

REPUBLIC FIRST BANCORP INC
Form 10-Q
November 07, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2014.

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: 000-17007

Republic First Bancorp, Inc.
(Exact name of registrant as specified in its charter)

Pennsylvania (State or other jurisdiction of incorporation or organization)	23-2486815 (I.R.S. Employer Identification No.)
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50 South 16th Street, Philadelphia, Pennsylvania (Address of principal executive offices)	19102 (Zip code)
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215-735-4422
(Registrant's telephone number, including area code)
Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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 NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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

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to submit and post such files). YES NO

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

Large accelerated filer Accelerated filer
Non-Accelerated filer Smaller reporting
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

APPLICABLE ONLY TO CORPORATE ISSUERS

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

Common Stock, par value	37,815,003
\$0.01 per share	
Title of Class	Number of Shares Outstanding as of November 6, 2014

REPUBLIC FIRST BANCORP, INC. AND SUBSIDIARIES
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Republic First Bancorp, Inc. and Subsidiaries
Consolidated Balance Sheets
September 30, 2014 and December 31, 2013
(Dollars in thousands, except per share data)
(unaudited)

	September 30, 2014	December 31, 2013
ASSETS		
Cash and due from banks	\$13,546	\$12,525
Interest bearing deposits with banks	88,917	23,355
Federal funds sold	3,381	-
Cash and cash equivalents	105,844	35,880
Investment securities available for sale, at fair value	158,830	204,891
Investment securities held to maturity, at amortized cost (fair value of \$68,646 and \$21, respectively)	68,991	21
Restricted stock, at cost	1,725	1,570
Loans held for sale	789	4,931
Loans receivable (net of allowance for loan losses of \$12,216 and \$12,263, respectively)	739,817	667,048
Premises and equipment, net	29,767	22,748
Other real estate owned, net	3,775	4,059
Accrued interest receivable	3,282	3,049
Other assets	17,896	17,468
Total Assets	\$1,130,716	\$961,665
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits		
Demand – non-interest bearing	\$216,642	\$157,806
Demand – interest bearing	224,102	230,221
Money market and savings	471,199	402,671
Time deposits	78,132	78,836
Total Deposits	990,075	869,534
Accrued interest payable	300	237
Other liabilities	6,272	6,519
Subordinated debt	22,476	22,476
Total Liabilities	1,019,123	898,766
Shareholders' Equity		
Preferred stock, par value \$0.01 per share: 10,000,000 shares authorized; no shares issued	-	-
Common stock, par value \$0.01 per share: 50,000,000 shares authorized; shares issued 38,343,848 as of September 30, 2014 and 26,501,742 as of December 31, 2013	383	265
Additional paid in capital	152,122	107,078
Accumulated deficit	(36,119)	(37,708)
Treasury stock at cost (503,408 shares as of September 30, 2014 and 416,303 shares as of December 31, 2013)	(3,725)	(3,099)

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Stock held by deferred compensation plan (25,437 shares as of September 30, 2014 and 112,542 shares as of December 31, 2013)	(183)	(809)
Accumulated other comprehensive loss	(885)	(2,828)
Total Shareholders' Equity	111,593	62,899
Total Liabilities and Shareholders' Equity	\$1,130,716	\$961,665

(See notes to consolidated financial statements)

Republic First Bancorp, Inc. and Subsidiaries
Consolidated Statements of Operations
For the Three and Nine Months Ended September 30, 2014 and 2013
(Dollars in thousands, except per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Interest income:				
Interest and fees on taxable loans	\$8,914	\$8,060	\$25,381	\$23,888
Interest and fees on tax-exempt loans	86	86	252	266
Interest and dividends on taxable investment securities	1,260	1,097	3,689	3,187
Interest and dividends on tax-exempt investment securities	96	56	258	177
Interest on federal funds sold and other interest-earning assets	45	40	107	143
Total interest income	10,401	9,339	29,687	27,661
Interest expense:				
Demand- interest bearing	220	213	636	615
Money market and savings	509	425	1,392	1,355
Time deposits	189	197	540	680
Other borrowings	277	278	830	834
Total interest expense	1,195	1,113	3,398	3,484
Net interest income	9,206	8,226	26,289	24,177
Provision for loan losses	300	250	600	1,175
Net interest income after provision for loan losses	8,906	7,976	25,689	23,002
Non-interest income:				
Loan advisory and servicing fees	388	446	1,291	1,220
Gain on sales of SBA loans	614	1,106	2,814	3,863
Service fees on deposit accounts	316	270	896	769
Legal settlements	-	-	-	238
Gain on sale of investment securities	-	-	458	703
Other-than-temporary impairment	-	-	21	-
Portion recognized in other comprehensive income (before taxes)	-	-	(28)	-
Net impairment loss on investment securities	-	-	(7)	-
Bank owned life insurance income	-	-	-	13
Other non-interest income	53	70	138	199
Total non-interest income	1,371	1,892	5,590	7,005
Non-interest expenses:				
Salaries and employee benefits	5,074	4,486	14,942	13,276
Occupancy	1,039	941	3,104	2,661
Depreciation and amortization	710	671	1,779	1,626
Legal	283	544	982	1,411
Other real estate owned	376	745	1,062	1,771
Advertising	91	103	453	321
Data processing	336	299	990	715
Insurance	148	155	427	466

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Professional fees	330	358	1,160	1,040
Regulatory assessments and costs	258	327	791	912
Taxes, other	171	63	620	566
Legal settlement	-	1,875	-	1,875
Other operating expenses	1,170	1,541	3,448	3,654
Total non-interest expense	9,986	12,108	29,758	30,294
Income (loss) before benefit for income taxes	291	(2,240)	1,521	(287)
Benefit for income taxes	(6)	(18)	(68)	(68)
Net income (loss)	\$297	\$(2,222)	\$1,589	\$(219)
Net income (loss) per share:				
Basic	\$0.01	\$(0.09)	\$0.05	\$(0.01)
Diluted	\$0.01	\$(0.09)	\$0.05	\$(0.01)

(See notes to consolidated financial statements)

Republic First Bancorp, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
For the Three and Nine Months Ended September 30, 2014 and 2013
(Dollars in thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income (loss)	\$297	\$(2,222)	\$1,589	\$(219)
Other comprehensive income (loss), net of tax				
Unrealized gain (loss) on securities (pre-tax \$(244), \$(220), \$3,422, and \$(3,717), respectively)	(156)	(141)	2,194	(2,383)
Reclassification adjustment for securities gains (pre-tax \$-, \$-, \$458, and \$703, respectively)	-	-	(293)	(450)
Reclassification adjustment for impairment charge (pre-tax \$-, \$-, \$7, and \$-, respectively)	-	-	4	-
Net unrealized holding gains (losses) on securities transferred between available-for-sale and held-to-maturity:				
Amortization of net unrealized holding losses to income during the period (pre-tax \$60, \$-, \$60, \$-, respectively)	38	-	38	-
Total other comprehensive income (loss)	(118)	(141)	1,943	(2,833)
Total comprehensive income (loss)	\$179	\$(2,363)	\$3,532	\$(3,052)

(See notes to consolidated financial statements)

Republic First Bancorp, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2014 and 2013
(Dollars in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2014	2013
Cash flows from operating activities		
Net income (loss)	\$1,589	\$(219)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Provision for loan losses	600	1,175
Loss (gain) on sale of other real estate owned	9	(229)
Write down of other real estate owned	667	1,442
Depreciation and amortization	1,779	1,626
Stock based compensation	309	237
Gain on sale and call of investment securities	(458)	(703)
Impairment charges on investment securities	7	-
Amortization of premiums on investment securities	414	613
Proceeds from sales of SBA loans originated for sale	29,485	39,519
SBA loans originated for sale	(22,529)	(42,704)
Gains on sales of SBA loans originated for sale	(2,814)	(3,863)
Increase in value of bank owned life insurance	-	(13)
Increase in accrued interest receivable and other assets	(1,747)	(2,129)
Net (decrease) increase in accrued interest payable and other liabilities	(184)	723
Net cash provided by (used in) operating activities	7,127	(4,525)
Cash flows from investing activities		
Purchase of investment securities available for sale	(46,823)	(50,054)
Proceeds from the sale of securities available for sale	5,700	7,946
Proceeds from the maturity or call of securities available for sale	20,114	27,315
Proceeds from the maturity or call of securities held to maturity	1,166	-
Net (purchase) redemption of restricted stock	(155)	2,246
Net increase in loans	(73,852)	(34,595)
Net proceeds from sale of other real estate owned	91	1,994
Surrender proceeds on bank owned life insurance	-	10,503
Premises and equipment expenditures	(8,798)	(831)
Net cash used in investing activities	(102,557)	(35,476)
Cash flows from financing activities		
Net proceeds from stock offering	44,853	-
Net increase (decrease) in demand, money market and savings deposits	121,245	(4,041)
Net decrease in time deposits	(704)	(39,657)
Net cash provided by (used in) financing activities	165,394	(43,698)
Net increase (decrease) in cash and cash equivalents	69,964	(83,699)
Cash and cash equivalents, beginning of year	35,880	128,004

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Cash and cash equivalents, end of period	\$105,844	\$44,305
Supplemental disclosures:		
Interest paid	\$3,335	\$3,476
Income taxes paid	\$70	\$185
Non-cash transfers from loans to other real estate owned	\$483	\$246
Transfer of available-for-sale securities to held-to-maturity securities	\$70,118	\$-

(See notes to consolidated financial statements)

Republic First Bancorp, Inc. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
For the Nine Months Ended September 30, 2014 and 2013
(Dollars in thousands)
(unaudited)

	Common Stock	Additional Paid in Capital	Accumulated Deficit	Treasury Stock	Stock Held by Deferred Compensation Plan	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance January 1, 2014	\$ 265	\$ 107,078	\$ (37,708)	\$ (3,099)	\$ (809)	\$ (2,828)	\$ 62,899
Net income			1,589				1,589
Other comprehensive income, net of tax						1,943	1,943
Proceeds from shares issued under common stock offering (11,842,106 shares) net of offering costs (pre-tax \$147)	118	44,735					44,853
Stock based compensation		309					309
Transfer from deferred compensation plan to treasury stock (87,105 shares)				(626)	626		-
Balance September 30, 2014	\$ 383	\$ 152,122	\$ (36,119)	\$ (3,725)	\$ (183)	\$ (885)	\$ 111,593
Balance January 1, 2013	\$ 265	\$ 106,753	\$ (34,228)	\$ (3,099)	\$ (809)	\$ 1,020	\$ 69,902
Net loss			(219)				(219)
Other comprehensive loss, net of tax						(2,833)	(2,833)
Stock based compensation		237					237
Balance September 30, 2013	\$ 265	\$ 106,990	\$ (34,447)	\$ (3,099)	\$ (809)	\$ (1,813)	\$ 67,087

(See notes to consolidated financial statements)

Republic First Bancorp, Inc. and Subsidiaries
Notes to Consolidated Financial Statements (unaudited)

Note 1: Basis of Presentation

Republic First Bancorp, Inc. (the “Company”) is a corporation incorporated under the laws of the Commonwealth of Pennsylvania and a registered bank holding company. The Company offers a variety of retail and commercial banking services to individuals and businesses throughout the Greater Philadelphia and Southern New Jersey area through its wholly-owned subsidiary, Republic First Bank (“Republic” or the “Bank”) which does business under the name Republic Bank. The Company also has three unconsolidated subsidiaries, which are statutory trusts established by the Company in connection with its sponsorship of three separate issuances of trust preferred securities.

The Company and Republic encounter vigorous competition for market share in the geographic areas they serve from bank holding companies, national, regional and other community banks, thrift institutions, credit unions and other non-bank financial organizations, such as mutual fund companies, insurance companies and brokerage companies.

The Company and Republic are subject to regulations of certain state and federal agencies. These regulatory agencies periodically examine the Company and Republic for adherence to laws and regulations. As a consequence, the cost of doing business may be affected.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Republic. The Company follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“U.S. GAAP”) that are followed to ensure consistent reporting of financial condition, results of operations, and cash flows.

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. GAAP for interim financial information and with the instructions to United States Securities and Exchange Commission (“SEC”) Form 10-Q and Article 10 of SEC Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for financial statements for a complete fiscal year. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine month periods ended September 30, 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014. All significant inter-company accounts and transactions have been eliminated in the consolidated financial statements. The Company has evaluated subsequent events through the date of issuance of the financial data included herein.

Note 2: Summary of Significant Accounting Policies

Risks and Uncertainties

The earnings of the Company depend primarily on the earnings of Republic. The earnings of Republic are dependent primarily upon the level of net interest income, which is the difference between interest earned on its interest-earning assets, such as loans and investments, and the interest paid on its interest-bearing liabilities, such as deposits and borrowings. Accordingly, the Company’s results of operations are subject to risks and uncertainties surrounding Republic’s exposure to changes in the interest rate environment.

Prepayments on residential real estate mortgage and other fixed rate loans and mortgage-backed securities vary significantly and may cause significant fluctuations in interest margins.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates are made by management in determining the allowance for loan losses, carrying values of other real estate owned, assessment of other than temporary impairment (“OTTI”) of investment securities, fair value of financial instruments and the realization of deferred income tax assets. Consideration is given to a variety of factors in establishing these estimates.

In estimating the allowance for loan losses, management considers current economic conditions, diversification of the loan portfolio, delinquency statistics, results of internal loan reviews, borrowers’ perceived financial and managerial strengths, the adequacy of underlying collateral, if collateral dependent, or present value of future cash flows, and other relevant factors. An estimate for the carrying value of other real estate owned is normally determined through appraisals which are updated on a regular basis or through agreements of sale that have been negotiated. Because the allowance for loan losses and carrying value of other real estate owned are dependent, to a great extent, on the general economy and other conditions that may be beyond the Company’s and Republic’s control, the estimates of the allowance for loan losses and the carrying values of other real estate owned could differ materially in the near term.

In estimating OTTI of investment securities, securities are evaluated on at least a quarterly basis and more frequently when market conditions warrant such an evaluation, to determine whether a decline in their value is other than temporary. To determine whether a loss in value is other than temporary, management utilizes criteria such as the reasons underlying the decline, the magnitude and duration of the decline, the intent to hold the security and the likelihood of the Company not being required to sell the security prior to an anticipated recovery in the fair value. The term “other than temporary” is not intended to indicate that the decline is permanent, but indicates that the prospect for a near-term recovery of value is not necessarily favorable, or that there is a lack of evidence to support a realizable value equal to or greater than the carrying value of investment. Once a decline in value is determined to be other than temporary, the value of the security is reduced and a corresponding charge to earnings is recognized.

In evaluating the Company’s ability to recover deferred tax assets, management considers all available positive and negative evidence. Management also makes assumptions on the amount of future taxable income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies. These assumptions require management to make judgments that are consistent with the plans and estimates used to manage the Company’s business. As a result of cumulative losses in recent years including 2011, 2012, 2013, and the nine month period ended September 30, 2014 and the uncertain nature of recovery in the current economic environment, the Company has decided to currently exclude future taxable income from its analysis of the ability to recover deferred tax assets and has recorded a valuation allowance against its deferred tax assets. An increase or decrease in the valuation allowance would result in an adjustment to income tax expense in the period and could have a significant impact on the Company’s future earnings.

Stock-Based Compensation

The Company has a Stock Option and Restricted Stock Plan (“Plan”), under which the Company may grant options, restricted stock or stock appreciation rights to the Company’s employees, directors, and certain consultants. The Plan became effective on November 14, 1995, and was amended and approved at the Company’s 2005 annual meeting of shareholders. Under the terms of the Plan, 1.5 million shares of common stock, plus an annual increase equal to the

number of shares needed to restore the maximum number of shares that may be available for grant under the Plan to 1.5 million shares, are available for such grants. As of September 30, 2014, the only grants under the Plan have been option grants. The Plan provides that the exercise price of each option granted equals the market price of the Company's stock on the date of the grant. Options granted pursuant to the Plan vest within one to four years and have a maximum term of 10 years. The Plan terminates pursuant to its terms on November 14, 2015.

On April 29, 2014, the Company's shareholders approved the 2014 Republic First Bancorp, Inc. Equity Incentive Plan (the "2014 Plan"), under which the Company may grant options, restricted stock, stock units, or stock appreciation rights to the Company's employees, directors, independent contractors, and consultants. Under the terms of the 2014 Plan, 2.6 million shares of common stock, plus an annual adjustment to be no less than 10% of the outstanding shares or such lower number as the Board of Directors may determine, are available for such grants.

During the nine months ended September 30, 2014, 360,900 options were granted under the Plan with a weighted average grant date fair value of \$576,185. There were no options granted under the 2014 Plan.

The Company utilizes the Black-Scholes option pricing model to calculate the estimated fair value of each stock option granted on the date of the grant. A summary of the assumptions used in the Black-Scholes option pricing model for 2014 and 2013 are as follows:

	2014	2013
Dividend yield(1)	0.0 %	0.0 %
	55.79% to	
Expected volatility(2)	57.99%	54.88% to 55.08%
Risk-free interest rate(3)	1.51% to 2.26%	1.28% to 2.02%
Expected life(4)	5.5 to 7.0 years	7.0 years

(1) A dividend yield of 0.0% is utilized because cash dividends have never been paid.

(2) Expected volatility is based on Bloomberg's five and one-half to seven year volatility calculation for "FRBK" stock.

(3) The risk-free interest rate is based on the five to seven year Treasury bond.

(4) The expected life reflects a 1 to 4 year vesting period, the maximum ten year term and review of historical behavior.

During the nine months ended September 30, 2014 and 2013, 206,825 options and 127,287 options vested, respectively. Expense is recognized ratably over the period required to vest. At September 30, 2014, the intrinsic value of the 1,502,774 options outstanding was \$1,207,234, while the intrinsic value of the 452,261 exercisable (vested) options was \$206,121. During the nine months ended September 30, 2014, 73,656 options were forfeited with a weighted average grant date fair value of \$27,365.

Information regarding stock based compensation for the nine months ended September 30, 2014 and 2013 is set forth below:

	2014	2013
Stock based compensation expense recognized	\$ 309,000	\$ 237,000
Number of unvested stock options	1,050,513	893,563
Fair value of unvested stock options	\$ 1,552,934	\$ 1,210,840
Amount remaining to be recognized as expense	\$ 812,979	\$ 597,709

The remaining amount of \$812,979 will be recognized as expense through September 2018.

Earnings per Share

Earnings per share (“EPS”) consist of two separate components: basic EPS and diluted EPS. Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding for each period presented. Diluted EPS is calculated by dividing net income by the weighted average number of common shares outstanding plus dilutive common stock equivalents (“CSEs”). CSEs consist of dilutive stock options granted through the Company’s Plan and 2014 Plan and convertible securities related to the trust preferred securities issued in 2008. In the diluted EPS computation, the after tax interest expense on the trust preferred securities issuance is added back to net income. For the three and nine months ended September 30, 2014 and 2013, the effect of CSEs (convertible securities related to the trust preferred securities only) and the related add back of after tax interest expense was considered anti-dilutive and therefore was not included in the EPS calculation.

The calculation of EPS for the three and nine months ended September 30, 2014 and 2013 is as follows (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income (loss) (basic and diluted)	\$297	\$(2,222)	\$1,589	\$(219)
Weighted average shares outstanding	37,815	25,973	33,025	25,973
Net income (loss) per share – basic	\$0.01	\$(0.09)	\$0.05	\$(0.01)
Weighted average shares outstanding (including dilutive CSEs)	38,253	25,973	33,399	25,973
Net income (loss) per share – diluted	\$0.01	\$(0.09)	\$0.05	\$(0.01)

Recent Accounting Pronouncements

ASU 2014-04

In January 2014, the FASB issued ASU 2014-04, “Receivables – Troubled Debt Restructuring by Creditors (Subtopic 310-40): Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans Upon Foreclosure – a consensus of the FASB Emerging Issues Task Force.” The guidance clarifies when a creditor should be considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan such that the loan should be derecognized and the real estate property recognized. For public business entities, the ASU is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. For entities other than public business entities, the ASU is effective for annual periods beginning after December 15, 2014, and interim periods within those annual periods. The Company does not believe the adoption of the amendment to this guidance will have a material impact on the consolidated financial statements.

ASU 2014-09

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers (Topic 660): Summary and Amendments that Create Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs – Contracts with Customers (Subtopic 340-40).” The purpose of this guidance is to clarify the principles for recognizing revenue. The guidance in this update supersedes the revenue recognition requirements in ASC Topic 605, Revenue

Recognition, and most industry-specific guidance throughout the industry topics of the codification. For public companies, this update will be effective for interim and annual periods beginning after December 15, 2016. The Company is currently assessing the impact that this guidance will have on its consolidated financial statements, but does not expect the guidance to have a material impact on the Company's consolidated financial statements.

ASU 2014-14

In August 2014, the FASB issued ASU 2014-14, "Receivables – Troubled Debt Restructurings by Creditors (Subtopic 310-40): Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure - a consensus of the FASB Emerging Issues Task Force." The amendments in this update address a practice issue related to the classification of certain foreclosed residential and nonresidential mortgage loans that are either fully or partially guaranteed under government programs. Specifically, creditors should reclassify loans that meet certain conditions to "other receivables" upon foreclosure, rather than reclassifying them to other real estate owned (OREO). The separate other receivable recorded upon foreclosure is to be measured based on the amount of the loan balance (principal and interest) the creditor expects to recover from the guarantor. The ASU is effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. For all other entities, the amendments are effective for annual periods ending after December 15, 2015, and interim periods beginning after December 15, 2015. The Company is currently assessing the impact that this guidance will have on its consolidated financial statements, but does not expect the guidance to have a material impact on the Company's consolidated financial statements.

Note 3: Legal Proceedings

The Company and Republic are from time to time parties (plaintiff or defendant) to lawsuits in the normal course of business. While any litigation involves an element of uncertainty, management is of the opinion that the liability of the Company and Republic, if any, resulting from such actions will not have a material effect on the financial condition or results of operations of the Company and Republic.

Note 4: Segment Reporting

The Company has one reportable segment: community banking. The community bank segment primarily encompasses the commercial loan and deposit activities of Republic, as well as consumer loan products in the area surrounding its stores.

Note 5: Investment Securities

A summary of the amortized cost and market value of securities available for sale and securities held to maturity at September 30, 2014 and December 31, 2013 is as follows:

(dollars in thousands)	At September 30, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Collateralized mortgage obligations	\$83,145	\$326	\$(346)	\$83,125
Mortgage-backed securities	12,832	611	(56)	13,387
Municipal securities	12,246	348	(41)	12,553
Corporate bonds	26,908	818	-	27,726
Asset-backed securities	18,532	204	-	18,736
Trust preferred securities	5,261	-	(2,082)	3,179
Other securities	115	9	-	124
Total securities available for sale	\$159,039	\$2,316	\$(2,525)	\$158,830
U.S. Government agencies	\$1	\$-	\$-	\$1
Collateralized mortgage obligations	68,970	123	(468)	68,625
Other securities	20	-	-	20
Total securities held to maturity	\$68,991	\$123	\$(468)	\$68,646
(dollars in thousands)	At December 31, 2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Collateralized mortgage obligations	\$127,242	\$665	\$(4,467)	\$123,440
Mortgage-backed securities	15,669	623	(111)	16,181
Municipal securities	9,737	68	(162)	9,643
Corporate bonds	32,174	1,079	-	33,253
Asset-backed securities	19,089	318	-	19,407
Trust preferred securities	5,277	-	(2,427)	2,850
Other securities	115	2	-	117
Total securities available for sale	\$209,303	\$2,755	\$(7,167)	\$204,891
U.S. Government agencies	\$1	\$-	\$-	\$1
Other securities	20	-	-	20
Total securities held to maturity	\$21	\$-	\$-	\$21

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The maturity distribution of the amortized cost and estimated market value of investment securities by contractual maturity at September 30, 2014 is as follows:

(dollars in thousands)	Available for Sale			Held to Maturity		
	Amortized Cost	Fair Value		Amortized Cost	Fair Value	
Due in 1 year or less	\$ 14,979	\$ 15,211		\$ -	\$ -	
After 1 year to 5 years	63,314	5.46%	54,685		54,685	6,926 12.7%
GACC Jacksonville RI - 1 hotel	January 2024	5.49%	10,378		10,378	1,765 17.0%
GACC Manchester RI - 1 hotel	January 2024	5.49%	7,111		7,111	1,378 19.4%
Key Bank Manchester CY - 1 hotel	May 2024	4.99%	6,641		6,641	949 14.3%
Morgan Stanley Pool C1 - 3 hotels	August 2024	5.20%	67,164		67,164	8,167 12.2%
Morgan Stanley Pool C2 - 2 hotels	August 2024	4.85%	12,427		12,427	2,329 18.7%
Morgan Stanley Pool C3 - 3 hotels	August 2024	4.90%	24,836		24,836	3,727 15.0%
BAML Pool 3 - 3 hotels	February 2025	4.45%	53,293		53,293	8,487 15.9%
BAML Pool 5 - 2 hotels	February 2025	4.45%	20,575		20,575	3,037 14.8%
Unencumbered hotels						1,987 N/A
			\$ 576,364	\$ 3,197,240	\$ 3,773,604	\$ 475,624 12.6%
Percentage			15.3%	84.7%	100.0%	
Weighted average interest rate			5.03%	5.43%	5.37%	

All indebtedness is non-recourse.

- (1) This mortgage loan has three one-year extension options, subject to satisfaction of certain conditions and a LIBOR floor of 0.20%. The first one-year extension period began in February 2016.
- (2) This mortgage loan has three one-year extension options, subject to satisfaction of certain conditions.
- (3) This mortgage loan has four one-year extension options, subject to satisfaction of certain conditions.
- (4) This mortgage loan has two one-year extension options, subject to satisfaction of certain conditions.
- (5) This loan had a \$10.4 million pay down of principal related to the Springhill Suites Gaithersburg.
- (6) This mortgage loan has three one-year extension options, subject to satisfaction of certain conditions, of which the first was exercised in August 2016.
- (7) See Exhibit 1 for reconciliation of net income (loss) to hotel EBITDA.

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES

INDEBTEDNESS BY MATURITY ASSUMING EXTENSION OPTIONS ARE EXERCISED

December 31, 2016

(in thousands)

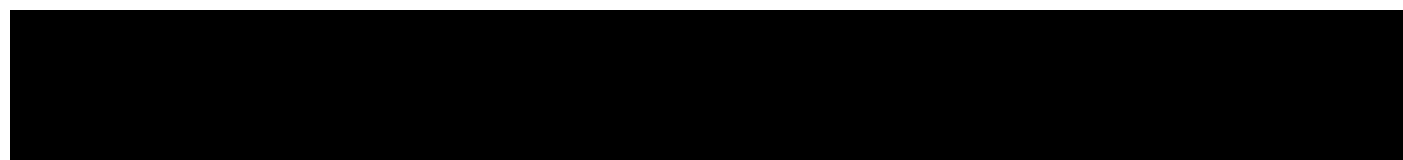
(unaudited)

	2017	2018	2019	2020	2021	Thereafter	Total
US Bank Indigo Atlanta - 1 hotel	\$ 15,583	\$	\$	\$	\$	\$	\$ 15,583
Morgan Stanley Boston Back Bay - 1 hotel		94,226					94,226
Morgan Stanley Princeton/Nashville - 2 hotels		103,106					103,106
Omni American Bank Ashton - 1 hotel			5,168				5,168
Morgan Stanley MIP - 5 hotels			200,000				200,000
Morgan Stanley Pool A - 7 hotels			301,000				301,000
Morgan Stanley Pool B - 4 hotels			52,530				52,530
GACC Gateway - 1 hotel				89,886			89,886
BAML Pool 1 & 2 - 8 hotels				376,800			376,800
Cantor Commercial Real Estate Memphis - 1 hotel				33,300			33,300
JPM Lakeway - 1 hotel				25,100			25,100
BAML Le Pavillon - 1 hotel				43,750			43,750
Morgan Stanley - 8 hotels				144,000			144,000
Morgan Stanley Ann Arbor - 1 hotel				35,200			35,200
BAML W Atlanta - 1 hotel				40,500			40,500
NorthStar HGI Wisconsin Dells - 1 hotel				12,000			12,000
Column Financial - 24 hotels					1,070,560		1,070,560
BAML Pool - 17 hotels					412,500		412,500
GACC Jacksonville RI - 1 hotel						9,036	9,036
GACC Manchester RI - 1 hotel						6,191	6,191
Key Bank Manchester CY - 1 hotel						5,671	5,671
Morgan Stanley Pool C - 8 hotels						90,889	90,889
BAML Pool 3 - 3 hotels						44,160	44,160
BAML Pool 5 - 2 hotels						17,073	17,073
Deutsche Bank W Minneapolis - 1 hotel						47,711	47,711
JPMorgan Chase - 18 hotels						450,000	450,000
Principal due in future periods	\$ 15,583	\$ 197,332	\$ 558,698	\$ 800,536	\$ 1,483,060	\$ 670,731	\$ 3,725,940
Scheduled amortization payments remaining	9,730	6,136	6,442	6,331	4,953	14,072	47,664
Total indebtedness	\$ 25,313	\$ 203,468	\$ 565,140	\$ 806,867	\$ 1,488,013	\$ 684,803	\$ 3,773,604

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES

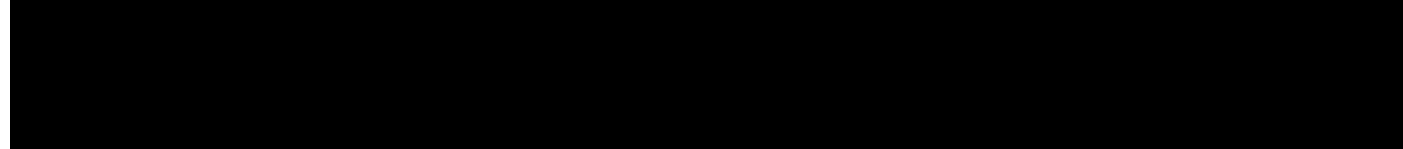
KEY PERFORMANCE INDICATORS

(unaudited)



ALL HOTELS:

RevPAR	\$ 109.32	\$ (63.48)	\$ 109.35	\$ 105.56	\$ (76.43)	\$ 107.62	3.56%	1.60%
ADR	\$ 150.80	\$ (91.71)	\$ 150.84	\$ 145.27	\$ (100.83)	\$ 148.56	3.81%	1.53%

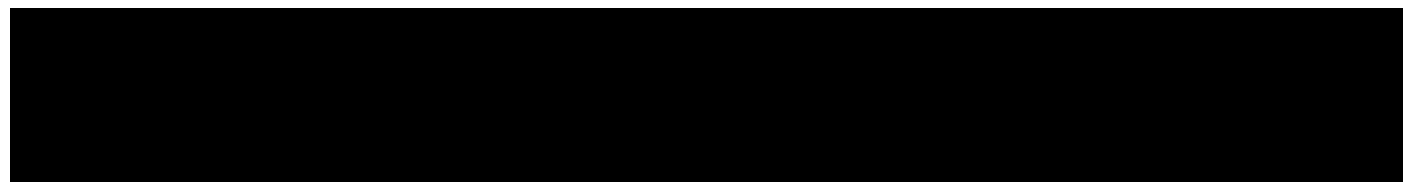


ALL HOTELS:

RevPAR	\$ 118.87	\$ (93.77)	\$ 119.83	\$ 114.19	\$ 185.33	\$ 116.15	4.10%	3.17%
ADR	\$ 154.27	\$ (119.46)	\$ 155.63	\$ 147.82	\$ 310.58	\$ 151.31	4.36%	2.85%

NOTES:

- (1) The above comparable information assumes the 123 hotel properties owned and included in the Company's operations at December 31, 2016, were owned as of the beginning of each of the periods presented. Non-comparable adjustments include pre-acquisition results from hotels acquired during the period offset by results from hotels sold during the period.
- (2) All pre-acquisition information was obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition.
- (3) The above information does not reflect the operations of Orlando WorldQuest Resort.



ALL HOTELS



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Rooms revenue (in thousands)	\$ 218,240	\$ (107)	\$ 218,133	\$ 224,299	\$ (12,952)	\$ 211,347	(2.70%)	3.21%
Occupancy	73.40%	(69.22%)	73.41%	72.71%	(75.80%)	72.44%	0.95%	1.33%

ALL HOTELS

Rooms revenue (in thousands)	\$ 977,413	\$ (34,273)	\$ 943,140	\$ 868,371	\$ 33,392	\$ 901,763	12.56%	4.59%
Occupancy	77.46%	(78.49%)	77.41%	77.08%	46.70%	76.63%	0.49%	1.02%

NOTES:

(1) The above comparable information assumes the 105 hotel properties owned and included in the Company's operations at December 31, 2016, and not under renovation during the three months ended December 31, 2016, were owned as of the beginning of each of the periods presented. Non-comparable adjustments include pre-acquisition results from hotels acquired during the period offset by results from hotels sold during the period.

(2) All pre-acquisition information was obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition.

(3) The above information does not reflect the operations of Orlando WorldQuest Resort.

(4) Excluded Hotels Under Renovation:

Embassy Suites Houston, The Churchill, Embassy Suites Las Vegas, Hyatt Regency Coral Gables, Marriott Dallas Market Center, Courtyard Ft Lauderdale, Crowne Plaza Annapolis, Embassy Suites Dulles, Le Pavillon New Orleans, Marriott Crystal Gateway, Courtyard Basking Ridge, Hampton Inn Parsippany, Hilton Boston Back Bay, Hilton Garden Inn Virginia Beach, Hilton St Petersburg, Homewood Suites Pittsburgh Southpointe, Marriott Omaha, Residence Inn Lake Buena Vista

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES

HOTEL EBITDA

(dollars in thousands)

(unaudited)

	Three Months Ended December 31,			Year Ended December 31,		
	2016	2015	% Variance	2016	2015	% Variance
ALL HOTELS:						
Total hotel revenue	\$ 339,937	\$ 351,103	(3.18%)	\$ 1,483,907	\$ 1,328,387	11.71%
Non-comparable adjustments	(111)	(13,584)		(36,985)	82,050	
Comparable total hotel revenue	\$ 339,826	\$ 337,519	0.68%	\$ 1,446,922	\$ 1,410,437	2.59%
Hotel EBITDA	\$ 103,720	\$ 106,891	(2.97%)	\$ 488,094	\$ 434,458	12.35%
Non-comparable adjustments	30	(4,166)		(12,470)	20,801	
Comparable Hotel EBITDA	\$ 103,750	\$ 102,725	1.00%	\$ 475,624	\$ 455,259	4.47%
Hotel EBITDA Margin	30.51%	30.44%	0.07%	32.89%	32.71%	0.19%
Comparable Hotel EBITDA Margin	30.53%	30.44%	0.10%	32.87%	32.28%	0.59%
Hotel EBITDA adjustments attributable to consolidated noncontrolling interests	\$ 79	\$ 73	8.22%	\$ 349	\$ 319	9.40%
Hotel EBITDA attributable to the Company and OP unitholders	\$ 103,641	\$ 106,818	(2.97%)	\$ 487,745	\$ 434,139	12.35%
Comparable Hotel EBITDA attributable to the Company and OP unitholders	\$ 103,671	\$ 102,652	0.99%	\$ 475,275	\$ 454,940	4.47%

NOTES:

(1) The above comparable information assumes the 123 hotel properties owned and included in the Company's operations at December 31, 2016, were owned as of the beginning of each of the periods presented. Non-comparable adjustments include pre-acquisition results from hotels acquired during the period offset by results from hotels sold during the period.

(2) All pre-acquisition information was obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition. Adjustments have been made to the pre-acquisition results as indicated below:

(a) Management fee expense was adjusted to reflect current contractual rates.

(3) The above information does not reflect the operations of Orlando WorldQuest Resort.

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(4) See Exhibit 1 for reconciliation of net income (loss) to hotel EBITDA.

	Three Months Ended December 31,			Year Ended December 31,		
	2016	2015	% Variance	2016	2015	% Variance
ALL HOTELS NOT UNDER RENOVATION:						
Total hotel revenue	\$ 283,433	\$ 290,519	(2.44%)	\$ 1,234,440	\$ 1,091,490	13.10%
Non-comparable adjustments	(111)	(13,584)		(36,985)	63,196	
Comparable total hotel revenue	\$ 283,322	\$ 276,935	2.31%	\$ 1,197,455	\$ 1,154,686	3.70%
Hotel EBITDA	\$ 86,885	\$ 87,849	(1.10%)	\$ 406,828	\$ 355,264	14.51%
Non-comparable adjustments	30	(4,166)		(12,470)	15,137	
Comparable Hotel EBITDA	\$ 86,915	\$ 83,683	3.86%	\$ 394,358	\$ 370,401	6.47%
Hotel EBITDA Margin	30.65%	30.24%	0.42%	32.96%	32.55%	0.41%
Comparable Hotel EBITDA Margin	30.68%	30.22%	0.46%	32.93%	32.08%	0.85%
Hotel EBITDA adjustments attributable to consolidated noncontrolling interests	\$ 79	\$ 73	8.22%	\$ 349	\$ 319	9.40%
Hotel EBITDA attributable to the Company and OP unitholders	\$ 86,806	\$ 87,776	(1.11%)	\$ 406,479	\$ 354,945	14.52%
Comparable Hotel EBITDA attributable to the Company and OP unitholders	\$ 86,836	\$ 83,610	3.86%	\$ 394,009	\$ 370,082	6.47%

NOTES:

(1) The above comparable information assumes the 105 hotel properties owned and included in the Company's operations at December 31, 2016, and not under renovation during the three months ended December 31, 2016, were owned as of the beginning of each of the periods presented. Non-comparable adjustments include pre-acquisition results from hotels acquired during the period offset by results from hotels sold during the period.

(2) All pre-acquisition information was obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition. Adjustments have been made to the pre-acquisition results as indicated below:

(a) Management fee expense was adjusted to reflect current contractual rates.

(3) The above information does not reflect the operations of Orlando WorldQuest Resort.

(4) Excluded Hotels Under Renovation:

Embassy Suites Houston, The Churchill, Embassy Suites Las Vegas, Hyatt Regency Coral Gables, Marriott Dallas Market Center, Courtyard Ft Lauderdale, Crowne Plaza Annapolis, Embassy Suites Dulles, Le Pavillon New Orleans, Marriott Crystal Gateway, Courtyard Basking Ridge, Hampton Inn Parsippany, Hilton Boston Back Bay, Hilton Garden Inn Virginia Beach, Hilton St Petersburg, Homewood Suites Pittsburgh Southpointe, Marriott Omaha, Residence Inn Lake Buena Vista

(5) See Exhibit 1 for reconciliation of net income (loss) to hotel EBITDA.

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES

HOTEL REVENUE & EBITDA FOR TRAILING TWELVE MONTHS

(dollars in thousands)

(unaudited)

THE FOLLOWING SEASONALITY TABLE REFLECTS THE 123 HOTEL PROPERTIES INCLUDED IN THE COMPANY'S OPERATIONS AT DECEMBER 31, 2016:

	Actual 2016 4th Quarter	Non- comparable adjustments 2016 4th Quarter	Comparable 2016 4th Quarter	Actual 2016 3rd Quarter	Non- comparable adjustments 2016 3rd Quarter	Comparable 2016 3rd Quarter	Actual 2016 2nd Quarter	Non- comparable adjustments 2016 2nd Quarter	Comparable 2016 2nd Quarter	Actual 2016 1st Quarter	Non- comparable adjustments 2016 1st Quarter	Comparable 2016 1st Quarter
Total Hotel Revenue	\$ 339,937	\$ (111)	\$ 339,826	\$ 369,943	\$ (3,763)	\$ 366,180	\$ 408,510	\$ (13,236)	\$ 395,274	\$ 365,517	\$ (19,875)	\$ 345,642
Hotel EBITDA	\$ 103,720	\$ 30	\$ 103,750	\$ 121,975	\$ (893)	\$ 121,082	\$ 145,303	\$ (3,987)	\$ 141,316	\$ 117,096	\$ (7,620)	\$ 109,476
Hotel EBITDA Margin	30.51%	(27.03%)	30.53%	32.97%	23.73%	33.07%	35.57%	30.12%	35.75%	32.04%	38.34%	31.67%
EBITDA % of Total TTM	21.2%	(0.2%)	21.8%	25.0%	7.1%	25.5%	29.8%	32.0%	29.7%	24.0%	61.1%	23.0%
JV Interests in EBITDA	\$ 79	\$	\$ 79	\$ 114	\$	\$ 114	\$ 100	\$	\$ 100	\$ 56	\$	\$ 56

	Actual 2016 TTM	Non- comparable adjustments 2016 TTM	Comparable 2016 TTM
Total Hotel Revenue	\$ 1,483,907	\$ (36,985)	\$ 1,446,922
Hotel EBITDA	\$ 488,094	\$ (12,470)	\$ 475,624
Hotel EBITDA Margin	32.89%	33.72%	32.87%
EBITDA % of Total TTM	100.0%	100.0%	100.0%

JV	\$	349	\$	\$	349
Interests in EBITDA					

NOTES:

(1) The above comparable information assumes the 123 hotel properties owned and included in the Company's operations at December 31, 2016, were owned as of the beginning of each of the periods presented. Non-comparable adjustments include pre-acquisition results from hotels acquired during the period offset by results from hotels sold during the period.

(2) All pre-acquisition information was obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition.

Adjustments have been made to the pre-acquisition results as indicated below:

(a) Management fee expense was adjusted to reflect current contractual rates.

(3) The above information does not reflect the operations of Orlando WorldQuest Resort.

(4) See Exhibit 1 for reconciliation of net income (loss) to hotel EBITDA.

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES

HOTEL REVPAR BY MARKET

(unaudited)

Region	Number of Hotels	Number of Rooms	Three Months Ended December 31,							
			Actual 2016	Non-comparable adjustment 2016	Comparable 2016	Actual 2015	Non-comparable adjustment 2015	Comparable 2015	Actual % Variance	Comparable % Variance
Atlanta, GA Area	10	1,920	\$ 107.22	\$	\$ 107.22	\$ 102.98	\$ (90.53)	\$ 103.82	4.1%	3.3%
Boston, MA Area	3	915	157.58		157.58	154.59		154.59	1.9%	1.9%
Dallas / Ft. Worth Area	7	1,518	100.18		100.18	104.40		104.40	(4.0)%	(4.0)%
Houston, TX Area	3	692	90.37		90.37	106.40		106.40	(15.1)%	(15.1)%
Los Angeles, CA Metro Area	6	1,619	118.94	(63.48)	119.57	102.89	(74.83)	107.76	15.6%	11.0%
Miami, FL Metro Area	3	587	120.70		120.70	120.58		120.58	0.1%	0.1%
Minneapolis - St. Paul, MN-WI Area	4	809	125.51		125.51	108.54	210.50	121.09	15.6%	3.7%
Nashville, TN Area	1	673	182.58		182.58	160.76		160.76	13.6%	13.6%
New York / New Jersey Metro Area	6	1,741	105.08		105.08	100.32	(88.69)	101.29	4.7%	3.7%
Orlando, FL Area	3	734	99.44		99.44	87.90	(80.42)	99.12	13.1%	0.3%
Philadelphia, PA Area	3	648	88.50		88.50	90.51		90.51	(2.2)%	(2.2)%
San Diego, CA Area	2	410	103.91		103.91	98.18		98.18	5.8%	5.8%
San Francisco - Oakland, CA Metro Area	6	1,368	141.88		141.88	137.33		137.33	3.3%	3.3%
Tampa, FL Area	3	680	100.27		100.27	98.89		98.89	1.4%	1.4%
Washington DC - MD - VA Area	9	2,304	117.17		117.17	112.95	(66.80)	116.20	3.7%	0.8%
Other Areas	54	9,395	96.10		96.10	96.78	(135.78)	96.26	(0.7)%	(0.2)%
Total Portfolio	123	26,013	\$ 109.32	\$ (63.48)	\$ 109.35	\$ 105.56	\$ (76.43)	\$ 107.62	3.6%	1.6%

NOTES:

(1) The above comparable information assumes the 123 hotel properties owned and included in the Company's operations at December 31, 2016, were owned as of the beginning of each of the periods presented. Non-comparable adjustments include pre-acquisition results from hotels acquired during the period offset by results from hotels sold

during the period.

(2) All pre-acquisition information was obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition.

(3) The above information does not reflect the operations of Orlando WorldQuest Resort.

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES

HOTEL EBITDA BY MARKET

(unaudited)

Region	Number of Hotels	Number of Rooms	Three Months Ended December 31,				Three Months Ended December 31,				Actual % Variance	Comparable % Variance
			Actual 2016	Non-comparable adjustment 2016	Comparable 2016	% of Total	Actual 2015	Non-comparable adjustment 2015	Comparable 2015	% of Total		
Atlanta, GA Area	10	1,920	\$ 7,380	\$ 1	\$ 7,381	7.1%	\$ 7,059	\$ (317)	\$ 6,742	6.6%	4.5%	9.5%
Boston, MA Area	3	915	5,954		5,954	5.7%	5,632		5,632	5.5%	5.7%	5.7%
Dallas / Ft. Worth Area	7	1,518	5,952		5,952	5.7%	6,133		6,133	6.0%	(3.0)%	(3.0)%
Houston, TX Area	3	692	2,444		2,444	2.4%	3,934		3,934	3.8%	(37.9)%	(37.9)%
Los Angeles, CA Metro Area	6	1,619	7,702	17	7,719	7.4%	6,979	(547)	6,432	6.3%	10.4%	20.0%
Miami, FL Metro Area	3	587	2,586		2,586	2.5%	2,540		2,540	2.5%	1.8%	1.8%
Minneapolis - St. Paul, MN-WI Area	4	809	3,929		3,929	3.8%	2,905	822	3,727	3.6%	35.2%	5.4%
Nashville, TN Area	1	673	5,800		5,800	5.6%	4,730		4,730	4.6%	22.6%	22.6%
New York / New Jersey Metro Area	6	1,741	6,844	10	6,854	6.6%	7,406	(455)	6,951	6.8%	(7.6)%	(1.4)%
Orlando, FL Area	3	734	2,144	2	2,146	2.1%	4,914	(2,714)	2,200	2.1%	(56.4)%	(2.5)%
Philadelphia, PA Area	3	648	1,677		1,677	1.6%	1,695		1,695	1.7%	(1.1)%	(1.1)%
San Diego, CA Area	2	410	1,351		1,351	1.3%	1,343		1,343	1.3%	0.6%	0.6%
San Francisco - Oakland, CA Metro Area	6	1,368	7,905		7,905	7.6%	7,180		7,180	7.0%	10.1%	10.1%
Tampa, FL Area	3	680	2,353		2,353	2.3%	2,312		2,312	2.3%	1.8%	1.8%
Washington DC - MD -	9	2,304	9,303		9,303	9.0%	9,971	(238)	9,733	9.5%	(6.7)%	(4.4)%

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VA Area												
Other Areas	54	9,395	30,396	30,396	29.3%	32,158	(717)	31,441	30.4%	(5.5)%	(3.3)%	
Total												
Portfolio	123	26,013	\$ 103,720	\$ 30 \$ 103,750	100.0%	\$ 106,891	\$ (4,166)	\$ 102,725	100.0%	(3.0)%	1.0%	

NOTES:

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(4) See Exhibit 1 for reconciliation of net income (loss) to hotel EBITDA.

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES

HOTEL REVPAR BY MARKET

(unaudited)

Region	Number of Hotels	Number of Rooms	Year Ended December 31,							
			Actual 2016	Non-comparable adjustments 2016	Comparable 2016	Actual 2015	Non-comparable adjustments 2015	Comparable 2015	Actual % Variance	Comparable % Variance
Atlanta, GA Area	10	1,920	\$ 116.65	\$ (98.79)	\$ 117.23	\$ 108.61	\$ 144.33	\$ 113.11	7.4%	3.6%
Boston, MA Area	3	915	167.80		167.80	186.61	101.12	166.08	(10.1)%	1.0%
Dallas / Ft. Worth Area	7	1,518	110.08		110.08	108.33	115.68	108.75	1.6%	1.2%
Houston, TX Area	3	692	100.62		100.62	113.01	115.98	113.23	(11.0)%	(11.1)%
Los Angeles, CA Metro Area	6	1,619	126.35	(97.02)	130.24	107.68	(73.84)	112.04	17.3%	16.2%
Miami, FL Metro Area	3	587	130.23		130.23	127.33		127.33	2.3%	2.3%
Minneapolis - St. Paul, MN-WI Area	4	809	130.74		130.74	107.32	173.81	126.20	21.8%	3.6%
Nashville, TN Area	1	673	197.61		197.61	177.93	149.75	172.99	11.1%	14.2%
New York / New Jersey Metro Area	6	1,741	111.53	(85.36)	112.44	110.39	49.63	108.39	1.0%	3.7%
Orlando, FL Area	3	734	99.63	(91.88)	104.46	91.01	(80.91)	106.13	9.5%	(1.6)%
Philadelphia, PA Area	3	648	102.34		102.34	94.84		94.84	7.9%	7.9%
San Diego, CA Area	2	410	118.52		118.52	112.33		112.33	5.5%	5.5%
San Francisco - Oakland, CA Metro Area	6	1,368	152.40		152.40	146.54		146.54	4.0%	4.0%
Tampa, FL Area	3	680	111.89		111.89	102.04	122.12	103.83	9.7%	7.8%
Washington DC - MD - VA Area	9	2,304	129.19	(74.36)	132.08	127.99	(39.46)	130.02	0.9%	1.6%
Other Areas	54	9,395	106.56	(126.59)	106.39	106.30	97.11	105.31	0.2%	1.0%
Total Portfolio	123	26,013	\$ 118.87	\$ (93.77)	\$ 119.83	\$ 114.19	\$ 185.33	\$ 116.15	4.1%	3.2%

NOTES:

(1) The above comparable information assumes the 123 hotel properties owned and included in the Company's operations at December 31, 2016, were owned as of the beginning of each of the periods presented. Non-comparable adjustments include pre-acquisition results from hotels acquired during the period offset by results from hotels sold

during the period.

(2) All pre-acquisition information was obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition.

(3) The above information does not reflect the operations of Orlando WorldQuest Resort.

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES

HOTEL EBITDA BY MARKET

(unaudited)

Region	Number of Hotels	Number of Rooms	Year Ended December 31,				Year Ended December 31,				Actual % Variance	Comparable % Variance
			Actual 2016	Non-comparable adjustment 2016	Comparable 2016	% of Total	Actual 2015	Non-comparable adjustment 2015	Comparable 2015	% of Total		
Atlanta, GA Area	10	1,920	\$ 32,776	\$ (645)	\$ 32,131	6.8%	\$ 24,278	\$ 4,359	\$ 28,637	6.3%	35.0%	12.2%
Boston, MA Area	3	915	25,665		25,665	5.4%	23,004	2,445	25,449	5.6%	11.6%	0.8%
Dallas / Ft. Worth Area	7	1,518	26,180		26,180	5.5%	24,011	1,946	25,957	5.7%	9.0%	0.9%
Houston, TX Area	3	692	11,282		11,282	2.4%	13,075	1,403	14,478	3.2%	(13.7)%	(22.1)%
Los Angeles, CA Metro Area	6	1,619	36,135	(2,972)	33,163	7.0%	28,519	(1,690)	26,829	5.9%	26.7%	23.6%
Miami, FL Metro Area	3	587	11,920		11,920	2.5%	11,445		11,445	2.5%	4.2%	4.2%
Minneapolis - St. Paul, MN-WI Area	4	809	16,975		16,975	3.6%	10,010	5,858	15,868	3.5%	69.6%	7.0%
Nashville, TN Area	1	673	25,527		25,527	5.4%	17,793	2,975	20,768	4.6%	43.5%	22.9%
New York / New Jersey Metro Area	6	1,741	30,652	(747)	29,905	6.3%	29,912	(295)	29,617	6.5%	2.5%	1.0%
Orlando, FL Area	3	734	15,181	(5,622)	9,559	2.0%	20,357	(10,312)	10,045	2.2%	(25.4)%	(4.8)%
Philadelphia, PA Area	3	648	8,192		8,192	1.7%	7,011		7,011	1.5%	16.8%	16.8%
San Diego, CA Area	2	410	7,219		7,219	1.5%	6,631		6,631	1.5%	8.9%	8.9%
San Francisco - Oakland, CA Metro Area	6	1,368	34,559		34,559	7.3%	32,058		32,058	7.0%	7.8%	7.8%
Tampa, FL Area	3	680	11,595		11,595	2.4%	8,983	1,262	10,245	2.3%	29.1%	13.2%
Washington DC - MD -	9	2,304	46,134	(927)	45,207	9.5%	44,458	(200)	44,258	9.7%	3.8%	2.1%

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VA Area													
Other Areas	54	9,395	148,102	(1,557)	146,545	30.8%	132,913	13,050	145,963	32.0%	11.4%	0.4%	
Total													
Portfolio	123	26,013	\$ 488,094	\$ (12,470)	\$ 475,624	100.0%	\$ 434,458	\$ 20,801	\$ 455,259	100.0%	12.3%	4.5%	

NOTES:

(1) The above comparable information assumes the 123 hotel properties owned and included in the Company's operations at December 31, 2016, were owned as of the beginning of each of the periods presented. Non-comparable adjustments include pre-acquisition results from hotels acquired during the period offset by results from hotels sold during the period.

(2) All pre-acquisition information was obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition.

Adjustments have been made to the pre-acquisition results as indicated below:

(a) Management fee expense was adjusted to reflect current contractual rates.

(3) The above information does not reflect the operations of Orlando WorldQuest Resort.

(4) See Exhibit 1 for reconciliation of net income (loss) to hotel EBITDA.

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES

TOTAL ENTERPRISE VALUE

December 31, 2016

(in thousands except share price)

(unaudited)

	December 31, 2016
End of quarter common shares outstanding	96,377
Partnership units outstanding (common share equivalents)*	18,755
Combined common shares and partnership units outstanding	115,132
Common stock price at quarter end	\$ 7.76
Market capitalization at quarter end	\$ 893,425
Series A preferred stock	\$ 41,430
Series D preferred stock	\$ 236,718
Series F preferred stock	\$ 120,000
Series G preferred stock	\$ 155,000
Debt on balance sheet date	\$ 3,773,604
Joint venture partner's share of consolidated debt	\$ (2,063)
Net working capital (see below)	\$ (525,290)
Total enterprise value (TEV)	4,692,824
Ashford Inc. Investment:	
Common stock owned at end of quarter	598
Common stock price at quarter end	\$ 43.14
Market value of Ashford Inc. investment	\$ 25,805
Cash and cash equivalents	\$ 347,984
Restricted cash	\$ 144,239
Accounts receivable, net	\$ 44,922
Prepaid expenses	\$ 17,878
Investment in securities	\$ 104,075
Due from affiliates, net	\$ (17,250)
Due from third-party hotel managers, net	\$ 10,641
Market value of Ashford Inc. investment	\$ 25,805
Total current assets	\$ 678,294
Accounts payable, net & accrued expenses	\$ 128,239
Dividends payable	\$ 24,765
Total current liabilities	\$ 153,004
Net working capital**	\$ 525,290

* Total units outstanding = 19.4 million; impacted by current conversion factor.

** Includes the Company's pro rata share of net working capital in joint ventures.

Ashford Hospitality Trust, Inc. and Subsidiaries

Anticipated Capital Expenditures Calendar (a)

	Rooms	2016				2017			
		1st Quarter Actual	2nd Quarter Actual	3rd Quarter Actual	4th Quarter Actual	1st Quarter Estimated	2nd Quarter Estimated	3rd Quarter Estimated	4th Quarter Estimated
Embassy Suites Austin	150	x	x	x					
Hilton Garden Inn Austin	254	x	x	x					
SpringHill Suites Jacksonville	102	x	x	x					
Courtyard Boston Billerica	210	x	x						
Courtyard Irvine Foothill Ranch	156	x	x						
Residence Inn Fairfax	159	x	x						
SpringHill Suites Gaithersburg	162	x	x						
The Ashton	39	x	x						
Towneplace Suites Manhattan Beach	144	x	x						
Embassy Suites Houston	150	x		x	x				
The Churchill	173	x		x	x				
Courtyard Oakland Airport	156	x							
Hilton Santa Fe	158	x							
Renaissance Nashville	673	x							x
Westin Princeton	296	x							x
Embassy Suites Las Vegas	220		x	x	x				
Hyatt Regency Coral Gables	253		x	x	x				
Marriott Dallas Market Center	265		x	x	x	x			
Courtyard Bloomington	117		x	x					
Embassy Suites Dallas	150		x	x					
Embassy Suites Orlando	174		x	x				x	x
Hampton Inn Lawrenceville	85		x	x					
Embassy Suites Philadelphia	263		x						x
Courtyard Ft. Lauderdale	174			x	x				
Crowne Plaza Annapolis	196			x	x	x			
Embassy Suites Dulles	150			x	x				
Le Pavillon New Orleans	226			x	x	x			
Marriott Crystal Gateway	697			x	x	x	x	x	x
Marriott San Antonio Plaza	251			x			x	x	x
Courtyard Basking Ridge	235				x	x	x		
Hampton Inn Parsippany	152				x	x	x		
Hilton Boston Back Bay	390				x	x			
Hilton Garden Inn Virginia Beach	176				x				
Hilton St. Petersburg	333				x				
Homewood Suites Pittsburgh Southpointe	148					x	x		
Marriott Omaha	300				x	x			
Residence Inn Lake Buena Vista	210				x	x			
Courtyard Columbus Tipton Lakes	90					x			
Hampton Inn Pittsburgh Washington	103					x			
Hyatt Regency Savannah	351					x	x		
Residence Inn Stillwater	101					x	x		

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Marriott DFW Airport	491				X
Hampton Inn Suites Columbus Easton	145	X	X	X	X
Hilton Garden Inn Wisconsin Dells	128	X	X	X	X
Hilton Tampa Westshore	238		X	X	X
Marriott RTP	225		X	X	X
Residence Inn Orlando Sea World	350		X	X	X
Hilton Garden Inn Jacksonville	119			X	X
Residence Inn Tampa Downtown	109			X	X
Sheraton Indy City Center	378			X	X
SpringHill Suites Kennesaw	90			X	X
Courtyard Crystal City Reagan	272				X
Courtyard Denver Airport	202				X
Courtyard Gaithersburg	210				X
Embassy Suites Santa Clara Silicon Valley	257				X
Residence Inn Jacksonville	120				X
Ritz Carlton Atlanta	444				X
Sheraton Anchorage	370				X
SpringHill Suites Centreville	136				X
Embassy Suites Walnut Creek	249		X	X	X
Renaissance Palm Springs	410		X	X	X

(a) Only hotels which have had or are expected to have significant capital expenditures that could result in displacement in 2016-2017 are included in these tables.

ASHFORD HOSPITALITY TRUST INC. AND SUBSIDIARIES

RECONCILIATION OF NET INCOME TO HOTEL EBITDA

(in thousands)

(unaudited)

	2016 4th Quarter	2016 3rd Quarter	2016 2nd Quarter	2016 1st Quarter	2016 TTM
Net income	\$ 31,821	\$ 55,743	\$ 106,459	\$ 53,017	\$ 247,040
Income from consolidated entities attributable to noncontrolling interests	(32)	(45)	(35)	9	(103)
Net income attributable to the Company	31,789	55,698	106,424	53,026	246,937
Non-property adjustments	5,650	3,591	(23,094)	114	(13,739)
Interest Income	(23)	(11)	(12)	(11)	(57)
Interest expense	484	479	469	467	1,899
Amortization of loan cost	124	121	119	118	482
Depreciation and amortization	61,294	60,020	59,922	61,978	243,214
Income tax expense	25	15	19	26	85
Non-Hotel EBITDA ownership expense	4,345	2,017	1,421	1,387	9,170
(Income) loss from consolidated entities attributable to noncontrolling interests	32	45	35	(9)	103
Hotel EBITDA including amounts attributable to noncontrolling interest	103,720	121,975	145,303	117,096	488,094
Non-comparable adjustments	30	(893)	(3,987)	(7,620)	(12,470)
Comparable Hotel EBITDA	\$ 103,750	\$ 121,082	\$ 141,316	\$ 109,476	\$ 475,624

NOTES:

(1) The above comparable information assumes the 123 hotel properties owned and included in the Company's operations at December 31, 2016, were owned as of the beginning of each of the periods presented. Non-comparable adjustments include pre-acquisition results from hotels acquired during the period offset by results from hotels sold during the period.

(2) All pre-acquisition information was obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition. Adjustments have been made to the pre-acquisition results as indicated below:

(a) Management fee expense was adjusted to reflect current contractual rates

ASHFORD HOSPITALITY TRUST INC. AND SUBSIDIARIES

RECONCILIATION OF NET INCOME (LOSS) TO HOTEL EBITDA

(in thousands)

(unaudited)

	Three months Ended December 31, 2016					
	Hotel Properties Not Under Renovation	Hotel Properties Under Renovation	Hotel Total	Orlando WorldQuest Resort	Corporate / Allocated	Ashford Hospitality Trust Inc.
Net income (loss)	\$ 27,445	\$ 4,376	\$ 31,821	\$ 162	\$ (88,623)	\$ (56,640)
Income from consolidated entities attributable to noncontrolling interests	(32)		(32)		30	(2)
Net loss attributable to redeemable noncontrolling interests in operating partnership					9,738	9,738
Net income (loss) attributable to the Company	27,413	4,376	31,789	162	(78,855)	(46,904)
Non-property adjustments	5,777	(127)	5,650		(5,650)	
Interest income	(23)		(23)		(79)	(102)
Interest expense	484		484		49,219	49,703
Amortization of loan cost	124		124		5,973	6,097
Depreciation and amortization	49,455	11,839	61,294	109	49	61,452
Income tax expense (benefit)	(49)	74	25		291	316
Non-Hotel EBITDA ownership expense	3,672	673	4,345	(7)	(4,338)	
(Income) loss from consolidated entities attributable to noncontrolling interests	32		32		(32)	
Hotel EBITDA including amounts attributable to noncontrolling interest	86,885	16,835	103,720	264	(33,422)	70,562
Less: EBITDA adjustments attributable to non-controlling interest	(47)		(47)		(43)	(90)
(Income) loss from consolidated entities attributable to noncontrolling interests	(32)		(32)		32	
Net income (loss) attributable to redeemable noncontrolling interest in operating partnership					(9,738)	(9,738)
Equity in loss of unconsolidated entities					(107)	(107)
Company's portion of EBITDA of Ashford Inc.					387	387
Company's portion of EBITDA of OpenKey					(109)	(109)

Hotel EBITDA attributable to the Company and OP unitholders	\$	86,806	\$	16,835	\$	103,641	\$	264	\$	(43,000)	\$	60,905
Non-comparable adjustments		30				30						
Comparable Hotel EBITDA	\$	86,915	\$	16,835	\$	103,750						

NOTES:

(1) The above comparable information assumes the 123 hotel properties owned and included in the Company's operations at December 31, 2016, were owned as of the beginning of each of the periods presented. Non-comparable adjustments include pre-acquisition results from hotels acquired during the period offset by results from hotels sold during the period.

(2) All pre-acquisition information was obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition. Adjustments have been made to the pre-acquisition results as indicated below:

(a) Management fee expense was adjusted to reflect current contractual rates.

ASHFORD HOSPITALITY TRUST INC. AND SUBSIDIARIES

RECONCILIATION OF NET INCOME (LOSS) TO HOTEL EBITDA

(in thousands)

(unaudited)

Three months Ended December 31, 2015

	Hotel Properties Not Under Renovation	Hotel Properties Under Renovation	Hotel Total	Orlando WorldQuest Resort	Corporate / Allocated	Ashford Hospitality Trust Inc.
Net income (loss)	\$ 33,546	\$ 9,759	\$ 43,305	\$ 108	\$ (69,540)	\$ (26,127)
Income from consolidated entities attributable to noncontrolling interests	(8)		(8)		30	22
Net loss attributable to redeemable noncontrolling interests in operating partnership					4,113	4,113
Net income (loss) attributable to the Company	33,538	9,759	43,297	108	(65,397)	(21,992)
Non-property adjustments						
Interest income	(7)	(2)	(9)		(14)	(23)
Interest expense	456		456		47,296	47,752
Amortization of loan cost	116		116		5,657	5,773
Depreciation and amortization	51,757	9,239	60,996	145	48	61,189
Income tax expense (benefit)	59	59	118		(43)	75
Non-Hotel EBITDA ownership expense	1,922	(13)	1,909	(1)	(1,908)	
(Income) loss from consolidated entities attributable to noncontrolling interests	8		8		(8)	
Hotel EBITDA including amounts attributable to noncontrolling interest	87,849	19,042	106,891	252	(14,369)	92,774
Less: EBITDA adjustments attributable to non-controlling interest	(65)		(65)		(24)	(89)
(Income) loss from consolidated entities attributable to noncontrolling interests	(8)		(8)		8	
Net income (loss) attributable to redeemable noncontrolling interest in operating partnership					(4,113)	(4,113)
Equity in loss of unconsolidated entities					(759)	(759)
Company's portion of EBITDA of Ashford Inc.					846	846
Hotel EBITDA attributable to the Company and OP unitholders	\$ 87,776	\$ 19,042	\$ 106,818	\$ 252	\$ (18,411)	\$ 88,659

Non-comparable adjustments	(4,166)			(4,166)
Comparable Hotel EBITDA	\$ 83,683	\$ 19,042	\$	102,725

NOTES:

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(2) All pre-acquisition information was obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition. Adjustments have been made to the pre-acquisition results as indicated below:

(a) Management fee expense was adjusted to reflect current contractual rates.

ASHFORD HOSPITALITY TRUST INC. AND SUBSIDIARIES

RECONCILIATION OF NET INCOME (LOSS) TO HOTEL EBITDA

(in thousands)

(unaudited)

	Year Ended December 31, 2016					
	Hotel Properties Not Under Renovation	Hotel Properties Under Renovation	Hotel Total	Orlando WorldQuest Resort	Corporate / Allocated	Ashford Hospitality Trust Inc.
Net income (loss)	\$ 208,871	\$ 38,169	\$ 247,040	\$ 1,233	\$ (307,055)	\$ (58,782)
Income from consolidated entities attributable to noncontrolling interests	(103)		(103)		117	14
Net loss attributable to redeemable noncontrolling interests in operating partnership					12,483	12,483
Net income (loss) attributable to the Company	208,768	38,169	246,937	1,233	(294,455)	(46,285)
Non-property adjustments	(13,726)	(13)	(13,739)		13,739	
Interest income	(55)	(2)	(57)		(274)	(331)
Interest expense	1,899		1,899		197,971	199,870
Amortization of loan cost	482		482		23,615	24,097
Depreciation and amortization	200,680	42,534	243,214	455	194	243,863
Income tax expense (benefit)	11	74	85		1,447	1,532
Non-Hotel EBITDA ownership expense	8,666	504	9,170	53	(9,223)	
(Income) loss from consolidated entities attributable to noncontrolling interests	103		103		(103)	
Hotel EBITDA including amounts attributable to noncontrolling interest	406,828	81,266	488,094	1,741	(67,089)	422,746
Less: EBITDA adjustments attributable to non-controlling interest	(246)		(246)		(117)	(363)
(Income) loss from consolidated entities attributable to noncontrolling interests	(103)		(103)		103	
Net income (loss) attributable to redeemable noncontrolling interest in operating partnership					(12,483)	(12,483)
Equity in loss of unconsolidated entities					1,048	1,048
Company's portion of EBITDA of Ashford Inc.					180	180
					(303)	(303)

Company's portion of EBITDA of OpenKey												
Hotel EBITDA attributable to the Company and OP unitholders												
	\$	406,479	\$	81,266	\$	487,745	\$	1,741	\$	(78,661)	\$	410,825
Non-comparable adjustments		(12,470)			(12,470)							
Comparable Hotel EBITDA		\$	394,358	\$	81,266	\$	475,624					

NOTES:

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(2) All pre-acquisition information was obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition. Adjustments have been made to the pre-acquisition results as indicated below:

(a) Management fee expense was adjusted to reflect current contractual rates.

ASHFORD HOSPITALITY TRUST INC. AND SUBSIDIARIES

RECONCILIATION OF NET INCOME (LOSS) TO HOTEL EBITDA

(in thousands)

(unaudited)

	Year Ended December 31, 2015					Ashford Hospitality Trust Inc.
	Hotel Properties Not Under Renovation	Hotel Properties Under Renovation	Hotel Total	Orlando WorldQuest Resort	Corporate / Allocated	
Net income (loss)	\$ 149,073	\$ 48,018	\$ 197,091	\$ 1,114	\$ 108,207	\$ 306,412
Income from consolidated entities attributable to noncontrolling interests	(90)		(90)		120	30
Net loss attributable to redeemable noncontrolling interests in operating partnership					(35,503)	(35,503)
Net income (loss) attributable to the Company	148,983	48,018	197,001	1,114	72,824	270,939
Non-property adjustments	21,080	(1)	21,079		(21,079)	
Interest income	(30)	(4)	(34)		(56)	(90)
Interest expense	1,380		1,380		167,454	168,834
Amortization of loan cost	342		342		18,338	18,680
Depreciation and amortization	178,086	31,563	209,649	564	197	210,410
Income tax expense (benefit)	119	59	178		4,532	4,710
Non-Hotel EBITDA ownership expense	5,214	(441)	4,773	11	(4,784)	
(Income) loss from consolidated entities attributable to noncontrolling interests	90		90		(90)	
Hotel EBITDA including amounts attributable to noncontrolling interest	355,264	79,194	434,458	1,689	237,336	673,483
Less: EBITDA adjustments attributable to non-controlling interest	(229)		(229)		(102)	(331)
(Income) loss from consolidated entities attributable to noncontrolling interests	(90)		(90)		90	
Net income (loss) attributable to redeemable noncontrolling interest in operating partnership					35,503	35,503
Equity in loss of unconsolidated entities					3,445	3,445
Company's portion of EBITDA of Ashford Inc.					828	828

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Company's portion of EBITDA of Ashford Prime						7,640	7,640					
Company's portion of EBITDA of Highland JV						11,982	11,982					
Hotel EBITDA attributable to the Company and OP unitholders	\$	354,945	\$	79,194	\$	434,139	\$	1,689	\$	296,722	\$	732,550
Non-comparable adjustments		15,137		5,664		20,801						
Comparable Hotel EBITDA	\$	370,401	\$	84,858	\$	455,259						

NOTES:

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(2) All pre-acquisition information was obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition. Adjustments have been made to the pre-acquisition results as indicated below:

(a) Management fee expense was adjusted to reflect current contractual rates.

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES

RECONCILIATION OF NET INCOME (LOSS) TO HOTEL EBITDA

(in thousands)

(unaudited)

Three Months Ended December 31, 2016

	Atlanta, GA Area	Boston MA Area	Dallas / Fort Worth Area	Houston TX Area	Los Angeles, CA Metro Area	Miami Area	Minneapolis - St. Paul, MN Area	New York / New Jersey Metro Area	Orlando FL Area	Philadelphia PA Area	San Diego CA Area	San Francisco - Oakland, CA Area	Washington, DC - MD - VA Area	Other Areas	Total Portfolio			
Net income (loss)	\$ 3,546	\$ 2,467	\$ 2,856	\$ 686	\$ 11,284	\$ (228)	\$ 1,357	\$ 3,405	\$ 2,259	\$ 875	\$ 132	\$ 297	\$ 5,785	\$ 1,044	\$ 3,524	\$ (7,468)	\$ 31,821	
Income from consolidated entities attributable to noncontrolling interest																(32)	(32)	
Net (income) loss attributable to redeemable noncontrolling interests in operating partnership																		
Net income attributable to the Company	3,546	2,467	2,856	686	11,284	(228)	1,357	3,405	2,259	875	132	297	5,785	1,044	3,524	(7,500)	31,789	
Non-property adjustments	22				(7,506)					58				223	12,853		5,650	
Interest income			(1)		(1)		(9)		(2)	(2)			(3)		(3)		(2)	(23)
Interest expense																	484	484
Amortization of loan cost																	124	124
Depreciation and amortization	3,768	3,182	2,910	1,703	3,987	1,629	2,541	2,435	4,485	1,209	1,403	1,049	2,174	1,147	5,624	22,048	61,294	
Income tax expense									74		29						(78)	25
Non-Hotel EBITDA ownership expense	44	305	187	55	(62)	1,185	40	(40)	28	4	113	5	(51)	162	(65)	2,435	4,345	
Income from consolidated entities attributable to noncontrolling interest																	32	32
	7,380	5,954	5,952	2,444	7,702	2,586	3,929	5,800	6,844	2,144	1,677	1,351	7,905	2,353	9,303	30,396	103,720	

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EBITDA
including
amounts
attributable to
noncontrolling
interest

Non-comparable adjustments	1	17	10	2	30
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Comparable																			
Hotel EBITDA	\$ 7,381	\$ 5,954	\$ 5,952	\$ 2,444	\$ 7,719	\$ 2,586	\$ 3,929	\$ 5,800	\$ 6,854	\$ 2,146	\$ 1,677	\$ 1,351	\$ 7,905	\$ 2,353	\$ 9,303	\$ 30,396	\$ 103,750		

NOTES:

- (1) The above comparable information assumes the 123 hotel properties owned and included in the Company's operations at December 31, 2016, were owned as of the beginning of each of the periods presented. Non-comparable adjustments include pre-acquisition results from hotels acquired during the period offset by results from hotels sold during the period.
 - (2) All pre-acquisition information was obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition. Adjustments have been made to the pre-acquisition results as indicated below:
 - (a) Management fee expense was adjusted to reflect current contractual rates.
-

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES
RECONCILIATION OF NET INCOME (LOSS) TO HOTEL EBITDA

(in thousands)

(unaudited)

Three Months Ended December 31, 2015

	Atlanta, GA Area	Boston MA Area	Dallas / North Texas Area	Houston TX Area	Los Angeles, CA Metro Area	Miami Area	Minneapolis - St. Paul, MN Area	New York / New Jersey Metro Area	Orlando FL Area	Philadelphia, PA Area	San Diego, CA Area	San Francisco - Oakland, CA Area	Washington, DC - MD - VA Area	Other Areas	Total Portfolio		
Net income (loss)	\$ 2,715	\$ 2,555	\$ 3,058	\$ 2,054	\$ 2,237	\$ 822	\$ 777	\$ 2,553	\$ 2,719	\$ 2,672	\$ 240	\$ 275	\$ 4,597	\$ 792	\$ 5,055	\$ 10,184	\$ 43,305
Income from consolidated entities attributable to noncontrolling interest																(8)	(8)
Net (income) loss attributable to redeemable noncontrolling interests in operating partnership																	
Net income attributable to the Company	2,715	2,555	3,058	2,054	2,237	822	777	2,553	2,719	2,672	240	275	4,597	792	5,055	10,176	43,297
Non-property adjustments																	
Interest income					(1)	(1)		(2)	(1)			(1)		(2)	(1)	(9)	(9)
Interest expense																456	456
Amortization of loan cost																116	116
Depreciation and amortization	4,128	3,049	3,048	1,687	4,747	1,300	2,081	2,155	4,725	2,190	1,294	1,050	2,394	1,488	5,011	20,649	60,996
Income tax expense	7							(4)	59		24				9	23	118
Non-Hotel EBITDA ownership expense	209	28	27	193	(4)	419	47	26	(95)	53	137	18	190	32	(102)	731	1,909
Income from consolidated entities attributable to noncontrolling interest																8	8
	7,059	5,632	6,133	3,934	6,979	2,540	2,905	4,730	7,406	4,914	1,695	1,343	7,180	2,312	9,971	32,158	106,891

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EBITDA
including
amounts
attributable to
noncontrolling
interest

Non-comparable adjustments	(317)	(547)	822	(455)	(2,714)	(238)	(717)	(4,166)
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Comparable

Hotel EBITDA	\$ 6,742	\$ 5,632	\$ 6,133	\$ 3,934	\$ 6,432	\$ 2,540	\$ 3,727	\$ 4,730	\$ 6,951	\$ 2,200	\$ 1,695	\$ 1,343	\$ 7,180	\$ 2,312	\$ 9,733	\$ 31,441	\$ 102,725
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NOTES:

- (1) The above comparable information assumes the 123 hotel properties owned and included in the Company's operations at December 31, 2016, were owned as of the beginning of each of the periods presented. Non-comparable adjustments include pre-acquisition results from hotels acquired during the period offset by results from hotels sold during the period.
 - (2) All pre-acquisition information was obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition. Adjustments have been made to the pre-acquisition results as indicated below:
 - (a) Management fee expense was adjusted to reflect current contractual rates.
-

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES

RECONCILIATION OF NET INCOME (LOSS) TO HOTEL EBITDA

(in thousands)

(unaudited)

	Year Ended December 31, 2016															
	Atlanta, GA Area	Boston, MA Area	Dallas / Ft. Worth Area	Houston, TX Area	Los Angeles, CA Metro Area	Miami, FL Metro Area	Minneapolis - St. Paul, MN-WI Area	Nashville, TN Area	New Jersey / New York / Metro Area	Orlando, FL Area	Philadelphia, PA Area	San Diego, CA Area	San Francisco - Oakland, CA Metro Area	Tampa, FL Area	Washington DC - MD - VA Area	Other Areas
Net income (loss)	\$ 21,394	\$ 11,940	\$ 14,750	\$ 4,241	\$ 25,838	\$ 4,512	\$ 7,030	\$ 16,154	\$ 17,797	\$ 22,516	\$ 2,543	\$ 2,982	\$ 24,990	\$ 6,565	\$ 20,213	\$ 43,575
Income from consolidated entities attributable to noncontrolling interest																(103)
Net (income) loss attributable to redeemable noncontrolling interests in operating partnership																
Net income attributable to the Company	21,394	11,940	14,750	4,241	25,838	4,512	7,030	16,154	17,797	22,516	2,543	2,982	24,990	6,565	20,213	43,472
Non-property adjustments	(3,978)				(7,506)				(5,482)	(13,379)					5,262	11,344
Interest income			(1)		(2)	(1)	(11)		(8)	(7)	(1)	(1)	(8)		(10)	(7)
Interest expense																1,899
Amortization of loan cost																482
Depreciation and amortization	14,902	13,096	11,354	6,882	17,919	5,813	9,872	9,373	17,900	5,755	5,498	4,199	9,336	4,684	21,414	85,217
Income tax expense									74		29					(18)
Non-Hotel EBITDA ownership expense	458	629	77	159	(114)	1,596	84		371	296	123	39	241	346	(745)	5,610
Income from consolidated entities attributable to noncontrolling interest																103

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EBITDA including amounts attributable to noncontrolling interest	32,776	25,665	26,180	11,282	36,135	11,920	16,975	25,527	30,652	15,181	8,192	7,219	34,559	11,595	46,134	148,102
Non-comparable adjustments	(645)				(2,972)				(747)	(5,622)					(927)	(1,557)
Comparable Hotel EBITDA	\$ 32,131	\$ 25,665	\$ 26,180	\$ 11,282	\$ 33,163	\$ 11,920	\$ 16,975	\$ 25,527	\$ 29,905	\$ 9,559	\$ 8,192	\$ 7,219	\$ 34,559	\$ 11,595	\$ 45,207	\$ 146,545

NOTES:

(1) The above comparable information assumes the 123 hotel properties owned and included in the Company's operations at December 31, 2016, were owned as of the beginning of each of the periods presented. Non-comparable adjustments include pre-acquisition results from hotels

acquired during the period offset by results from hotels sold during the period.

(2) All pre-acquisition information was obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition. Adjustments have been made to the pre-acquisition results as indicated below:

(a) Management fee expense was adjusted to reflect current contractual rates.

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES
RECONCILIATION OF NET INCOME (LOSS) TO HOTEL EBITDA

(in thousands)

(unaudited)

Year Ended December 31, 2015

	Atlanta, GA Area	Boston, MA Area	Dallas / Ft Worth Area	Houston, TX Area	Los Angeles, CA Metro Area	Miami, FL Area	Minneapolis - WI Area	St. Paul, MN Area	Nashville, TN Area	New Jersey / New York Metro Area	Orlando, FL Area	Philadelphia, PA Area	San Diego, CA Area	San Francisco - Oakland, CA Metro Area	Tampa, FL Area	Washington, DC - MD - VA Area	Other Areas
Net income (loss)	\$ 10,957	\$ 13,805	\$ 12,723	\$ 6,552	\$ 10,846	\$ 5,896	\$ 3,653	\$ 10,516	\$ 13,907	\$ 11,888	\$ 1,783	\$ 2,414	\$ 22,515	\$ 3,562	\$ 24,350	\$ 41,724	\$
Income from consolidated entities attributable to noncontrolling interest																	(90)
Net (income) loss attributable to redeemable noncontrolling interests in operating partnership																	
Net income attributable to the Company	10,957	13,805	12,723	6,552	10,846	5,896	3,653	10,516	13,907	11,888	1,783	2,414	22,515	3,562	24,350	41,634	
Non-property adjustments																	
Interest income			(1)		(3)	(2)			(7)	(5)			(1)			2,817	18,262
Interest expense																	(4)
Amortization of loan cost																	342
Depreciation and amortization	12,938	9,003	11,104	6,094	17,477	4,830	6,303	6,959	15,989	8,160	4,896	4,195	9,321	5,133	18,195	69,052	
Income tax expense	7							(4)	59		24					9	83
Non-Hotel EBITDA ownership expense	376	196	185	429	199	721	54	322	(36)	314	308	22	223	288	(902)	2,074	
Income from consolidated entities attributable to noncontrolling interest																	90
	24,278	23,004	24,011	13,075	28,519	11,445	10,010	17,793	29,912	20,357	7,011	6,631	32,058	8,983	44,458	132,913	

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EBITDA
including
amounts
attributable to
noncontrolling
interest

Non-comparable adjustments	4,359	2,445	1,946	1,403	(1,690)	5,858	2,975	(295)	(10,312)					1,262	(200)	13,050
Comparable Hotel EBITDA	\$ 28,637	\$ 25,449	\$ 25,957	\$ 14,478	\$ 26,829	\$ 11,445	\$ 15,868	\$ 20,768	\$ 29,617	\$ 10,045	\$ 7,011	\$ 6,631	\$ 32,058	\$ 10,245	\$ 44,258	\$ 145,963

NOTES:

(1) The above comparable information assumes the 123 hotel properties owned and included in the Company's operations at December 31, 2016, were owned as of the beginning of each of the periods presented. Non-comparable adjustments include pre-acquisition results from hotels acquired during the period offset by results from hotels sold during the period.

(2) All pre-acquisition information was obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition. Adjustments have been made to the pre-acquisition results as indicated below:

(a) Management fee expense was adjusted to reflect current contractual rates.

ASHFORD HOSPITALITY TRUST, INC. AND SUBSIDIARIES

RECONCILIATION OF NET INCOME (LOSS) TO HOTEL EBITDA

(in thousands)

(unaudited)

Year Ended December 31, 2016

	Morgan Stanley 1 & 2 - 8 hotels	Cantor Commercial Stanley Real Estate - 5 hotels	Column Financial Lakewood hotels	JPMorgan Chase Patillon hotels	BAML Leakway hotels	US Bank Indigo Atlanta - hotels	Morgan Stanley Arbor - hotels	Morgan Stanley Atlanta hotels	Morgan Stanley Pool A - 7 hotels	Morgan Stanley Pool B - 4 hotels	Morgan Stanley Pool - 1 hotels	Morgan Stanley Back Bay hotels	Morgan Stanley Nashville hotels	Morgan Stanley Wisconsin hotels	Star HGI Dells - 1 hotel	
Net income (loss)	\$ 24,394	\$ 11,096	\$ (631)	\$ 40,837	\$ 105	\$ (626)	\$ 747	\$ 1,290	\$ 1,967	\$ 2,099	\$ 14,384	\$ (2,481)	\$ 20,869	\$ 8,791	\$ 17,971	\$ 751
Income from consolidated entities attributable to noncontrolling interest																
Net (income) loss attributable to redeemable noncontrolling interests in operating partnership																
Net income (loss) attributable to the Company	24,394	11,096	(631)	40,837	105	(626)	747	1,290	1,967	2,099	14,384	(2,481)	20,869	8,791	17,971	751
Non-property adjustments	(225)			9,085		114					4,096	5,262	(135)			
Interest income	(19)											(1)	(6)			
Interest expense	3		1,838					58								
Amortization of loan cost			482													
Depreciation and amortization	20,571	12,232	1,852	64,341	2,314	2,744	1,396	10,441	1,849	2,911	18,550	4,836	25,178	5,496	11,439	759
Income tax expense																
Non-Hotel EBITDA ownership expense	606	265	13	2,369	62	360	74	385	17	45	1,399	211	2,833	399	28	106
Income from consolidated entities attributable to noncontrolling interest																
Hotel EBITDA including amounts attributable to noncontrolling	45,330	23,593	3,554	116,632	2,481	2,592	2,217	12,174	3,833	5,055	38,429	7,827	48,739	14,686	29,438	1,616

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interest

Non-comparable adjustments

(927)

Comparable

Hotel EBITDA \$ 45,330 \$ 23,593 \$ 3,554 \$ 116,632 \$ 2,481 \$ 2,592 \$ 2,217 \$ 12,174 \$ 3,833 \$ 5,055 \$ 38,429 \$ 6,900 \$ 48,739 \$ 14,686 \$ 29,438 \$ 1,616

	Omni	Deutsche						Morgan											
	American	GACC	Bank W	GACC	GACC	Key Bank	Stanley	Pool	Morgan	Morgan		BAML	BAML	NorthStar					
	JP Morgan	Bank - I	Gateway	Minneapolis	Jacksonville	Manchester	Manchester	C1 - Stanley	Pool	Stanley	Pool	BAML	Pool 5 - 2	Pool 4	Chinesville	Waltham	Lincoln	Unencumbered	Total P
	18 hotels	hotel	1 hotel	1 hotel	RI - 1 hotel	RI - 1 hotel	RI - 1 hotel	RI - 1 hotel	RI - 1 hotel	RI - 1 hotel	RI - 1 hotel	RI - 1 hotel	RI - 1 hotel	RI - 1 hotel	RI - 1 hotel	RI - 1 hotel	RI - 1 hotel	RI - 1 hotel	RI - 1 hotel

Net income (loss)

\$ 36,179 \$ 607 \$ 8,726 \$ 3,623 \$ 734 \$ 519 \$ 242 \$ 5,290 \$ 1,847 \$ 2,409 \$ 4,632 \$ 2,072 \$ 9,597 \$ 2,493 \$ 27,225 \$ (718) \$ 247

Income from consolidated entities attributable to noncontrolling interest

(73) (30)

Net (income) loss attributable to redeemable noncontrolling interests in operating partnership

Net income (loss) attributable to the Company

36,179 607 8,726 3,623 734 446 212 5,290 1,847 2,409 4,632 2,072 9,597 2,493 27,225 (718) 247

Non-property adjustments

(7,506) (1,590) (22,840) (13)

Interest income

(11) (1) (9) (5) (1) (1) (3)

Interest expense

Amortization of loan cost

Depreciation and amortization

27,360 441 7,113 3,300 905 886 681 2,812 448 1,266 3,821 949 875 626 2,255 2,567 243

Income tax expense

103 (36) 18

Non-Hotel EBITDA ownership expense

281 9 (1,204) 12 126 9 8 65 34 52 39 17 6 28 375 141 9

Income from consolidated entities attributable to noncontrolling interest

73 30

Hotel EBITDA including amounts attributable to noncontrolling interest

63,912 1,057 14,634 6,926 1,765 1,378 949 8,167 2,329 3,727 8,487 3,037 2,972 1,557 7,014 1,987 488

Non-comparable adjustments

(2,972) (1,557) (7,014) (12)

Comparable

Hotel EBITDA \$ 63,912 \$ 1,057 \$ 14,634 \$ 6,926 \$ 1,765 \$ 1,378 \$ 949 \$ 8,167 \$ 2,329 \$ 3,727 \$ 8,487 \$ 3,037 \$ \$ \$ \$ 1,987 \$ 475

NOTES:

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(1) The above comparable information assumes the 123 hotel properties owned and included in the Company's operations at December 31, 2016, were owned as of the beginning of each of the periods presented. Non-comparable adjustments include pre-acquisition results from hotels acquired during the period offset by results from hotels sold during the period.

(2) All pre-acquisition information was obtained from the prior owner. The Company performed a limited review of the information as part of its analysis of the acquisition. Adjustments have been made to the pre-acquisition results as indicated below:

(a) Management fee expense was adjusted to reflect current contractual rates.
