

**Resource Capital Corp.**  
**RECONCILIATION OF GAAP NET INCOME TO FFO and AFFO**



The following table reconciles GAAP net income to FFO and AFFO for the periods presented (in thousands):

	Years Ended December 31,				
	2014	2013	2012	2011	2010
Net income allocable to common shares - GAAP	\$ 44,027	\$ 39,232	\$ 63,199	\$ 37,716	\$ 19,447
Adjustments:					
Real estate depreciation and amortization	506	2,122	2,686	2,606	86
Gains on sales of property <sup>(1)</sup>	(8,990)	(14,588)	(1,664)	-	(753)
Gains on sale of preferred equity	(912)	-	-	-	-
Impairment charges on repossessed real estate assets	-	-	-	1,449	600
FFO allocable to common shares	<u>34,631</u>	<u>26,766</u>	<u>64,221</u>	<u>41,771</u>	<u>19,380</u>
Adjustments:					
Non-cash items:					
Adjust for impact of imputed interest on VIE accounting	-	899	(3,049)	-	-
Provision (recovery) for loan losses	820	(3,325)	12,408	317	20,761
Amortization of deferred costs (non real estate) and intangible assets	8,309	5,922	8,896	5,870	4,356
Amortization of discount on convertible senior notes	1,879	138	-	-	-
Equity investment losses	2,243	183	3,256	-	-
Share-based compensation	6,566	10,472	4,636	2,526	2,221
Impairment losses	-	863	180	6,898	26,804
Unrealized losses (gains) on CMBS marks - linked transactions <sup>(2)</sup>	(1,894)	6,018	-	-	-
Unrealized losses on trading portfolio	2,567	-	-	-	-
Unrealized (gains) losses on FX transactions	3,363	-	-	-	-
Unrealized (gains) losses on derivatives	(1,381)	-	-	-	-
Other adjustments	2	(12)	15	(17)	(3)
Gain on the extinguishment of debt	-	-	(13,070)	(3,875)	(34,610)
Loss on resale of debt	4,442	-	-	-	-
Add-back interest related to Whitney note discount amortization	-	2,549	-	-	-
Loss on liquidation and deconsolidation of Apidos VIII	-	16,036	-	-	-
Change in mortgage servicing rights valuation reserve	664	-	-	-	-
Incentive management fee adjustment related to extinguishment of debt	-	-	2,614	-	4,393
REIT tax planning adjustments	1,403	890	6,810	11,751	-
Cash items:					
Gains on sales of property <sup>(1)</sup>	8,990	14,588	1,664	-	753
Gain on sale preferred equity	912	-	-	-	-
Gain on resale of debt	21,469	7,810	670	-	-
Capital expenditures	(38)	(1,149)	(3,081)	(1,296)	(126)
AFFO allocable to common shares	<u>\$ 94,947</u>	<u>\$ 88,648</u>	<u>\$ 86,170</u>	<u>\$ 63,945</u>	<u>\$ 43,929</u>
Weighted average shares – diluted	129,259	120,039	89,284	70,809	47,907
AFFO per share – diluted	<u>\$ 0.73</u>	<u>\$ 0.74</u>	<u>\$ 0.97</u>	<u>\$ 0.90</u>	<u>\$ 0.92</u>

(1) Amount represents gains/losses on sales of owned real estate as well as sales of joint venture real estate interests that were recorded by us on an equity basis.

(2) Due to a change in accounting guidance, as of January 1, 2015, the concept of linked transactions no longer exists.

**Resource Capital Corp.**  
**RECONCILIATION OF GAAP NET INCOME TO FFO and AFFO**



The following table reconciles GAAP net income (loss) to FFO and AFFO for the period presented (in thousands):

**Nine Months Ended**  
**September 30,**  
**2015**

Net income (loss) allocable to common shares - GAAP	\$ (14,831)
Adjustments:	
Loss on sales of property <sup>(1)</sup>	19
FFO allocable to common shares	<u>(14,812)</u>
Adjustments:	
Non-cash items:	
Provision for loan losses	42,570
Amortization of deferred costs (non real estate) and intangible assets	9,754
Amortization of discount on convertible senior notes	1,656
Equity investment income	(1,363)
Share-based compensation	1,560
Impairment losses	59
Unrealized gains on CMBS marks - linked transactions <sup>(2)</sup>	(235)
Unrealized gains on trading portfolio	(264)
Unrealized losses on FX transactions	2,101
Unrealized losses on derivatives	2,324
Dead deal costs	399
Loss on resale of debt	1,403
Change in mortgage servicing rights valuation reserve	650
Change in residential loan warranty reserve	601
REIT tax planning adjustments	317
Cash items:	
Loss on sales of property <sup>(1)</sup>	(19)
Gain on resale of debt	9,252
AFFO allocable to common shares	<u>\$ 55,953</u>
Weighted average shares – diluted <sup>(3)</sup>	32,726
AFFO per share – diluted	<u>\$ 1.71</u>

(1) Amount represents gains/losses on sales of owned real estate as well as sales of joint venture real estate interests that were recorded by us on an equity basis.

(2) Due to a change in accounting guidance, as of January 1, 2015, the concept of linked transactions no longer exists.

(3) Effective August 31, 2015, the Company completed a one-for-four reverse stock split.

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**RECONCILIATION OF GAAP NET INCOME TO FFO and AFFO**



The following table is an estimated reconciliation of GAAP net income (loss) to FFO and AFFO for the period presented (in thousands):

	<b>ESTIMATED</b>
	<u>Year Ended December</u>
	<u>31,</u>
	<u>2016</u>
Net income (loss) allocable to common shares - GAAP	\$ 53,240
Adjustments:	
	-
FFO allocable to common shares	<u>53,240</u>
Adjustments:	
Non-cash items:	
Amortization of deferred costs (non real estate) and intangible assets	14,365
Amortization of discount on convertible senior notes	2,625
Equity investment income	(4,814)
Share-based compensation	3,000
Cash items:	
Gain on the extinguishment of debt	<u>11,500</u>
AFFO allocable to common shares	<u>\$ 79,916</u>
Weighted average shares – diluted <sup>(1)</sup>	30,202
AFFO per share – diluted	<u>\$ 2.65</u>

(1) Effective August 31, 2015, the Company completed a one-for-four reverse stock split.