BIOTIME INC
Form 8-K
June 03, 2011

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (date of earliest event reported): **June 2, 2011**

**BioTime, Inc.**
(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| **California** | **1-12830** | **94-3127919** |
| (State or other jurisdiction | (Commission File Number) | (IRS Employer |
| of incorporation) | | Identification No.) |

**1301 Harbor Bay Parkway**
**Alameda, California 94502**
(Address of principal executive offices)

**(510) 521-3390**
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

*Statements made in this Report that are not historical facts may constitute forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those discussed. Such risks and uncertainties include but are not limited to those discussed in this report and in BioTime's Annual Report on Form 10-K filed with the Securities and Exchange Commission. Words such as “expects,” “may,” “will,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” and similar expressions identify forward-looking statements.*

**Section 8 - Other Events**

**Item 8.01 - Other Events.**

On June 3, 2011, we issued a press release announcing that two human embryonic stem cell lines developed by BioTime subsidiary ES Cell International Pte. Ltd. have been approved by the National Institutes of Health for inclusion in the NIH Human Embryonic Stem Cell Registry, making those cell lines eligible for use in Federally funded research. A copy of the press release has been filed as an exhibit to this report and is incorporated herein by reference.

**Section 9 - Financial Statements and Exhibits**

**Item 9.01 - Financial Statements and Exhibits.**

| Exhibit Number | Description |
|---|---|
| 99.1 | Press release dated June 3, 2011 |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**BIOTIME, INC.**

Date: June 3, 2011 By: /s/ Robert W. Peabody
Senior Vice President,
Chief Operating Officer, and
Chief Financial Officer

| Exhibit Number | Description |
|---|---|
| 99.1 | Press release dated June 3, 2011 |

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cceeff;">

Loans without a specific valuation allowance:

Whole loans
$
—

$
—

$
—

$
—

$
—

Loans with a specific valuation allowance:

Whole loans
$
7,000

$
7,000

$
(2,500
)

$
7,000

$
—

Total:

Whole loans
$
7,000

$
7,000

$
(2,500
)

$
7,000

$
—

Troubled-Debt Restructurings ("TDR")
There were no TDRs for the three months ended March 31, 2018 and 2017.

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Restricted Cash

At March 31, 2018, we had restricted cash of $546,000, which consisted of $513,000 of restricted cash within five of our seven consolidated securitizations, $13,000 held as margin and $20,000 held in various reserve accounts. At December 31, 2017, we had restricted cash of $22.9 million, which consisted of $20.8 million of restricted cash within six of our seven consolidated securitizations, $1.9 million held as margin, $100,000 held in escrow and $25,000 held in various reserve accounts. The decrease of $22.3 million is primarily attributable to paydowns and interest payments on the RCC 2017-CRE5 notes payable, future fundings made by RCC 2017-CRE5 and the receipt of previously posted margin from our interest rate swap counterparty.

Accrued Interest Receivable

The following table summarizes our accrued interest receivable at March 31, 2018 and December 31, 2017 (in thousands):

| | March 31, 2018 | December 31, 2017 | Net Change |
|---|---|---|---|
| Accrued interest receivable from loans | $ 6,153 | $ 6,096 | $ 57 |
| Accrued interest receivable from securities | 785 | 756 | 29 |
| Accrued interest receivable from escrow and sweep accounts | 7 | 7 | — |
| Total | $ 6,945 | $ 6,859 | $ 86 |

The $57,000 increase in accrued interest receivable from loans is primarily attributable to new loan production and an increase in one-month LIBOR, offset by loan payoffs during the three months ended March 31, 2018. The $29,000 increase in accrued interest receivable from securities is primarily attributable to the purchase of CMBS, offset by the sale of our last remaining ABS.

Other Assets

The following table summarizes our other assets at March 31, 2018 and December 31, 2017 (in thousands):

| | March 31, 2018 | December 31, 2017 | Net Change |
|---|---|---|---|
| Tax receivables and prepaid taxes | $ 3,211 | $ 4,286 | $(1,075) |
| Management fees receivable | 1,664 | 2,029 | (365) |
| Other receivables | 613 | 495 | 118 |
| Fixed assets - non real estate | 144 | 157 | (13) |
| Other | 1,349 | 484 | 865 |
| Total | $ 6,981 | $ 7,451 | $(470) |

The $470,000 decrease in other assets is attributable to a $1.1 million decrease in tax receivables and prepaid taxes, due to tax refunds of $1.1 million received during the three months ended March 31, 2018, and a $365,000 decrease in management fees receivable, due to to the amortization of the collateral management fee rebate assets. The decrease in other assets was offset by a $865,000 increase in other, primarily attributable to the payment of $1.1 million of premiums for the renewal of our directors and officers liability insurance.

Deferred Tax Asset, Net

At March 31, 2018 and December 31, 2017, our deferred tax asset was zero. The future realization of deferred tax assets depends upon the generation of future taxable income during the periods in which those temporary differences become deductible. During 2017, we recorded a full valuation allowance against our deferred tax assets, net, as we believed it was more likely than not that some or all of the deferred tax assets would not be realized. This assessment was based on our cumulative historical losses and uncertainties as to the amount of taxable income that would be generated in future years.  In recognition of this risk, we have recorded a full valuation allowance of $10.4 million and $9.9 million at March 31, 2018 and December 31, 2017, respectively. We will continue to evaluate our ability to realize the tax benefits associated with deferred tax assets by analyzing forecasted taxable income using both historical and projected future operating results, the reversal of existing temporary differences, taxable income in prior carry back years (if permitted) and the availability of tax planning strategies.

In accordance with SEC staff issued guidance, a company must reflect the income tax effects of those aspects of the Tax Cuts and Jobs Act (the "Tax Act") for which the accounting is complete. We were able to determine a reasonable provisional estimate that has been recorded in the consolidated financial statements. Our accounting for the impact of the Tax Act is complete.

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Core and Non-Core Asset Classes

Our investment strategy targets the following core asset class:

| CRE/Core Asset Class | Principal Investments |
| --- | --- |
| Commercial real estate-related assets | • First mortgage loans, which we refer to as whole loans;<br>• First priority interests in first mortgage loans, which we refer to as A notes;<br>• Subordinated interests in first mortgage loans, which we refer to as B notes;<br>• Mezzanine debt related to CRE that is senior to the borrower's equity position but subordinated to other third-party debt;<br>• Preferred equity investments related to CRE that are subordinate to first mortgage loans and are not collateralized by the property underlying the investment;<br>• CMBS; and<br>• Other CRE investments. |

In November 2016, we received approval from our Board to execute the Plan to focus our strategy on CRE debt investments. The Plan contemplates disposing of certain legacy CRE debt investments, exiting underperforming non-core asset classes and establishing a dividend policy based on sustainable earnings. Legacy CRE loans are loans underwritten prior to 2010. The non-core asset classes in which we have historically invested are described below:

| Non-Core Asset Classes | Principal Investments |
| --- | --- |
| Residential real estate-related assets | • Residential mortgage loans; and<br>• Residential mortgage-backed securities, which we refer to as RMBS, which comprise our available-for-sale portfolio. |
| Commercial finance assets | • Middle market secured corporate loans and preferred equity investments;<br>• ABS, backed by senior secured corporate loans;<br>• Debt tranches of collateralized debt obligations, which we refer to as CDOs, and CLOs, respectively, and sometimes, collectively, as CDOs;<br>• Structured note investments, which comprise our trading securities portfolio;<br>• Syndicated corporate loans; and<br>• Preferred equity investment in a commercial leasing enterprise that originates and holds small- and middle-ticket commercial direct financing leases and notes. |

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The table below summarizes the amortized cost and net carrying amount of our investment portfolio at March 31, 2018, classified by asset type (in thousands, except percentages and amounts in footnotes):

| At March 31, 2018 | Amortized Cost | Net Carrying Amount | Percent of Portfolio | | Weighted Average Coupon |
|---|---|---|---|---|---|
| Core Assets: | | | | | |
| CRE whole loans [1][2] | $1,362,520 | $1,357,991 | 80.23 | % | 6.34% |
| CRE preferred equity investment [2] | 19,008 | 19,008 | 1.12 | % | 11.50% |
| CMBS [3] | 251,343 | 250,746 | 14.81 | % | 4.36% |
| Total Core Assets | 1,632,871 | 1,627,745 | 96.16 | % | |
| Non-Core Assets: | | | | | |
| Structured notes [4] | 1,218 | 164 | 0.01 | % | N/A [10] |
| Investments in unconsolidated entities [5] | 4,891 | 4,891 | 0.29 | % | N/A [10] |
| Direct financing leases [6] | 824 | 89 | 0.01 | % | 5.66% |
| Legacy CRE loans held for sale [7][8] | 63,882 | 57,341 | 3.39 | % | 1.71% |
| Middle market loan held for sale [7][9] | 13,837 | 1,978 | 0.12 | % | —% |
| Life settlement contracts [7] | 177 | 177 | 0.01 | % | N/A [10] |
| Property available-for-sale [7] | 117 | 117 | 0.01 | % | N/A [10] |
| Total Non-Core Assets | 84,946 | 64,757 | 3.84 | % | |
| Total investment portfolio | $1,717,817 | $1,692,502 | 100.00 | % | |

(1) Net carrying amount includes an allowance for loan losses of $4.5 million at March 31, 2018.
(2) Classified as CRE loans on the consolidated balance sheets.
(3) Classified as investment securities available-for-sale on the consolidated balance sheets.
(4) Classified as investment securities, trading on the consolidated balance sheets.
(5) Classified as investments in unconsolidated entities on the consolidated balance sheets.
(6) Net carrying amount includes an allowance for lease losses of $735,000 at March 31, 2018.
(7) Classified as assets held for sale on the consolidated balance sheets.
(8) Net carrying amount includes a lower of cost or market value adjustment of $6.5 million at March 31, 2018.
(9) Net carrying amount includes the lower of cost or market value adjustment of $11.9 million at March 31, 2018.
(10) There are no stated rates associated with these investments.

Assets and Liabilities Held for Sale

The assets and liabilities of business segments classified as discontinued operations and other assets and liabilities classified as held for sale are reported separately in the accompanying consolidated financial statements and are summarized as follows at March 31, 2018 and December 31, 2017 (in thousands, except amounts in the footnote):

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| ASSETS | | |
| Restricted cash | $ 138 | $ 138 |
| Accrued interest receivable | 33 | 67 |
| Loans held for sale | 59,320 | 93,063 |
| Property available-for-sale | 117 | — |
| Principal paydowns receivable | 14,827 | — |
| Other assets [1] | 3,186 | 14,450 |
| Total assets held for sale | $ 77,621 | $ 107,718 |
| LIABILITIES | | |
| Accounts payable and other liabilities | $ 2,883 | $ 10,283 |

| | | |
|---|---|---|
| Management fee payable | — | 56 |
| Accrued interest payable | — | 3 |
| Total liabilities held for sale | $ 2,883 | $ 10,342 |

(1) Includes our investment in life settlement contracts of $177,000 and $5.1 million at March 31, 2018 and December 31, 2017, respectively, which were transferred to held for sale in the fourth quarter of 2016.

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Hedging Instruments

A significant market risk to us is interest rate risk. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control. Changes in the general level of interest rates can affect net interest income, which is the difference between the interest income earned on interest-earning assets and the interest expense incurred in connection with the interest-bearing liabilities, by affecting the spread between the interest-earning assets and interest-bearing liabilities. Changes in the level of interest rates also can affect the value of our interest-earning assets and our ability to realize gains from the sale of these assets. A decline in the value of our interest-earning assets pledged as collateral for borrowings could result in the counterparties demanding additional collateral pledges or liquidation of some of the existing collateral to reduce borrowing levels.

We seek to manage the extent to which net income changes as a fluctuation of changes in interest rates by matching adjustable-rate assets with variable-rate borrowings. We seek to mitigate the potential impact on net income (loss) of adverse fluctuations in interest rates incurred on our borrowings by entering into hedging agreements.

We classify our interest rate hedges as cash flow hedges, which are hedges that eliminate the risk of changes in the cash flows of a financial asset or liability. We record changes in fair value of derivatives designated and effective as cash flow hedges in accumulated other comprehensive income, and record changes in fair value of derivatives designated and ineffective as cash flow hedges in earnings.

We were also exposed to foreign currency exchange risk, a form of risk that arises from the change in price of one currency against another. However, substantially all of our revenues are transacted in U.S. dollars. To address this market risk, we generally hedged our foreign currency-denominated exposures (typically investments in debt instruments, including forecasted principal and interest payments) with foreign currency forward contracts. We classified these hedges as fair value hedges, which are hedges that mitigate the risk of changes in the fair values of assets, liabilities and certain types of firm commitments. We recorded changes in the fair value of derivatives designated and effective as fair value hedges in earnings offset by corresponding changes in the fair values of the hedged items. As we continue to further implement the Plan, as outlined in the "Overview" section, we eliminated our foreign currency exchange risk as of March 31, 2018.

The following tables present the fair value of our derivative financial instruments as well as their classification on our consolidated balance sheets and on the consolidated statements of operations for the periods presented:

Fair Value of Derivative Instruments at March 31, 2018 (in thousands)

| | Asset Derivatives | | |
|---|---|---|---|
| | Notional Amount | Consolidated Balance Sheets Location | Fair Value |
| Interest rate swap contracts, hedging [1] | $ 44,570 | Derivatives, at fair value | $ 1,751 |

| | Liability Derivatives | | |
|---|---|---|---|
| | Notional Amount | Consolidated Balance Sheets Location | Fair Value |
| Interest rate swap contracts, hedging | $ 44,570 | Accumulated other comprehensive income | $ 1,751 |

(1) Interest rate swap contracts are accounted for as cash flow hedges.

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Fair Value of Derivative Instruments at December 31, 2017 (in thousands, except amount in footnotes)

| | Asset Derivatives | | |
|---|---|---|---|
| | Notional Amount | Consolidated Balance Sheets Location | Fair Value |
| Interest rate swap contracts, hedging [1] | $ 41,750 | Derivatives, at fair value | $ 602 |

| | Liability Derivatives | | |
|---|---|---|---|
| | Notional Amount | Consolidated Balance Sheets Location | Fair Value |
| Forward contracts - foreign currency, hedging [2][3] | $ 3,602 | Derivatives, at fair value | $ 76 |
| Interest rate swap contracts, hedging | $ 41,750 | Accumulated other comprehensive income | $ 602 |

(1) Interest rate swap contracts are accounted for as cash flow hedges.
(2) Foreign currency forward contracts are accounted for as fair value hedges.
(3) Notional amount is presented on a currency converted basis. The base currency notional amount of our foreign currency hedging forward contracts in a liability position was €3.0 million at December 31, 2017.

The Effect of Derivative Instruments on the Consolidated Statements of Operations for the Three Months Ended March 31, 2018 (in thousands)

| | Derivatives | |
|---|---|---|
| | Consolidated Statements of Operations Location | Realized and Unrealized Gain (Loss) [1] |
| Interest rate swap contracts, hedging | Interest expense | $ (50 ) |

(1) Negative values indicate a decrease to the associated consolidated statements of operations line items.

The Effect of Derivative Instruments on the Consolidated Statements of Operations for the Three Months Ended March 31, 2017 (in thousands)

| | Derivatives | |
|---|---|---|
| | Consolidated Statements of Operations Location | Realized and Unrealized Gain (Loss) [1] |
| Interest rate swap contracts, hedging | Interest expense | $ (18 ) |
| Forward contracts - foreign currency, hedging | Net realized and unrealized (loss) gain on investment securities available-for-sale and loans and derivatives | $ (195 ) |

(1) Negative values indicate a decrease to the associated consolidated statements of operations line items.

At March 31, 2018, we had eight swap contracts outstanding in order to hedge against adverse rate movements against our CMBS purchase facilities. Our interest rate hedges at March 31, 2018 were as follows (in thousands except percentages):

| Benchmark Rate | Strike Rate | Effective Date |
|---|---|---|

| | | Notional Value | | | Maturity Date | Fair Value |
|---|---|---|---|---|---|---|
| CMBS repurchase facilities swaps: | | | | | | |
| Interest rate swap | One-month LIBOR | $ 7,500 | 1.99% | 6/18/2017 | 10/18/2025 | $ 321 |
| Interest rate swap | One-month LIBOR | 3,010 | 2.02% | 6/18/2017 | 1/28/2026 | 125 |
| Interest rate swap | One-month LIBOR | 2,525 | 1.94% | 7/18/2017 | 10/18/2025 | 116 |
| Interest rate swap | One-month LIBOR | 3,640 | 2.15% | 8/18/2017 | 3/18/2027 | 143 |
| Interest rate swap | One-month LIBOR | 4,025 | 2.09% | 8/18/2017 | 10/18/2026 | 165 |
| Interest rate swap | One-month LIBOR | 13,550 | 2.09% | 10/18/2017 | 9/18/2027 | 631 |
| Interest rate swap | One-month LIBOR | 7,500 | 2.20% | 10/18/2017 | 9/18/2027 | 281 |
| Interest rate swap | One-month LIBOR | 2,820 | 2.77% | 3/18/2018 | 3/18/2028 | (31 ) |
| Total CMBS repurchase facilities swaps | | $ 44,570 | | | | $ 1,751 |

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Repurchase and Credit Facilities

Borrowings under our repurchase agreements are guaranteed by us or one of our subsidiaries. The following table sets forth certain information with respect to our repurchase agreements (dollars in thousands, except amounts in footnotes):

| | March 31, 2018 | | | | December 31, 2017 | | | |
|---|---|---|---|---|---|---|---|---|
| | Outstanding Borrowings (1) | Value of Collateral | Number of Positions as Collateral | Weighted Average Interest Rate | Outstanding Borrowings (1) | Value of Collateral | Number of Positions as Collateral | Weighted Average Interest Rate |
| CRE - Term Repurchase Facilities | | | | | | | | |
| Wells Fargo Bank, N.A. (2) | $258,160 | $376,843 | 23 | 3.92% | $179,347 | $268,003 | 19 | 3.68% |
| Morgan Stanley Bank, N.A. (3) | 172,225 | 245,361 | 12 | 4.36% | 112,151 | 164,122 | 9 | 4.05% |
| | | | | | | | | |
| CMBS - Term Repurchase Facilities | | | | | | | | |
| Wells Fargo Bank, N.A. | — | — | — | —% | 12,272 | 14,984 | 8 | 2.45% |
| Deutsche Bank AG | 13,532 | 20,372 | 14 | 3.99% | 15,356 | 23,076 | 14 | 3.53% |
| | | | | | | | | |
| Trust Certificates - Term Repurchase Facilities | | | | | | | | |
| RSO Repo SPE Trust 2015 (4) | 26,583 | 89,121 | 2 | 7.29% | 26,548 | 89,121 | 2 | 6.98% |
| RSO Repo SPE Trust 2017 (5) | 47,048 | 118,780 | 2 | 5.74% | 49,596 | 125,254 | 2 | 5.43% |
| | | | | | | | | |
| CMBS - Short-Term Repurchase Agreements | | | | | | | | |
| RBC Capital Markets, LLC | 125,369 | 173,574 | 15 | 3.11% | 72,131 | 97,745 | 6 | 2.77% |
| JP Morgan Securities LLC | 10,529 | 33,709 | 2 | 3.41% | 10,516 | 33,777 | 2 | 2.93% |
| Total | $653,446 | $1,057,760 | | | $477,917 | $816,082 | | |

(1) Outstanding borrowings includes accrued interest payable.

(2) Includes $313,000 and $565,000 of deferred debt issuance costs at March 31, 2018 and December 31, 2017, respectively.

(3) Includes $289,000 and $448,000 of deferred debt issuance costs at March 31, 2018 and December 31, 2017, respectively.

(4) Includes $96,000 and $133,000 of deferred debt issuance costs at March 31, 2018 and December 31, 2017, respectively.

(5) Includes $292,000 and $320,000 of deferred debt issuance costs at March 31, 2018 and December 31, 2017, respectively.

We are in compliance with all financial covenants in each of the respective agreements at March 31, 2018.

CRE - Term Repurchase Facilities

In February 2012, our wholly-owned subsidiary entered into a master repurchase and securities agreement (the "2012 Facility") with Wells Fargo Bank, N.A. ("Wells Fargo") to finance the origination of CRE loans. In March 2018, we entered into the seventh amendment to the 2012 Facility, which amended certain defined terms and the required capital, total indebtedness to equity and EBITDA to interest expense ratio covenants.

In September 2015, we entered into a guaranty agreement (the "Morgan Stanley Guaranty"), associated with the master repurchase and securities agreement with Morgan Stanley Bank, N.A. ("Morgan Stanley") In March 2018, we entered into the second amendment to the Morgan Stanley Guaranty, which amended certain defined terms and the required capital and EBITDA to interest expense ratio covenants.

In April 2018, our indirect wholly-owned subsidiary entered into a master repurchase agreement (the "Barclays Facility") with Barclays Bank PLC ("Barclays") to finance our core CRE lending business. The Barclays Facility has a maximum facility amount of $250.0 million, charges interest of one-month LIBOR plus a spread between 2.00% and 2.50% and matures in April 2021, subject to certain one-year extension options in accordance with the facility's terms. We paid a structuring fee as well as other reasonable closing costs.

The Barclays Facility contains margin call provisions that provide Barclays with certain rights when there has been a decline in the value of purchased assets. Under these circumstances, Barclays may require us to transfer cash in an amount necessary to eliminate such margin deficit or repurchase the asset that resulted in the margin call.

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In connection with the Barclays Facility, we fully guaranteed all payments and performance under the Barclays Facility pursuant to a guaranty agreement (the "Barclays Guaranty"). The Barclays Guaranty includes certain financial covenants required of us, including required liquidity, required capital, ratios of total indebtedness to equity and EBITDA requirements. Also, RCC Real Estate, the direct owner of the wholly-owned subsidiary, executed a pledge and security agreement with Barclays whereby it agreed to pledge and grant to Barclays a continuing security interest in any and all of its right, title and interest in and to the wholly-owned subsidiary, including all distributions, proceeds, payments, income and profits from its interests in the wholly-owned subsidiary.

The Barclays Facility contains events of default, subject to certain materiality thresholds and grace periods, customary for this type of financing arrangement. The remedies for such events of default are also customary for this type of transaction and include the acceleration of the principal amount outstanding under the Barclay Facility and the liquidation by Barclays of purchased assets then subject to the Barclays Facility.

CMBS - Term Repurchase Facilities

In February 2011, two of our wholly-owned subsidiaries entered into a master repurchase and securities agreement (the "2011 Facility") with Wells Fargo to finance the acquisition of CMBS. In March 2018, we paid off the 2011 Facility and allowed it to mature on March 31, 2018.

Securitizations

At March 31, 2018, we retain equity in six of the securitizations we had executed, of which three had been substantially liquidated.

Stockholders' Equity

Total stockholders' equity at March 31, 2018 was $550.2 million and gave effect to $1.8 million of net unrealized gains on our cash flow hedges and $597,000, after tax, of net unrealized losses on our available-for-sale portfolio, shown as a component of accumulated other comprehensive income.  Stockholders' equity at December 31, 2017 was $671.5 million and gave effect to $602,000 of unrealized gains on our cash flow hedges and $695,000, after tax, of net unrealized gains on our available-for-sale portfolio, shown as a component of accumulated other comprehensive income.  The decrease in stockholders' equity during the three months ended March 31, 2018 was primarily attributable to the March 2018 redemption of all remaining shares of Series B Preferred Stock, with a carrying value of $107.9 million and a loss on redemption of $7.5 million, and distributions on our common stock and Series B Preferred Stock.

Balance Sheet - Book Value Reconciliation

The following table reconciles our common stock book value from December 31, 2017 to March 31, 2018 (in thousands, except per share data and amounts in footnotes):

| | Total Amount | | Per Share Amount | |
|---|---|---|---|---|
| Common stock book value at December 31, 2017 [(1)] | $ 447,634 | | $ 14.46 | |
| Net loss allocable to common shares | (12,582 | ) | (0.40 | ) |
| Change in other comprehensive income: | | | | |
| Available-for-sale securities | (1,292 | ) | (0.04 | ) |
| Derivatives | 1,149 | | 0.03 | |
| Common stock dividends | (1,560 | ) | (0.05 | ) |
| Common stock dividends on unvested shares | (23 | ) | — | |
| Accretion (dilution) from additional shares | 898 | | (0.08 | ) |

| | | |
|---|---|---|
| outstanding at March 31, 2018 (2) | | |
| Total net decrease | (13,410) | (0.54) |
| Common stock book value at March 31, 2018 (1)(3) | $ 434,224 | $ 13.92 |

(1) Per share calculations exclude unvested restricted stock, as disclosed on our consolidated balance sheets, of 465,808 shares and 483,073 shares at March 31, 2018 and December 31, 2017, respectively. The denominator for the calculation is 31,184,609 and 30,946,819 at March 31, 2018 and December 31, 2017, respectively.

(2) Per share amount calculation includes the impact of 237,790 additional shares.

(3) Common stock book value is calculated as total stockholders' equity of $550.2 million less preferred stock equity of $116.0 million at March 31, 2018.

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Common stock book value includes $13.4 million of total discount resulting from the value of the conversion option on our convertible senior notes. The convertible senior notes' discounts will be amortized into interest expense over the remaining life of each note issuance. At March 31, 2018, common stock book value excluding this item would be $420.9 million, which equates to $13.50 per share.

Core Earnings

We use Core Earnings as a non-GAAP financial measure to evaluate our operating performance. We previously used Adjusted Funds from Operations as a non-GAAP measure of operating performance.

Core Earnings exclude the effects of certain transactions and accounting principles generally accepted in the United States of America ("GAAP") adjustments that we believe are not necessarily indicative of our current CRE loan portfolio and other CRE-related investments and operations. Core Earnings exclude income (loss) from all non-core assets such as commercial finance, middle market lending, residential mortgage lending, certain legacy CRE loans and other non-CRE assets designated as assets held for sale at the initial measurement date.[1]

Core Earnings, for reporting purposes, is defined as GAAP net income (loss) allocable to common shareholders, excluding (i) non-cash equity compensation expense, (ii) unrealized gains and losses, (iii) non-cash provisions for loan losses, (iv) non-cash impairments on securities, (v) non-cash amortization of discounts or premiums associated with borrowings, (vi) net income or loss from a limited partnership interest owned at the initial measurement date, (vii) net income or loss from non-core assets,[2][3] (viii) real estate depreciation and amortization, (ix) foreign currency gains or losses and (x) income or loss from discontinued operations. Core Earnings may also be adjusted periodically to exclude certain one-time events pursuant to changes in GAAP and certain non-cash items.

Although pursuant to the Third Amended and Restated Management Agreement we calculate incentive compensation using Core Earnings excluding incentive fees payable to the Manager, beginning with the three months and year ended December 31, 2017 we include incentive fees payable to the Manager in Core Earnings for reporting purposes.

Core Earnings does not represent net income or cash generated from operating activities and should not be considered as an alternative to GAAP net income or as a measure of liquidity under GAAP. Our methodology for calculating Core Earnings may differ from methodologies used by other companies to calculate similar supplemental performance measures, and, accordingly, our reported Core Earnings may not be comparable to similar performance measures used by other companies.

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The following table provides a reconciliation from GAAP net (loss) income allocable to common shares to Core Earnings allocable to common shares for the periods presented (in thousands, except per share data and amounts in footnotes):

| | For the Three Months Ended March 31, | | | |
|---|---|---|---|---|
| | 2018 | Per Share Data | 2017 | Per Share Data |
| Net (loss) income allocable to common shares - GAAP | $(12,582) | $(0.40) | $2,700 | $0.09 |
| Adjustment for realized gain on CRE assets | — | — | — | — |
| Net (loss) income allocable to common shares - GAAP, adjusted | (12,582) | (0.40) | 2,700 | 0.09 |
| Reconciling items from continuing operations: | | | | |
| Non-cash equity compensation expense | 967 | 0.03 | 788 | 0.02 |
| Non-cash (recovery of) provision for CRE loan losses | (799) | (0.03) | 860 | 0.03 |
| Realized loss on core activities [4] | (2,167) | (0.07) | — | — |
| Non-cash amortization of discounts or premiums associated with borrowings | 778 | 0.02 | 414 | 0.01 |
| Net income from limited partnership interest owned at the initial measurement date [1] | — | — | (358) | (0.01) |
| Income tax (benefit) expense from non-core investments [2][3] | (32) | — | 1,499 | 0.05 |
| Net realized loss on non-core assets [2][3] | 215 | 0.01 | — | — |
| Net loss (income) from non-core assets [3] | 397 | 0.01 | (1,429) | (0.05) |
| Reconciling items from discontinued operations and CRE assets: | | | | |
| Net interest income on legacy CRE loans held for sale | (322) | (0.01) | (1,324) | (0.04) |
| Realized gain on liquidation of CRE loans | — | — | (6,954) | (0.23) |
| Fair value adjustments on legacy CRE loans held for sale | 4,672 | 0.15 | — | — |
| Net loss (income) from other non-CRE investments held for sale | 478 | 0.02 | (25) | — |
| (Income) loss from discontinued operations, net of taxes | (247) | (0.01) | 561 | 0.02 |
| Core Earnings allocable to common shares [5] | $(8,642) | $(0.28) | $(3,268) | $(0.11) |
| Reconciling items for nonrecurring activities: | | | | |
| Loss on redemption of Series B Preferred Stock | 7,482 | 0.24 | — | — |
| Realized loss on core activities | 2,167 | 0.07 | — | — |
| Core Earnings allocable to common shares, adjusted | $1,007 | $0.03 | $(3,268) | $(0.11) |
| Weighted average common shares - diluted | 31,111 | | 30,752 | |
| Core Earnings per common share - diluted [5] | $(0.28) | | $(0.11) | |
| Core Earnings per common share, adjusted - diluted | $0.03 | | $(0.11) | |

(1) Initial measurement date is December 31, 2016.

(2) Income tax (benefit) expense from non-core investments and net realized loss on non-core assets are components of net income or loss from non-core assets.

(3) Non-core assets are investments and securities owned by RSO at the initial measurement date in (i) commercial finance, (ii) middle market lending, (iii) residential mortgage lending, (iv) legacy CRE loans designated as held for sale and (v) other non-CRE assets included in assets held for sale.

(4) Payment of pending settlement of a securities litigation, previously accrued in 2017.

(5) Core Earnings include a non-recurring charge of $7.5 million, or $(0.24) per common share-diluted, in connection with the redemption of Series B Preferred Stock.

Liquidity and Capital Resources

Liquidity is a measurement of our ability to meet potential cash requirements, including ongoing commitments to pay dividends, fund investments, repay borrowings and other general business needs, including our management fee. Our ability to meet our on-going liquidity needs is subject to our ability to generate cash from operating activities and our ability to maintain and/or obtain additional debt financing and equity capital together with the funds referred to below.

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In November 2016, our Board approved the Plan, pursuant to which we are focused on making CRE debt investments going forward. The Plan includes disposing of certain non-core businesses and investments and underperforming legacy CRE loans, as well as maintaining a dividend policy based on sustainable earnings. As part of the Plan, the Identified Assets were reclassified as discontinued operations and/or assets held for sale during the fourth quarter of 2016. The following table delineates these disposable investments by business segment and details the current net book value of the businesses and investments included in the Plan (in millions):

| | Identified Assets at Plan Inception | Impairments/Adjustments on Non-Monetized Assets (1)(2) | Impairments/Adjustments on Monetized Assets (1) | Monetized through March 31, 2018 (3) | Net Book Value at March 31, 2018 (3) |
|---|---|---|---|---|---|
| Discontinued operations and assets held for sale: | | | | | |
| Legacy CRE loans (4) | $ 194.7 | $ (18.3) | $ (11.7) | $ (107.4) | $ 57.3 |
| Middle market loans | 73.8 | (17.0) | (0.8) | (54.0) | 2.0 |
| Residential mortgage lending segment (5) | 56.6 | (1.7) | (9.6) | (43.7) | 1.6 |
| Other assets held for sale | 5.9 | — | 3.9 | (8.9) | 0.9 |
| Subtotal - discontinued operations and assets held for sale | $ 331.0 | $ (37.0) | $ (18.2) | $ (214.0) | $ 61.8 |
| Investments in unconsolidated entities | 86.6 | — | 38.3 | (124.3) | 0.6 |
| Commercial finance assets | 62.5 | — | — | (62.3) | 0.2 |
| Total | $ 480.1 | $ (37.0) | $ 20.1 | $ (400.6) | $ 62.6 |

(1) Reflects adjustments as a result of the designation as assets held for sale or discontinued operations, which occurred during the third and fourth quarters of 2016 except as noted in (2) below.

(2) The impairment adjustment to middle market loans includes $5.4 million of fair value adjustments that occurred prior to the inception of the Plan.

(3) Residential mortgage lending segment and investments in unconsolidated entities include pro forma adjustments of $3.6 million and $4.3 million, respectively, for proceeds received in April 2018. Middle market loans include pro forma adjustments of $14.8 million for proceeds received in May 2018.

(4) Legacy CRE loans includes $118.2 million par value of loans at the inception of the Plan that were not reflected on the consolidated balance sheets until our investment in RREF CDO 2007-1 was liquidated in November 2016.

(5) Includes $1.9 million of cash and cash equivalents not classified as assets held for sale in the residential mortgage lending segment at March 31, 2018.

For the three months ended March 31, 2018, our principal sources of liquidity were: (i) proceeds of $177.3 million from financing activity, (ii) proceeds of $12.7 million from the sale of middle market loans, (iii) proceeds of $11.3 million from repayments on our CRE loan portfolio, (iv) proceeds of $8.0 million from our CRE securitizations that used repaid principal to invest in CRE loan future funding commitments, (v) proceeds of $5.6 million from our interest in Pelium Capital, an equity method investment and (vi) proceeds of $5.6 million from our investment in life settlement contracts. These sources of liquidity substantially provided the $61.5 million of unrestricted cash we held at March 31, 2018. In addition, we have $219.7 million from two CRE term facilities for the origination of CRE loans at March 31, 2018.

We utilize a variety of financing arrangements to finance certain assets. We generally utilize the following two types of financing arrangements:

1. Repurchase Agreements: Repurchase agreements effectively allow us to borrow against loans and securities that we own. Under these agreements, we sell our loans and securities to a counterparty and agree to repurchase the same loans and securities from the counterparty at a price equal to the original sales price plus interest. The counterparty

retains the sole discretion over both whether to purchase the loan and security from us and, subject to certain conditions, the market value of such loan or security for purposes of determining whether we are required to pay margin to the counterparty. Generally, if the lender determines (subject to certain conditions) that the market value of the collateral in a repurchase transaction has decreased by more than a defined minimum amount, we would be required to repay any amounts borrowed in excess of the product of (i) the revised market value multiplied by (ii) the applicable advance rate. During the term of a repurchase agreement, we receive the principal and interest on the related loans and securities and pay interest to the counterparty. As of March 31, 2018, we have various repurchase agreements, as described below.

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2. Loan Sales, Syndications and Securitizations: We seek non recourse long term financing from loan sales, syndications and/or securitizations of our investments in CRE loans. The sales, syndications or securitizations generally involve a senior portion of our loan, but may involve the entire loan. Loan sales and syndications generally involve the sale of a senior note component or participation interest to a third party lender. Securitization generally involves transferring notes to a special purpose vehicle (or the issuing entity), which then issues one or more classes of non recourse notes pursuant to the terms of an indenture. The notes are secured by the pool of assets. In exchange for the transfer of assets to the issuing entity, we receive cash proceeds from the sale of non recourse notes. Sales, syndications or securitizations of our portfolio investments might magnify our exposure to losses on those portfolio investments because the retained subordinate interest in any particular overall loan would be subordinate to the loan components sold and we would, therefore, absorb all losses sustained with respect to the overall loan before the owners of the senior notes experience any losses with respect to the loan in question.

In February 2012, we entered into a master repurchase and securities agreement with Wells Fargo to finance the origination of CRE loans. The facility has a maximum capacity of $400.0 million and a maturity date of July 21, 2018, subject to three one-year extension rights which may extend the maturity to July 2021. During the first quarter of 2018, we amended certain financial covenants within the facility and we are in full compliance with all covenants at March 31, 2018. As of March 31, 2018, we had $258.1 million of borrowings outstanding with Wells Fargo secured by our CRE loans.

In September 2015, we entered into a master repurchase and securities agreement with Morgan Stanley to finance the origination of CRE loans. The facility has a maximum capacity of $250.0 million and an initial three year term that expires in September 2018 with an annual one-year extension option through September 2019. During the first quarter of 2018, we amended certain financial covenants within the facility and we are in full compliance with all covenants at March 31, 2018. As of March 31, 2018, we had $172.2 million of borrowings outstanding with Morgan Stanley secured by our CRE loans.

In April 2018, we entered into a master repurchase and securities agreement with Barclays to finance the origination of CRE loans. The facility has a maximum capacity of $250.0 million and an initial three year term that expires in April 2021, subject to certain one-year extension options in accordance with the facility's terms.

In November 2012, a subsidiary entered into a master repurchase and securities agreement (the "JP Morgan Securities Agreement") with JP Morgan Securities LLC to finance the purchase of CMBS. In April 2017, we entered into the first amendment of the JP Morgan Securities Agreement which amended the minimum stockholders' equity of the guarantor and maximum leverage ratio covenants. We had $10.5 million outstanding borrowings payable under the JP Morgan Securities Agreement at March 31, 2018.

In August 2017, a subsidiary entered into a master repurchase and securities agreement with RBC Capital Markets, LLC (the "RBC Securities Agreement") to finance the purchase of CMBS. We had $125.4 million outstanding borrowings payable under the RBC Securities Agreement at March 31, 2018.

Historically, we have financed the acquisition of our investments through CDOs and securitizations that essentially match the maturity and repricing dates of these financing vehicles with the maturities and repricing dates of our investments. We have in the past derived substantial operating cash from our equity investments in our CDOs and securitizations which, if the CDOs and securitizations fail to meet certain tests, will cease. Through March 31, 2018, we did not experience difficulty in maintaining our existing CDO and securitization financing and passed all of the critical tests required by these financings. We have called or substantially liquidated each of our remaining legacy CRE and commercial finance CDOs during 2016, which removes the requirement for us to maintain these tests going forward.

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The following table sets forth the distributions made by and coverage test summaries for our active securitizations for the periods presented (in thousands):

| Name | Cash Distributions | | Overcollateralization Cushion [1] | | End of Designated Principal Reinvestment Period |
|---|---|---|---|---|---|
| | For the Three Months Ended March 31, 2018 | For the Year Ended December 31, 2017 | At March 31, 2018 | At the Initial Measurement Date | |
| RCC 2015-CRE3 [2] | $1,428 | $ 8,672 | $61,469 | $ 20,313 | February 2017 |
| RCC 2015-CRE4 [2] | $1,887 | $ 8,554 | $72,184 | $ 9,397 | September 2017 |
| RCC 2017-CRE5 [2] | $10,601 | $ 6,643 | $19,655 | $ 20,727 | July 2020 |
| Apidos Cinco [3] | $— | $ 2,056 | N/A | $ 17,774 | N/A |

(1) Overcollateralization cushion represents the amount by which the collateral held by the securitization issuer exceeds the maximum amount required.

(2) The designated principal reinvestment period for RCC 2015-CRE3, RCC 2015-CRE4 and RCC 2017-CRE5 is the period in which principal repayments can be utilized to purchase loans held outside of the respective securitization that represent the funded commitments of existing collateral in the respective securitization that were not funded as of the date the respective securitization was closed. Additionally, the indenture for each securitization does not contain any interest coverage test provisions.

(3) Apidos Cinco was substantially liquidated in November 2016.

The following table sets forth the distributions made by and liquidation details for our liquidated securitizations for the periods presented (in thousands):

| Name | Cash Distributions | | Liquidation Details | |
|---|---|---|---|---|
| | For the Three Months Ended March 31, 2018 | For the Year Ended December 31, 2017 | Liquidation Date | Remaining Assets at the Liquidation Date [1] |
| RCC 2014-CRE2 [2] | $ — | $ 33,050 | August 2017 | $ 92,980 |

(1) The remaining assets at the liquidation date were measured at fair value and returned to us in exchange for our preference share and equity notes in the respective securitization.

(2) Cash distributions for the year ended December 31, 2017 includes preference share and equity notes distributions at liquidation of $25.6 million for RCC 2014-CRE2.

At April 30, 2018, our liquidity consisted of two primary sources:

- unrestricted cash and cash equivalents of $67.1 million;
- approximately $87.0 million of available liquidity from the financing of unlevered CRE and CMBS positions; and
- $396.2 million available under three term financing facilities to finance CRE loans.

Our leverage ratio, defined as the ratio of borrowings to stockholders' equity may vary as a result of the various funding strategies we use.  At March 31, 2018 and December 31, 2017, our leverage ratio was 2.2 times and 1.7 times, respectively. The leverage ratio increase was driven primarily by net additional borrowings combined with a decrease in stockholders' equity.

Distributions

We intend to continue to make regular quarterly distributions to holders of our common stock and preferred stock. U.S. federal income tax law generally requires that a REIT distribute at least 90% of its REIT taxable income annually, determined without regard to the deduction for dividends paid and excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its taxable income. Before we pay any dividend, whether for U.S. federal income tax purposes or otherwise, we must first meet both our operating requirements and debt service on our repurchase agreements and other debt payable. If our cash available for distribution is less than our taxable income, we could be required to sell assets or borrow funds to make cash distributions, or we may make a portion of the required distribution in the form of a taxable stock distribution or distribution of debt securities.

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Contractual Obligations and Commitments

| | Contractual Commitments [1] (dollars in thousands, except amounts in footnotes) Payments due by Period | | | | |
|---|---|---|---|---|---|
| | Total | Less than 1 Year | 1 - 3 Years | 3 - 5 Years | More than 5 Years |
| At March 31, 2018: | | | | | |
| CRE securitizations | $298,971 | $— | $— | | $298,971 |
| Unsecured junior subordinated debentures [2] | 51,548 | — | — | — | 51,548 |
| 4.50% Convertible Senior Notes [3] | 127,872 | — | — | 127,872 | — |
| 6.00% Convertible Senior Notes [4] | 69,776 | 69,776 | — | — | — |
| 8.00% Convertible Senior Notes [5] | 20,773 | — | 20,773 | — | — |
| Repurchase and credit facilities [6] | 653,446 | 606,398 | 47,048 | — | — |
| Unfunded commitments on CRE loans [7] | 86,157 | 22,916 | 63,241 | — | — |
| Base management fees [8] | 10,517 | 10,517 | — | — | — |
| Total | $1,319,060 | $709,607 | $131,062 | $127,872 | $350,519 |

(1) Contractual commitments on borrowings are presented net of deferred debt issuance costs and discounts.

(2) Contractual commitments exclude $33.2 million and $33.7 million of estimated interest expense payable through maturity, in June 2036 and October 2036, respectively, on our trust preferred securities.

(3) Contractual commitments exclude $28.7 million of interest expense payable through maturity, in August 2022, on our 4.50% convertible senior notes due 2022.

(4) Contractual commitments exclude $2.9 million of interest expense payable through maturity, in December 2018, on our 6.00% convertible senior notes due 2018.

(5) Contractual commitments exclude $3.1 million of interest expense payable through maturity, in January 2020, on our 8.00% convertible senior notes due 2020.

(6) Contractual commitments include $1.4 million of accrued interest payable at March 31, 2018 on our repurchase facilities.

(7) Unfunded commitments on our originated CRE whole loans generally fall into two categories: (i) pre-approved capital improvement projects and (ii) new or additional construction costs subject, in each case, to the borrower meeting specified criteria. Upon completion of the improvements or construction, we would receive additional interest income on the advanced amount. At March 31, 2018, we had unfunded commitments on 43 CRE whole loans.

(8) Base management fees presented are based on an estimate of base management fees payable to our manager over the next the next 12 months. Our management agreement also provides for an incentive fee arrangement that is based on operating performance. Because the incentive fee is not a fixed and determinable amount, it is not included in this table.

Off-Balance Sheet Arrangements

General

At March 31, 2018, we did not maintain any relationships with unconsolidated entities or financial partnerships that were established for the purpose of facilitating off-balance sheet arrangements or contractually narrow or limited purposes, although we do have interests in unconsolidated entities not established for those purposes. Except as set forth below, at March 31, 2018, we had not guaranteed obligations of any unconsolidated entities or entered into any commitment or letter of intent to provide additional funding to any such entities.

Unfunded CRE Whole Loan Commitments

In the ordinary course of business, we make commitments to borrowers whose loans are in our CRE loan portfolio to provide additional loan funding in the future. Disbursement of funds pursuant to these commitments is subject to the borrower meeting pre-specified criteria. These commitments are subject to the same underwriting requirements and ongoing portfolio maintenance as are the on-balance sheet financial investments that we hold. Since these commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements.

Guarantees and Indemnifications

In the ordinary course of business, we may provide guarantees and indemnifications that contingently obligate us to make payments to the guaranteed or indemnified party based on changes in the value of an asset, liability or equity security of the guaranteed or indemnified party. As such, we may be obligated to make payments to a guaranteed party based on another entity's failure to perform or achieve specified performance criteria, or we may have an indirect guarantee of the indebtedness of others.

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In May 2017, we received proceeds of $16.2 million from the sale of our equity interest in Pearlmark Mezz, an unconsolidated entity. As part of our sale of Pearlmark Mezz, we entered into an indemnification agreement whereby we indemnified the purchaser against realized losses of up to $4.3 million on the Kingsway mezzanine loan until the final maturity date in 2020. At March 31, 2018, we have a contingent liability, reported in accounts payable and other liabilities on our consolidated balance sheets, of $703,000 outstanding as a reserve for probable losses on the indemnification. No reserve for probable losses was recorded during the three months ended March 31, 2018.

ITEM 3 . QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At March 31, 2018, the primary component of our market risk was interest rate risk, as described below. While we do not seek to avoid risk completely, we do seek to assume risk that can be quantified from historical experience, to actively manage that risk, to earn sufficient compensation to justify assuming that risk and to maintain capital levels consistent with the risk we undertake or to which we are exposed.

Effect on Fair Value

A component of interest rate risk is the effect that changes in interest rates will have on the fair value of our assets. We face the risk that the fair value of our assets will increase or decrease at different rates than that of our liabilities, including our hedging instruments.

We primarily assess our interest rate risk by estimating the duration of our assets and the duration of our liabilities. Duration essentially measures the market price volatility of financial instruments as interest rates change. We generally calculate duration using various financial models and empirical data. Different models and methodologies can produce different duration numbers for the same securities.

The following sensitivity analysis table presents, at March 31, 2018, the estimated impact on the fair value of our interest rate-sensitive investments, instruments and liabilities of changes in interest rates, assuming rates instantaneously fall 100 basis points and rise 100 basis points (in thousands, except percentages):

| | March 31, 2018 | | |
|---|---|---|---|
| | Interest rates fall 100 basis points | Unchanged | Interest rates rise 100 basis points |
| Interest rate-sensitive investment securities: | | | |
| Fair value | $96,940 | $94,093 | $92,132 |
| Change in fair value | $2,847 | $— | $(1,961 ) |
| Change as a percent of fair value | 3.03 % | — % | (2.08 )% |
| | | | |
| Interest rate-sensitive hedging instruments: | | | |
| Fair value | $(1,828 ) | $1,751 | $5,162 |
| Change in fair value | $(3,579 ) | $— | $3,411 |
| Change as a percent of fair value | (204 )% | | 195 % |

For purposes of the table, we have excluded our investments and liabilities with variable interest rates that are indexed to LIBOR. Because the variable rates on these instruments are short-term in nature, we are not subject to material exposure from movements in fair value as a result of changes in interest rates.

It is important to note that the impact of changing interest rates on fair value can change significantly when interest rates change beyond 100 basis points from current levels. Therefore, the volatility in the fair value of our assets could increase significantly when interest rates change beyond 100 basis points from current levels. In addition, other factors impact the fair value of our interest rate-sensitive investment securities and hedging instruments, such as the shape of the yield curve, market expectations as to future interest rate changes and other market conditions. Accordingly, in the event of changes in actual interest rates, the change in the fair value of our assets would likely differ from that shown above and such difference might be material and adverse to our stockholders.

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Risk Management

To the extent consistent with maintaining our status as a REIT, we seek to manage our interest rate risk exposure to protect our variable rate debt against the effects of major interest rate changes. We generally seek to manage our interest rate risk by:

- monitoring and adjusting, if necessary, the reset index and interest rate related to our borrowings;
- attempting to structure our borrowing agreements for our CMBS to have a range of different maturities, terms, amortizations and interest rate adjustment periods; and
- using derivatives to adjust the interest rate sensitivity of our variable-rate borrowings, which we discuss in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Condition - Hedging Instruments."

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act of 1934 reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision of our Chief Executive Officer and Chief Financial Officer, we have carried out an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the three months ended March 31, 2018 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II
ITEM 1. LEGAL PROCEEDINGS
We may become involved in litigation on various matters due to the nature of our business activities. The resolution of these matters may result in adverse judgments, fines, penalties, injunctions and other relief against us as well as monetary payments or other agreements and obligations. In addition, we may enter into settlements on certain matters in order to avoid the additional costs of engaging in litigation. Except as discussed below, we are unaware of any contingencies arising from such litigation that would require accrual or disclosure in the consolidated financial statements at March 31, 2018.
Open Litigation Matters
Six separate shareholder derivative suits (the "New York State Actions") purporting to assert claims on behalf of us were filed in the Supreme Court of New York on the following dates: December 2015 (the "Reaves Action"), February 2017 (the "Caito Action"), March 2017 (the "Simpson Action"), March 2017 (the "Heckel Action"), May 2017 (the "Schwartz Action"), and August 2017 (the "Greff Action"). Plaintiffs in the Schwartz Action and Greff Action made demands on our board of directors (the "Board") before filing suit, but plaintiffs in the Reaves Action, Caito Action, Simpson Action and Heckel Action did not. All of the shareholder derivative suits are substantially similar and allege that certain of our current and former officers and directors breached their fiduciary duties, wasted corporate assets and/or were unjustly enriched. Certain complaints assert additional claims against Resource Capital Manager (the "Manager") and Resource America, Inc. ("Resource America") for unjust enrichment based on allegations that our Manager received excessive management fees from us. In June 2017, the Court stayed the Reaves Action, Caito Action, Simpson Action and Heckel Action (collectively, the "New York State Demand Futile Actions") in favor of the federal shareholder derivative litigation described below. Our time to respond to the complaints in the Schwartz Action and Greff Action is presently stayed by stipulation of the parties. We believe that the plaintiffs in each of the New York State Actions lack standing to assert claims derivatively on our behalf, and we intend to seek the dismissal of any New York State Action as to which the stay is lifted.
Four separate shareholder derivative suits purporting to assert claims on behalf of us were filed in the United States District Court for the Southern District of New York on the following dates by shareholders who declined to make a demand on the Board prior to filing suit: January 2017 (the "Greenberg Action"), January 2017 (the "Canoles Action"), January 2017 (the "DeCaro Action") and April 2017 (the "Gehan Action"). In May 2017, the Court consolidated the Greenberg Action, Canoles Action, DeCaro Action and Gehan Action as the "Federal Demand Futile Actions" and, in July 2017, appointed lead counsel and directed that a consolidated complaint be filed. Following consolidation, the plaintiffs in the Canoles Action and Gehan Action voluntarily dismissed their suits. The consolidated complaint in the Federal Demand Futile Actions, filed in August 2017, alleged claims for breach of fiduciary duty, corporate waste, unjust enrichment and violations of Section 14(a) of the Securities Exchange Act of 1934, as amended. In April 2018, the consolidated complaint in the Federal Demand Futile Actions was dismissed but such dismissal is currently on appeal.
Three additional shareholder derivative suits purporting to assert claims on behalf of us were filed in the United States District Court for the Southern District of New York (the "Court") on the following dates by shareholders who served demands on the Board to bring litigation and allege that their demands were wrongfully refused: February 2017 (the "McKinney Action"), March 2017 (the "Sherek/Speigel Action") and April 2017 (the "Sebenoler Action"). In May 2017, the Court consolidated the McKinney Action, Sherek/Speigel Action and Sebenoler Action as the "Federal Demand Refused Actions." A consolidated complaint was filed on June 30, 2017, alleging claims for breach of fiduciary duty, unjust enrichment and violations of Section 14(a) of the Securities Exchange Act. The consolidated complaint in the Federal Demand Refused Actions was dismissed in February 2018 but such dismissal is currently on appeal.
In August 2017, Robert Canoles filed a shareholder derivative suit in Maryland Circuit Court against certain of our current and former officers and directors, as well as our Manager and Resource America (the "Canoles Action"). Mr. Canoles had previously filed his suit in the United States District Court for the Southern District of New York, but voluntarily dismissed that action after the Court declined to appoint his counsel as lead counsel in the Federal Demand Futile Actions. The complaint in the Canoles Action, as amended in October 2017, asserts a variety of claims,

including claims for breach of fiduciary duty, unjust enrichment and corporate waste, which are based on allegations substantially similar to those at issue in the Federal Demand Futile Actions. The Canoles Action was stayed by the Maryland Circuit Court in favor of the federal shareholder litigation described above. We believe that Canoles lacks standing to assert claims derivatively on our behalf and intend to seek the dismissal of the Canoles Action on that basis if the stay is lifted.
In September 2017, Michael Hafkey filed a shareholder derivative suit in the United States District Court for the District of Maryland against certain of our former officers and directors and our Manager (the "Hafkey Action"). The complaint asserts

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a breach of fiduciary duty claim that is substantially similar to the claims at issue in the Federal Demand Refused Actions. Mr. Hafkey previously made a demand on the Board to investigate this claim, which was ultimately denied. We believe that Hafkey's claim that his demand to bring litigation was wrongfully refused is without merit and that Hafkey consequently lacks standing to assert claims derivatively on our behalf. We filed a motion to stay the Hafkey Action in favor of the duplicative Federal Demand Futile Actions, which is pending.

We had a general litigation reserve of $2.2 million, including estimated legal costs, for amounts in excess of our insurance coverage at both March 31, 2018 and December 31, 2017.

Primary Capital Mortgage, LLC ("PCM") is subject to litigation related to claims for repurchases or indemnifications on loans that PCM has sold to third parties. At March 31, 2018, no such litigation demands were outstanding. At December 31, 2017, such litigation demands totaled approximately $6.5 million. Such litigation demands are included in the reserve for mortgage repurchases and indemnifications that totaled $1.7 million and $5.7 million at March 31, 2018 and December 31, 2017, respectively. The reserves for mortgage repurchases and indemnifications are included in liabilities held for sale on the consolidated balance sheets.

Settled Litigation Matters, Including Pending Settlements

PCM was the subject of a lawsuit brought by a purchaser of residential mortgage loans alleging breaches of representations and warranties made on loans sold to the purchaser. The asserted repurchase claims related to loans sold to the purchaser that were subsequently sold by the purchaser to either the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation and loans sold to the purchaser that were subsequently securitized and sold as RMBS by the purchaser to RMBS investors. This matter was settled on January 8, 2018.

On November 22, 2017, the Plaintiff's motion for class certification was granted in Levin v. Resource Capital Corp. (the "Levin Action"), a previously disclosed securities litigation against us and certain of our current and former officers that is pending in the United States District Court for the Southern District of New York. On February 5, 2018, we entered into a stipulation and agreement of settlement (the "Settlement"), which received preliminary approval from the Court in April 2018, that is intended to settle all claims asserted in the action on behalf of the certified class, which consists, with specified exceptions, of all persons who purchased our common stock, 8.25% Series B Cumulative Redeemable Preferred Stock or 8.625% Fixed-to-Floating Series C Cumulative Redeemable Preferred Stock between October 31, 2012 and August 5, 2015. Under the terms of the proposed Settlement, which has been filed publicly with the Court, a payment of $9.5 million would be made to settle the litigation. The settlement payment would be funded principally by insurance coverage, and we do not anticipate that the Settlement would have a material adverse impact on our financial condition. In exchange for the settlement consideration, we and the individual defendants in the Levin Action (and certain related parties) would be released from all claims that have been or could have been asserted in the case by class members (and certain related parties), excluding persons who opt out of the Settlement, as further described in the stipulation and agreement of settlement filed with the Court. The proposed Settlement contains no admission of misconduct by us or any of the individual defendants and expressly acknowledges that we and the individual defendants deny all allegations of wrongdoing and maintain that we and they have at all times acted in good faith and in compliance with the law. The proposed Settlement is subject to, among other conditions, final court approval. Further, we have the right to terminate the Settlement under certain conditions, including if a specified number of class members timely and validly requesting exclusion from the class. There can be no assurance that the proposed Settlement will be finalized and approved, and the actual outcome of this matter may differ materially from the terms of the proposed Settlement described herein.

ITEM 1A. RISK FACTORS

RISKS RELATED TO REAL ESTATE INVESTMENTS

Our investments in preferred equity involve a greater risk of loss than traditional debt financing.

We may make preferred equity investments in entities that own or acquire commercial real estate properties. Preferred equity investments involve a higher degree of risk than first mortgage loans due to a variety of factors, including the risk that, similar to mezzanine loans, such investments are subordinate to first mortgage loans and are not collateralized by property underlying the investment. Unlike mezzanine loans, preferred equity investments generally do not have a pledge of the ownership interests of the entity that owns the interest in the entity owning the property. Although as a holder of preferred equity we may enhance our position with covenants that limit the activities of the entity in which we hold an interest and protect our equity by obtaining an exclusive right to control the underlying property after an event of default, should such a default occur on our investment, we would only be able to proceed against the entity in which we hold an interest, and not the property owned by such entity and underlying our investment. As a result, we may not recover some or all of our investment.

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ITEM 6. EXHIBITS

| Exhibit No. | Description |
|---|---|
| 2.1 | Asset Purchase Agreement, dated June 6, 2017, by and among Stearns Lending, LLC, Primary Capital Mortgage, LLC, and Resource Capital Corp. (34) |
| 3.1(a) | Restated Certificate of Incorporation of Resource Capital Corp. (1) |
| 3.1(b) | Articles of Amendment to Restated Certificate of Incorporation of Resource Capital Corp. (29) |
| 3.1(c) | Articles Supplementary 8.50% Series A Cumulative Redeemable Preferred Stock. (16) |
| 3.1(d) | Articles Supplementary 8.50% Series A Cumulative Redeemable Preferred Stock. (17) |
| 3.1(e) | Articles Supplementary 8.25% Series B Cumulative Redeemable Preferred Stock. (18) |
| 3.1(f) | Articles Supplementary 8.50% Series A Cumulative Redeemable Preferred Stock. (22) |
| 3.1(g) | Articles Supplementary 8.625% Fixed-to-Floating Series C Cumulative Redeemable Preferred Stock. (9) |
| 3.2 | Amended and Restated Bylaws of Resource Capital Corp. (as Amended January 31, 2014) (12) |
| 4.1(a) | Form of Certificate for Common Stock for Resource Capital Corp. (1) |
| 4.1(b) | Form of Certificate for 8.50% Series A Cumulative Redeemable Preferred Stock. (13) |
| 4.1(c) | Form of Certificate for 8.25% Series B Cumulative Redeemable Preferred Stock (18) |
| 4.1(d) | Form of Certificate for 8.625% Fixed-to-Floating Series C Cumulative Redeemable Preferred Stock. (9) |
| 4.2(a) | Junior Subordinated Indenture between Resource Capital Corp. and Wells Fargo Bank, N.A., dated May 25, 2006. (2) |
| 4.2(b) | Amendment to Junior Subordinated Indenture and Junior Subordinated Note due 2036 between Resource Capital Corp. and Wells Fargo Bank, N.A., dated October 26, 2009 and effective September 30, 2009. (6) |
| 4.3(a) | Amended and Restated Trust Agreement among Resource Capital Corp., Wells Fargo Bank, N.A., Wells Fargo Delaware Trust Company and the Administrative Trustees named therein, dated May 25, 2006. (2) |
| 4.3(b) | Amendment to Amended and Restated Trust Agreement and Preferred Securities Certificate among Resource Capital Corp., Wells Fargo Bank, N.A. and the Administrative Trustees named therein, dated October 26, 2009 and effective September 30, 2009. (6) |
| 4.4 | Junior Subordinated Note due 2036 in the principal amount of $25,774,000, dated October 26, 2009. (6) |
| 4.5(a) | Junior Subordinated Indenture between Resource Capital Corp. and Wells Fargo Bank, N.A., dated September 29, 2006. (3) |
| 4.5(b) | Amendment to Junior Subordinated Indenture and Junior Subordinated Note due 2036 between Resource Capital Corp. and Wells Fargo Bank, N.A., dated October 26, 2009 and effective September 30, 2009. (6) |
| 4.6(a) | Amended and Restated Trust Agreement among Resource Capital Corp., Wells Fargo Bank, N.A., Wells Fargo Delaware Trust Company and the Administrative Trustees named therein, dated September 29, 2006. (3) |
| 4.6(b) | Amendment to Amended and Restated Trust Agreement and Preferred Securities Certificate among Resource Capital Corp., Wells Fargo Bank, N.A. and the Administrative Trustees named therein, dated October 26, 2009 and effective September 30, 2009. (6) |
| 4.7 | Junior Subordinated Note due 2036 in the principal amount of $25,774,000, dated October 26, 2009. (6) |
| 4.8(a) | Senior Indenture between the Company and Wells Fargo Bank, National Association, as Trustee, dated October 21, 2013. (25) |
| 4.8(b) | First Supplemental Indenture between the Company and Wells Fargo Bank, National Association, as Trustee (including the form of 6.00% Convertible Senior Note due 2018). (25) |
| 4.8(c) | Form of 6.00% Convertible Senior Note due 2018 (included in Exhibit 4.8(b)). |
| 4.8(d) | Second Supplemental Indenture, dated January 13, 2015, between Resource Capital Corp. and Wells Fargo Bank, National Association, as Trustee (including the form of 8.00% Convertible Senior Note due 2020). (20) |
| 4.8(e) | Form of 8.00% Convertible Senior Note due 2020 (included in Exhibit 4.8(d)). |
| 4.8(f) | Third Supplemental Indenture, dated August 16, 2017, between Resource Capital Corp. and Wells Fargo Bank, National Association, as Trustee (including the form of 4.50% Convertible Senior Note due 2022). |

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| | (36) |
| 4.8(g) | Form of 4.50% Convertible Senior Note due 2022 (included in Exhibit 4.8(f)). |
| 10.1 | Third Amended and Restated Management Agreement between Resource Capital Corp., Resource Capital Manager, Inc. and Resource America, Inc. dated as of December 4, 2017. (38) |
| 10.2(a) | 2005 Stock Incentive Plan. (1) |
| 10.2(b) | Form of Stock Award Agreement. (8) |
| 10.2(c) | Form of Stock Option Agreement. (8) |
| 10.3(a) | Amended and Restated Omnibus Equity Compensation Plan. (7) |
| 10.3(b) | Form of Stock Award Agreement. (27) |
| 10.3(c) | Form of Stock Award Agreement (for employees with Resource America, Inc. employment agreements). (27) |

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| 10.4 | Services Agreement between Resource Capital Asset Management, LLC and Apidos Capital Management, LLC, dated February 24, 2011. (11) |
| 10.5 | 8.50% Series A Cumulative Redeemable Preferred Stock, 8.25% Series B Cumulative Redeemable Preferred Stock, 8.625% Fixed-to-Floating Series C Cumulative Redeemable Preferred Stock At-the-Market Issuance Sales Agreement, dated November 19, 2014 among the Company, Resource Capital Manager Inc. and MLV & Co., LLC. (26) |
| 10.6 | Letter Agreement between Resource Capital Corp. and Resource America, Inc. (31) |
| 10.7 | Membership Interest Purchase Agreement, dated as of August 1, 2016, by and among CVC Credit Partners U.S. Lending I, L.P., Coller International Partners VII, L.P., Coller International Partners VII Parallel Fund, L.P. and Coller International Partners VII Luxembourg, SLP (solely with respect to Section 6.7 thereof), NEW NP, LLC, and Resource Capital Corp. (solely with respect to Section 6.8 thereof)).(32) |
| 10.8 | Form of Indemnification Agreement. (35) |
| 10.9 | Exchange Agreement, dated August 10, 2017, by and between Resource Capital Corp., Oaktree Real Estate Debt Holdings Ltd., INVESTIN PRO RED HOLDINGS, LLC, and Oaktree TSE-16 Real Estate Debt, LLC. (36) |
| 12.1 | Statements re Computation of Ratios. |
| 31.1 | Rule 13a-14(a)/Rule 15d-14(a) Certification of Chief Executive Officer. |
| 31.2 | Rule 13a-14(a)/Rule 15d-14(a) Certification of Chief Financial Officer. |
| 32.1 | Certification Pursuant to 18 U.S.C. Section 1350. |
| 32.2 | Certification Pursuant to 18 U.S.C. Section 1350. |
| 99.1(a) | Master Repurchase and Securities Contract for $150,000,000 between RCC Real Estate SPE 4, LLC, as Seller, and Wells Fargo Bank, National Association, as Buyer, Dated February 27, 2012. (14) |
| 99.1(b) | Guaranty made by Resource Capital Corp. as guarantor, in favor of Wells Fargo Bank, National Association, dated February 27, 2012 (14) |
| 99.1(c) | First Amendment to Master Repurchase and Securities Contract and Other Documents between RCC Real Estate SPE 4, LLC, as seller, and Wells Fargo Bank, National Association, as buyer, dated April 2, 2013. (23) |
| 99.1(d) | Sixth Amendment to Master Repurchase and Securities Contract and Other Documents between RCC Real Estate SPE 4, LLC, as seller, and Wells Fargo Bank, National Association, as buyer, dated March 29, 2017. (39) |
| 99.3(a) | Master Repurchase and Securities Contract Agreement between RCC Real Estate 6, LLC and Morgan Stanley Bank, NA, dated as of September 10, 2015. (30) |
| 99.3(b) | Guaranty dated as of September 10, 2015, made by Resource Capital Corp., as guarantor, in favor of Morgan Stanley Bank, N.A. (30) |
| 99.4(a) | Master Repurchase Agreement between RCC Real Estate SPE 7, LLC and Barclays Bank PLC, dated as of April 10, 2018. (40) |
| 99.4(b) | Guaranty dated as of April 10, 2018, made by Resource Capital Corp., as guarantor, in favor of Barclays Bank PLC. (40) |
| 99.6 | Agreement and Plan of Merger dated as of May 22, 2016 by and among Resource America, Inc., C-III Capital Partners LLC, and Regent Acquisition Inc. (included as Exhibit A to the Letter Agreement referred in Exhibit 10.7) (31) |
| 99.7 | Federal Income Tax Consequences of our Qualification as a REIT. (33) |
| 101 | Interactive Data Files. |

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(1) Filed previously as an exhibit to the Company's registration statement on Form S-11, Registration No. 333-126517.
(2) Filed previously as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.
(3) Filed previously as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.
(4) Filed previously as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013.
(5) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on June 26, 2014.
(6) Filed previously as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009.
(7) Filed previously as an exhibit to the Company's Proxy Statement filed on April 16, 2014.
(8) Filed previously as an exhibit to the Company's Registration Statement on Form S-11 (File No. 333-132836).
(9) Filed previously as an exhibit to the Company's Registration Statement on Form 8-A filed on June 9, 2014.
(10) Filed previously as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2010.
(11) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on March 2, 2011.
(12) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on February 4, 2014.
(13) Filed previously as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 filed on March 18, 2013.
(14) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on March 2, 2012.
(15) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on June 13, 2012.
(16) Filed previously as an exhibit to the Company's registration statement on Form 8-A filed on June 8, 2012.
(17) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on June 29, 2012.
(18) Filed previously as an exhibit to the Company's Registration Statement on Form 8-A filed on September 28, 2012.
(19) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on September 23, 2014.
(20) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on January 13, 2015.
(21) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on October 1, 2012.
(22) Filed previously as an exhibit to the Company Current Report on Form 8-K filed on November 20, 2012.
(23) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on April 8, 2013.
(24) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on July 25, 2013.
(25) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on October 21, 2013.
(26) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on November 20, 2014.
(27) Filed previously as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.
(28) Filed previously as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.
(29) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on September 1, 2015.
(30) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on September 16, 2015.
(31) Filed previously as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016.
(32) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on August 5, 2016.
(33) Filed previously as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.
(34) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on June 8, 2017.
(35) Filed previously as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.
(36) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on August 16, 2017.

(37) Filed previously as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016.

(38) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on December 18, 2017.

(39) Filed previously as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017.

(40) Filed previously as an exhibit to the Company's Current Report on Form 8-K filed on April 12, 2018.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RESOURCE CAPITAL CORP.
(Registrant)

May 9, 2018 By: /s/ Robert C. Lieber
Robert C. Lieber
Chief Executive Officer

May 9, 2018 By: /s/ David J. Bryant
David J. Bryant
Senior Vice President
Chief Financial Officer and Treasurer

May 9, 2018 By: /s/ Eldron C. Blackwell
Eldron C. Blackwell
Vice President
Chief Accounting Officer

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