

Resource Capital Corp.  
Form 10-Q  
August 08, 2017

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

FORM 10-Q  
(Mark One)

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

For the quarterly period ended June 30, 2017

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: 1-32733

RESOURCE CAPITAL CORP.

(Exact name of registrant as specified in its charter)

Maryland 20-2287134

(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

712 Fifth Avenue, 12th Floor, New York, New  
York 10019

(Address of principal executive offices) (Zip  
code)

(212) 506-3899

(Registrant's telephone number, including area  
code)

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 during the preceding 12 months (or for such shorter period that the registrant was required 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," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

The number of outstanding shares of the registrant's common stock on August 4, 2017 was 31,388,212 shares.

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES  
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ON FORM 10-Q

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## PART I

## ITEM 1. FINANCIAL STATEMENTS

## RESOURCE CAPITAL CORP. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

	June 30, 2017 (unaudited)	December 31, 2016
<b>ASSETS <sup>(1)</sup></b>		
Cash and cash equivalents	\$102,733	\$ 116,026
Restricted cash	1,286	3,399
Interest receivable	6,333	6,404
CRE loans, pledged as collateral and net of allowances of \$4.7 million and \$3.8 million	1,250,991	1,286,278
Loans held for sale	38	1,007
Principal paydowns receivable	87,550	19,280
Investment securities, trading	171	4,492
Investment securities available-for-sale, including securities pledged as collateral of \$82.9 million and \$97.5 million	116,395	124,968
Investments in unconsolidated entities	57,165	87,919
Derivatives, at fair value	75	647
Direct financing leases, net of allowances of \$0.7 million and \$0.5 million	189	527
Intangible assets	—	213
Other assets	10,186	14,673
Deferred tax asset, net	4,240	4,255
Assets held for sale (amount includes \$79.6 million and \$158.2 million of legacy CRE loans held for sale in continuing operations, see Note 22)	276,931	383,455
<b>Total assets</b>	<b>\$1,914,283</b>	<b>\$ 2,053,543</b>
<b>LIABILITIES <sup>(2)</sup></b>		
Accounts payable and other liabilities	\$2,787	\$4,480
Management fee payable - related party	876	1,318
Accrued interest expense	4,872	4,979
Borrowings	1,069,339	1,191,456
Distributions payable	5,577	5,560
Derivatives, at fair value	484	97
Liabilities held for sale (see Note 22)	126,376	142,563
<b>Total liabilities</b>	<b>1,210,311</b>	<b>1,350,453</b>
<b>EQUITY</b>		
Preferred stock, par value \$0.001: 10,000,000 shares authorized 8.50% Series A cumulative redeemable preferred shares, liquidation preference \$25.00 per share; 1,069,016 and 1,069,016 shares issued and outstanding	1	1
Preferred stock, par value \$0.001: 10,000,000 shares authorized 8.25% Series B cumulative redeemable preferred shares, liquidation preference \$25.00 per share; 5,544,579 and 5,544,579 shares issued and outstanding	6	6
Preferred stock, par value \$0.001: 10,000,000 shares authorized 8.625% Series C cumulative redeemable preferred shares, liquidation preference \$25.00 per share; 4,800,000 and 4,800,000 shares issued and outstanding	5	5
Common stock, par value \$0.001: 125,000,000 shares authorized; 31,388,953 and 31,050,020 shares issued and outstanding (including 555,658 and 400,050 unvested restricted shares)	31	31

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Additional paid-in capital	1,219,982	1,218,352
Accumulated other comprehensive income	500	3,081
Distributions in excess of earnings	(515,148 )	(517,177 )
Total Resource Capital Corp. stockholders' equity	705,377	704,299
Non-controlling interests	(1,405 )	(1,209 )
Total equity	703,972	703,090
TOTAL LIABILITIES AND EQUITY	\$1,914,283	\$2,053,543

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS - (Continued)  
(in thousands, except share and per share data)

	June 30, 2017 (unaudited)	December 31, 2016
(1) Assets of consolidated variable interest entities ("VIEs") included in total assets above:		
Restricted cash	\$ 626	\$ 3,308
Interest receivable	2,431	3,153
CRE loans, pledged as collateral and net of allowances of \$0.8 million and \$0.8 million	558,142	747,726
Loans held for sale	38	1,007
Principal paydowns receivable	20,500	5,820
Investment securities available-for-sale, including securities pledged as collateral	—	369
Other assets	31	58
Total assets of consolidated VIEs	\$ 581,768	\$ 761,441
(2) Liabilities of consolidated VIEs included in total liabilities above:		
Accounts payable and other liabilities	\$ 109	\$ 133
Accrued interest expense	405	519
Borrowings	305,214	480,103
Total liabilities of consolidated VIEs	\$ 305,728	\$ 480,755

The accompanying notes are an integral part of these statements

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share data)  
(unaudited)

For the	For the
Three	Six
Months	Months
Ended	Ended
June 30,	