FRP HOLDINGS, INC./NEWS

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FRP HOLDINGS, INC. (NASDAQ: FRPH) ANNOUNCES RESULTS FOR THE THIRD QUARTER OF FISCAL 2016.

FRP Holdings, Inc. (NASDAQ-FRPH) Jacksonville, Florida; August 2, 2016 –

Fiscal 2016 Third Quarter Consolidated Results of Operations.

Net income for the third quarter of fiscal 2016 was $774,000 or $.08 per share versus $2,046,000 or $.21 per share in the third quarter last year. Total revenues were $9,243,000, up $746,000, or 8.8%, versus the same quarter last year. Total cost of operations increased $2,669,000, or 57.9%, as the Company recorded an environmental remediation expense of $2.0 million for the Company's estimated liability under the proposed agreement with our joint venture partner, MRP, to develop Phase II of Riverfront on the Anacostia. Consolidated total operating profit decreased by $1,923,000, or 49.4%, to $1,966,000 this quarter.

Third Quarter Segment Operating Results.

During fiscal 2015, management analyzed the amount of corporate and management company time likely to be spent on our segments going forward and, as a result, the allocation of corporate expense to the Mining Royalty Lands segment was reduced and reallocated to our other two segments (the "Reallocation").

<u>Asset Management Segment</u>:

Total revenues in this segment were $6,927,000, up $418,000 or 6.4%, over the same quarter last year. Net Operating Income in this segment for the 3rd quarter was $5,485,000, compared to $5,273,000 in the 3rd quarter last year, an increase of 4%. The increase was mainly due to the acquisition of the Port Capital building in Baltimore in October of 2015. We ended this quarter with total occupied square feet of 3,319,891 versus 3,256,405 at the end of the 3rd quarter last year, an increase of 1.9% or 63,486 square feet.

Depreciation and amortization expense increased primarily due to $139,000 of accelerated depreciation for tenant improvements removed during the quarter for a new tenant and the Port Capital purchase. Corporate expense increased due to the Reallocation and higher professional fees.

During the 2nd quarter, the Company identified an opportunity to buy the Gilroy Road building located in Hunt Valley, MD, for a purchase price of $8,331,000. The Company closed on this acquisition July 1, 2016. The building is a 116,338 square foot Class "B" warehouse facility inclusive of 8,900 square feet of second floor mezzanine office space (107,438 sf footprint) on 7.0 acres in Hunt Valley, MD. The property is 100% leased. Rental revenue (excluding reimbursements) is projected to be $755,000 in fiscal 2017.

<u>Mining Royalty Lands Segment</u>:

Total revenues in this segment were $2,059,000, an increase of 18.7%, versus $1,735,000 in the same quarter last year due to an increase in tons sold at locations over the minimum. Total operating profit in this segment was $1,888,000, an increase of $535,000 (inclusive of a $171,000 benefit from the Reallocation), versus $1,353,000 in the third quarter of last year.

<u>Land Development and Construction Segment</u>:

The Land Development and Construction segment is responsible for (i) seeking out and identifying opportunistic purchases of income producing warehouse/office buildings, and (ii) developing our non-income producing properties into income production. Construction of the 79,550 square foot spec warehouse at Hollander Business park was completed during the third quarter of this fiscal year and transferred to the Asset Management segment for lease-up. Also in the third quarter of fiscal 2016 we started construction on a 103,653 square foot building in Patriot Business Center and pre-leased 51,727 square feet. The Company executed a letter of intent with MRP Realty in May 2016 to develop Phase II of the Riverfront on the Anacostia project and recorded an estimated environmental remediation expense of $2.0 million for the Company's estimated liability under the proposed agreement.

Operating expenses were higher than the same quarter last year primarily due to professional fees pursuing settlement negotiations with other potentially responsible parties for environmental contamination and an eminent domain proceeding both at Riverfront on the Anacostia.

Fiscal 2016 First Nine Months Consolidated Results of Continuing Operations.

Income from continuing operations for the first nine months of fiscal 2016 was $10,067,000 or $1.02 per share versus $4,022,000 or $.41 per share in the first nine months last year. The first nine months of fiscal 2016 included $.44 per share from a gain on land sale of $6,177,000 and income of $1,000,000 from the $3 million environmental claim cash settlement received offset by a $2 million estimated liability for environmental remediation on Phase II. Post Spin-off we are reporting any net gain/(loss) from the transportation business as "discontinued operations" and we currently have no other discontinued operations being reported. For the nine months ended June 30, 2016 we received no benefit to after tax net income versus a $2,179,000 benefit in the same period last year. Additionally, GAAP accounting rules do not allow corporate overhead expense to be allocated to a discontinued operation of the Company which resulted in the first nine months of fiscal 2015 including $1,081,000 of corporate overhead expense to the Company that was associated with the discontinued transportation operations.

Total revenues were up $1,934,000, or 7.5%, versus the same period last year. Consolidated adjusted total operating profit in the first nine months of the year (excluding the positive impacts of the environmental settlement/expense (net) in this period and the negative impact of corporate expense not allocable to discontinued operations in the prior year) was up 16.9% over the same period last year (see table "Non-GAAP Financial Measures).

First Nine Months Segment Operating Results.

Asset Management Segment:

Total revenues in this segment were $21,416,000, up $820,000 or 4.0%, over the same period last year. Net operating income in this segment for the period was $16,317,000, compared to $15,726,000 in the 3rd quarter last year, an increase of 3.8%. The increase was due mainly to completion of the third build-to-suit in the middle of the 2nd quarter last year and the acquisition of the Port Capital building in October of 2015.

Depreciation and amortization expense increased primarily due to $139,000 of accelerated depreciation for tenant improvements removed during the current quarter for a new tenant and the Port Capital purchase. Corporate expense increased due to the reallocation and higher professional fees.

Mining Royalty Lands Segment:

Total revenues in this segment were $5,496,000, an increase of 24.5%, versus $4,414,000 in the same period last year due to an increase in tons sold. Total operating profit in this segment was $4,932,000, an increase of $2,032,000 (inclusive of a $885,000 benefit from the Reallocation), versus $2,900,000 in the first nine months of last year.

Land Development and Construction Segment:

In addition to the items occurring in the 3rd quarter as outlined above, during the first nine months of fiscal 2016 this segment successfully closed on the sale of Phase II of the Windlass Run residential land (a non-income producing property) for $11,288,000. Using $9,900,000 of the proceeds from that sale in a Section 1031 exchange, the Asset Management segment acquired the Port Capital building, a 91,218 square foot, 100% occupied warehouse with first full year projected rental revenue of $594,000. Management successfully completed negotiations and entered into a $3,000,000 settlement of environmental claims against our former tenant at the Riverfront on the Anacostia property and continues to pursue settlement negotiations with other potentially responsible parties. This recovery was mostly offset by the recordation of environmental remediation expense of $2.0 million for Phase II.

Summary and Outlook. We are focused on building shareholder value through our real estate holdings - mainly by growing our portfolio through the opportunistic purchase of income producing warehouse/office buildings, and the conversion of our non-income producing assets into income production through a two pronged approach that includes (i) selling land that is not conducive to warehouse/office development (e.g. Windlass Run Residential Phase 2 land) and using the proceeds to acquire existing income producing warehouse/office buildings typically in a Section 1031 exchange (e.g. the Port Capital building purchase) and (ii) the construction of new warehouse/office buildings on existing pad sites in our developed business parks (e.g. new spec building at Hollander Business Park). Over the past five years, we have converted 172 acres of non-income producing land into 766,216 square feet of income producing properties (excluding the recently completed spec building) with estimated FY 2016 rental revenues of $5,587,000.

We saw another quarter of real improvement in mining royalties due mainly to increased volumes at most of our locations.

During the remainder of fiscal 2016, we expect to continue construction on a new 104,000 sq.ft. spec building at Patriot Business Park, reconstruct the bulk head at the Square 664E property in anticipation of future high-rise development, and continue management of construction and lease up of Phase I (Dock 79) of RiverFront on the Anacostia and pre-development activities for Phase II. Phase I pre-leasing activity for the 305 residential units commenced in late May of 2016 and as of July 18th the residential units were 18.8% pre-leased with occupancy not expected until August 2016.

Conference Call.

The Company will host a conference call on Tuesday, August 2, 2016 at 1:00 p.m. (EDT). Analysts, stockholders and other interested parties may access the teleconference live by calling 1-800-351-6804 (pass code 34997) within the United States. International callers may dial 334-323-7224 (pass code 34997). Computer audio live streaming is available via the Internet through the Company's website at www.frpholdings.com. You may also click on this link for the live streaming http://stream.conferenceamerica.com/FRP080216. For the archived audio via the internet, click on the following link http://archive.conferenceamerica.com/archivestream/FRP080216.mp3. If using the Company's website, click on the Investor Relations tab, then select the earnings conference stream. An audio replay will be available for sixty days following the conference call. To listen to the audio replay, dial toll free 877-919-4059, international callers dial 334-323-0140. The passcode of the audio replay is 49097905. Replay options: "1" begins playback, "4" rewind 30 seconds, "5" pause, "6" fast forward 30 seconds, "0" instructions, and "9" exits recording. There may be a 30-40 minute delay until the archive is available following the conclusion of the conference call.

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

	THREE MONTHS ENDED JUNE 30,		NINE MONTHS ENDED JUNE 30,	
	2016	2015	2016	2015
Revenues:				
Rental revenue	$ 6,082	5,784	18,198	17,531
Royalty and rents	2,033	1,714	5,427	4,349
Revenue – reimbursements	1,128	999	4,056	3,867
Total Revenues	9,243	8,497	27,681	25,747
Cost of operations:				
Depreciation, depletion and amortization	2,066	1,805	5,891	5,566
Operating expenses	974	818	3,478	3,487
Environmental remediation expense	2,000	—	(1,000)	—
Property taxes	1,128	994	3,388	3,323
Management company indirect	425	434	1,425	1,228
Corporate expenses	684	557	2,424	3,750
Total cost of operations	7,277	4,608	15,606	17,354
Total operating profit	1,966	3,889	12,075	8,393
Interest income	—	—	2	—
Interest expense	(392)	(459)	(1,288)	(1,524)
Equity in loss of joint ventures	(186)	(75)	(326)	(255)
Gain (Loss) on investment land sold	(109)	—	6,177	(20)
Income from continuing operations before income taxes	1,279	3,355	16,640	6,594
Provision for income taxes	505	1,309	6,573	2,572
Income from continuing operations	774	2,046	10,067	4,022
Gain from discontinued transportation operations, net of taxes	—	—	—	2,179
Net income	$ 774	2,046	10,067	6,201
Comprehensive net income	$ 774	2,046	10,067	6,201
Earnings per common share:				
Income from continuing operations-				
Basic	$ 0.08	0.21	1.02	0.41
Diluted	$ 0.08	0.21	1.02	0.41
Discontinued operations-				
Basic	$ —	—	—	0.23
Diluted	$ —	—	—	0.22
Net Income-				
Basic	$ 0.08	0.21	1.02	0.64
Diluted	$ 0.08	0.21	1.02	0.63
Number of shares (in thousands) used in computing:				
-basic earnings per common share	9,864	9,777	9,839	9,745
-diluted earnings per common share	9,907	9,839	9,884	9,822

Asset Management Segment:

(dollars in thousands)	Three months ended June 30 2016	%	2015	%	Change	%
Rental revenue	$ 5,952	85.9%	5,684	87.3%	268	4.7%
Revenue-reimbursements	975	14.1%	825	12.7%	150	18.2%
Total revenue	6,927	100.0%	6,509	100.0%	418	6.4%
Depreciation, depletion and amortization	1,985	28.7%	1,694	26.0%	291	17.2%
Operating expenses	774	11.2%	730	11.2%	44	6.0%
Property taxes	668	9.6%	551	8.5%	117	21.2%
Management company indirect	182	2.6%	245	3.8%	(63)	-25.7%
Corporate expense	354	5.1%	210	3.2%	144	68.6%
Cost of operations	3,963	57.2%	3,430	52.7%	533	15.5%
Operating profit	$ 2,964	42.8%	3,079	47.3%	(115)	-3.7%

Mining Royalty Lands Segment:

(dollars in thousands)	Three months ended June 30 2016	%	2015	%
Royalty and rents	$ 2,035	98.8%	1,714	98.8%
Revenue-reimbursements	24	1.2%	21	1.2%
Total revenue	2,059	100.0%	1,735	100.0%
Depreciation, depletion and amortization	15	0.7%	39	2.2%
Operating expenses	45	2.2%	66	3.8%
Property taxes	59	2.9%	54	3.1%
Corporate expense	52	2.5%	223	12.9%
Cost of operations	171	8.3%	382	22.0%
Operating profit	$ 1,888	91.7%	1,353	78.0%

Land Development and Construction Segment:

(dollars in thousands)	Three months ended June 30 2016	2015	Change
Rental revenue	$ 130	100	30
Royalty and rents	(2)	—	(2)
Revenue-reimbursements	129	153	(24)
Total revenue	257	253	4
Depreciation, depletion and amortization	66	72	(6)
Operating expenses	155	22	133

Environmental remediation expense	2,000	—	2,000
Property taxes	401	389	12
Management company indirect	243	189	54
Corporate expense	278	124	154
Cost of operations	3,143	796	2,347
Operating loss	$ (2,886)	(543)	(2,343)

Asset Management Segment:

(dollars in thousands)	Nine months ended June 30 2016	%	2015	%	Change	%
Rental revenue	$ 17,818	83.2%	17,183	83.4%	635	3.7%
Revenue-reimbursements	3,598	16.8%	3,413	16.6%	185	5.4%
Total revenue	21,416	100.0%	20,596	100.0%	820	4.0%
Depreciation, depletion and amortization	5,618	26.2%	5,256	25.5%	362	6.9%
Operating expenses	3,043	14.2%	2,931	14.2%	112	3.8%
Property taxes	1,989	9.3%	2,003	9.7%	(14)	-0.7%
Management company indirect	637	3.0%	544	2.7%	93	17.1%
Corporate expense	1,252	5.8%	1,007	4.9%	245	24.3%
Cost of operations	12,539	58.5%	11,741	57.0%	798	6.8%
Operating profit	$ 8,877	41.5%	8,855	43.0%	22	0.2%

Mining Royalty Lands Segment:

(dollars in thousands)	Nine months ended June 30 2016	%	2015	%
Royalty and rents	$ 5,429	98.8%	4,349	98.5%
Revenue-reimbursements	67	1.2%	65	1.5%
Total revenue	5,496	100.0%	4,414	100.0%
Depreciation, depletion and amortization	80	1.5%	100	2.3%
Operating expenses	125	2.3%	180	4.1%
Property taxes	177	3.2%	167	3.8%
Corporate expense	182	3.3%	1,067	24.1%
Cost of operations	564	10.3%	1,514	34.3%
Operating profit	$ 4,932	89.7%	2,900	65.7%

Land Development and Construction Segment:

(dollars in thousands)	Nine months ended June 30 2016	2015	Change
Rental revenue	$ 380	348	32
Royalty and rents	(2)	—	(2)
Revenue-reimbursements	391	389	2
Total revenue	769	737	32
Depreciation, depletion and amortization	193	210	(17)
Operating expenses	310	376	(66)
Environmental remediation recovery	(1,000)	—	(1,000)
Property taxes	1,222	1,153	69
Management company indirect	788	684	104
Corporate expense	990	595	395
Cost of operations	2,503	3,018	(515)
Operating loss	$ (1,734)	(2,281)	547

Non-GAAP Financial Measures.

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

Post Spin-off we are reporting any net gain/(loss) from the transportation business as “discontinued operations” and we currently have no other discontinued operations being reported. GAAP accounting rules do not allow corporate overhead expenses to be allocated to a discontinued operation of the Company; thus, those corporate expenses attributable to the transportation business prior to the spin-off are charged to the Company as part of continuing operations.

Adjusted Operating Profit

Adjusted operating profit excludes the impact of the corporate expense not allocated to discontinued operations and the environmental remediation recovery. Adjusted operating profit is presented to provide additional perspective on underlying trends in FRP’s core operating results. A reconciliation between operating profit and adjusted operating profit is as follows:

Adjusted Operating Profit	Nine months ended June 30, 2016	2015	Change	%
Operating profit	$ 12,075	8,393	3,682	43.9%
Adjustments:				
Environmental remediation recovery	(1,000)	—		
Corporate costs not allocated to discontinued operations	—	1,081		
Adjusted Operating profit	$ 11,075	9,474	1,601	16.9%

Net Operating Income Reconciliation
Three months ending 06/30/16 (in thousands)

	Asset Management Segment	Land Development Segment	Mining Royalties Segment	Unallocated Corporate Expenses	FRP Holdings Totals
Income from continuing operations	$ 1,556	(1,927)	1,145	—	774
Income Tax Allocation	1,016	(1,259)	748	—	505
Inc. from continuing operations before income taxes	2,572	(3,186)	1,893	—	1,279
Less:					
Lease intangible rents	5	—			
Plus:					
Unrealized rents	5	—			
Equity in loss of Joint Venture	—	176			
Loss on investment land sold	—	124			
Interest Expense	392	—			
Depreciation/Amortization	1,985	66			
Management Co. Indirect	182	243			
Allocated Corporate Expenses	354	278			
Net Operating Income (loss)	$ 5,485	(2,299)			

Net Operating Income Reconciliation
Nine months ending 06/30/16 (in thousands)

	Asset Management Segment	Land Development Segment	Mining Royalties Segment	Unallocated Corporate Expenses	FRP Holdings Totals
Income from continuing operations	$ 4,596	2,496	2,975	—	10,067
Income Tax Allocation	3,002	1,629	1,942	—	6,573
Inc. from continuing operations before income taxes	7,598	4,125	4,917	—	16,640
Less:					
Gains on investment land sold	9	6,153			
Other income	—	2			
Unrealized rents	44	—			
Lease intangible rents	23	—			
Plus:					
Equity in loss of Joint Venture	—	296			
Interest Expense	1,288	—			
Depreciation/Amortization	5,618	193			
Management Co. Indirect	637	788			
Allocated Corporate Expenses	1,252	990			
Net Operating Income	$ 16,317	237			

Net Operating Income Reconciliation
Three months ending 06/30/15 (in thousands)

	Asset Management Segment	Land Development Segment	Mining Royalties Segment	Unallocated Corporate Expenses	FRP Holdings Totals
Income from continuing operations	$ 1,611	(383)	818	-	2,046
Income Tax Allocation	1,030	(244)	523	-	1,309
Inc. from continuing operations before income taxes	2,641	(627)	1,341	-	3,355
Less:					
Gains on investment land sold	20	—			
Lease intangible rents	14	—			
Plus:					
Loss on investment land sold	—	20			
Unrealized rents	59	—			
Equity in loss of Joint Venture	—	64			
Interest Expense	458	—			
Depreciation/Amortization	1,694	72			
Management Co. Indirect	245	189			
Allocated Corporate Expenses	210	124			
Net Operating Income (loss)	$ 5,273	(158)			

Net Operating Income Reconciliation
Nine months ending 06/30/15 (in thousands)

	Asset Management Segment	Land Development Segment	Mining Royalties Segment	Unallocated Corporate Expenses	FRP Holdings Totals
Income from continuing operations	$ 4,503	(1,541)	1,720	(660)	4,022
Income Tax Allocation	2,879	(986)	1,100	(421)	2,572
Inc. from continuing operations before income taxes	7,382	(2,527)	2,820	(1,081)	6,594
Less:					
Lease intangible rents	39	—			
Plus:					
Loss on investment land sold	—	20			
Unrealized rents	103	—			
Equity in loss of Joint Venture	—	226			
Interest Expense	1,473	—			
Depreciation/Amortization	5,256	210			
Management Co. Indirect	544	684			
Allocated Corporate Expenses	1,007	595			
Net Operating Income	$ 15,726	(792)			