Approval during the first quarter. We are currently pursuing entitlements and have a home builder under contract to purchase the land upon government approval to begin development.
- In April 2018, 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. This project is located in an opportunity zone and could defer a significant tax liability associated with last year's asset sale.

Stabilized Joint Venture Segment:

Average occupancy for the quarter was 96.37%, and at the end of the quarter Dock 79 was 94.44% leased and 97.38% occupied. Net Operating Income this quarter for this segment was $1,866,000, up $200,000 or 12.00% 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.

Six Months Consolidated Results of Operations.

Net income for first half of 2019 was $11,723,000 or $1.17 per share versus $121,542,000 or $12.04 per share in the same period last year. Income from discontinued operations for the first half of 2019 was $6,862,000 or $.69 per share versus $122,187,000 or $12.10 per share in the same period last year. The first half of 2018 loss from continuing operations 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).

Six Months Segment Operating Results

Asset Management Segment:

Most of the Asset Management Segment was reclassified to discontinued operations leaving one recent industrial acquisition, Cranberry Run, which we purchased first quarter, 1801 62nd Street which joined Asset Management on April 1, and two commercial properties after the sale this past quarter of our office property at 7030 Dorsey Road. Cranberry Run is a five-building industrial park in Harford County, MD totaling 268,010 square feet of industrial/ flex space. 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. 1801 62nd Street is our most recent spec building in Hollander Business Park and is our first warehouse with a 32-foot clear. We completed construction on this building earlier this year and are in the process of leasing it up. Total revenues in this segment were $1,303,000, up $154,000 or 13.4%, over the same period last year. Operating loss was ($77,000), down $472,000 compared to the same period last year due to higher allocation of corporate expenses and operating expenses associated with the Cranberry Run acquisition and the addition of 1801 62nd Street to Asset Management this quarter.

Mining Royalty Lands Segment:

Total revenues in this segment were $4,862,000 versus $3,827,000 in the same period last year. Total operating profit in this segment was $4,423,000, an increase of $1,016,000 versus $3,407,000 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.” Hampstead Overlook received non-appealable rezoning from industrial to residential during the first quarter this year.
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- 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 four single-family lots and received a non-appealable Plan Approval during the first quarter. We are currently pursuing entitlements and have a home builder under contract to purchase the land upon government approval to begin development.
- In April 2018, 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.
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Stabilized Joint Venture Segment:

Average occupancy for the first six months was 94.88%, and at the end of the second quarter Dock 79 was 94.44% leased and 97.38% occupied. Net Operating Income for this segment was $3,497,000, up $346,000 or 10.98% compared to the same quarter last year, primarily due to substantial increases in NOI from our retail tenants compared to this period 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

With this past quarter’s dispositions of our assets at 1502 Quarry Drive and 7020 Dorsey Road for $11.7 million and $8.85 million respectively, the Company continued and has nearly completed the liquidation of its “heritage” properties. Of the 43 buildings owned and operated by the Company at the start of 2018, all that remains is the Company’s home office building in Sparks, MD and the vacant lot in Jacksonville still under lease to Vulcan that used to house Florida Rock Industries’ home office. We are trying to find a home for the proceeds from these recent sales in both opportunity zone and like-kind exchange opportunities.

This quarter marked the fifth consecutive quarter of increases in mining royalty revenue compared to the same period the year before and represents the segment’s best ever six-month start to a fiscal year. To add some further perspective, the royalties collected through the first six months are more than what we collected in any *year* from 2009 through 2014.

Construction remains on schedule for The Maren and Bryant Street, with delivery expected at The Maren in the first half of 2020. While construction should be complete at Bryant St in 2021, the first residential unit should be delivered by the end of 2020. These assets represent an investment of over $80 million and will more than triple the number of residential units and square feet of mixed use we have in our existing portfolio.

This quarter Dock 79 reached its highest occupancy rate since this same quarter last year. Given the growing supply of multi-family in that submarket, the ability to continue to renew more than half our tenants during the construction of The Maren next door, while also growing rents speaks to the premium the market places on this asset's quality and waterfront location.

Finally, in regards to the proceeds from last year's asset sale, we are actively pursuing different projects in which to put the money to use while remaining cautious and perhaps conservative in terms of the standard of quality of any project we consider. We do not expect that our investors will have unlimited patience as to when this money is put to work, and no one is more anxious than our management team to return the money to our shareholders in the form of new investments. However, it must be an investment worth making. To that end, we have been repurchasing shares of the Company when we believe it is underpriced. As of June 30, we have repurchased 110,527 shares in 2019 at an average cost of $48.06 per share, and we have received additional authorization from the board effective today to make a further $10,000,000 in share repurchases.

Subsequent Events

Subsequent to the end of the quarter, on July 9, we were informed by Cemex that Lake County issued Cemex a Mine Operating Permit (MOP) for its "4 Corners Mine" on the property it leases from the Company in Lake Louisa. This is the last of the permits required to begin mining this property. In addition to completing all the work necessary to prepare the site to become an active sand mine, as a condition to begin operations, Cemex will need to complete construction on a road adjacent to the property within the next 30 months but can begin selling when the road is halfway completed. Cemex expects to begin mining in earnest and selling by first quarter of 2021. This permit is the final regulatory hurdle to a process that began with the purchase of this land in 2012. Once mining begins, Cemex's ability to realize these reserves should positively impact revenue and income over the term of the lease as it creates an opportunity to collect more than the minimums from this location.

Conference Call

The Company will host a conference call on Monday, August 5, 2019 at 1:00 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.frpholdings.com. You may also click on this link for the live streaming http://stream.conferenceamerica.com/frp080519. For the archived audio via the internet, click on the following link http://archive.conferenceamerica.com/archivestream/frp080519.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 44184782. 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 JUNE 30, 2019	THREE MONTHS ENDED JUNE 30, 2018	SIX MONTHS ENDED JUNE 30, 2019	SIX MONTHS ENDED JUNE 30, 2018
Revenues:				
Lease revenue	$ 3,730	3,498	7,215	6,801
Mining lands lease revenue	2,633	2,055	4,862	3,827
Total Revenues	6,363	5,553	12,077	10,628

Cost of operations:				
Depreciation, depletion and amortization	1,472	2,131	2,959	4,529
Operating expenses	910	1,103	1,792	1,968
Property taxes	713	611	1,466	1,286
Management company indirect	610	455	1,202	816
Corporate expenses	551	1,709	1,196	2,388
Total cost of operations	4,256	6,009	8,615	10,987
Total operating profit (loss)	2,107	(456)	3,462	(359)
Net investment income, including realized gains of $328, $0, $447 and $0, respectively	1,984	216	3,794	221
Interest expense	(272)	(807)	(860)	(1,650)
Equity in loss of joint ventures	(272)	(11)	(536)	(23)
Gain on real estate investments	536	—	536	—
Income (loss) from continuing operations before income taxes	4,083	(1,058)	6,396	(1,811)
Provision for (benefit from) income taxes	1,131	(179)	1,803	(239)
Income (loss) from continuing operations	2,952	(879)	4,593	(1,572)
Income from discontinued operations, net	6,776	120,465	6,862	122,187
Net income	9,728	119,586	11,455	120,615
Loss attributable to noncontrolling interest	(97)	(396)	(268)	(927)
Net income attributable to the Company	$ 9,825	119,982	11,723	121,542
Earnings per common share:				
Income (loss) from continuing operations-				
Basic	$ 0.30	(0.09)	0.46	(0.16)
Diluted	$ 0.30	(0.09)	0.46	(0.16)
Discontinued operations-				
Basic	$ 0.68	12.01	0.69	12.19
Diluted	$ 0.68	11.92	0.69	12.10
Net income attributable to the Company-				
Basic	$ 0.99	11.96	1.18	12.13
Diluted	$ 0.99	11.87	1.17	12.04
Number of shares (in thousands) used in computing:				
-basic earnings per common share	9,915	10,033	9,933	10,024
-diluted earnings per common share	9,960	10,109	9,978	10,099

FRP HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)
(Unaudited)

Assets:	June 30 2019	December 31 2018
Real estate investments at cost:		
Land	$ 84,383	83,721
Buildings and improvements	144,779	144,543
Projects under construction	2,508	6,683
Total investments in properties	231,670	234,947
Less accumulated depreciation and depletion	27,472	28,394
Net investments in properties	204,198	206,553
Real estate held for investment, at cost	7,167	7,167
Investments in joint ventures	94,937	88,884
Net real estate investments	306,302	302,604
Cash and cash equivalents	56,169	22,547
Cash held in escrow	20,066	202
Accounts receivable, net	783	564
Investments available for sale at fair value	122,183	165,212
Federal and state income taxes receivable	27,206	9,854
Unrealized rents	459	53
Deferred costs	645	773
Other assets	463	455
Assets of discontinued operations	871	3,224

Total assets	$	535,147	505,488
Liabilities:			
Secured notes payable	$	88,857	88,789
Accounts payable and accrued liabilities		2,044	3,545
Environmental remediation liability		92	100
Deferred revenue		858	27
Deferred income taxes		50,439	27,981
Deferred compensation		1,446	1,450
Tenant security deposits		252	53
Liabilities of discontinued operations		158	288
Total liabilities		144,146	122,233
Commitments and contingencies			
Equity:			
Common stock, $.10 par value 25,000,000 shares authorized, 9,863,451 and 9,969,174 shares issued and outstanding, respectively		986	997
Capital in excess of par value		57,562	58,004
Retained earnings		313,373	306,307
Accumulated other comprehensive income, net		1,210	(701)
Total shareholders' equity		373,131	364,607
Noncontrolling interest MRP		17,870	18,648
Total equity		391,001	383,255
Total liabilities and shareholders' equity	$	535,147	505,488

Asset Management Segment:

	Three months ended June 30					
(dollars in thousands)	2019	%	2018	%	Change	%
Lease revenue	$ 662	100.0%	568	100.0%	94	16.5%
Depreciation, depletion and amortization	196	29.6%	129	22.7%	67	51.9%
Operating expenses	175	26.5%	91	16.0%	84	92.3%
Property taxes	90	13.6%	40	7.1%	50	125.0%
Management company indirect	73	11.0%	50	8.8%	23	46.0%
Corporate expense	139	21.0%	109	19.2%	30	27.5%
Cost of operations	673	101.7%	419	73.8%	254	60.6%
Operating profit	$ (11)	-1.7%	149	26.2%	(160)	-107.4%

Mining Royalty Lands Segment:

	Three months ended June 30					
(dollars in thousands)	2019	%	2018	%	Change	%
Mining lands lease revenue	$ 2,633	100.0%	2,055	100.0%	578	28.1%
Depreciation, depletion and amortization	42	1.6%	36	1.8%	6	16.7%
Operating expenses	15	0.6%	40	1.9%	(25)	-62.5%
Property taxes	69	2.6%	61	3.0%	8	13.1%
Management company indirect	49	1.8%	—	0.0%	49	0.0%
Corporate expense	36	1.4%	52	2.5%	(16)	-30.8%
Cost of operations	211	8.0%	189	9.2%	22	11.6%
Operating profit	$ 2,422	92.0%	1,866	90.8%	556	29.8%

Development Segment:

	Three months ended June 30		
(dollars in thousands)	2019	2018	Change

Lease revenue	$ 316	317	(1)
Depreciation, depletion and amortization	49	57	(8)
Operating expenses	95	367	(272)
Property taxes	295	231	64
Management company indirect	442	292	150
Corporate expense	341	283	58
Cost of operations	1,222	1,230	(8)
Operating loss	$ (906)	(913)	7

Stabilized Joint Venture Segment:

	Three months ended June 30					
(dollars in thousands)	2019	%	2018	%	Change	%
Lease revenue	$ 2,752	100.0%	2,613	100.0%	139	5.3%
Depreciation, depletion and amortization	1,185	43.0%	1,909	73.1%	(724)	-37.9%
Operating expenses	625	22.7%	605	23.1%	20	3.3%
Property taxes	259	9.4%	279	10.7%	(20)	-7.2%
Management company indirect	46	1.7%	113	4.3%	(67)	-59.3%
Corporate expense	35	1.3%	95	3.6%	(60)	-63.2%
Cost of operations	2,150	78.1%	3,001	114.8%	(851)	-28.4%
Operating profit	$ 602	21.9%	(388)	-14.8%	990	-255.2%

Asset Management Segment:

	Six months ended June 30					
(dollars in thousands)	2019	%	2018	%	Change	%
Lease revenue	$ 1,303	100.0%	1,149	100.0%	154	13.4%
Depreciation, depletion and amortization	373	28.6%	260	22.6%	113	43.5%
Operating expenses	384	29.5%	229	19.9%	155	67.7%
Property taxes	146	11.2%	79	6.9%	67	84.8%
Management company indirect	175	13.4%	74	6.5%	101	136.5%
Corporate expense	302	23.2%	112	9.7%	190	169.6%
Cost of operations	1,380	105.9%	754	65.6%	626	83.0%
Operating profit	$ (77)	-5.9%	395	34.4%	(472)	-119.5%

Mining Royalty Lands Segment:

	Six months ended June 30					
(dollars in thousands)	2019	%	2018	%	Change	%
Mining lands lease revenue	$ 4,862	100.0%	3,827	100.0%	1,035	27.0%
Depreciation, depletion and amortization	94	1.9%	90	2.4%	4	4.4%
Operating expenses	31	0.7%	80	2.1%	(49)	-61.3%
Property taxes	137	2.8%	121	3.2%	16	13.2%
Management company indirect	98	2.0%	—	0.0%	98	0.0%
Corporate expense	79	1.6%	129	3.3%	(50)	-38.8%
Cost of operations	439	9.0%	420	11.0%	19	4.5%
Operating profit	$ 4,423	91.0%	3,407	89.0%	1,016	29.8%

Development Segment:

	Six months ended June 30		
(dollars in thousands)	2019	2018	Change

Lease revenue	$ 585	614	(29)
Depreciation, depletion and amortization	107	114	(7)
Operating expenses	141	475	(334)
Property taxes	618	499	119
Management company indirect	837	533	304
Corporate expense	740	702	38
Cost of operations	2,443	2,323	120
Operating loss	$ (1,858)	(1,709)	(149)

Stabilized Joint Venture Segment:

	Six months ended June 30					
(dollars in thousands)	2019	%	2018	%	Change	%
Lease revenue	$ 5,327	100.0%	5,038	100.0%	289	5.7%
Depreciation, depletion and amortization	2,385	44.8%	4,065	80.7%	(1,680)	-41.3%
Operating expenses	1,236	23.2%	1,184	23.5%	52	4.4%
Property taxes	565	10.6%	587	11.7%	(22)	-3.7%
Management company indirect	92	1.7%	209	4.1%	(117)	-56.0%
Corporate expense	75	1.4%	237	4.7%	(162)	-68.4%
Cost of operations	4,353	81.7%	6,282	124.7%	(1,929)	-30.7%
Operating profit	$ 974	18.3%	(1,244)	-24.7%	2,218	-178.3%

Discontinued Operations:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Lease Revenue	222	4,110	460	11,657
Cost of operations:				
Depreciation, depletion and amortization	12	1,217	41	3,102
Operating expenses	139	464	234	1,642
Property taxes	26	449	46	1,247
Management company indirect	—	812	—	990
Corporate expenses	—	655	—	1,402
Total cost of operations	177	3,597	321	8,383
Total operating profit	45	513	139	3,274
Interest expense	—	(187)	—	(587)
Gain on sale of buildings	9,245	164,807	9,268	164,807
Income before income taxes	9,290	165,133	9,407	167,494
Provision for income taxes	2,514	44,668	2,545	45,307
Income from discontinued operations	$ 6,776	120,465	6,862	122,187
Earnings per common share:				
Income from discontinued operations-				
Basic	0.68	12.01	0.69	12.19
Diluted	0.68	11.92	0.69	12.10

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
Six months ended 06/30/19 (in thousands)

	Asset Management Segment	Development Segment	Stabilized Joint Venture Segment	Mining Royalties Segment	Unallocated Corporate Expenses	FRP Holdings Totals
Income (loss) from continuing operations	335	(1,347)	25	3,211	2,369	4,593
Income Tax Allocation	124	(499)	109	1,190	879	1,803
Income (loss) from continuing operations before income taxes	459	(1,846)	134	4,401	3,248	6,396
Less:						
Gains on sale of buildings	536	—	—	—	—	536
Unrealized rents	—	—	29	—	—	29
Interest income	—	526	—	—	3,268	3,794
Plus:						
Unrealized rents	3	—	—	228	—	231
Equity in loss of Joint Venture	—	514	—	22	—	536
Interest Expense	—	—	840	—	20	860
Depreciation/Amortization	373	107	2,385	94	—	2,959
Management Co. Indirect	175	837	92	98	—	1,202
Allocated Corporate Expenses	302	740	75	79	—	1,196
Net Operating Income	776	(174)	3,497	4,922	—	9,021

Net Operating Income Reconciliation
Six months ended 06/30/18 (in thousands)

	Asset Management Segment	Development Segment	Stabilized Joint Venture Segment	Mining Royalties Segment	Unallocated Corporate Expenses	FRP Holdings Totals
Income from continuing operations	288	(1,247)	(2,362)	2,469	(720)	(1,572)
Income Tax Allocation	107	(462)	(532)	915	(267)	(239)
Income from continuing operations before income taxes	395	(1,709)	(2,894)	3,384	(987)	(1,811)
Less:						
Unrealized rents	—	—	116	—	—	116
Interest income	—	—	—	—	221	221
Plus:						
Unrealized rents	29	—	—	241	—	270
Equity in loss of Joint Venture	—	—	—	23	—	23
Interest Expense	—	—	1,650	—	—	1,650
Depreciation/Amortization	260	114	4,065	90	—	4,529
Management Co. Indirect	74	533	209	—	—	816
Allocated Corporate Expenses	112	702	237	129	1,208	2,388
Net Operating Income (loss)	870	(360)	3,151	3,867	—	7,528

Contact: John D. Baker III
Chief Financial Officer 904/858-9100