



FRP HOLDINGS, INC./NEWS

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FRP HOLDINGS, INC. (NASDAQ: FRPH) ANNOUNCES RESULTS FOR THE FOURTH QUARTER AND FISCAL YEAR ENDED SEPTEMBER 30, 2016.

FRP Holdings, Inc. (NASDAQ-FRPH) Jacksonville, Florida; November 22, 2016 –

Fiscal 2016 Fourth Quarter Consolidated Results of Operations.

Net income for the fourth quarter of fiscal 2016 was \$1,957,000 or \$.20 per share versus \$2,071,000 or \$.21 per share in the fourth quarter last year. Total revenues were \$9,776,000, up 9.9%, versus the same quarter last year, while total cost of operations increased 7%. Finally, consolidated total operating profit was up \$520,000 this quarter, a 13.7% improvement over last year's fourth quarter results.

Fourth 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").

Asset Management Segment:

Total revenues in this segment were \$7,323,000, up \$349,000 or 5.0%, over the same quarter last year. Net Operating Income in this segment for the 4th quarter was \$5,627,000, compared to \$5,317,000 in the 4th quarter last year, an increase of 5.8%. The increase was mainly due to the acquisition of the Port Capital building in Baltimore in October of 2015 and the acquisition of the Gilroy Road building in Hunt Valley, MD on July 1, 2016. We ended this quarter with total occupied square feet of 3,486,681 versus 3,262,965 at the end of the 4th quarter last year, an increase of 6.9% or 223,716 square feet.

Depreciation and amortization expense increased primarily due to the two building purchases in fiscal 2016 and the write-off of prepaid commissions related to the bankruptcy of one of our tenants, ITT Educational Services. Corporate expense increased due to the Reallocation and higher professional fees.

Mining Royalty Lands Segment:

Total revenues in this segment were \$2,037,000, an increase of 21.3%, versus \$1,680,000 in the same quarter last year due to an increase in tons sold at locations over the minimum. Including a \$207,000 benefit from reallocating corporate expenses, total operating profit in this segment was \$1,866,000. That is an increase of \$611,000 over last year's fourth quarter operating profit of \$1,255,000.

Land Development and Construction Segment:

The Land Development and Construction segment is responsible for (i) seeking out and identifying opportunistic purchases of income producing warehouse/office buildings, and (ii) developing our non-income producing properties into income production. During the quarter we obtained rezoning of our 117 acre parcel in Carroll County, Maryland from industrial to residential which we pursued in order to maximize this asset's profitability and expedite its disposition. We also received \$1,115,400 as settlement for an easement related to the future construction of the new Frederick Douglass Bridge. Because of operating losses and depreciation during the lease up of Phase I (Dock 79) of RiverFront on the Anacostia this quarter, equity in loss of joint ventures was \$652,000. Phase I pre-leasing activity for the 305 residential units commenced in late May of 2016 and as of the end of October the residential units were 30.5% occupied and 42.3% leased, while retail units were 80% leased with just one space remaining.

Fiscal Year 2016 Consolidated Results of Continuing Operations.

Income from continuing operations for fiscal 2016 was \$12,024,000 or \$1.22 per share versus \$6,093,000 or \$.62 per share last year. Fiscal 2016 included \$.43 per share from a gain on land sale of \$6,029,000 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 fiscal 2016 we received no benefit to after tax net income versus a \$2,179,000 benefit 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 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 \$2,811,000, or 8.1%, versus the same period last year. Consolidated adjusted total operating profit in fiscal 2016 (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% over last year (see table "Non-GAAP Financial Measures).

Fiscal Year 2016 Segment Operating Results.

Asset Management Segment:

Total revenues in this segment were \$28,739,000, up \$1,169,000 or 4.2%, over last year. Net operating income in this segment for fiscal 2016 was \$21,944,000, compared to \$21,043,000 last year, an increase of 4.3%. The increase was due mainly to completion of the third build-to-suit in the middle of the 2nd quarter last year, the acquisition of the Port Capital building in October of 2015 and the acquisition of the Gilroy Road building in July of 2016.

Depreciation and amortization expense increased primarily due to the two building purchases in fiscal 2016, accelerated depreciation of \$139,000 for tenant improvements removed for a new tenant, and the

write-off of prepaid commissions related to the bankruptcy of one of our tenants, ITT Educational Services. Corporate expense increased due to the Reallocation and higher professional fees.

Mining Royalty Lands Segment:

Total revenues in this segment were \$7,533,000, an increase of 23.6%, versus \$6,094,000 last year due to an increase in tons sold. Total operating profit in this segment was \$6,798,000, an increase of \$2,642,000 (inclusive of a \$1,091,000 benefit from the Reallocation), versus \$4,156,000 last year.

Land Development and Construction Segment:

Beyond the aforementioned rezoning of Hampstead and settling the easement at Anacostia, during 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. 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. 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.

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 FY 2016 rental revenues of \$5,555,000.

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

During fiscal 2017, we expect to complete construction on the 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 lease up of Phase I (Dock 79) of RiverFront on the Anacostia and pre-development activities for Phase II.

Conference Call.

The Company will host a conference call on Monday, November 28, 2016 at 10:00 a.m. (ET). Analysts, stockholders and other interested parties may access the teleconference live by calling 1-800-853-3898 (pass code 97315) within the United States. International callers may dial 334-323-7224 (pass code 97315). 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/FRP112816>. For the archived audio via the internet, click on the following link <http://archive.conferenceamerica.com/archivestream/FRP112816.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 29505239. 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 SEPTEMBER 30,		TWELVE MONTHS ENDED SEPTEMBER 30,	
	2016	2015	2016	2015
Revenues:				
Rental revenue	\$ 6,261	5,879	24,457	23,410
Mining Royalty and rents	2,014	1,650	7,443	5,999
Revenue – reimbursements	1,501	1,370	5,557	5,237
Total Revenues	9,776	8,899	37,457	34,646
Cost of operations:				
Depreciation, depletion and amortization	2,160	1,812	8,051	7,378
Operating expenses	1,146	1,122	4,624	4,609
Environmental remediation expense	—	—	(1,000)	—
Property taxes	1,087	1,120	4,475	4,443
Management company indirect	419	419	1,844	1,647
Corporate expenses	656	638	3,080	4,388
Total cost of operations	5,468	5,111	21,074	22,465
Total operating profit	4,308	3,788	16,383	12,181
Interest income	—	—	2	—
Interest expense	(273)	(490)	(1,561)	(2,014)
Equity in loss of joint ventures	(652)	110	(978)	(145)
Gain (Loss) on investment land sold	(148)	(14)	6,029	(34)
Income from continuing operations before income taxes	3,235	3,394	19,875	9,988
Provision for income taxes	1,278	1,323	7,851	3,895
Income from continuing operations	1,957	2,071	12,024	6,093
Gain from discontinued transportation operations, net of taxes	—	—	—	2,179
Net income	<u>\$ 1,957</u>	<u>2,071</u>	<u>12,024</u>	<u>8,272</u>
Earnings per common share:				
Income from continuing operations-				
Basic	\$ 0.20	0.21	1.22	0.62
Diluted	\$ 0.20	0.21	1.22	0.62
Discontinued operations-				
Basic	\$ —	—	—	0.23
Diluted	\$ —	—	—	0.22
Net Income-				
Basic	\$ 0.20	0.21	1.22	0.85
Diluted	\$ 0.20	0.21	1.22	0.84
Number of shares (in thousands) used in computing:				
-basic earnings per common share	9,865	9,789	9,846	9,756
-diluted earnings per common share	9,908	9,839	9,890	9,827

Asset Management Segment:

(dollars in thousands)	Three months ended September 30				Change	%
	2016	%	2015	%		
Rental revenue	\$ 5,977	81.6%	5,763	82.6%	214	3.7%
Revenue-reimbursements	1,346	18.4%	1,211	17.4%	135	11.1%
Total revenue	7,323	100.0%	6,974	100.0%	349	5.0%
Depreciation, depletion and amortization	2,071	28.3%	1,707	24.5%	364	21.3%
Operating expenses	1,102	15.0%	1,002	14.4%	100	10.0%
Property taxes	729	10.0%	648	9.3%	81	12.5%
Management company indirect	176	2.4%	191	2.7%	(15)	-7.9%
Corporate expense	339	4.6%	241	3.4%	98	40.7%
Cost of operations	4,417	60.3%	3,789	54.3%	628	16.6%
Operating profit	\$ 2,906	39.7%	3,185	45.7%	(279)	-8.8%

Mining Royalty Lands Segment:

(dollars in thousands)	Three months ended September 30			
	2016	%	2015	%
Mining Royalty and rents	\$ 2,014	98.9%	1,650	98.2%
Revenue-reimbursements	23	1.1%	30	1.8%
Total revenue	2,037	100.0%	1,680	100.0%
Depreciation, depletion and amortization	24	1.2%	33	2.0%
Operating expenses	40	2.0%	71	4.2%
Property taxes	58	2.8%	65	3.9%
Corporate expense	49	2.4%	256	15.2%
Cost of operations	171	8.4%	425	25.3%
Operating profit	\$ 1,866	91.6%	1,255	74.7%

Land Development and Construction Segment:

(dollars in thousands)	Three months ended September 30		
	2016	2015	Change
Rental revenue	\$ 284	116	168
Revenue-reimbursements	132	129	3
Total revenue	416	245	171
Depreciation, depletion and amortization	65	72	(7)
Operating expenses	3	49	(46)

Property taxes	300	407	(107)
Management company indirect	243	228	15
Corporate expense	<u>268</u>	<u>141</u>	<u>127</u>
Cost of operations	<u>879</u>	<u>897</u>	<u>(18)</u>
Operating loss	<u>\$ (463)</u>	<u>(652)</u>	<u>189</u>

Asset Management Segment:

(dollars in thousands)	Years Ended September 30				Change	%
	2016	%	2015	%		
Rental revenue	\$ 23,795	82.8%	\$ 22,946	83.2%	\$ 849	3.7%
Revenue-reimbursements	<u>4,944</u>	<u>17.2%</u>	<u>4,624</u>	<u>16.8%</u>	<u>320</u>	<u>6.9%</u>
Total revenue	28,739	100.0%	27,570	100.0%	1,169	4.2%
Depreciation, depletion and amortization	7,689	26.8%	6,963	25.3%	726	10.4%
Operating expenses	4,145	14.4%	3,933	14.3%	212	5.4%
Property taxes	2,718	9.5%	2,651	9.6%	67	2.5%
Management company indirect	813	2.8%	735	2.7%	78	10.6%
Corporate expense	<u>1,591</u>	<u>5.5%</u>	<u>1,248</u>	<u>4.4%</u>	<u>343</u>	<u>27.5%</u>
Cost of operations	<u>16,956</u>	<u>59.0%</u>	<u>15,530</u>	<u>56.3%</u>	<u>1,426</u>	<u>9.2%</u>
Operating profit	<u>\$ 11,783</u>	<u>41.0%</u>	<u>\$ 12,040</u>	<u>43.7%</u>	<u>\$ (257)</u>	<u>-2.1%</u>

Mining Royalty Lands Segment:

(dollars in thousands)	Years Ended September 30			
	2016	%	2015	%
Mining Royalty and rents	\$ 7,443	98.8%	5,999	98.4%
Revenue-reimbursements	<u>90</u>	<u>1.2%</u>	<u>95</u>	<u>1.6%</u>
Total revenue	7,533	100.0%	6,094	100.0%
Depreciation, depletion and amortization	104	1.4%	133	2.2%
Operating expenses	165	2.2%	251	4.1%
Property taxes	235	3.1%	232	3.8%
Corporate expense	<u>231</u>	<u>3.1%</u>	<u>1,322</u>	<u>21.7%</u>
Cost of operations	<u>735</u>	<u>9.8%</u>	<u>1,938</u>	<u>31.8%</u>
Operating profit	<u>\$ 6,798</u>	<u>90.2%</u>	<u>\$ 4,156</u>	<u>68.2%</u>

Land Development and Construction Segment:

(dollars in thousands)	Twelve months ended September 30		
	2016	2015	Change
Rental revenue	\$ 662	464	198
Revenue-reimbursements	523	518	5
Total revenue	1,185	982	203
Depreciation, depletion and amortization	258	282	(24)
Operating expenses	314	425	(111)
Environmental remediation recovery	(1,000)	—	(1,000)
Property taxes	1,522	1,560	(38)
Management company indirect	1,031	912	119
Corporate expense	1,258	737	521
Cost of operations	3,383	3,916	(533)
Operating loss	<u>\$ (2,198)</u>	<u>(2,934)</u>	<u>736</u>

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	Twelve months ended September 30,		Change	%
	2016	2015		
Operating profit	\$ 16,383	12,181	4,202	34.5%
Adjustments:				
Environmental remediation recovery	(1,000)	—		
Corporate costs not allocated to discontinued operations	—	1,081		
Adjusted Operating profit	\$ 15,383	13,262	2,121	16.0%

Net Operating Income Reconciliation Quarter ended 9/30/16 (in thousands)

	Asset Management Segment	Land Development Segment	Mining Royalties Segment	Unallocated Corporate Expenses	FRP Holdings Totals
Income from continuing operations	1,592	(758)	1,123	—	1,957
Income Tax Allocation	1,039	(495)	734	—	1,278
Inc. from continuing operations before income taxes	2,631	(1,253)	1,857	—	3,235
Less:					
Lease intangible rents	4	—			
Plus:					
Loss on investment land sold	1	148			
Unrealized rents	139	—			
Equity in loss of Joint Venture	—	642			
Interest Expense	274	—			
Depreciation/Amortization	2,071	65			
Management Co. Indirect	176	243			
Allocated Corporate Expenses	339	267			
Net Operating Income	5,627	112			

Net Operating Income Reconciliation Year ended 9/30/16 (in thousands)

	Asset Management Segment	Land Development Segment	Mining Royalties Segment	Unallocated Corporate Expenses	FRP Holdings Totals
Income from continuing operations	6,188	1,738	4,098	—	12,024
Income Tax Allocation	4,041	1,134	2,676	—	7,851
Inc. from continuing operations before income taxes	10,229	2,872	6,774	—	19,875
Less:					
Gains on investment land sold	8	6,006			
Lease intangible rents	27	—			
Other income	—	2			
Plus:					
Unrealized rents	95	—			
Equity in loss of Joint Venture	—	938			
Interest Expense	1,562	—			
Depreciation/Amortization	7,689	258			
Management Co. Indirect	813	1,031			
Allocated Corporate Expenses	1,591	1,257			
Net Operating Income	21,944	348			

Net Operating Income Reconciliation
Quarter Ended 9/30/15 (in thousands)

	Asset Management Segment	Land Development Segment	Mining Royalties Segment	Unallocated Corporate Expenses	FRP Holdings Totals
Income from continuing operations	1,643	(332)	760	—	2,071
Income Tax Allocation	1,051	(213)	485	—	1,323
Inc. from continuing operations before income taxes	2,694	(545)	1,245	—	3,394
Less:					
Lease intangible rents	14	—			
Equity in gain of Joint Venture	—	121			
Plus:					
Loss on investment land sold	—	14			
Unrealized rents	7	—			
Interest Expense	491	—			
Depreciation/Amortization	1,707	72			
Management Co. Indirect	191	228			
Allocated Corporate Expenses	241	141			
Net Operating Income (loss)	5,317	(211)			

Net Operating Income Reconciliation
Year ended 9/30/15 (in thousands)

	Asset Management Segment	Land Development Segment	Mining Royalties Segment	Unallocated Corporate Expenses	FRP Holdings Totals
Income from continuing operations	6,146	(1,874)	2,480	(659)	6,093
Income Tax Allocation	3,930	(1,199)	1,586	(422)	3,895
Inc. from continuing operations before income taxes	10,076	(3,073)	4,066	(1,081)	9,988
Less:					
Lease intangible rents	53	—			
Plus:					
Loss on investment land sold	—	34			
Unrealized rents	110	—			
Equity in loss of Joint Venture	—	105			
Interest Expense	1,964	—			
Depreciation/Amortization	6,963	282			
Management Co. Indirect	735	912			
Allocated Corporate Expenses	1,248	737			
Net Operating Income (loss)	21,043	(1,003)			