FRP HOLDINGS, INC./NEWS

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

Jacksonville, Florida; May 4, 2016 –

Fiscal 2016 Second Quarter Consolidated Results of Continuing Operations.

Income from continuing operations for the second quarter of fiscal 2016 was $1,820,000 or $.18 per share versus $845,000 or $.09 per share in the second quarter last year. Total revenues were up $667,000, or 7.5%, versus the same quarter last year with total cost of operations down $683,000, or 10.1%. Consolidated total operating profit increased by $1,350,000, or 62.5%, to $3,509,000 this quarter.

The Company enjoyed another successful quarter in both of our income producing segments. Compared to last year's 2nd quarter, our Mining Royalty Lands segment grew operating profit (excluding the benefit from the Reallocation[1]) by 68.9% while our Asset Management segment grew operating profit by 7.9%.

Second Quarter Segment Operating Results.

<u>Asset Management Segment</u>:

Total revenues in this segment were $7,574,000, up $244,000 or 3.3%, over the same quarter last year. Net Operating Income in this segment for the 2nd quarter was $5,442,000, compared to $5,095,000 in the 2nd quarter last year, an increase of 6.8%. The increase was mainly due to the completion of the third build-to-suit at Patriot Business Park in the middle of the 2nd quarter last year and the acquisition of the Port Capital building in Baltimore in October of 2015. We ended this quarter with total occupied square feet of 3,348,112 versus 3,198,200 at the end of the 2nd quarter last year, an increase of 4.7% or 149,912 square feet.

1 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").

During the quarter, the Company identified an opportunistic purchase opportunity and entered into a purchase agreement to buy the Gilroy Road building located in Hunt Valley, MD, for a purchase price of $8,850,000. The Gilroy Road building is a 113,386 sq.ft. warehouse that is currently 100% occupied. The contract is in the feasibility study phase and is subject to multiple contingencies before the parties are obligated to close.

Mining Royalty Lands Segment:

Total revenues in this segment were $1,778,000, an increase of 33.2%, versus $1,335,000 in the same quarter last year due to an increase in tons shipped. Total operating profit in this segment was $1,574,000, an increase of $909,000 (inclusive of a $451,000 benefit from the Reallocation), versus $665,000 in the second quarter of last year.

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. Construction of the 79,550 square foot spec warehouse at Hollander Business Park will be completed during the third quarter of this fiscal year and, upon receipt of a Certificate of Occupancy, will be transferred to the Asset Management segment for lease-up.

During the 2nd quarter, we entered into an agreement with a substantial Baltimore development company (St. John Properties, Inc.) to jointly develop the remaining lands of our Windlass Run Business Park. The 50/50 partnership initially calls for FRP to combine its 25 acres (valued at $7,500,000) with St. John Properties' adjacent 10 acres fronting on a major state highway (valued at $3,239,536) resulting in an initial cash distribution of $2,130,232 to FRP on or about May, 2016. Thereafter, the venture will jointly develop the combined properties into a multi-building business park to consist of approximately 329,000 square feet of single story office space.

Fiscal 2016 First Six Months Consolidated Results of Continuing Operations.

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 six months ended March 31, 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 six months of fiscal 2015 including $1,081,000 of corporate overhead expense to the Company that was associated with the discontinued transportation operations.

Income from continuing operations for the first six months of fiscal 2016 was $9,293,000 or $.94 per share versus $1,976,000 or $.20 per share in the first six months last year. The first six months of fiscal 2016 included $.57 per share from a gain on land sale of $6,286,000 and income of $3,000,000 from the settlement of environmental claims. The first six months of 2015 was negatively impacted by $.07 per share as a result of $1,081,000 of corporate costs not allocable to discontinued operations.

Total revenues were up $1,188,000, or 6.9%, versus the same period last year.

Consolidated adjusted total operating profit in the first six months of the year (excluding the positive impacts of the environmental settlement and the corporate expense not allocable to discontinued operations in the prior year) was up 27.3% over the same period last year (see table "Non-GAAP Financial Measures).

First Six Months Segment Operating Results.

Asset Management Segment:

Total revenues in this segment were $14,489,000, up $402,000 or 2.9%, over the same period last year. Net operating income in this segment for the period was $10,832,000, compared to $10,453,000 in the 2nd quarter last year, an increase of 3.6%. 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.

Mining Royalty Lands Segment:

Total revenues in this segment were $3,437,000, an increase of 28.3%, versus $2,679,000 in the same period last year due to an increase in tons shipped. Total operating profit in this segment was $3,044,000, an increase of $1,497,000 (inclusive of a $714,000 benefit from the Reallocation), versus $1,547,000 in the first six months of last year.

Land Development and Construction Segment:

In addition to the items occurring in the 2nd quarter outlined above, during the first six 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.

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 with estimated FY 2016 rental revenues of $5,133,000.

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

During the quarter, we began the process of designing and permitting for the construction of a 104,000 sq.ft. spec building at our Patriot Business Park. Subject to further market analysis and Board approval, we anticipate construction commencing in the 3rd quarter of this year with completion in the 4th quarter of next fiscal year. We anticipate commencing the capital improvement work on the bulkhead at Square 664E in southeast Washington, D.C. during the 3rd quarter of this fiscal year with an estimated total cost to complete of $4,200,000 of which $397,000 has already been incurred to date. In the event the Company commits to develop Phase II of the Riverfront on the Anacostia project during this fiscal year we will likely book a liability for the estimated incremental cost of remediation similar to what we booked with regards to Phase I.

The construction of Dock 79 at Riverfront on the Anacostia is on budget and nearing completion on schedule. As a result, through our property management agent (Kettler Management, Inc.) we commenced leasing activities on the residential and retail units. The initial activity has been positive and we anticipate our first residential occupancies to begin in August of this year. For more detail on the units and rental rates at Dock 79 please visit www.dock79.com.

Conference Call.

The Company will host a conference call on Wednesday, May 4, 2016 at 1:00 p.m. (EDT). Analysts, stockholders and other interested parties may access the teleconference live by calling 1-888-207-9997 (pass code 97341) within the United States. International callers may dial 334-323-7224 (pass code 97341). 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/FRP050416. For the archived audio via the internet, click on the following link http://archive.conferenceamerica.com/archivestream/FRP050416.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 28893867. 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 MARCH 31, 2016	THREE MONTHS ENDED MARCH 31, 2015	SIX MONTHS ENDED MARCH 31, 2016	SIX MONTHS ENDED MARCH 31, 2015
Revenues:				
Rental revenue	$ 6,089	5,879	12,116	11,747
Royalty and rents	1,756	1,315	3,394	2,635
Revenue – reimbursements	1,770	1,754	2,928	2,868
Total Revenues	9,615	8,948	18,438	17,250
Cost of operations:				
Depreciation, depletion and amortization	1,929	1,878	3,825	3,761
Operating expenses	1,531	1,755	2,504	2,669
Environmental remediation recovery	—	—	(3,000)	—
Property taxes	1,142	1,234	2,260	2,329
Management company indirect	496	442	1,000	794
Corporate expenses (Note 4 Related Party)	1,008	1,480	1,740	3,193
Total cost of operations	6,106	6,789	8,329	12,746
Total operating profit	3,509	2,159	10,109	4,504
Interest income	1	—	2	—
Interest expense	(415)	(620)	(896)	(1,065)
Equity in loss of joint ventures	(86)	(150)	(140)	(180)
Gain (Loss) on investment land sold	—	(3)	6,286	(20)
Income from continuing operations before income taxes	3,009	1,386	15,361	3,239
Provision for income taxes	1,189	541	6,068	1,263
Income from continuing operations	1,820	845	9,293	1,976
Gain from discontinued transportation operations, net of taxes	—	516	—	2,179
Net income	$ 1,820	1,361	9,293	4,155
Comprehensive net income	$ 1,820	1,361	9,293	4,155
Earnings per common share:				
Income from continuing operations-				
Basic	$ 0.18	0.09	0.95	0.20
Diluted	$ 0.18	0.09	0.94	0.20
Discontinued operations-				
Basic	$ —	0.05	—	0.23
Diluted	$ —	0.05	—	0.22
Net Income-				
Basic	$ 0.18	0.14	0.95	0.43
Diluted	$ 0.18	0.14	0.94	0.42
Number of shares (in thousands) used in computing:				
-basic earnings per common share	9,853	9,749	9,828	9,730
-diluted earnings per common share	9,893	9,818	9,873	9,813

Asset Management Segment:

(dollars in thousands)	Three months ended March 31 2016	%	2015	%	Change	%
Rental revenue	$ 5,958	78.7%	5,755	78.5%	203	3.5%
Revenue-reimbursements	1,616	21.3%	1,575	21.5%	41	2.6%
Total revenue	7,574	100.0%	7,330	100.0%	244	3.3%
Depreciation, depletion and amortization	1,835	24.2%	1,776	24.2%	59	3.3%
Operating expenses	1,430	18.9%	1,526	20.8%	(96)	-6.3%
Property taxes	662	8.7%	696	9.5%	(34)	-4.9%
Management company indirect	224	3.0%	145	2.0%	79	54.4%
Corporate expense	520	6.9%	497	6.8%	23	4.6%
Cost of operations	4,671	61.7%	4,640	63.3%	31	0.7%
Operating profit	$ 2,903	38.3%	2,690	36.7%	213	7.9%

Mining Royalty Lands Segment:

(dollars in thousands)	Three months ended March 31 2016	%	2015	%
Royalty and rents	$ 1,756	98.8%	1,315	98.5%
Revenue-reimbursements	22	1.2%	20	1.5%
Total revenue	1,778	100.0%	1,335	100.0%
Depreciation, depletion and amortization	31	1.8%	30	2.3%
Operating expenses	39	2.2%	59	4.4%
Property taxes	59	3.3%	55	4.1%
Corporate expense	75	4.2%	526	39.4%
Cost of operations	204	11.5%	670	50.2%
Operating profit	$ 1,574	88.5%	665	49.8%

Land Development and Construction Segment:

(dollars in thousands)	Three months ended March 31 2016	2015	Change
Rental revenue	$ 131	124	7
Revenue-reimbursements	132	159	(27)
Total revenue	263	283	(20)
Depreciation, depletion and amortization	63	72	(9)

Operating expenses	62	170	(108)
Property taxes	421	484	(63)
Management company indirect	272	296	(24)
Corporate expense	413	295	118
Cost of operations	1,231	1,317	(86)
Operating loss	$ (968)	(1,034)	66

Asset Management Segment:

(dollars in thousands)	Six months ended March 31 2016	%	2015	%	Change	%
Rental revenue	$ 11,866	81.9%	11,499	81.6%	367	3.2%
Revenue-reimbursements	2,623	18.1%	2,588	18.4%	35	1.4%
Total revenue	14,489	100.0%	14,087	100.0%	402	2.9%
Depreciation, depletion and amortization	3,633	25.1%	3,562	25.3%	71	2.0%
Operating expenses	2,269	15.7%	2,201	15.7%	68	3.1%
Property taxes	1,321	9.1%	1,452	10.3%	(131)	-9.0%
Management company indirect	455	3.1%	299	2.1%	156	52.2%
Corporate expense	898	6.2%	797	5.6%	101	12.7%
Cost of operations	8,576	59.2%	8,311	59.0%	265	3.2%
Operating profit	$ 5,913	40.8%	5,776	41.0%	137	2.4%

Mining Royalty Lands Segment:

(dollars in thousands)	Six months ended March 31 2016	%	2015	%
Royalty and rents	$ 3,394	98.7%	2,635	98.4%
Revenue-reimbursements	43	1.3%	44	1.6%
Total revenue	3,437	100.0%	2,679	100.0%
Depreciation, depletion and amortization	65	1.9%	61	2.3%
Operating expenses	80	2.3%	114	4.3%
Property taxes	118	3.4%	113	4.2%
Corporate expense	130	3.8%	844	31.5%
Cost of operations	393	11.4%	1,132	42.3%
Operating profit	$ 3,044	88.6%	1,547	57.7%

Land Development and Construction Segment:

(dollars in thousands)	Six months ended March 31 2016	2015	Change
Rental revenue	$ 250	248	2
Revenue-reimbursements	262	236	26
Total revenue	512	484	28
Depreciation, depletion and amortization	127	138	(11)
Operating expenses	155	354	(199)
Environmental remediation recovery	(3,000)	—	(3,000)
Property taxes	821	764	57
Management company indirect	545	495	50
Corporate expense	712	471	241
Cost of operations	(640)	2,222	(2,862)
Operating loss	$ 1,152	(1,738)	2,890

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 press release 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	Six months ended March 31, 2016	2015	Change	%
Operating profit	$ 10,109	4,504	5,605	124.4%
Adjustments:				
Environmental remediation recovery	(3,000)	—		
Corporate costs not allocated to discontinued operations	—	1,081		
Adjusted Operating profit	$ 7,109	5,585	1,524	27.3%

Net Operating Income Reconciliation
Three months ending 03/31/16 (in thousands)

	Asset Management Segment	Land Development Segment	Mining Royalties Segment	Unallocated Corporate Expenses	FRP Holdings Totals
Income from continuing operations	$ 1,505	(631)	946	—	1,820
Income Tax Allocation	983	(410)	616	—	1,189
Inc. from continuing operations before income taxes	2,488	(1,041)	1,562	—	3,009
Less:					
Gains on investment land sold	—	—			
Other income	—	1			
Unrealized rents	36	—			
Lease intangible rents	4	—			
Plus:					
Equity in loss of Joint Venture	—	75			
Interest Expense	415	—			
Depreciation/Amortization	1,835	63			
Management Co. Indirect	224	272			
Allocated Corporate Expenses	520	413			
Net Operating Income (loss)	$ 5,442	(219)			

Net Operating Income Reconciliation
Six months ending 03/31/16 (in thousands)

	Asset Management Segment	Land Development Segment	Mining Royalties Segment	Unallocated Corporate Expenses	FRP Holdings Totals
Income from continuing operations	$ 3,040	4,423	1,830	—	9,293
Income Tax Allocation	1,986	2,888	1,194	—	6,068
Inc. from continuing operations before income taxes	5,026	7,311	3,024	—	15,361
Less:					
Gains on investment land sold	9	6,277			
Other income	—	2			
Unrealized rents	49	—			
Lease intangible rents	18	—			
Plus:					
Equity in loss of Joint Venture	—	120			
Interest Expense	896	—			
Depreciation/Amortization	3,633	127			
Management Co. Indirect	455	545			
Allocated Corporate Expenses	898	712			
Net Operating Income	$ 10,832	2,536			

Net Operating Income Reconciliation
Three months ending 03/31/15 (in thousands)

	Asset Management Segment	Land Development Segment	Mining Royalties Segment	Unallocated Corporate Expenses	FRP Holdings Totals
Income from continuing operations	$ 1,257	(706)	393	(99)	845
Income Tax Allocation	803	(451)	252	(63)	541
Inc. from continuing operations before income taxes	2,060	(1,157)	645	(162)	1,386
Less:					
Gains on investment land sold	—	17			
Lease intangible rents	13	—			
Unrealized rents	—	—			
Plus:					

Loss on investment land sold	20	—
Equity in loss of Joint Venture	—	140
Interest Expense	610	—
Depreciation/Amortization	1,776	72
Management Co. Indirect	145	296
Allocated Corporate Expenses	497	295
Net Operating Income (loss)	$ 5,095	(371)

Net Operating Income Reconciliation
Six months ending 03/31/15 (in thousands)

	Asset Management Segment	Land Development Segment	Mining Royalties Segment	Unallocated Corporate Expenses	FRP Holdings Totals
Income from continuing operations	$ 2,892	(1,158)	901	(659)	1,976
Income Tax Allocation	1,849	(742)	578	(422)	1,263
Inc. from continuing operations before income taxes	4,741	(1,900)	1,479	(1,081)	3,239
Less:					
Lease intangible rents	25	—			
Plus:					
Loss on investment land sold	20	—			
Unrealized rents	44	—			
Equity in loss of Joint Venture	—	162			
Interest Expense	1,015	—			
Depreciation/Amortization	3,562	138			
Management Co. Indirect	299	495			
Allocated Corporate Expenses	797	471			
Net Operating Income	$ 10,453	(634)			