

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)
☒ [X]

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

For the quarterly period ended March 31, 2024

or

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

For the transition period from _____ to _____

Commission File Number: 001-36769

FRP HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of
incorporation or organization)

47-2449198

(I.R.S. Employer Identification No.)

**200 W. Forsyth St., 7th Floor,
Jacksonville, FL**

(Address of principal executive offices)

32202

(Zip Code)

904-396-5733

(Registrant's telephone number, including area code)

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$.10 par value	FRPH	NASDAQ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ [x] No ☐ []

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ [x] No ☐ []

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ []

Accelerated filer ☐ []

Non-accelerated filer ☒ [x]

Smaller reporting company ☒ [x]

Emerging growth company ☐ []

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the 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 ☒ [x]

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

Class	Outstanding at May 13, 2024
Common Stock, \$.10 par value per share	19,019,956 shares

FRP HOLDINGS, INC.
FORM 10-Q
QUARTER ENDED MARCH 31, 2024

CONTENTS

	Page No.
Preliminary Note Regarding Forward-Looking Statements	3
Part I. Financial Information	
Item 1. Financial Statements	
Consolidated Balance Sheets	4
Consolidated Statements of Income	5
Consolidated Statements of Comprehensive Income	6
Consolidated Statements of Cash Flows	7
Consolidated Statements of Shareholders' Equity	8
Condensed Notes to Consolidated Financial Statements	9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Item 3. Quantitative and Qualitative Disclosures about Market Risks	31
Item 4. Controls and Procedures	31
Part II. Other Information	
Item 1A. Risk Factors	32
Item 2. Purchase of Equity Securities by the Issuer	32
Item 6. Exhibits	32
Signatures	33
Exhibit 31 Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	35
Exhibit 32 Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	38

Preliminary Note Regarding Forward-Looking Statements.

This Quarterly Report on Form 10-Q, together with other statements and information publicly disseminated by us, contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words or phrases “anticipate,” “estimate,” “believe,” “budget,” “continue,” “could,” “intend,” “may,” “plan,” “potential,” “predict,” “seek,” “should,” “will,” “would,” “expect,” “objective,” “projection,” “forecast,” “goal,” “guidance,” “outlook,” “effort,” “target” and similar expressions identify forward-looking statements. Such statements reflect management’s current views with respect to financial results related to future events and are based on assumptions and expectations that may not be realized and are inherently subject to risks and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, financial or otherwise, may differ, perhaps materially, from the results discussed in the forward-looking statements. Risk factors discussed in Item 1A of this Form 10-Q and other factors that might cause differences, some of which could be material, include, but are not limited to: the possibility that we may be unable to find appropriate investment opportunities; 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., and Greenville, South Carolina; 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; cyber security 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. Additional information regarding these and other risk factors may be found in the Company’s other filings made from time to time with the Securities and Exchange Commission.

PART I. FINANCIAL INFORMATION, ITEM 1. FINANCIAL STATEMENTS
FRP HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited) (In thousands, except share data)

	March 31 2024	December 31 2023
Assets:		
Real estate investments at cost:		
Land	\$ 141,602	141,602
Buildings and improvements	282,780	282,631
Projects under construction	16,730	10,845
Total investments in properties	441,112	435,078
Less accumulated depreciation and depletion	70,241	67,758
Net investments in properties	370,871	367,320
Real estate held for investment, at cost	10,832	10,662
Investments in joint ventures	164,271	166,066
Net real estate investments	545,974	544,048
Cash and cash equivalents	152,484	157,555
Cash held in escrow	655	860
Accounts receivable, net	1,397	1,046
Federal and state income taxes receivable	—	337
Unrealized rents	1,770	1,640
Deferred costs	2,798	3,091
Other assets	595	589
Total assets	\$ 705,673	709,166
Liabilities:		
Secured notes payable	\$ 178,742	178,705
Accounts payable and accrued liabilities	3,829	8,333
Other liabilities	1,487	1,487
Federal and state income taxes payable	60	—
Deferred revenue	920	925
Deferred income taxes	69,456	69,456
Deferred compensation	1,423	1,409
Tenant security deposits	885	875
Total liabilities	256,802	261,190
Commitments and contingencies		
Equity:		
Common stock, \$.10 par value		
25,000,000 shares authorized,		
19,000,600 and 18,968,448 shares issued		
and outstanding, respectively	1,900	1,897
Capital in excess of par value	67,023	66,706
Retained earnings	347,183	345,882
Accumulated other comprehensive income, net	27	35
Total shareholders' equity	416,133	414,520
Noncontrolling interest	32,738	33,456
Total equity	448,871	447,976
Total liabilities and equity	\$ 705,673	709,166

See accompanying notes.

FRP HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands except per share amounts)
(Unaudited)

	THREE MONTHS ENDED MARCH 31,	
	2024	2023
Revenues:		
Lease revenue	\$ 7,170	6,832
Mining royalty and rents	2,963	3,282
Total revenues	<u>10,133</u>	<u>10,114</u>
Cost of operations:		
Depreciation, depletion and amortization	2,535	2,780
Operating expenses	1,867	1,740
Property taxes	807	947
General and administrative	2,042	1,793
Total cost of operations	<u>7,251</u>	<u>7,260</u>
Total operating profit	2,882	2,854
Net investment income	2,783	2,382
Interest expense	(911)	(1,006)
Equity in loss of joint ventures	(3,019)	(3,625)
Gain on sale of real estate	<u>—</u>	<u>10</u>
Income before income taxes	1,735	615
Provision for income taxes	<u>400</u>	<u>209</u>
Net income	1,335	406
Income (loss) attributable to noncontrolling interest	34	(159)
Net income attributable to the Company	<u><u>\$ 1,301</u></u>	<u><u>565</u></u>
Earnings per common share (1):		
Net income attributable to the Company-		
Basic	\$ 0.07	0.03
Diluted	\$ 0.07	0.03
Number of shares (in thousands) used in computing (1):		
-basic earnings per common share	18,859	18,832
-diluted earnings per common share	18,944	18,912

(1) adjusted for the 2 for 1 stock split that occurred in April 2024

See accompanying notes.

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

(In thousands except per share amounts)
(Unaudited)

	THREE MONTHS ENDED MARCH 31,	
	2024	2023
Net income	\$ 1,335	406
Other comprehensive income (loss) net of tax:		
Unrealized gain on investments, net of income tax effect of \$0 and \$139	—	374
Minimum pension liability, net of income tax effect of \$3 and \$0	(8)	—
Comprehensive income	\$ 1,327	780
Less comp. income (loss) attributable to noncontrolling interest	34	(159)
Comprehensive income attributable to the Company	\$ 1,293	939

See accompanying notes

FRP HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
(In thousands) (Unaudited)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Net income	\$ 1,335	406
Adjustments to reconcile net income to net cash provided by continuing operating activities:		
Depreciation, depletion and amortization	2,596	2,842
Deferred income taxes	—	53
Equity in loss of joint ventures	3,019	3,625
Gain on sale of equipment and property	—	(17)
Stock-based compensation	320	324
Net changes in operating assets and liabilities:		
Accounts receivable	(351)	(167)
Deferred costs and other assets	75	170
Accounts payable and accrued liabilities	(4,509)	(2,860)
Income taxes payable and receivable	397	295
Other long-term liabilities	24	16
Net cash provided by operating activities	<u>2,906</u>	<u>4,687</u>
Cash flows from investing activities:		
Investments in properties	(6,205)	(1,206)
Investments in joint ventures	(7,771)	(12,766)
Return of capital from investments in joint ventures	6,546	4,988
Proceeds from sales of investments available for sale	—	—
Proceeds from the sale of assets	—	17
Cash held in escrow	205	212
Net cash used in investing activities	<u>(7,225)</u>	<u>(8,755)</u>
Cash flows from financing activities:		
Distribution to noncontrolling interest	(752)	(933)
Exercise of employee stock options	—	803
Net cash used in financing activities	<u>(752)</u>	<u>(130)</u>
Net decrease in cash and cash equivalents	(5,071)	(4,198)
Cash and cash equivalents at beginning of year	157,555	177,497
Cash and cash equivalents at end of the period	<u>\$ 152,484</u>	<u>173,299</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ 903	\$ 1,004
Income taxes	—	—

See accompanying notes.

FRP HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(In thousands, except share amounts) (Unaudited)

	Common Stock Shares	Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comp- rehensive Income (loss), net	Total Share holders' Equity	Non- Controlling Interest	Total Equity
Balance at January 1, 2024	18,968,448	\$ 1,897	\$ 66,706	\$ 345,882	\$ 35	\$ 414,520	\$ 33,456	\$ 447,976
Stock option grant compensation	—	—	19	—	—	19	—	19
Restricted stock compensation	—	—	301	—	—	301	—	301
Restricted stock award	32,152	3	(3)	—	—	—	—	—
Net income	—	—	—	1,301	—	1,301	34	1,335
Distributions to partners	—	—	—	—	—	—	(752)	(752)
Minimum pension liability, net	—	—	—	—	(8)	(8)	—	(8)
Balance at March 31, 2024	<u>19,000,600</u>	<u>\$ 1,900</u>	<u>\$ 67,023</u>	<u>\$ 347,183</u>	<u>\$ 27</u>	<u>\$ 416,133</u>	<u>\$ 32,738</u>	<u>\$ 448,871</u>
Balance at January 1, 2023	18,919,372	\$ 1,892	\$ 64,212	\$ 342,317	\$ (1,276)	\$ 407,145	\$ 37,066	\$ 444,211
Exercise of stock options	35,470	4	799	—	—	803	—	803
Stock option grant compensation	—	—	17	—	—	17	—	17
Restricted stock compensation	—	—	257	—	—	257	—	257
Shares granted to Employees	1,856	—	50	—	—	50	—	50
Restricted stock award	50,568	4	(4)	—	—	—	—	—
Net income	—	—	—	565	—	565	(159)	406
Distributions to partners	—	—	—	—	—	—	(933)	(933)
Unrealized loss on investment, net	—	—	—	—	374	374	—	374
Balance at March 31, 2023	<u>19,007,266</u>	<u>\$ 1,900</u>	<u>\$ 65,331</u>	<u>\$ 342,882</u>	<u>\$ (902)</u>	<u>\$ 409,211</u>	<u>\$ 35,974</u>	<u>\$ 445,185</u>

FRP HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2024
(Unaudited)

(1) Description of Business and Basis of Presentation.

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 residential apartment buildings.

The accompanying consolidated financial statements include the accounts of FRP Holdings, Inc. (the “Company” or “FRP”) inclusive of our operating real estate subsidiaries, FRP Development Corp. (“Development”), Florida Rock Properties, Inc. (“Properties”), Riverfront Investment Partners I, LLC, and Riverfront Investment Partners II, LLC. Our investments accounted for under the equity method of accounting are detailed in Note 11. Our ownership of Riverfront Investment Partners I, LLC and Riverfront Investment Partners II, LLC includes a non-controlling interest representing the ownership of our partner.

These statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the instructions to Form 10-Q and do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (primarily consisting of normal recurring accruals) considered necessary for a fair statement of the results for the interim periods have been included. Operating results for the three months ended March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024. The accompanying consolidated financial statements and the information included under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be read in conjunction with the Company's consolidated financial statements and related notes included in the Company's Form 10-K for the year ended December 31, 2023.

During the 4th quarter of 2023, the Company renamed two of its reportable segments in order to clearly define projects within those segments. The Asset Management segment was renamed the Industrial and Commercial segment and the Stabilized Joint Venture segment was renamed the Multifamily Segment. There was no impact on consolidated total revenues, total cost of operations, operating profit, net earnings per share, or segment operating results as a result of these changes.

On April 12, 2024, the Company effected a 2-for-1 forward split of its common stock in the nature of a dividend. All share and per share information, including share-based compensation, throughout this report have been retroactively adjusted to reflect the stock split. The shares of common stock retain a par value of \$0.10 per share. Accordingly, an amount equal to the par value of the increased shares resulting from the stock split was reclassified from capital in excess of par value to common stock.

(2) Recently Issued Accounting Standards.

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016 - 13, "Financial Instruments - Credit Losses," which introduced new guidance for an approach based on expected losses to estimate credit losses on certain types of financial instruments. This standard was effective for the Company as of January 1, 2023. There was no impact on our financial statements at adoption.

(3) Business Segments.

The Company is reporting its financial performance based on four reportable segments, Industrial and Commercial (previously named Asset Management), Mining Royalty Lands, Development, and Multifamily (previously named Stabilized Joint Venture), as described below.

The Industrial and Commercial Segment owns, leases and manages in-service commercial properties. Currently this includes nine warehouses in two business parks, an office building partially occupied by the Company, and two ground leases all wholly owned by the Company. This segment will also include joint ventures of commercial properties when they are stabilized.

Our Mining Royalty Lands Segment owns several properties totaling approximately 16,650 acres currently under lease for mining rents or royalties (this does not include the 4,280 acres owned in our Brooksville joint venture with Vulcan Materials). Other than one location in Virginia, all of these properties are located in Florida and Georgia.

Through our Development Segment, we own and are continuously assessing the highest and best use of several parcels of land that are in various stages of development. Our overall strategy in this segment is to convert all of our non-income producing lands into income production through (i) an orderly process of constructing new buildings for us to own and operate or (ii) a sale to, or joint venture with, third parties. Additionally, our Development segment will form joint ventures on new developments of land not previously owned by the Company.

The Multifamily Segment includes joint ventures which own, lease and manage apartment projects that have met our initial lease-up criteria. Two of our joint ventures in the segment, Riverfront Investment Partners I, LLC (“Dock 79”) and Riverfront Investment Partners II, LLC (“The Maren”) are consolidated. The ownership of Dock 79 and The Maren attributable to our partners are reflected on our consolidated balance sheet as a noncontrolling interest. Such noncontrolling interests are reported on the Consolidated Balance Sheets within equity but separately from shareholders' equity. On the Consolidated Statements of Income, all of the revenues and expenses from Dock 79 and The Maren are reported in net income, including both the amounts attributable to the Company and the noncontrolling interest. The amounts of consolidated net income attributable to the noncontrolling interest is clearly identified on the accompanying Consolidated Statements of Income.

Operating results and certain other financial data for the Company’s business segments are as follows (in thousands):

	Three Months ended March 31,	
	2024	2023
Revenues:		
Industrial and commercial	\$ 1,453	1,070
Mining royalty lands	2,963	3,282
Development	303	486
Multifamily	5,414	5,276
	<u>10,133</u>	<u>10,114</u>
Operating profit (loss):		
Before corporate expenses:		
Industrial and commercial	\$ 812	591
Mining royalty lands	2,724	3,013
Development	(60)	50
Multifamily	1,448	993
Operating profit before G&A	<u>4,924</u>	<u>4,647</u>
General and administrative expenses:		
Allocated to Industrial and commercial	(250)	(296)
Allocated to mining royalty lands	(278)	(223)
Allocated to development	(1,278)	(1,085)
Allocated to Multifamily	(236)	(189)
Total general and administrative expenses	<u>(2,042)</u>	<u>(1,793)</u>
	<u>\$ 2,882</u>	<u>2,854</u>
Interest expense	\$ 911	1,006

Depreciation, depletion and amortization:		
Industrial and commercial	\$ 363	278
Mining royalty lands	149	183
Development	42	55
Multifamily	1,981	2,264
	<u>\$ 2,535</u>	<u>2,780</u>
Capital expenditures:		
Industrial and commercial	\$ 145	480
Mining royalty lands	20	—
Development	5,954	594
Multifamily	86	132
	<u>\$ 6,205</u>	<u>1,206</u>
	March 31,	December 31,
	2024	2023
Identifiable net assets		
Industrial and commercial	\$ 38,490	38,784
Mining royalty lands	48,281	48,072
Development	142,908	212,384
Multifamily	321,613	249,750
Cash items	153,139	158,415
Unallocated corporate assets	1,242	1,761
	<u>\$ 705,673</u>	<u>709,166</u>

(4) Related Party Transactions.

The Company was a party to an Administrative Services Agreement which resulted from our January 30, 2015 spin-off of Patriot Transportation Holding, Inc. (Patriot). The Administrative Services Agreement set forth the terms on which Patriot provided FRP certain services that were shared prior to the Spin-off, including the services of certain shared executive officers. The boards of the respective companies amended and extended this agreement for one year effective April 1, 2023. Patriot was purchased by an unaffiliated company in December 2023 resulting in FRP and Patriot no longer being related parties. The previously shared executive officers became FRP employees as of 2024.

The consolidated statements of income reflect charges and/or allocation from Patriot for these services of \$225,000 for the three months ended March 31, 2023. These charges are reflected as part of general and administrative expense.

To determine these allocations between FRP and Patriot as set forth in the Administrative Services Agreement, we employ an allocation method to allocate said expenses and thus we believe that the allocations to FRP are a reasonable approximation of the costs related to FRP's operations, but any such related-party transactions cannot be presumed to be carried out on an arm's-length basis.

(5) Long-Term Debt.

The Company's outstanding debt, net of unamortized debt issuance costs, consisted of the following (in thousands):

	March 31, 2024	December 31, 2023
Fixed rate mortgage loans, 3.03% interest only, matures 4/1/2033	\$ 180,070	180,070
Unamortized debt issuance costs	(1,328)	(1,365)
Credit agreement	—	—
	<u>\$ 178,742</u>	<u>178,705</u>

On December 22, 2023, the Company entered into a 2023 Amended and Restated Credit Agreement (the “Credit Agreement”) with Wells Fargo Bank, N.A. (“Wells Fargo”), effective December 22, 2023. The Credit Agreement modifies the Company’s prior Credit Agreement with Wells Fargo dated January 30, 2015. The Credit Agreement establishes a three-year revolving credit facility with a maximum facility amount of \$35 million. The interest rate under the Credit Agreement will be 2.25% over the Daily Simple SOFR in effect. A commitment fee of 0.35% per annum is payable quarterly on the unused portion of the commitment. As of March 31, 2024, there was no debt outstanding on this revolver, \$898,000 outstanding under letters of credit and \$34,102,000 available for borrowing. The letters of credit were issued to guarantee certain obligations to state agencies related to real estate development. Most of the letters of credit are irrevocable for a period of one year and typically are automatically extended for additional one-year periods. The letter of credit fee is 2.25% and applicable interest rate would have been 7.57% on March 31, 2024. The credit agreement contains affirmative financial covenants and negative covenants, including a minimum tangible net worth. As of March 31, 2024, these covenants would have limited our ability to pay dividends to a maximum of \$96.9 million combined.

On March 19, 2021, the Company refinanced Dock 79 and The Maren pursuant to separate Loan Agreements and Deed of Trust Notes entered into with Teachers Insurance and Annuity Association of America, LLC. Dock 79 and The Maren borrowed principal sums of \$92,070,000 and \$88,000,000 respectively, in connection with the refinancing. The loans are separately secured by the Dock 79 and The Maren real property and improvements, bear a fixed interest rate of 3.03% per annum, and require monthly payments of interest only with the principal due in full April 1, 2033. Either loan may be prepaid subsequent to April 1, 2024, subject to yield maintenance premiums. Either loan may be transferred to a qualified buyer as part of a one-time sale subject to a 60% loan to value, minimum of 7.5% debt yield and a 0.75% transfer fee.

Debt cost amortization of \$45,000 and \$37,000 was recorded during the three months ended March 31, 2024 and 2023, respectively. During the three months ended March 31, 2024 and 2023 the Company capitalized interest costs of \$533,000 and \$406,000, respectively.

The Company was in compliance with all debt covenants as of March 31, 2024.

(6) Earnings per Share.

The following details the computations of the basic and diluted earnings per common share as adjusted for the 2 for 1 stock split that occurred in April 2024 (in thousands, except per share amounts):

	Three Months ended March 31,	
	2024	2023
Weighted average common shares outstanding during the period – shares used for basic earnings per common share	18,859	18,832
Common shares issuable under share-based payment plans which are potentially dilutive	85	80
Common shares used for diluted earnings per common share	18,944	18,912
Net income attributable to the Company	\$ 1,301	565
Earnings per common share:		
-basic	\$.07	.03
-diluted	\$.07	.03

For the three months ended March 31, 2024 and 2023, the Company did not have any outstanding anti-dilutive stock options.

(7) Stock-Based Compensation Plans.

The Company has two Stock Option Plans (the 2006 Stock Incentive Plan and the 2016 Equity Incentive Option Plan) under which options for shares of common stock were granted to directors, officers and key employees. The 2016 plan permits the grant of stock options, stock appreciation rights, restricted stock awards, restricted stock units, or stock awards. The options awarded under the plans have similar characteristics. All stock options are non-qualified and expire ten years from the date of grant. Stock based compensation awarded to directors, officers and employees are exercisable immediately or become exercisable in cumulative installments of 20% or 25% at the end of each year following the date of grant. When stock options are exercised, the Company issues new shares after receipt of exercise proceeds and taxes due, if any, from the grantee. The number of common shares available for future issuance was 619,508 at March 31, 2024.

The Company utilizes the Black-Scholes valuation model for estimating fair value of stock compensation for options awarded to officers and employees. Each grant is evaluated based upon assumptions at the time of grant. The assumptions were no dividend yield, expected volatility between 28.5% and 41.2%, risk-free interest rate of 2.0% to 3.8% and expected life of 5.0 to 7.0 years.

The dividend yield of zero is based on the fact that the Company does not pay cash dividends and has no present intention to pay cash dividends. Expected volatility is estimated based on the Company's historical experience over a period equivalent to the expected life in years. The risk-free interest rate is based on the U.S. Treasury constant maturity interest rate at the date of grant with a term consistent with the expected life of the options granted. The expected life calculation is based on the observed and expected time to exercise options by the employees.

The Company recorded the following stock compensation expense in its consolidated statements of income (in thousands):

	Three Months ended March 31,	
	2024	2023
Stock option grants	\$ 19	17
Restricted stock awards	301	257
Employee stock grant	—	50
	<u>\$ 320</u>	<u>324</u>

A summary of changes in outstanding options is presented below (in thousands, except share and per share amounts):

Options	Number Of Shares	Weighted Average Exercise Price	Weighted Average Remaining Term (yrs)	Weighted Average Grant Date Fair Value(000's)
Outstanding at January 1, 2024	126,880	\$ 20.00	3.5	\$ 981
Time-based awards granted	12,200	31.44		150
Performance-based awards granted	<u>20,330</u>	31.44		<u>250</u>
Outstanding at March 31, 2024	159,410	\$ 22.33	4.5	\$ 1,381
Exercisable at March 31, 2024	126,880	\$ 20.00	3.2	\$ 981
Vested during three months ended March 31, 2024	—			\$ —

The aggregate intrinsic value of exercisable in-the-money options was \$1,358,000 and the aggregate intrinsic value of outstanding in-the-money options was \$1,358,000 based on the market closing price of \$61.40 on March 28, 2024 less exercise prices.

The unrecognized compensation cost of options granted to FRP employees but not yet vested as of March 31, 2024 was \$331,000, which is expected to be recognized over a weighted-average period of 4.3 years.

A summary of changes in restricted stock awards is presented below (in thousands, except share and per share amounts):

Restricted stock	Number Of Shares	Weighted Average Exercise Price	Weighted Average Remaining Term (yrs)	Weighted Average Grant Date Fair Value(000's)
Non-vested at January 1, 2024	109,454	\$ 26.47	2.8	\$ 2,897
Time-based awards granted	15,904	31.44		500
Performance-based awards granted	16,248	31.44		503
Vested	(8,684)	29.16		(253)
Non-vested at March 31, 2024	132,922	\$ 27.44	2.9	\$ 3,647

Total unrecognized compensation cost of restricted stock granted but not yet vested as of March 31, 2024 was \$2,970,000 which is expected to be recognized over a weighted-average period of 3.1 years.

(8) Contingent Liabilities.

The Company may be involved in litigation on a number of matters and is subject to certain claims which arise in the normal course of business. The Company has retained certain self-insurance risks with respect to losses for third party liability and property damage. In the opinion of management, none of these matters are expected to have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows.

The Company is subject to numerous environmental laws and regulations. The Company believes that the ultimate disposition of currently known environmental matters will not have a material effect on its financial position, liquidity, or operations. The Company can give no assurance that previous environmental studies with respect to its properties have revealed all potential environmental contaminants; that any previous owner, occupant or tenant did not create any material environmental condition not known to the Company; that the current environmental condition of the properties will not be affected by tenants and occupants, by the condition of nearby properties, or by unrelated third parties; and that changes in applicable environmental laws and regulations or their interpretation will not result in additional environmental liability to the Company.

As of March 31, 2024, there was \$898,000 outstanding under letters of credit. The letters of credit were issued to guarantee certain obligations to state agencies related to real estate development.

The Company and MidAtlantic Realty Partners (MRP) provided a guaranty for the interest carry cost of \$110 million loan on the Bryant Street Partnerships issued in December 2023. The Company and MRP have a side agreement limiting the Company's guaranty to its proportionate ownership. The value of the guaranty was calculated at \$1.5 million based on the present value of our assumption of 0.8% interest savings over the anticipated 36-month term. This amount is included as part of the Company's investment basis and is amortized to expense over the 36 months. The Company will evaluate the guaranty liability based upon the success of the project and assuming no payments are made under the guaranty, the Company will have a gain for \$1.5 million when the loan is paid in full.

(9) Concentrations.

The mining royalty lands segment has a total of five tenants currently leasing mining locations and one lessee that accounted for 21.9% of the Company's consolidated revenues during the three months ended March 31, 2024, and

\$403,000 of accounts receivable at March 31, 2024. The termination of these lessees' underlying leases could have a material adverse effect on the Company. The Company places its cash and cash equivalents with Wells Fargo Bank, TD Bank, and First Horizon Bank. At times, such amounts may exceed FDIC limits.

(10) Fair Value Measurements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 means the use of quoted prices in active markets for identical assets or liabilities. Level 2 means the use of values that are derived principally from or corroborated by observable market data. Level 3 means the use of inputs are those that are unobservable and significant to the overall fair value measurement.

At March 31, 2024, the Company was invested in U.S. Treasury notes valued at \$141,603,000 maturing in 2024. The unrealized loss on these investments of \$150 was recorded as part of comprehensive income and based on the estimated market value by Wells Fargo Bank, N.A. (Level 1).

At March 31, 2024 and December 31, 2023, the carrying amount reported in the consolidated balance sheets for cash and cash equivalents including U.S. Treasury notes was adjusted to fair value as described above.

The fair values of the Company's other mortgage notes payable were estimated based on current rates available to the Company for debt of the same remaining maturities. At March 31, 2024, the carrying amount and fair value of such other long-term debt was \$180,070,000 and \$141,394,000, respectively. At December 31, 2023, the carrying amount and fair value of such other long-term debt was \$180,070,000 and \$145,678,000, respectively.

(11) Investments in Joint Ventures.

The Company has investments in joint ventures, primarily with other real estate developers. Joint ventures where FRP is not the primary beneficiary are reflected in the line "Investment in joint ventures" on the balance sheet and "Equity in loss of joint ventures" on the income statement. The assets of these joint ventures are restricted to use by the joint ventures and their obligations can only be settled by their assets or additional contributions by the partners.

The following table summarizes the Company's investments in unconsolidated joint ventures (in thousands):

	Common Ownership	Total Investment	Total Assets of The Partnership	Profit (Loss) Of the Partnership	The Company's Share of Profit (Loss) of the Partnership
As of March 31, 2024					
Brooksville Quarry, LLC	50.00%	\$ 7,539	14,436	(24)	(12)
BC FRP Realty, LLC	50.00%	5,812	22,650	(72)	(36)
Buzzard Point Sponsor, LLC	50.00%	2,391	4,782	—	—
Bryant Street Partnerships	72.10%	70,017	201,819	(2,311)	(1,700)
Lending ventures		30,171	19,431	—	—
BBX Partnerships	50.00%	1,628	3,256	—	—
Estero Partnership	16.00%	3,627	38,529	—	—
The Verge Partnership	61.37%	36,715	128,640	(1,593)	(978)
Greenville Partnerships	40.00%	6,371	99,647	(733)	(293)
Total		<u>\$ 164,271</u>	<u>533,190</u>	<u>(4,733)</u>	<u>(3,019)</u>

The Company completed negotiations with MRP concerning the ownership adjustment related to the Bryant Street stabilization and conversion of FRP preferred equity to common equity resulting in FRP ownership of 72.1% effective in 2024 compared to 61.36% prior ownership.

The major classes of assets, liabilities and equity of the Company's Investments in Joint Ventures as of March 31, 2024 are summarized in the following two tables (in thousands):

As of March 31, 2024						
	Buzzard Point Sponsor, LLC	Bryant Street Partnership	Estero Partnership	Verge Partnership	Greenville Partnership	Multifamily JV's
Investments in real estate, net	\$ 0	188,761	36,212	127,064	97,508	\$ 449,545
Cash and restricted cash	0	6,060	2,317	940	1,890	11,207
Unrealized rents & receivables	0	6,428	0	390	119	6,937
Deferred costs	4,782	570	0	246	130	5,728
Total Assets	<u>\$ 4,782</u>	<u>201,819</u>	<u>38,529</u>	<u>128,640</u>	<u>99,647</u>	<u>\$ 473,417</u>
Secured notes payable	\$ 0	110,333	16,000	71,332	81,619	\$ 279,284
Other liabilities	0	1,490	0	1,082	1,108	3,680
Capital – FRP	2,391	68,009	3,600	34,441	5,418	113,859
Capital – Third Parties	2,391	21,987	18,929	21,785	11,502	76,594
Total Liabilities and Capital	<u>\$ 4,782</u>	<u>201,819</u>	<u>38,529</u>	<u>128,640</u>	<u>99,647</u>	<u>\$ 473,417</u>

As of March 31, 2024						
	BBX Partnerships	Brooksville Quarry, LLC	BC FRP Realty, LLC	Lending Ventures	Multifamily JV's	Grand Total
Investments in real estate, net	\$ 3,256	14,357	21,761	19,431	449,545	\$ 508,350
Cash and restricted cash	0	72	193	0	11,207	11,472
Unrealized rents & receivables	0	0	448	0	6,937	7,385
Deferred costs	0	7	248	0	5,728	5,983
Total Assets	<u>\$ 3,256</u>	<u>14,436</u>	<u>22,650</u>	<u>19,431</u>	<u>473,417</u>	<u>\$ 533,190</u>
Secured notes payable	\$ 0	0	10,782	(10,740)	279,284	\$ 279,326
Other liabilities	0	22	356	0	3,680	4,058
Capital – FRP	1,628	7,539	5,756	30,171	113,859	158,953
Capital – Third Parties	1,628	6,875	5,756	0	76,594	90,853
Total Liabilities and Capital	<u>\$ 3,256</u>	<u>14,436</u>	<u>22,650</u>	<u>19,431</u>	<u>473,417</u>	<u>\$ 533,190</u>

The Company's capital recorded by the unconsolidated Joint Ventures is \$5,318,000 less than the Investment in Joint Ventures reported in the Company's consolidated balance sheet due primarily to capitalized interest.

The major classes of assets, liabilities and equity of the Company's Investments in Joint Ventures as of December 31, 2023 are summarized in the following two tables (in thousands):

As of December 31, 2023						
	Buzzard Point Sponsor, LLC	Bryant Street Partnership	Estero Partnership	Verge Partnership	Greenville Partnership	Multifamily JV's
Investments in real estate, net	\$ 0	187,616	35,576	128,154	95,911	\$ 447,257
Cash and restricted cash	0	7,543	3,076	1,323	2,000	13,942
Unrealized rents & receivables	0	6,737	0	403	127	7,267
Deferred costs	4,652	738	0	293	185	5,868
Total Assets	<u>\$ 4,652</u>	<u>202,634</u>	<u>38,652</u>	<u>130,173</u>	<u>98,223</u>	<u>\$ 474,334</u>
Secured notes payable	\$ 0	107,084	16,000	72,691	66,434	\$ 262,209
Other liabilities	0	3,129	0	1,344	3,867	8,340
Capital – FRP	2,326	69,779	3,600	34,391	10,450	120,546
Capital – Third Parties	2,326	22,642	19,052	21,747	17,472	83,239
Total Liabilities and Capital	<u>\$ 4,652</u>	<u>202,634</u>	<u>38,652</u>	<u>130,173</u>	<u>98,223</u>	<u>\$ 474,334</u>

	As of December 31, 2023				
	Brooksville Quarry, LLC	BC FRP Realty, LLC	Lending Ventures	Multifamily JV's	Grand Total
Investments in real estate, net	\$ 14,358	21,503	17,117	447,257	\$ 500,235
Cash and restricted cash	80	127	0	13,942	14,149
Unrealized rents & receivables	0	464	0	7,267	7,731
Deferred costs	1	360	0	5,868	6,229
Total Assets	<u>\$ 14,439</u>	<u>22,454</u>	<u>17,117</u>	<u>474,334</u>	<u>\$ 528,344</u>
Secured notes payable	\$ 0	12,086	(10,578)	262,209	\$ 263,717
Other liabilities	0	402	0	8,340	8,742
Capital – FRP	7,552	4,983	27,695	120,546	160,776
Capital - Third Parties	6,887	4,983	0	83,239	95,109
Total Liabilities and Capital	<u>\$ 14,439</u>	<u>22,454</u>	<u>17,117</u>	<u>474,334</u>	<u>\$ 528,344</u>

The amount of consolidated retained earnings (accumulated deficit) for these joint ventures was \$(24,133,000) and \$(21,823,000) as of March 31, 2024 and December 31, 2023, respectively.

The income statements of the Bryant Street Partnerships are as follows (in thousands):

	Bryant Street Partnerships Total JV	Bryant Street Partnerships Total JV	Bryant Street Partnerships Company Share	Bryant Street Partnerships Company Share
	Three Months ended March 31,	Three Months ended March 31,	Three Months ended March 31,	Three Months ended March 31,
	2024	2023	2024	2023
Revenues:				
Rental Revenue	\$ 3,303	\$ 3,078	\$ 2,382	\$ 1,889
Revenue – other	534	512	385	314
Total Revenues	3,837	3,590	2,767	2,203
Cost of operations:				
Depreciation and amortization	1,685	1,621	1,215	995
Operating expenses	1,455	1,378	1,032	845
Property taxes	363	132	279	81
Total cost of operations	3,503	3,131	2,526	1,921
Total operating profit/(loss)	334	459	241	282
Interest expense	(2,645)	(2,754)	(1,941)	(1,788)
Net loss before tax	<u>\$ (2,311)</u>	<u>\$ (2,295)</u>	<u>\$ (1,700)</u>	<u>\$ (1,506)</u>

The income statements of the Greenville Partnerships are as follows (in thousands):

Greenville Partnerships Total JV	Greenville Partnerships Total JV	Greenville Partnerships Company Share	Greenville Partnerships Company Share
Three Months ended March 31,	Three Months ended March 31,	Three Months ended March 31,	Three Months ended March 31,
2024	2023	2024	2023

Revenues:

Rental Revenue	\$	2,256	\$	1,167	\$	902	\$	467
Revenue – other		<u>110</u>		<u>90</u>		<u>44</u>		<u>36</u>
Total Revenues		2,366		1,257		946		503

Cost of operations:

Depreciation and amortization		868		676		347		270
Operating expenses		624		526		249		211
Property taxes		<u>454</u>		<u>234</u>		<u>182</u>		<u>94</u>
Total cost of operations		1,946		1,436		778		575

Total operating profit/(loss)		420		(179)		168		(72)
Interest expense		<u>(1,153)</u>		<u>(678)</u>		<u>(461)</u>		<u>(271)</u>
Net loss before tax	\$	<u>(733)</u>	\$	<u>(857)</u>	\$	<u>(293)</u>	\$	<u>(343)</u>

The income statements of The Verge Partnership are as follows (in thousands):

	The Verge Partnership Total JV Three Months ended March 31, <u>2024</u>	The Verge Partnership Total JV Three Months ended March 31, <u>2023</u>	The Verge Partnership Company Share Three Months ended March 31, <u>2024</u>	The Verge Partnership Company Share Three Months ended March 31, <u>2023</u>
Revenues:				
Rental Revenue	\$ 1,705	\$ 250	\$ 1,046	\$ 154
Revenue – other	<u>283</u>	<u>30</u>	<u>174</u>	<u>18</u>
Total Revenues	1,988	280	1,220	172
Cost of operations:				
Depreciation and amortization	1,043	1,021	640	627
Operating expenses	839	679	515	417
Property taxes	<u>264</u>	<u>276</u>	<u>162</u>	<u>169</u>
Total cost of operations	2,146	1,976	1,317	1,213
Total operating profit/(loss)	(158)	(1,696)	(97)	(1,041)
Interest expense	<u>(1,435)</u>	<u>(1,031)</u>	<u>(881)</u>	<u>(632)</u>
Net loss before tax	\$ <u>(1,593)</u>	\$ <u>(2,727)</u>	\$ <u>(978)</u>	\$ <u>(1,673)</u>

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 the accompanying unaudited consolidated financial statements and related notes in Item 1 and with the audited consolidated financial statements and the related notes included in our annual report on Form 10-K. The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to risks and uncertainties, including the risks and uncertainties described in

“Forward-Looking Statements” below and “Risk Factors” on page 5 of our annual report on Form 10-K. Our actual results may differ materially from those contained in or implied by any forward-looking statements. We assume no obligation to revise or publicly release any revision to any forward-looking statements contained in this quarterly report on Form 10-Q, unless required by law.

The following discussion includes a non-GAAP financial measure within the meaning of Regulation G promulgated by the Securities and Exchange Commission to supplement the financial results as reported in accordance with GAAP. The non-GAAP financial measure discussed is pro-rata net operating income (NOI). The Company uses this metric 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. Refer to “Non-GAAP Financial Measure” below in this quarterly report for a more detailed discussion, including reconciliations of this non-GAAP financial measure to its most directly comparable GAAP financial measure.

Executive Overview - FRP Holdings, Inc. is a real estate development, asset management and operating company businesses. Our properties are located in the Mid-Atlantic and southeastern United States and consist of:

Residential apartments in Washington, D.C. and Greenville, SC;

Warehouse or office properties in Maryland or Florida either existing or under development;

Mining royalty lands, some of which will have second lives as development properties;

Mixed use properties under development in Washington, D.C., Greenville, SC or Florida; and

Properties held for sale.

We believe our present capital structure, liquidity and land provide us with years of opportunities to increase recurring revenue and long-term value for our shareholders. We intend to focus on our core business activity of real estate development, asset management and operations. We are developing a broad range of asset types that we believe will provide acceptable rates of return, grow recurring revenues and support future business. Capital commitments will be funded with cash proceeds from completed projects, existing cash, owned-land, partner capital and financing arrangements. We do not anticipate immediate benefits from investments. Timing of projects may be subject to delays caused by factors beyond our control.

Reportable Segments

We conduct primarily all of our business in the following four reportable segments: (1) multifamily (2) industrial and commercial (3) mining royalty lands and (4) development.

Multifamily Segment.

At quarter end, the segment included five stabilized joint ventures which own and manage apartment buildings and the retail associated with each development. These assets create revenue and cash flows through tenant rental payments, and reimbursements for building operating costs. The Company’s residential units typically lease for 12 – 15-month lease terms. 90 days prior to the expiration, as long as there is no balance due, the tenant is offered a renewal. If no notice to move out or renew is made, then the leases go month-to-month until notification of termination or renewal is received. Renewal terms are typically 9 – 12 months. The Company also leases retail spaces at apartment/mixed-use properties. The retail leases are typically 10 -15-year leases with options to renew for another 5 years. Retail leases at these properties also include percentage rents which average 3-6% of annual sales for the tenant that exceed a breakpoint stipulated by each individual lease. All base rent revenue is recognized on a straight-line basis. The major cash outlays incurred in this segment are for property taxes, full service maintenance, property management, utilities and marketing. The five multifamily properties are as follows:

Property and Occupancy	JV Partner	Method of Accounting	% Ownership
Dock 79, Washington, D.C., 305 apartment units and 14,430 square feet of retail	MRP Realty	Consolidated	52.8%
The Maren, Washington, D.C., 264 residential units and 6,811 square feet of retail	MRP Realty	Consolidated	56.33%
Riverside, Greenville, SC, 200 apartment units	Woodfield Development	Equity Method	40%
Bryant Street, Washington D. C., 487 apartment units and 91,607 square feet of retail	MRP Realty	Equity Method	72.10%
.408 Jackson, Greenville, SC, 227 apartment units and 4,539 square feet of retail.	Woodfield Development	Equity Method	40%

Industrial and Commercial Segment.

The Industrial and Commercial segment owns, leases and manages commercial properties. These assets create revenue and cash flows through tenant rental payments, lease management fees and reimbursements for building operating costs. The Company's industrial warehouses typically lease for terms ranging from 3 – 10 years often with one or two renewal options. All base rent revenue is recognized on a straight-lined basis. All of the commercial warehouse leases are triple net leases. Common area maintenance costs (CAM Revenue) are billed monthly, and insurance and real estate taxes are billed annually. 34 Loveton is the only office product wherein all leases are full service therefore there is no CAM revenue. Office leases are also recognized on a straight-lined basis. The major cash outlays incurred in this segment are for operating expenses, real estate taxes, building repairs, lease commissions and other lease closing costs, construction of tenant improvements, capital to acquire existing operating buildings and closing costs related thereto and personnel costs of our property management team.

As of March 31, 2024, the Industrial and Commercial Segment includes nine buildings at four commercial properties owned by the Company in fee simple as follows:

- 1) 34 Loveton Circle in suburban Baltimore County, MD consists of one office building totaling 33,708 square feet which is 90.8% occupied (16% of the space is occupied by the Company for use as our Baltimore headquarters). The property is subject to commercial leases with various tenants.
- 2) 155 E. 21st Street in Duval County, FL was an office building property that remains under lease through March 2026. We permitted the tenant to demolish all structures on the property during 2018.
- 3) Cranberry Run Business Park in Harford County, MD consists of five industrial buildings totaling 267,737 square feet which are 92.1% occupied and 92.1% leased. The property is subject to commercial leases with various tenants.
- 4) Hollander 95 Business Park in Baltimore City, MD consists of three industrial buildings totaling 247,340 square feet and two ground leases that are 100.0% leased and 100.0% occupied.

Management focuses on several factors to measure our success on a comparative basis in this segment. The major factors we focus on are (1) net operating income growth, (2) growth in occupancy, (3) average annual occupancy rate (defined as the occupied square feet at the end of each month during a fiscal year divided by the number of months to date in that fiscal year as a percentage of the average number of square feet in the portfolio over that same time period), (4) tenant retention success rate (as a percentage of total square feet to be renewed), (5) building and refurbishing assets to meet Class A and Class B institutional grade classifications, and (6) reducing complexities and deferred capital expenditures to maximize sale price.

Mining Royalty Lands Segment.

Our Mining Royalty Lands segment owns several properties totaling approximately 16,650 acres currently under lease for mining rents or royalties (excluding the 4,280 acres owned by our Brooksville joint venture with Vulcan Materials). Other than one location in Virginia, all of these properties are located in Florida and Georgia. The Company leases land under long-term leases that grant the lessee the right to mine and sell sand and stone deposits from our property in exchange for royalty payments. A typical lease has an option to extend the lease for additional terms. The typical lease in this segment requires the tenant to pay us a royalty based on the number of tons of mined materials sold from our property during a given fiscal year multiplied by a percentage of the average annual sales price per ton sold. As a result of this royalty payment structure, we do not bear the cost risks associated with the mining operations, however, we are subject to the cyclical nature of the construction markets in these states as both volumes and prices tend to fluctuate through those cycles. In certain locations, typically where the sand and stone deposits on our property have been depleted but the tenant still has a need for the leased land, we collect a minimum annual rental amount. We believe strongly in the potential for future growth in construction in Florida, Georgia, and Virginia which would positively benefit our profitability in this segment.

The major expenses in this segment are comprised of collection and accounting for royalties, management's oversight of the mining leases, land entitlement for post-mining uses and property taxes at our non-leased locations and at our Grandin location which, unlike our other leased mining locations, are not entirely paid by the tenant. As such, our costs in this business are very low as a percentage of revenue, are relatively stable and are not affected by increases in production at our locations. Our current mining tenants include Vulcan Materials, Martin Marietta, Cemex, Argos and The Concrete Company.

Additionally, these locations provide us with opportunities for valuable "second lives" for these assets through proper land planning and entitlement.

Significant "Second life" Mining Lands:

<u>Location</u>	<u>Acreage</u>	<u>Status</u>
Brooksville, FL	4,280 +/-	Development of Regional Impact and County Land Use and Master Zoning in place for 5,800 residential unit, mixed-use development
Ft. Myers, FL	1,907 +/-	Seeking to rezone and obtain entitlements to allow residential development following mining operations and the extension of Alico Road
Total	6,187 +/-	

Development Segment.

Through our Development segment, we own and are continuously monitoring for "the highest and best use" of several parcels of land that are in various stages of development. Our overall strategy in this segment is to convert all our non-income producing lands into income production through (i) an orderly process of constructing new commercial and residential buildings for us to own and operate or (ii) a sale to, or joint venture with, outside parties. Additionally, our Development segment will purchase or form joint ventures on new developments of land not previously owned by the Company.

Revenues in this segment are generated predominately from land sales and interim property rents. The significant cash outlays incurred in this segment are for land acquisition costs, entitlement costs, property taxes, design and permitting, the personnel costs of our in-house management team and horizontal and vertical construction costs.

Development Segment – Warehouse/Office Land.

At March 31, 2024, this segment owned the following future development parcels:

- 1) 54 acres of land that will be capable of supporting up to 650,000 square feet of industrial product located at 1001 Old Philadelphia Road in Aberdeen, MD.
- 2) 17 acres of land in Harford County, MD that will accommodate a 259,200 square foot speculative warehouse project on Chelsea Road under construction due to be complete in the fourth quarter of 2024.
- 3) 170 acres of land in Cecil County, MD that can accommodate 900,000 square feet of industrial development.

We also have three properties that were either spun-off to us from Florida Rock Industries in 1986 or acquired by us from unrelated third parties. These properties, as a result of our “highest and best use” studies, are being prepared for income generation through sale or joint venture with third parties, and in certain cases we are leasing these properties on an interim basis for an income stream while we wait for the development market to mature.

Development Segment - Significant Investment Lands Inventory:

<u>Location</u>	<u>Approx. Acreage</u>	<u>Status</u>	<u>NBV</u>
Riverfront on the Anacostia Phases III-IV	2.5	Conceptual design program ongoing	\$6,998,000
Hampstead Trade Center, MD	118	Zoning applied for in preparation for sale	\$10,916,000
Square 664E, on the Anacostia River in DC	2	Under lease to Vulcan Materials as a concrete batch plant through 2026	\$7,316,000
Total	122.5		\$25,230,000

Development Segment - Investments in Joint Ventures

The third leg of our Development Segment consists of investments in joint ventures for properties in development. The Company has investments in joint ventures, primarily with other real estate developers which are summarized below:

Property	JV Partner	Status	% Ownership
Brooksville Quarry, LLC near Brooksville, FL	Vulcan Materials Company	Future planned residential development of 4,280 acres which are currently subject to mining lease	50%
BC FRP Realty, LLC for 35 acres in Maryland	St John Properties	329,000 square-foot, multi-building business park in lease-up	50%
Aberdeen Overlook residential development in Harford County, MD		\$31.1 million in exchange for an interest rate of 10% and a 20% preferred return after which the Company is also entitled to a portion of proceeds from sale	Financing
Amber Ridge residential development in Prince George’s County, MD		\$18.5 million in exchange for an interest rate of 10% and a 20% preferred return after which the Company is also entitled to a portion of proceeds from sale	Financing
The Verge at 1800 Half Street property in Buzzard Point area of Washington, D.C.	MRP Realty	Eleven-story structure with 344 apartments and 8,536 square feet of ground floor retail	61.37%
Estero, FL	Woodfield Development	Pre-development activities for a mixed-use project with 554 multifamily units, 72,000 square feet of commercial space, 41,000 square feet of office space and a boutique 170-key hotel	16%

FRP/MRP Buzzard Point Sponsor, LLC	MRP Realty	Pre-development activities for first phase of property owned by Steuart Investment Company (SIC) under a Contribution and Pre-Development Agreement between this partnership and SIC	50%
Woven property in Greenville, SC	Woodfield Development	Pre-development activities for a mixed-use project with approximately 214 multifamily units and 10,000 square feet of retail space	50%
Lakeland, FL	BBX Logistics	Pre-development activities for a 200,000 square foot class A warehouse.	50%
Broward County, FL	BBX Logistics	Pre-development activities for 180,000 square feet of industrial product.	50%

Joint ventures where FRP is not the primary beneficiary (including those in the Multifamily Segment) are reflected in the line “Investment in joint ventures” on the balance sheet and “Equity in loss of joint ventures” on the income statement. The following table summarizes the Company’s investments in unconsolidated joint ventures (in thousands):

	Common Ownership	Total Investment	Total Assets of The Partnership	Profit (Loss) Of the Partnership	The Company's Share of Profit (Loss) of the Partnership
As of March 31, 2024					
Brooksville Quarry, LLC	50.00%	\$ 7,539	14,436	(24)	(12)
BC FRP Realty, LLC	50.00%	5,812	22,650	(72)	(36)
Buzzard Point Sponsor, LLC	50.00%	2,391	4,782	—	—
Bryant Street Partnerships	72.10%	70,017	201,819	(2,311)	(1,700)
Lending ventures		30,171	19,431	—	—
BBX Partnerships	50.00%	1,628	3,256	—	—
Estero Partnership	16.00%	3,627	38,529	—	—
The Verge Partnership	61.37%	36,715	128,640	(1,593)	(978)
Greenville Partnerships	40.00%	6,371	99,647	(733)	(293)
Total		<u>\$ 164,271</u>	<u>533,190</u>	<u>(4,733)</u>	<u>(3,019)</u>

The major classes of assets, liabilities and equity of the Company’s Investments in Joint Ventures as of March 31, 2024 are summarized in the following two tables (in thousands):

	As of March 31, 2024					
	Buzzard Point Sponsor, LLC	Bryant Street Partnership	Estero Partnership	Verge Partnership	Greenville Partnership	Multifamily JV's
Investments in real estate, net	\$ 0	188,761	36,212	127,064	97,508	\$ 449,545
Cash and restricted cash	0	6,060	2,317	940	1,890	11,207
Unrealized rents & receivables	0	6,428	0	390	119	6,937
Deferred costs	4,782	570	0	246	130	5,728
Total Assets	<u>\$ 4,782</u>	<u>201,819</u>	<u>38,529</u>	<u>128,640</u>	<u>99,647</u>	<u>\$ 473,417</u>
Secured notes payable	\$ 0	110,333	16,000	71,332	81,619	\$ 279,284
Other liabilities	0	1,490	0	1,082	1,108	3,680
Capital – FRP	2,391	68,009	3,600	34,441	5,418	113,859
Capital – Third Parties	2,391	21,987	18,929	21,785	11,502	76,594
Total Liabilities and Capital	<u>\$ 4,782</u>	<u>201,819</u>	<u>38,529</u>	<u>128,640</u>	<u>99,647</u>	<u>\$ 473,417</u>

	As of March 31, 2024					
	BBX Partnerships	Brooksville Quarry, LLC	BC FRP Realty, LLC	Lending Ventures	Multifamily JV's	Grand Total
Investments in real estate, net	\$ 3,256	14,357	21,761	19,431	449,545	\$ 508,350
Cash and restricted cash	0	72	193	0	11,207	11,472
Unrealized rents & receivables	0	0	448	0	6,937	7,385
Deferred costs	0	7	248	0	5,728	5,983
Total Assets	<u>\$ 3,256</u>	<u>14,436</u>	<u>22,650</u>	<u>19,431</u>	<u>473,417</u>	<u>\$ 533,190</u>
Secured notes payable	\$ 0	0	10,782	(10,740)	279,284	\$ 279,326
Other liabilities	0	22	356	0	3,680	4,058
Capital – FRP	1,628	7,539	5,756	30,171	113,859	158,953
Capital – Third Parties	1,628	6,875	5,756	0	76,594	90,853
Total Liabilities and Capital	<u>\$ 3,256</u>	<u>14,436</u>	<u>22,650</u>	<u>19,431</u>	<u>473,417</u>	<u>\$ 533,190</u>

First Quarter Highlights

- 130% increase in Net Income (\$1.3 million vs \$565,000)
- 22% increase in pro-rata NOI (\$8.53 million vs \$6.99 million)
- 92% increase in the Multifamily segment's NOI
- 36% increase in Industrial and Commercial revenue and 47% increase in that segment's NOI

Comparative Results of Operations for the Three months ended March 31, 2024 and 2023

Consolidated Results

(dollars in thousands)

	Three Months Ended March 31,			
	2024	2023	Change	%
Revenues:				
Lease revenue	\$ 7,170	\$ 6,832	\$ 338	4.9%
Mining royalty and rents	2,963	3,282	(319)	-9.7%
Total revenues	10,133	10,114	19	.2%
Cost of operations:				
Depreciation/depletion/amortization	2,535	2,780	(245)	-8.8%
Operating expenses	1,867	1,740	127	7.3%
Property taxes	807	947	(140)	-14.8%
General and administrative	2,042	1,793	249	13.9%
Total cost of operations	7,251	7,260	(9)	-.1%
Total operating profit	2,882	2,854	28	1.0%
Net investment income	2,783	2,382	401	16.8%
Interest expense	(911)	(1,006)	95	-9.4%
Equity in loss of joint ventures	(3,019)	(3,625)	606	-16.7%
Gain on sale of real estate	—	10	(10)	-100.0%
Income before income taxes	1,735	615	1,120	182.1%
Provision for income taxes	400	209	191	91.4%
Net income	1,335	406	929	228.8%
Income (loss) attributable to noncontrolling interest	34	(159)	193	-121.4%
Net income attributable to the Company	<u>\$ 1,301</u>	<u>\$ 565</u>	<u>\$ 736</u>	<u>130.3%</u>

Net income for the first quarter of 2024 was \$1,301,000 or \$.07 per share versus \$565,000 or \$.03 per share in the same period last year. These earnings per share are adjusted to reflect the 2 for 1 stock split that was effective April 12, 2024. The first quarter of 2024 was impacted by the following items:

- Operating profit increased slightly as favorable results in Multifamily and Industrial and Commercial were offset by lower Mining royalties and higher Development Segment losses.
- Interest expense decreased \$95,000 compared to the same quarter last year due to \$127,000 more capitalized interest and increased costs related to our credit agreement. More interest was capitalized due to increased in-house and joint venture projects under development this quarter compared to last year.
- Interest income increased \$401,000 due to an increase in interest earned on cash equivalents (\$552,000), increased income from our lending ventures (\$449,000), partially offset by decreased preferred interest (\$600,000).
- Equity in loss of Joint Ventures decreased \$606,000 primarily due to lease-up of The Verge.

Multifamily Segment (Consolidated)

(dollars in thousands)	Three months ended March 31				Change	%
	2024	%	2023	%		
Lease revenue	\$ 5,414	100.0%	5,276	100.0%	138	2.6%
Depreciation, depletion and amortization	1,981	36.6%	2,264	42.9%	(283)	-12.5%
Operating expenses	1,461	27.0%	1,488	28.2%	(27)	-1.8%
Property taxes	524	9.7%	531	10.1%	(7)	-1.3%
General and administrative	236	4.3%	189	3.6%	47	24.9%
Cost of operations	4,202	77.6%	4,472	84.8%	(270)	-6.0%
Operating profit	<u>\$ 1,212</u>	<u>22.4%</u>	<u>804</u>	<u>15.2%</u>	<u>408</u>	<u>50.7%</u>

Multifamily Segment (Pro-rata unconsolidated)

(dollars in thousands)	Three months ended March 31				Change	%
	2024	%	2023	%		
Lease revenue	\$ 3,713	100.0%	2,706	100.0%	1,007	37.2%
Depreciation, depletion and amortization	1,562	42.1%	1,265	46.7%	297	23.5%
Operating expenses	1,281	34.5%	1,056	39.0%	225	21.3%
Property taxes	461	12.4%	175	6.5%	286	163.4%
Cost of operations	3,304	89.0%	2,496	92.2%	808	32.4%
Operating profit	<u>\$ 409</u>	<u>11.0%</u>	<u>210</u>	<u>7.8%</u>	<u>199</u>	<u>94.8%</u>

Our Multifamily Segment consists of two consolidated joint ventures (Dock 79 and The Maren) and three unconsolidated joint ventures (Bryant Street, Riverside, and .408 Jackson). Riverside achieved stabilization in 2022 while the other two moved from our Development Segment to this segment upon stabilization as of the beginning of 2024.

Total revenues for our two consolidated joint ventures were \$5,414,000, an increase of \$138,000 versus \$5,276,000 in the same period last year. Total operating profit in this segment was \$1,212,000, an increase of \$408,000, or 51% versus \$804,000 in the same period last year.

For our three unconsolidated joint ventures pro-rata revenues were \$3,713,000, an increase of \$1,007,000 or 37% compared to \$2,706,000 the same period last year. Pro-rata operating profit was \$409,000, an increase of \$199,000 or 95% versus \$210,000 in the same period last year. For the purposes of these comparisons, results from the Development Segment for the three joint ventures stabilized at the beginning of 2024 are included in the same quarter last year.

Apartment Building	Units	Pro-rata NOI Q1 2024	% Occupied 3/31/24	Avg. Occupancy Q1 2024	Avg. Occupancy CY 2023	Renewal Success Rate Q1 2024	Renewal % increase Q1 2024
Dock 79 Anacostia DC	305	\$946,000	94.8%	94.8%	94.4%	71.1%	2.6%
Maren Anacostia DC	264	924,000	95.1%	93.8%	95.6%	50.0%	2.5%
Bryant Street DC	487	1,496,000	92.8%	93.0%	93.0%	56.5%	5.7%
Riverside Greenville	200	224,000	94.0%	93.7%	94.5%	65.7%	1.6%
.408 Jackson Greenville	227	293,000	94.7%	93.0%	59.9%	36.4%	3.5%
Multifamily Segment	1,483	\$3,883,000	94.1%	93.5%	87.7%		

The combined consolidated and unconsolidated pro-rata net operating income this quarter for this segment was \$3,883,000, up \$1,861,000 or 92% compared to \$2,022,000 in the same quarter last year. During the same quarter last year, Bryant Street and .408 Jackson were in the Development segment and contributed \$1,233,000 of pro-rata NOI.

Industrial and Commercial Segment

(dollars in thousands)	Three months ended March 31				Change	%
	2024	%	2023	%		
Lease revenue	\$ 1,453	100.0%	1,070	100.0%	383	35.8%
Depreciation, depletion and amortization	363	25.0%	278	26.0%	85	30.6%
Operating expenses	215	14.8%	141	13.2%	74	52.5%
Property taxes	63	4.3%	60	5.6%	3	5.0%
General and administrative	250	17.2%	296	27.6%	(46)	-15.5%
Cost of operations	891	61.3%	775	72.4%	116	15.0%
Operating profit	\$ 562	38.7%	295	27.6%	267	90.5%

Total revenues in this segment were \$1,453,000, up \$383,000 or 36%, over the same period last year. Operating profit was \$562,000, up \$267,000 or 91% from \$295,000 in the same quarter last year. Revenues and operating profit are up because of full occupancy at 1841 62nd Street (which had only \$11,000 of revenue in the same period last year) and the addition of 1941 62nd Street to this segment in March 2023. We now have nine buildings in service at three different locations totaling 515,077 square feet of industrial and 33,708 square feet of office. We were 95.6% leased and occupied during the entire quarter. Net operating income in this segment was \$1,159,000, up \$372,000 or 47% compared to the same quarter last year.

Mining Royalty Lands Segment Results

(dollars in thousands)	Three months ended March 31				Change	%
	2024	%	2023	%		
Mining royalty and rent revenue	\$ 2,963	100.0%	3,282	100.0%	(319)	-9.7%
Depreciation, depletion and amortization	149	5.0%	183	5.6%	(34)	-18.6%
Operating expenses	17	0.6%	17	0.5%	—	—
Property taxes	73	2.4%	69	2.1%	4	5.8%
General and administrative	278	9.4%	223	6.8%	55	24.7%
Cost of operations	517	17.4%	492	15.0%	25	5.1%
Operating profit	<u>\$ 2,446</u>	<u>82.6%</u>	<u>2,790</u>	<u>85.0%</u>	<u>(344)</u>	<u>-12.3%</u>

Total revenues in this segment were \$2,963,000, a decrease of \$319,000 or 9.7% versus \$3,282,000 in the same period last year. Royalty tons were down 14%. Total operating profit in this segment was \$2,446,000, a decrease of \$344,000 versus \$2,790,000 in the same period last year. Net Operating Income this quarter for this segment was \$2,760,000, down \$388,000 or 12% compared to the same quarter last year. Among the reasons for this decrease is a shift in production off our land in Manassas and a decrease in production at our Ft. Myers quarry because of weather-related delays and slowdowns. There was also a large beach restoration project completed early last year from our Keuka location. This individual project accounted for over 82,000 tons in sales in the first quarter of last year and there was no need to repeat it this year. The primary reason for the decrease, however, is the deduction of royalties to resolve an \$842,000 overpayment, as referenced in our 10-Q from the quarter ended June 30, 2023. Through a temporary amendment to our mining lease, the tenant deducted \$289,000 in royalties otherwise due the Company this quarter. The outstanding balance on this overpayment is \$335,000. Excluding that adjustment, royalties per ton increased 13%.

Development Segment Results

(dollars in thousands)	Three months ended March 31		
	2024	2023	Change
Lease revenue	\$ 303	486	(183)
Depreciation, depletion and amortization	42	55	(13)
Operating expenses	174	94	80
Property taxes	147	287	(140)
General and administrative	1,278	1,085	193
Cost of operations	1,641	1,521	120
Operating loss	<u>\$ (1,338)</u>	<u>(1,035)</u>	<u>(303)</u>

With respect to ongoing Development Segment projects:

- We entered into two new joint venture agreements this quarter with BBX Logistics. The first joint venture is a 200,000 square-foot warehouse development project in Lakeland, FL, and the second joint venture is a 160,000 square-foot warehouse redevelopment project in Broward County, FL.
- Last summer we broke ground on a new speculative warehouse project in Aberdeen, MD on Chelsea Road. Vertical construction is underway. This Class A, 259,200 square foot building is due to be complete in the 4th quarter of 2024.

- Lease-up is nearing completion at The Verge. At quarter end, the building was 94.2% leased and 91.6% occupied. Retail at this location is 45.2% leased. This is our third mixed-use project in the Anacostia waterfront submarket in Washington, DC.
- We are the principal capital source for a residential development venture in Harford County, MD known as Aberdeen Overlook. The project includes 110 acres and 344 residential building lots. We have committed \$31.1 million to the project with \$23.1 million currently drawn. A national homebuilder is under contract to purchase all 222 townhomes and 122 single family dwelling lots. As of quarter-end 23 lots had been sold and \$5.8 million of preferred interest and principal has been returned to the company.

Liquidity and Capital Resources. The growth of the Company's businesses requires significant cash needs to acquire and develop land or operating buildings and to construct new buildings and tenant improvements. As of March 31, 2024, we had \$152,484,000 of cash and cash equivalents. As of March 31, 2024, we had no debt borrowed under our \$35 million Wells Fargo revolver, \$898,000 outstanding under letters of credit and \$34,102,000 available to borrow under the revolver. On March 19, 2021, the Company refinanced Dock 79 and The Maren projects pursuant to separate Loan Agreements and Deed of Trust Notes entered into with Teachers Insurance and Annuity Association of America, LLC. Dock 79 and The Maren borrowed principal sums of \$92,070,000 and \$88,000,000 respectively, in connection with the refinancing.

Cash Flows - The following table summarizes our cash flows from operating, investing and financing activities for each of the periods presented (in thousands of dollars):

	Three months Ended March 31,	
	2024	2023
Total cash provided by (used for):		
Operating activities	\$ 2,906	4,687
Investing activities	(7,225)	(8,755)
Financing activities	(752)	(130)
Increase (decrease) in cash and cash equivalents	\$ (5,071)	(4,198)
Outstanding debt at the beginning of the period	178,705	178,557
Outstanding debt at the end of the period	178,742	178,594

Operating Activities - Net cash provided by operating activities for the three months ended March 31, 2024 was \$2,906,000 versus \$4,687,000 in the same period last year. The decrease was primarily due to a \$1,649,000 larger reduction in accounts payable and accrued liabilities.

At March 31, 2024, the Company was invested in U.S. Treasury notes valued at \$141,603,000 maturing in 2024. The unrealized loss on these investments of \$150 was recorded as part of comprehensive income and was based on the estimated market value by Wells Fargo Bank, N.A. (Level 1).

Investing Activities - Net cash used in investing activities for the three months ended March 31, 2024 was \$7,225,000 versus \$8,755,000 in the same period last year. The \$1.5 million decrease was primarily due to a \$5 million increase in property due to active warehouse construction, a \$5 million decrease in investments in joint ventures due to lower capital calls and lending activity, and a \$1.5 million increase in return of capital from joint ventures due to permanent financing at .408 Jackson mostly offset by lower lending venture returns.

Financing Activities - Net cash required by financing activities was \$752,000 versus \$130,000 in the same period last year primarily due to the exercise of employee stock options in the same period last year.

Credit Facilities - On December 22, 2023, the Company entered into a 2023 Amended and Restated Credit Agreement (the "Credit Agreement") with Wells Fargo Bank, N.A. ("Wells Fargo"). The Credit Agreement modifies the Company's prior Credit Agreement with Wells Fargo, dated January 30, 2015. The Credit Agreement establishes a three-year revolving credit facility with a maximum facility amount of \$35 million. The interest rate under the Credit Agreement will be 2.25% over Daily Simple SOFR. A commitment fee of 0.35% per annum is payable quarterly on

the unused portion of the commitment. The credit agreement contains certain conditions and financial covenants, including a minimum tangible net worth and dividend restriction. As of March 31, 2024, these covenants would have limited our ability to pay dividends to a maximum of \$96.9 million combined.

On March 19, 2021, the Company refinanced Dock 79 and The Maren projects pursuant to separate Loan Agreements and Deed of Trust Notes entered into with Teachers Insurance and Annuity Association of America, LLC. Dock 79 and The Maren borrowed principal sums of \$92,070,000 and \$88,000,000 respectively, in connection with the refinancing. The loans are separately secured by the Dock 79 and The Maren real property and improvements, bear a fixed interest rate of 3.03% per annum, and require monthly payments of interest only with the principal in full due April 1, 2033. Either loan may be prepaid subsequent to April 1, 2024, subject to yield maintenance premiums. Either loan may be transferred to a qualified buyer as part of a one-time sale subject to a 60% loan to value, minimum of 7.5% debt yield and a 0.75% transfer fee.

On December 4, 2023 the Bryant Street partnership secured a \$110,000,000 loan with a floating rate equal to SOFR plus 2.9% from Rialto Capital Management, replacing the \$132,000,000 loan with Capital One. It is a 3-year loan with 2 one-year extensions. A SOFR rate cap was secured at 5.35% from Chatham Financial creating an effective interest rate ceiling of 8.25%. The loan has a floor interest rate of 6.90%. FRP will look to secure a fixed permanent loan in the future when interest rates are more favorable.

On January 30, 2024 the Greenville partnership at .408 Jackson secured a \$49,450,000 loan with a fixed rate of 5.59% from Fannie Mae, replacing the \$36,000,000 loan with First National Bank. It is a 7-year loan maturing January 1, 2031. The interest rate was favorable given the current market conditions and the term coincides with when the opportunity zone holding period lapses in 2030, when a sale could take place and the tax on gain is forgiven. As a result of the larger loan \$5 million of our capital was returned to the Company

Cash Requirements – The Company expects to invest \$57 million into our existing real estate holdings and joint ventures during the remainder of 2024 and \$193 million beyond 2024 for projects currently in our pipeline, with such capital being funded from cash and investments on hand, cash generated from operations, property sales, distributions from joint ventures, or borrowings under our credit facilities.

Summary and Outlook. This quarter represented another meaningful step in the growth of this Company. The brisk pace at which we grew pro-rata NOI in 2023 continued into the first quarter of this year as we saw a 22% increase over the same period last year. The primary driver for this increase was our Multifamily Segment, due in part to the stabilization of .408 Jackson and Bryant Street. The addition of these two assets to this business segment, as well as the improved performance of Dock 79 and Maren drove the segment's 92% increase in pro-rata NOI over the same period last year.

As we have communicated on a number of occasions recently, we have shifted our development focus primarily towards industrial projects. The returns are currently better than most multifamily projects, and are less capital intensive and less reliant on debt. Industrial development has always been our core competency and we are excited to flex that muscle in markets both familiar and new.

The Company is in predevelopment work to get shovel ready on two projects in Maryland: the first is on 170 acres of land in Cecil County, MD that can accommodate 900,000 square feet of industrial development; and the second is on 54 acres of land in Aberdeen, MD capable of supporting up to 650,000 square feet of industrial product. We expect both projects to be ready to go vertical in the next eighteen months. We are also underway on the construction of a \$30 million, 259,200 square-foot spec warehouse project at our Chelsea site in Aberdeen, MD, which we plan to deliver in the third quarter of 2024.

Finally, this quarter, we entered into two separate joint venture agreements to develop industrial product in Florida. These projects represent our first industrial developments outside of the Mid-Atlantic. In entering Broward County and the I-4 corridor in Lakeland, we are expanding into two of the best growth markets in the United States. Our share of the industrial projects we have in development represents \$191 million in capex, a portion which will be financed with debt. \$27 million of that has been spent already, but we anticipate putting the remainder to use in the next two to three years if market conditions are right. We have underwritten these projects with a 6-7% NOI yield on cost.

Non-GAAP Financial Measure.

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. We believe these non-GAAP measures provide useful information to our Board of Directors, management and investors regarding certain trends relating to our financial condition and results of operations. Our management uses these non-GAAP measures to compare our performance to that of prior periods for trend analyses, purposes of determining management incentive compensation and budgeting, forecasting and planning purposes. We provide Pro-rata net operating income (NOI) because we believe it assists investors and analysts in estimating our economic interest in our consolidated and unconsolidated partnerships, when read in conjunction with our reported results under GAAP. This measure is not, and should not be viewed as, a substitute for GAAP financial measures.

Pro-rata Net Operating Income Reconciliation Three months ended 03/31/24 (in thousands)

	Industrial and Commercial Segment	Development Segment	Multifamily Segment	Mining Royalties Segment	Unallocated Corporate Expenses	FRP Holdings Totals
Net income (loss)	\$ 430	(1,186)	(1,254)	1,862	1,483	1,335
Income tax allocation	132	(364)	(396)	572	456	400
Income (loss) before income taxes	562	(1,550)	(1,650)	2,434	1,939	1,735
Less:						
Unrealized rents	16	—	9	113	—	138
Interest income	—	802	—	—	1,981	2,783
Plus:						
Professional fees	—	—	12	—	—	12
Equity in loss of joint ventures	—	1,014	1,993	12	—	3,019
Interest expense	—	—	869	—	42	911
Depreciation/amortization	363	42	1,981	149	—	2,535
General and administrative	250	1,278	236	278	—	2,042
Net operating income (loss)	1,159	(18)	3,432	2,760	—	7,333
NOI of noncontrolling interest	—	—	(1,562)	—	—	(1,562)
Pro-rata NOI from unconsolidated joint ventures	—	750	2,013	—	—	2,763
Pro-rata net operating income	\$ 1,159	732	3,883	2,760	—	8,534

Pro-rata Net Operating Income Reconciliation Three months ended 03/31/23 (in thousands)

	Industrial and Commercial Segment	Development Segment	Multifamily Segment	Mining Royalties Segment	Unallocated Corporate Expenses	FRP Holdings Totals
Net income (loss)	\$ 215	(2,608)	(255)	2,034	1,020	406
Income tax allocation	80	(967)	(36)	754	378	209
Income (loss) before income taxes	295	(3,575)	(291)	2,788	1,398	615
Less:						
Unrealized rents	82	—	—	48	—	130
Gain on sale of real estate	—	—	—	10	—	10
Interest income	—	972	—	—	1,410	2,382
Plus:						
Unrealized rents	—	—	45	—	—	45
Equity in loss of joint ventures	—	3,512	101	12	—	3,625
Interest Expense	—	—	994	—	12	1,006
Depreciation/amortization	278	55	2,264	183	—	2,780
General and administrative	296	1,085	189	223	—	1,793
Net operating income (loss)	787	105	3,302	3,148	—	7,342
NOI of noncontrolling interest	—	—	(1,502)	—	—	(1,502)
Pro-rata NOI from unconsolidated joint ventures	—	926	222	—	—	1,148
Pro-rata net operating income	\$ 787	1,031	2,022	3,148	—	6,988

The following tables detail the Development and Multifamily Segment pro-rata NOI by project:

Development Segment:

Three months ended	FRP Portfolio	Bryant Street	BC FRP Realty, LLC	.408 Jackson	The Verge	Total Pro-rata NOI
3/31/2024	\$(18)	—	144	—	606	732
3/31/2023	\$104	1,255	80	(22)	(386)	1,031

Multifamily Segment:

Three months ended	Dock 79	The Maren	Riverside	.408 Jackson	Bryant Street	Total Pro-rata NOI
3/31/2024	\$946	924	224	293	1,496	3,883
3/31/2023	\$887	913	222	—	—	2,022

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Interest Rate Risk - We are exposed to the impact of interest rate changes through our variable-rate borrowings under our Credit Agreement with Wells Fargo.

Under the Wells Fargo Credit Agreement, the applicable margin for borrowings at March 31, 2024 was Daily 1-Month LIBOR plus 1.0%.

The Company did not have any variable rate debt at March 31, 2024, so a sensitivity analysis was not performed to determine the impact of hypothetical changes in interest rates on the Company's results of operations and cash flows.

ITEM 4. CONTROLS AND PROCEDURES

CONCLUSION REGARDING THE EFFECTIVENESS OF DISCLOSURE CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), 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 management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

The Company also maintains a system of internal accounting controls over financial reporting that are designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

All control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving the desired control objectives.

As of March 31, 2024, the Company, under the supervision and with the participation of the Company's management, including the CEO, CFO and CAO, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on this evaluation, the Company's CEO, CFO and CAO concluded that the Company's disclosure controls and procedures are effective in alerting them in a timely manner to material information required to be included in periodic SEC filings.

There have been no changes in the Company's internal controls over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. PURCHASES OF EQUITY SECURITIES BY THE ISSUER

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
January 1 through January 31	—	\$ —	—	\$ 7,363,000
February 1 through February 28	—	\$ —	—	\$ 7,363,000
March 1 through March 31	—	\$ —	—	\$ 7,363,000
Total	—	\$ —	—	

- (1) On February 4, 2015, the Board of Directors authorized management to expend up to \$5,000,000 to repurchase shares of the Company’s common stock from time to time as opportunities arise. On December 5, 2018, the Board of Directors approved a \$10,000,000 increase in the Company’s stock repurchase authorization. On August 5, 2019, the Board of Directors approved a \$10,000,000 increase in the Company’s stock repurchase authorization. On May 6, 2020, the Board of Directors approved a \$10,000,000 increase in the Company’s stock repurchase authorization. On August 26, 2020, the Board of Directors approved a \$10,000,000 increase in the Company’s stock repurchase authorization.

Item 6. EXHIBITS

- (a) Exhibits. The response to this item is submitted as a separate Section entitled "Exhibit Index", on page 34.

SIGNATURES

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.

FRP Holdings, Inc.

Date: May 13, 2024

By JOHN D. BAKER III
John D. Baker III
Chief Executive Officer & Chief Financial Officer
(Principal Executive Officer & Principal Financial Officer)

By JOHN D. KLOPFENSTEIN
John D. Klopfenstein
Controller and Chief Accounting
Officer (Principal Accounting Officer)

FRP HOLDINGS, INC.
FORM 10-Q FOR THE THREE MONTHS ENDED MARCH 31, 2024
EXHIBIT INDEX

(31)(a)	Certification of John D. Baker III.
(31)(b)	Certification of John D. Klopfenstein.
(32)	Certification of Chief Executive Officer & Chief Financial Officer and Controller and Chief Accounting Officer under Section 906 of the Sarbanes-Oxley Act of 2002.
101.XSD	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
104.	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

I, John D. Baker III, certify that:

1. I have reviewed this report on Form 10-Q of FRP Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosures controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial report; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2024

/s/ John D. Baker III
Chief Executive Officer &
Chief Financial Officer

I, John D. Klopfenstein, certify that:

1. I have reviewed this report on Form 10-Q of FRP Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosures controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial report; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 13, 2024

/s/ John D. Klopfenstein
Controller and Chief Accounting Officer

Exhibit 32

CERTIFICATION UNDER SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned certifies that this periodic report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of FRP Holdings, Inc.

FRP Holdings, Inc.

Date: May 13, 2024

By /s/JOHN D. BAKER III
John D. Baker III
Chief Executive Officer & Chief Financial Officer
(Principal Executive Officer & Principal Financial Officer)

By /s/JOHN D. KLOPFENSTEIN
John D. Klopfenstein
Controller and Chief Accounting
Officer (Principal Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to FRP Holdings, Inc. and will be retained by FRP Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification accompanies the issuer's Quarterly report on Form 10-Q and is not filed as provided in SEC Release Nos. 33-8212, 34-4751 and IC-25967, dated June 30, 2003.