

Resource Capital Corp.  
Form 424B5  
September 27, 2012  
**Table of Contents**

**Filed Pursuant to Rule 424(b)(5)  
File No. 333-174739**

**PROSPECTUS SUPPLEMENT**

(To Prospectus dated June 21, 2011)

## **1,000,000 Shares**

### **8.25% Series B Cumulative Redeemable Preferred Stock**

**(Liquidation Preference \$25.00 Per Share)**

We are offering 1,000,000 shares of our 8.25% Series B Cumulative Redeemable Preferred Stock, which we refer to as the Series B Preferred Stock. This is the initial issuance of the Series B Preferred Stock.

Distributions on the Series B Preferred Stock will be payable quarterly at an annual rate of 8.25% of the \$25.00 liquidation preference, or \$2.0625 per share of Series B Preferred Stock per year. The first distribution on the Series B Preferred Stock sold in this offering will be paid on October 30, 2012, will be for less than a full quarter and will reflect distributions accumulated from (but excluding) the date of original issuance through October 30, 2012.

Generally, we may not redeem the Series B Preferred Stock until October 2, 2017. On and after October 2, 2017, we may, at our option, redeem the Series B Preferred Stock, in whole or from time to time in part, by paying \$25.00 per share, plus any accrued and unpaid distributions to, but not including, the date of redemption. In addition, upon the occurrence of a Change of Control (as defined herein), we may, at our option, redeem the Series B Preferred Stock, in whole or in part within 120 days after the first date on which such Change of Control occurred, by paying \$25.00 per share, plus any accrued and unpaid distributions to, but not including, the date of redemption. To the extent we exercise our redemption right relating to the Series B Preferred Stock, the holders of Series B Preferred Stock will not be permitted to exercise the conversion right described below in respect of their shares called for redemption. The Series B Preferred Stock has no maturity date and will remain outstanding indefinitely unless redeemed by us or converted in connection with a Change of Control by the holders of Series B Preferred Stock.

Upon the occurrence of a Change of Control, each holder of Series B Preferred Stock will have the right (subject to our right to redeem the Series B Preferred Stock in whole or in part, as described above, prior to the Change of Control Conversion Date (as defined herein)) to convert some or all of the Series B Preferred Stock held by such holder on the Change of Control Conversion Date into a number of shares of our common stock per share of Series B Preferred Stock (or the equivalent value of the alternative consideration) as described in this prospectus supplement.

The shares of Series B Preferred Stock are subject to certain restrictions on ownership and transfer designed to preserve our qualification as a real estate investment trust, or REIT, for federal income tax purposes. See **Description of the Series B Preferred Stock** **Restrictions on Ownership and Transfer**.

Holders of the Series B Preferred Stock generally have no voting rights except for limited voting rights if we fail to pay distributions on the Series B Preferred Stock for six or more quarterly periods (whether or not consecutive) or we fail to maintain the listing of the Series B Preferred Stock on a national securities exchange for a period of at least 180 consecutive days.

There is currently no market for our Series B Preferred Stock. We have applied to list the Series B Preferred Stock on the New York Stock Exchange under the symbol **RSOPrB**.

**Investing in the Series B Preferred Stock involves risks that are described in the Risk Factors sections beginning on page S-8 of this prospectus supplement, page 6 of the accompanying prospectus and appearing under the caption **Item 1A. Risk Factors** in our Annual Report on Form 10-K for the**

## Edgar Filing: Resource Capital Corp. - Form 424B5

year ended December 31, 2011.

	<b>Per Share</b>	<b>Total</b>
Public offering price	\$ 25.00	\$ 25,000,000
Underwriting discount and commissions	\$ 0.7875	\$ 787,500
Proceeds, before expenses, to us	\$ 24.2125	\$ 24,212,500

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

We have granted the underwriters the right to purchase up to 150,000 additional shares of Series B Preferred Stock within 30 days after the date of this prospectus supplement at the public offering price less the underwriting discounts and commissions.

The underwriters expect that the Series B Preferred Stock will be ready for delivery in book-entry form only through The Depository Trust Company on or about October 2, 2012.

### *Joint Book-Running Managers*

**Deutsche Bank Securities**

**Credit Suisse**

**J.P. Morgan**

**MLV & Co.**

*Lead Manager*

**JMP Securities**

The date of this prospectus supplement is September 25, 2012.

**Table of Contents**

**TABLE OF CONTENTS**

**Prospectus Supplement**

<u>EXTENDED SETTLEMENT</u>	S-ii
<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-ii
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	S-ii
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	S-1
<u>THE OFFERING</u>	S-3
<u>RISK FACTORS</u>	S-8
<u>RATIO OF EARNINGS TO FIXED CHARGES AND COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS</u>	S-10
<u>USE OF PROCEEDS</u>	S-10
<u>DESCRIPTION OF THE SERIES B PREFERRED STOCK</u>	S-11
<u>MATERIAL FEDERAL INCOME TAX CONSIDERATIONS</u>	S-24
<u>UNDERWRITING</u>	S-24
<u>EXPERTS</u>	S-27
<u>LEGAL MATTERS</u>	S-27
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	S-27
<u>INCORPORATION OF CERTAIN INFORMATION BY REFERENCE</u>	S-27

**Prospectus**

<u>ABOUT THIS PROSPECTUS</u>	1
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	2
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	3
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	4
<u>THE COMPANY</u>	5
<u>RISK FACTORS</u>	6
<u>USE OF PROCEEDS</u>	7
<u>RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS</u>	7
<u>DESCRIPTION OF COMMON STOCK AND PREFERRED STOCK</u>	8
<u>DESCRIPTION OF DEBT SECURITIES</u>	13
<u>DESCRIPTION OF WARRANTS</u>	16
<u>DESCRIPTION OF UNITS</u>	17
<u>CERTAIN PROVISIONS OF THE MARYLAND GENERAL CORPORATION LAW AND OUR CHARTER AND BYLAWS</u>	18
<u>FEDERAL INCOME TAX CONSEQUENCES OF OUR QUALIFICATION AS A REIT</u>	22
<u>PLAN OF DISTRIBUTION</u>	23
<u>LEGAL MATTERS</u>	24
<u>EXPERTS</u>	24

You should rely only on the information included in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus prepared by us and filed with the Securities and Exchange Commission (the "SEC"). Neither we nor the underwriters have authorized any other person to provide you with different or additional information. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate. Neither we nor the underwriters are making an offer to sell or soliciting an offer to buy the Series B Preferred Stock in any jurisdiction where the offer or sale or solicitation is not permitted. You should not assume that the information appearing in this prospectus supplement, the accompanying prospectus, any free writing prospectus or the documents incorporated by reference herein or therein is accurate as of any date other than their respective dates or such other date as may be specified herein or therein. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.

**Table of Contents**

**EXTENDED SETTLEMENT**

We expect that delivery of the shares of our Series B Preferred Stock will be made to investors on or about the fifth business day following the date of the final prospectus supplement (this settlement cycle being referred to as T+5 ). Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended (the Exchange Act ), trades in the secondary market are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, if you wish to trade shares of our Series B Preferred Stock before their delivery, you will be required, because the shares initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. If you wish to trade shares of our Series B Preferred Stock before their delivery, you should consult your advisors.

**ABOUT THIS PROSPECTUS SUPPLEMENT**

We are providing information to you about this offering of Series B Preferred Stock in two parts. The first part is this prospectus supplement, which provides you with specific information regarding the terms of this offering and certain other information. The second part is the accompanying prospectus, which provides general information. Generally, when we refer to this prospectus, we are referring to both documents combined. Both this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, include important information about us, the Series B Preferred Stock being offered, and other information you should know before investing in our securities.

You should read both this prospectus supplement and the accompanying prospectus as well as the additional information described under the heading Where You Can Find More Information in this prospectus supplement before investing in our Series B Preferred Stock. This prospectus supplement adds to, updates, and changes information contained in the accompanying prospectus and the information incorporated by reference therein. To the extent that any statement that we make in this prospectus supplement is inconsistent with the statements made in the accompanying prospectus or any document incorporated by reference, you should rely on the information in this prospectus supplement. If any statement in one of these documents is inconsistent with a statement in another document having a later date, the statement in the document having the later date modifies or supersedes the earlier statement.

As used in this prospectus supplement, the terms we, our, us, or the Company refer to Resource Capital Corp. and its subsidiaries, Manager refers to Resource Capital Manager, Inc., our external manager, and Resource America refers to Resource America, Inc. and its affiliated companies, including our Manager.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the accompanying prospectus, and the documents incorporated by reference herein and therein contain forward-looking statements that involve risks and uncertainties. These forward-looking statements are not historical facts but rather are based on current beliefs, assumptions and expectations. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us or are within our control. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. You should not place undue reliance on these forward-looking statements, which reflect our view only as of the date of this prospectus supplement. We use words such as anticipate, could, expect, intend, plan, may, believe, seek, estimate, would or the negative of these terms or variations of these words and similar expressions to identify forward-looking statements. Forward-looking statements are subject to various risks and uncertainties that could cause actual results to vary from our forward-looking statements, including:

the factors described in our Annual Report on Form 10-K for the year ended December 31, 2011, incorporated by reference in this prospectus supplement and the accompanying prospectus, including

**Table of Contents**

those set forth under the sections captioned Risk Factors, Business, and Management's Discussion and Analysis of Financial Conditions and Results of Operations;

changes in our industry, interest rates, the debt securities markets, real estate markets or the general economy;

increased rates of default and/or decreased recovery rates on our investments;

availability, terms and deployment of capital;

availability of qualified personnel;

changes in governmental regulations, tax rates and similar matters;

changes in our business strategy;

availability of investment opportunities in commercial real estate-related and commercial finance assets;

the degree and nature of our competition;

the adequacy of our cash reserves and working capital; and

the timing of cash flows, if any, from our investments.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this prospectus supplement and the accompanying prospectus might not occur and actual results, performance or achievement could differ materially from that anticipated or implied in the forward-looking statements.

**Table of Contents**

**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary may not contain all of the information that is important to you. You should carefully read this entire prospectus supplement and the accompanying prospectus, including the sections entitled Risk Factors beginning on page S-8 of this prospectus supplement and page 6 of the accompanying prospectus, as well as the information appearing under the caption Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011, before making a decision to invest in the Series B Preferred Stock. You should also read the documents we have referred you to in Incorporation of Certain Information by Reference. This summary is qualified in its entirety by the more detailed information and financial statements, including the notes thereto, appearing elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus.*

**The Company**

We are a specialty finance company that focuses primarily on commercial real estate and commercial finance. We are organized and conduct our operations to qualify as a REIT under Subchapter M of the Internal Revenue Code of 1986, as amended. Our objective is to provide our stockholders with total returns over time, including quarterly distributions and capital appreciation, while seeking to manage the risks associated with our investment strategy. We invest in a combination of real estate-related assets and, to a lesser extent, higher-yielding commercial finance assets. We have financed a substantial portion of our portfolio investments through borrowing strategies seeking to match the maturities and repricing dates of our financings with the maturities and repricing dates of those investments, and have sought to mitigate interest rate risk through derivative instruments.

We are externally managed by Resource Capital Manager, Inc., which we refer to as the Manager, a wholly-owned indirect subsidiary of Resource America, Inc. (NASDAQ: REXI), a specialized asset management company that uses industry specific expertise to evaluate, originate, service and manage investment opportunities through our commercial real estate, commercial finance and financial fund management operating segments. To provide its services, the Manager draws upon Resource America, its management team and their collective investment experience.

We generate our income primarily from the spread between the revenues we receive from our assets and the cost to finance the purchase of those assets and hedge interest rate risks. We generate revenues from the interest and fees we earn on our whole loans, A notes, B notes, mezzanine debt, commercial mortgage-backed securities, or CMBS, and investments in real estate joint ventures as well as commercial finance assets such as bank loans, payments on lease receivables and other asset-backed securities, or ABS, trust preferred securities, debt tranches of collateralized debt obligations, or CDOs, structured note investments and private equity investments, principally issued by financial institutions. Historically, we have used a substantial amount of leverage to enhance our returns and we have financed each of our different asset classes with different degrees of leverage. The cost of borrowings to finance our investments comprises a significant part of our expenses. Our net income depends on our ability to control these expenses relative to our revenue. In our bank loans, CMBS, lease receivables and other ABS, we historically have used warehouse facilities as a short-term financing source and CDOs, and, to a lesser extent, other term financing as a long-term financing source. In our commercial real estate loan portfolio, we historically have used repurchase agreements as a short-term financing source, and CDOs and, to a lesser extent, other term financing as a long-term financing source. Our other term financing has consisted of long-term match-funded financing provided through long-term bank financing and asset-backed financing programs, depending upon market conditions and credit availability.

We maintain our principal executive offices at 712 Fifth Avenue, 12th Floor, New York, New York 10019 and our telephone number is (212) 506-3870. Our website is located at [www.resourcecapitalcorp.com](http://www.resourcecapitalcorp.com). The information contained on or connected to our website is not incorporated by reference into, and you must not

## **Table of Contents**

consider the information to be a part of, this prospectus supplement or the accompanying prospectus. Through our website, we make available free of charge our annual reports on Form 10-K, our proxy statements, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and amendments to any of them filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These documents are available as soon as reasonably practicable after we electronically file those documents with the SEC. We also post on our website the charters of our Audit, Compensation, and Nominating and Governance Committees; our Corporate Governance Guidelines, our Code of Business Conduct and Ethics, our Insider Trading Policy and any amendments or waivers thereto; and any other corporate governance materials contemplated by the regulations of the SEC and the New York Stock Exchange, or the NYSE. The documents are also available in print by contacting Investor Relations at our executive offices.

## **Recent Developments**

### *At-the-Market Sales of Series A Preferred Stock*

Pursuant to our At-the-Market Issuance Sales Agreement with MLV & Co. LLC, one of the underwriters in this offering, from June 29, 2012 to September 4, 2012, we issued and sold 411,373 shares of our 8.50% Series A Cumulative Redeemable Preferred Stock, which we refer to as the Series A Preferred Stock, for gross proceeds of approximately \$10.0 million.

### *Common Stock Offering*

On September 12, 2012, we issued and sold 8,500,000 shares of our common stock in an underwritten public offering for gross proceeds of approximately \$50.2 million. In addition, we granted the underwriter, Deutsche Bank Securities Inc., one of the underwriters in this offering, an option to purchase up to 1,275,000 additional shares of our common stock. On September 19, 2012, upon the full exercise of that option by Deutsche Bank Securities, we issued and sold an additional 1,275,000 shares of our common stock for additional gross proceeds of approximately \$7.5 million.

### *Dividends*

On September 17, 2012, we declared a dividend of \$0.20 per share of common stock. The common stock dividend will be paid on October 26, 2012 to common stockholders of record as of the close of business on September 28, 2012. On September 21, 2012, we declared a dividend of \$0.53125 per share of Series A Preferred Stock. The Series A Preferred Stock dividend will be paid on October 30, 2012 to the Series A Preferred stockholders of record as of the close of business on October 16, 2012.

---

**Table of Contents**

**THE OFFERING**

The following is a brief summary of certain terms of this offering. For a more complete description of the terms of the Series B Preferred Stock, see [Description of the Series B Preferred Stock](#) in this prospectus supplement and [Description of Common Stock and Preferred Stock](#) in the accompanying prospectus.

Issuer	Resource Capital Corp.
Securities Offered	1,000,000 shares of 8.25% Series B Cumulative Redeemable Preferred Stock. This is the initial issuance of the Series B Preferred Stock. We reserve the right to reopen this series and issue additional shares of Series B Preferred Stock either through public or private sales at any time and from time to time.
Ranking	The Series B Preferred Stock will, with respect to distribution rights and rights upon our liquidation, dissolution or winding up, rank: (i) senior to all classes or series of our common stock and any class or series of our capital stock expressly designated as ranking junior to the Series B Preferred Stock as to distribution rights and rights upon our liquidation, dissolution or winding up, which we refer to in this prospectus supplement, together with our common stock, as junior equity securities ; (ii) on a parity with the Series A Preferred Stock and any class or series of our capital stock expressly designated as ranking on a parity with the Series B Preferred Stock as to distribution rights and rights upon our liquidation, dissolution or winding up, which we refer to in this prospectus supplement, together with the Series A Preferred Stock, as parity equity securities ; and (iii) junior to any class or series of our capital stock expressly designated as ranking senior to the Series B Preferred Stock as to distribution rights and rights upon our liquidation, dissolution or winding up, which we refer to in this prospectus supplement as senior equity securities. The term capital stock does not include convertible or exchangeable debt securities, which will rank senior to the Series B Preferred Stock as to distribution rights and rights upon liquidation dissolution or winding up.
Distributions	Investors will be entitled to receive cumulative cash distributions on the Series B Preferred Stock at a rate of 8.25% per annum of the \$25.00 per share liquidation preference (equivalent to \$2.0625 per annum per share). Beginning on October 30, 2012, distributions on the Series B Preferred Stock will be payable quarterly in arrears on or about the 30th day of January, April, July and October of each year or, if not a business day, the next succeeding business day. The first distribution on the Series B Preferred Stock will be for less than a full quarter, will reflect distributions accumulated from (but excluding) the date of original issuance through October 30, 2012, and will be paid on October 30, 2012.
Liquidation Preference	\$25.00 per share of Series B Preferred Stock, plus an amount equal to accumulated, accrued and unpaid distributions, whether or not earned or declared.



**Table of Contents**

Optional Redemption

We may not redeem the Series B Preferred Stock prior to October 2, 2017, except as described below under Special Optional Redemption and in limited circumstances relating to maintaining our qualification as a REIT for federal income tax purposes. On and after October 2, 2017, we may, at our option, redeem the Series B Preferred Stock, in whole, at any time, or in part, from time to time, by paying \$25.00 per share, plus any accrued and unpaid distributions (whether or not declared) to, but not including, the date of redemption. Any partial redemption of the Series B Preferred Stock will be paid on a pro rata basis, by lot or by any other equitable method we may choose. See Description of the Series B Preferred Stock Redemption.

Special Optional Redemption

In the event of a Change of Control (as defined below), we may, at our option, exercise our special optional redemption right to redeem the Series B Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred, by paying \$25.00 per share, plus any accrued and unpaid distributions (whether or not declared) to, but not including, the date of redemption. To the extent that we exercise our redemption right relating to the Series B Preferred Stock, the holders of Series B Preferred Stock will not be permitted to exercise the conversion right described below in respect of their shares called for redemption.

A Change of Control is when, after the original issuance of the Series B Preferred Stock, the following have occurred and are continuing:

the acquisition by any person, syndicate or group deemed to be a person under section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions of our capital stock entitling that person to exercise more than 50% of the total voting power of all of our capital stock entitled to vote generally in elections of directors; and

following the closing of any transaction referred to above, neither we nor the acquiring or surviving entity has a class of common securities (or American Depositary Receipts, or ADRs, representing such securities) listed on the NYSE, the NYSE MKT, or the NASDAQ Stock Market, or NASDAQ, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or NASDAQ. For additional details, See Description of the Series B Preferred Stock Redemption Special Optional Redemption.

Conversion Rights

Upon the occurrence of a Change of Control, each holder of Series B Preferred Stock will have the right (unless, prior to the Change of Control Conversion Date, we have provided or provide notice of our

**Table of Contents**

election to redeem the Series B Preferred Stock) to convert some or all of the Series B Preferred Stock held by such holder on the Change of Control Conversion Date into a number of shares of our common stock per share of Series B Preferred Stock to be converted equal to the lesser of:

the quotient obtained by dividing (i) the sum of the \$25.00 liquidation preference plus the amount of any accrued and unpaid distributions to, but not including, the Change of Control Conversion Date (unless the Change of Control Conversion Date is after a record date for a share of Series B Preferred Stock distribution payment and prior to the corresponding Series B Preferred Stock distribution payment date, in which case no additional amount for such accrued and unpaid distribution will be included in this sum) by (ii) the Common Stock Price; and

7.9618, which we refer to as the Share Cap, subject to certain adjustments;

subject, in each case, to provisions for the receipt of alternative consideration upon conversion as described in this prospectus supplement.

For definitions of Change of Control Conversion Date and Common Stock Price and for a description of the adjustments and provisions for the receipt of alternative consideration that may be applicable to the Change of Control Conversion Right, see Description of the Series B Preferred Stock Conversion Rights.

No Maturity

The Series B Preferred Stock has no maturity date and we are not required to redeem the Series B Preferred Stock. Accordingly, the Series B Preferred Stock will remain outstanding indefinitely unless we decide to redeem it pursuant to our optional redemption right or our special optional redemption right in connection with a Change of Control, or under the circumstances set forth above where the holders of the Series B Preferred Stock have a conversion right and elect to convert such Series B Preferred Stock. We also have the right to make open-market purchases of the Series B Preferred Stock from time to time. We are not required to set aside funds to redeem the Series B Preferred Stock.

Voting Rights

Holders of Series B Preferred Stock generally will not have any voting rights. If, however, either (i) we have not paid distributions on the Series B Preferred Stock for six or more quarterly periods, whether or not consecutive, or (ii) we fail to maintain the listing of the Series B Preferred Stock on the NYSE, the NYSE MKT or NASDAQ, or on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or NASDAQ, for a period of at least 180 consecutive days, then holders of Series B Preferred Stock, voting together with holders of any other class or series of our preferred stock upon which similar voting rights have been conferred, including the Series A Preferred Stock, and are exercisable, will be entitled to elect two additional directors to our Board of Directors.

**Table of Contents**

In addition, the affirmative vote of the holders of at least two-thirds of the outstanding Series B Preferred Stock (voting as a separate class) is required for us to authorize, create or increase the number of any class or series of senior equity securities or to amend our charter (including the articles supplementary designating the Series B Preferred Stock) in a manner that materially and adversely affects the rights of the holders of Series B Preferred Stock.

Among other things, we may, without any vote of the holders of Series B Preferred Stock, issue additional shares of Series B Preferred Stock and we may authorize and issue additional classes or series of parity equity securities.

**Information Rights**

During any period in which we are not subject to the reporting requirements of Section 13 or Section 15(d) of the Exchange Act and any Series B Preferred Stock is outstanding, we will (i) transmit by mail or other permissible means under the Exchange Act to all holders of Series B Preferred Stock as their names and addresses appear in our record books and without cost to such holders, copies of the annual reports on Form 10-K and quarterly reports on Form 10-Q that we would have been required to file with the SEC pursuant to Section 13 or Section 15(d) of the Exchange Act if we were subject thereto (other than any exhibits that would have been required) and (ii) within 15 days following written request, supply copies of such reports to any prospective holder of the Series B Preferred Stock. We will mail (or otherwise provide) the reports to the holders of Series B Preferred Stock within 15 days after the respective dates by which we would have been required to file such reports with the SEC if we were subject to Section 13 or Section 15(d) of the Exchange Act.

**Restrictions on Ownership and Transfer**

Our charter, subject to certain exceptions, prohibits any person from directly or indirectly owning more than 9.8% by value or number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock, including the Series B Preferred Stock. These provisions may limit the ability of the holders of Series B Preferred Stock to convert their Series B Preferred Stock into our common stock. Our Board of Directors may, in its sole discretion, exempt a person from the 9.8% ownership limit under certain circumstances. See [Description of the Series B Preferred Stock](#) [Restrictions on Ownership and Transfer](#).

**Listing**

There is currently no market for our Series B Preferred Stock. We have applied to list the Series B Preferred Stock on the NYSE under the symbol [RSOPrB](#). If the application is approved, we expect trading to commence within 30 days after the initial delivery of the Series B Preferred Stock.

**Table of Contents**

Form	The Series B Preferred Stock will be issued and maintained in book-entry form registered in the name of the nominee of The Depository Trust Company except under limited circumstances.
Use of Proceeds	We intend to use the proceeds of this offering to make investments relating to our business and for general corporate purposes. Pending these uses, the net proceeds of this offering will be held in interest-bearing bank accounts or invested in readily marketable interest-bearing securities, which are consistent with maintaining our qualification as a REIT for federal income tax purposes. See Use of Proceeds.
Settlement	Delivery of the shares of Series B Preferred Stock will be made against payment therefor on or about October 2, 2012.
Risk Factors	See Risk Factors beginning on S-8 of this prospectus supplement, on page 6 of the accompanying prospectus and appearing under the caption Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011, for risks you should consider before purchasing shares of our Series B Preferred Stock.

For additional information regarding the terms of the Series B Preferred Stock, see Description of the Series B Preferred Stock.

---

**Table of Contents**

**RISK FACTORS**

*An investment in the Series B Preferred Stock involves risk. You should carefully consider the risk factors in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2011, which are incorporated by reference into this prospectus supplement in their entirety. These risk factors may be amended or supplemented or superseded from time to time by other reports we file with the SEC in the future. If any of the events or developments described therein actually occurs, our business, financial condition and results of operations may suffer. In that case, the value of the Series B Preferred Stock may decline, and you could lose all or part of your investment.*

**The Series B Preferred Stock is subordinate to our existing and future debt, and your interests could be diluted by the issuance of additional shares of preferred stock and by other transactions.**

The Series B Preferred Stock will rank junior to all of our existing and future debt and any classes or series of our senior equity securities and to other non-equity claims on us and our assets available to satisfy claims against us, including claims in bankruptcy, liquidation or similar proceedings. Our charter currently authorizes the issuance of up to 100,000,000 shares of preferred stock in one or more classes or series. Immediately prior to this offering, there were 676,373 shares of Series A Preferred Stock issued and outstanding. Subject to limitations prescribed by Maryland law and our charter, our Board of Directors is authorized to issue, from our authorized but unissued shares of capital stock, preferred stock in such classes or series as our Board of Directors may determine and to establish from time to time the number of shares of preferred stock to be included in any such class or series. The issuance of additional shares of Series B Preferred Stock or other parity equity securities, including additional shares of Series A Preferred Stock, would dilute the interests of the holders of Series B Preferred Stock, and the issuance of any senior equity securities or the incurrence of additional indebtedness could affect our ability to pay distributions on, redeem or pay the liquidation preference on the Series B Preferred Stock. Other than the conversion right afforded to holders of Series B Preferred Stock that may become exercisable in connection with a Change of Control as described in this prospectus supplement under the heading Description of the Series B Preferred Stock Conversion Rights, none of the provisions relating to the Series B Preferred Stock contain any terms relating to or limiting our indebtedness or affording the holders of Series B Preferred Stock protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets, that might adversely affect the holders of Series B Preferred Stock, so long as the rights of the holders of Series B Preferred Stock are not materially and adversely affected.

**The Series B Preferred Stock has not been rated.**

We have not sought to obtain a rating for the Series B Preferred Stock. No assurance can be given, however, that one or more rating agencies might not independently determine to issue such a rating or that such a rating, if issued, would not adversely affect the market price of the Series B Preferred Stock. In addition, we may elect in the future to obtain a rating of the Series B Preferred Stock, which could adversely impact the market price of the Series B Preferred Stock. Ratings only reflect the views of the rating agency or agencies issuing the ratings and such ratings could be revised downward or withdrawn entirely at the discretion of the issuing rating agency if in its judgment circumstances so warrant. Any such downward revision or withdrawal of a rating could have an adverse effect on the market price of the Series B Preferred Stock.

**The Series B Preferred Stock may not have an active trading market, which may reduce its market value and your ability to transfer or sell your shares.**

An active trading market for the Series B Preferred Stock may not exist after issuance of the Series B Preferred Stock offered hereby or, even if it develops, may not last, in which case the trading price of the shares could be reduced and your ability to transfer your shares of Series B Preferred Stock could be limited. The trading price of the shares would depend on many factors, including:

prevailing interest rates;

---

**Table of Contents**

the market for similar securities;

general economic conditions; and

our financial condition, performance and prospects.

The underwriters have informed us that they intend to make a market in the Series B Preferred Stock prior to the commencement of any trading on the NYSE. The underwriters will have no obligation to make a market in the Series B Preferred Stock, however, and may cease market-making activities, if commenced, at any time.

**As a holder of Series B Preferred Stock, you will have extremely limited voting rights.**

Your voting rights as a holder of Series B Preferred Stock will be limited. Our shares of common stock are the only class of our securities that carry full voting rights. Voting rights for holders of Series B Preferred Stock exist primarily with respect to the ability to elect two additional directors to our Board of Directors if six quarterly distributions (whether or not consecutive) payable on the Series B Preferred Stock are in arrears, or if we fail to maintain the listing of the Series B Preferred Stock on the NYSE, the NYSE MKT, NASDAQ or an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or NASDAQ, and with respect to voting on amendments to our charter (including the articles supplementary relating to the Series B Preferred Stock) that materially and adversely affect the rights of the holders of Series B Preferred Stock or create additional classes or series of senior equity securities. Other than the limited circumstances described in this prospectus, holders of Series B Preferred Stock will not have any voting rights. See Description of the Series B Preferred Stock Voting Rights.

**Future issuances of preferred stock, including future issuances of shares of Series B Preferred Stock, may reduce the value of the Series B Preferred Stock.**

Upon the completion of the offering described in this prospectus supplement, we may sell additional shares of preferred stock, including shares of Series A Preferred Stock and Series B Preferred Stock, on terms that may differ from those described in this prospectus supplement. Such shares could rank on parity with or, subject to the voting rights referred to above, senior to the Series B Preferred Stock offered hereby as to distribution rights or rights upon liquidation, winding up or dissolution. The subsequent issuance of additional shares of Series A Preferred Stock and Series B Preferred Stock or the creation and subsequent issuance of additional classes of preferred stock on parity with the Series B Preferred Stock could dilute the interests of the holders of Series B Preferred Stock offered hereby. Any issuance of preferred stock that is senior to the Series B Preferred Stock would dilute the interests of the holders of Series B Preferred Stock offered hereby and could affect our ability to pay distributions on, redeem or pay the liquidation preference on the Series B Preferred Stock.

**You may not be permitted to exercise conversion rights upon a Change of Control. If exercisable, the Change of Control conversion feature of the Series B Preferred Stock may not adequately compensate you, and the Change of Control conversion and redemption features of the Series B Preferred Stock may make it more difficult for a party to take over our company or discourage a party from taking over our company.**

Upon the occurrence of a Change of Control, as a result of which our common stock and the common securities of the acquiring or surviving entity are not listed on the NYSE, the NYSE MKT or NASDAQ, or listed or quoted on an exchange or quotation system that is a successor to the NYSE, the NYSE MKT or NASDAQ, holders of Series B Preferred Stock will have the right to convert some or all of their Series B Preferred Stock into our common stock (or equivalent value of alternative consideration). Notwithstanding that we generally may not redeem the Series B Preferred Stock prior to October 2, 2017, we have a special optional redemption right to redeem the Series B Preferred Stock in the event of a Change of Control, and holders of Series B Preferred Stock will not have the right to convert any shares that we have elected to redeem prior to the Change of Control Conversion Date. See Description of the Series B Preferred Stock Conversion Rights and Description of

**Table of Contents**

the Series B Preferred Stock Redemption. Upon such a conversion, the holders will be limited to a maximum number of shares of our common stock equal to the Share Cap multiplied by the number of Series B Preferred Stock converted. If the Common Stock Price (as defined in Description of the Series B Preferred Stock Conversion Rights ) is less than \$3.14 (which is approximately 50% of the per-share closing sale price of our common stock on September 24, 2012), subject to adjustment, the holders will receive a maximum of 7,961,800 shares of our common stock per share Series B Preferred Stock, which may result in a holder receiving value that is less than the liquidation preference of the Series B Preferred Stock. In addition, those features of the Series B Preferred Stock may have the effect of inhibiting a third party from making an acquisition proposal for our company or of delaying, deferring or preventing a Change of Control of our company under circumstances that otherwise could provide the holders of our common stock and Series B Preferred Stock with the opportunity to realize a premium over the then-current market price or that stockholders may otherwise believe is in their best interests.

**RATIO OF EARNINGS TO FIXED CHARGES AND COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS TO EARNINGS**

Our ratios of earnings to fixed charges and of earnings to combined fixed charges and preferred stock dividends for the periods indicated are set forth below. For purposes of calculating the ratios set forth below, earnings represent pre-tax income from continuing operations, as adjusted for fixed charges; and fixed charges represent interest expense and capitalized, amortized premiums, discounts and capitalized expenses related to indebtedness, and an estimate of the interest within rental expense.

	Six Months Ended June 30,		Years Ended December 31,			
	2012	2011	2010	2009	2008	2007
Ratio of Earnings to Fixed Charges	2.95	2.63	1.69	1.14	0.96	1.08
Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends(1)	2.95	2.63	1.69	1.14	0.96	1.08

(1) No distributions on our outstanding shares of Series A Preferred Stock were paid until July 30, 2012.

**USE OF PROCEEDS**

We estimate that the net proceeds to us from this offering will be approximately \$24.0 million, or approximately \$27.6 million if the underwriters exercise in full their option to purchase up to 150,000 additional shares of Series B Preferred Stock, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering to make investments relating to our business and for general corporate purposes. Pending these uses, the net proceeds of this offering will be held in interest-bearing bank accounts or invested in readily marketable, interest-bearing securities, which are consistent with maintaining our qualification as a REIT for federal income tax purposes. We expect that these temporary investments will provide a lower net return than we hope to achieve with our general investment policies.

---

**Table of Contents**

**DESCRIPTION OF THE SERIES B PREFERRED STOCK**

The following summary of the material terms and provisions of the Series B Preferred Stock is not complete and is qualified in its entirety by the terms of our charter and the terms of the articles supplementary establishing the Series B Preferred Stock. See [Where You Can Find More Information](#).

**General**

We currently are authorized to issue up to 100,000,000 shares of preferred stock, par value \$0.001 per share, in one or more classes or series. Each class or series will have the designations, powers, preferences, rights, qualifications, limitations or restrictions as Maryland law may permit and our Board of Directors may determine by adoption of applicable articles supplementary to our charter. Immediately prior to this offering, there were 676,373 shares of Series A Preferred Stock issued and outstanding. In connection with this offering, our Board of Directors designated and classified up to 10,000,000 shares of our authorized but unissued preferred stock into a new series of preferred stock designated as 8.25% Series B Cumulative Redeemable Preferred Stock having the rights and preferences summarized below. Prior to the closing of this offering, we will file articles supplementary to our charter to establish the Series B Preferred Stock. Our Board of Directors may, without notice to or the consent of holders of Series B Preferred Stock, authorize the issuance and sale of additional shares of Series B Preferred Stock and authorize and issue additional shares of any class or series of parity equity securities from time to time.

There is currently no market for the Series B Preferred Stock. We have applied to list the Series B Preferred Stock on the NYSE under the symbol [RSOPrB](#). If the application is approved, we expect trading to commence within 30 days after the initial delivery of the Series B Preferred Stock. The Series B Preferred Stock initially will be issued and maintained in book-entry form registered in the name of the nominee of The Depository Trust Company, or DTC, except in limited circumstances. See [Book Entry Procedures](#).

The transfer agent, registrar and distribution disbursement agent for the Series B Preferred Stock will be American Stock Transfer & Trust Company, LLC.

**Ranking**

The Series B Preferred Stock will, with respect to distribution rights and rights upon our liquidation, dissolution or winding up, rank: (i) senior to all of our junior equity securities, including our common stock; (ii) on a parity with the Series A Preferred Stock and any other class or series of our parity equity securities; and (iii) junior to any class or series of our senior equity securities. Any of our convertible or exchangeable debt securities will rank senior to the Series B Preferred Stock prior to conversion or exchange. The Series B Preferred Stock will also rank junior in right of payment to our other existing and future indebtedness. For definitions of [junior equity securities](#), [parity equity securities](#) and [senior equity securities](#), see [The Offering](#) [Ranking](#).

**Distributions**

Subject to the preferential rights of holders of any class or series of our senior equity securities, holders of Series B Preferred Stock will be entitled to receive, when, as and if authorized by our Board of Directors, out of funds legally available for the payment of distributions, cumulative cash distributions at the rate of 8.25% per annum of the \$25.00 per share liquidation preference, equivalent to \$2.0625 per annum per share of Series B Preferred Stock. Distributions on the Series B Preferred Stock will accrue and be cumulative from (but not including) the original date of issuance of any shares of Series B Preferred Stock and will be payable quarterly in arrears on or about the 30<sup>th</sup> of January, April, July and October of each year or, if not a business day, the next succeeding business day. The first distribution on the Series B Preferred Stock will be paid on October 30, 2012, will be for less than a full quarter and will reflect distributions accumulated from (but excluding) the date of original issuance through October 30, 2012. Distributions payable on the Series B Preferred Stock for any partial distribution period, including the first distribution period, will be computed on the basis of a 360-day year



## **Table of Contents**

consisting of twelve 30-day months. We will pay distributions to holders of record as they appear in our stock records at the close of business on the applicable record date, which will be the first day of the calendar month in which the applicable distribution falls, or such other date as designated by our Board of Directors for the payment of distributions that is not more than 90 days nor less than 10 days prior to the distribution payment date.

Our Board of Directors will not authorize, and we will not pay, any distributions on the Series B Preferred Stock or set aside funds for the payment of distributions if the terms of any of our agreements, including agreements relating to our indebtedness, prohibit that authorization, payment or setting aside of funds or provide that the authorization, payment or setting aside of funds is a breach of or a default under that agreement, or if the authorization, payment or setting aside of funds is restricted or prohibited by law. We may in the future become a party to agreements that restrict or prevent the payment of distributions on, or the purchase or redemption of, our capital stock. These restrictions may be indirect (for example, covenants requiring us to maintain specified levels of net worth or assets) or direct. We do not believe that any of our current agreements restrict our ability to pay distributions on the Series B Preferred Stock.

Notwithstanding the foregoing, distributions on the Series B Preferred Stock will accrue whether or not we have earnings, whether or not there are funds legally available for the payment of distributions, whether or not distributions are authorized by our Board of Directors and whether or not the restrictions referred to above exist. Accrued but unpaid distributions on the Series B Preferred Stock will not bear interest, and the holders of Series B Preferred Stock will not be entitled to any distributions in excess of full cumulative distributions as described above. All of our distributions on the Series B Preferred Stock, including any capital gain distributions, will be credited to the previously accrued and unpaid distributions on the Series B Preferred Stock. We will credit any distribution made on the Series B Preferred Stock first to the earliest accrued and unpaid distribution due.

While any shares of Series B Preferred Stock are outstanding, unless full cumulative distributions on the Series B Preferred Stock for all past distribution periods have been or contemporaneously are declared and paid:

no distributions will be declared and either paid or set apart for payment, and no other distribution of cash or other property may be declared and made, on or with respect to shares of any class or series of our parity equity securities, including shares of Series A Preferred Stock, or our junior equity securities, including our common stock (other than a distribution paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, our junior equity securities) for any period;

no shares of any class or series of our parity equity securities, including shares of Series A Preferred Stock, or our junior equity securities, including our common stock, will be redeemed, purchased or otherwise acquired for any consideration (other than a redemption, purchase or acquisition of our common stock made for purposes of and in compliance with requirements of any incentive, benefit or stock purchase plan of ours or as permitted under our charter to maintain our qualification as a REIT for federal income tax purposes); and

no funds will be paid or made available for a sinking fund by us for the redemption of shares of any class or series of our parity equity securities, including shares of Series A Preferred Stock, or our junior equity securities, including our common stock (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for shares of, our junior equity securities, and except for purchases or exchanges pursuant to a purchase or exchange offer made on the same terms to all holders of Series B Preferred Stock and all holders of our other parity equity securities, if any).

If we do not declare and either pay or set aside for payment the full cumulative distributions on the Series B Preferred Stock, the Series A Preferred Stock, and shares of any other class or series of our parity equity securities, if any, the amount which we have declared will be allocated pro rata to the holders of the Series B Preferred Stock, the Series A Preferred Stock, and the shares of such other class or series of our parity equity securities, if any, so that the amount declared per share is proportionate to the accrued and unpaid distributions on those shares.

## **Table of Contents**

### **Liquidation Rights**

In the event of our liquidation, dissolution or winding up, whether voluntary or involuntary, the holders of Series B Preferred Stock will be entitled to be paid out of our assets legally available for distribution to our stockholders a liquidation preference in cash or property, at fair market value as determined by our Board of Directors, of \$25.00 per share, plus any accrued and unpaid distributions to, but not including, the date of the payment. Holders of Series B Preferred Stock will be entitled to receive this liquidating distribution before we distribute any assets to holders of our junior equity securities, including our common stock. The rights of holders of Series B Preferred Stock to receive their liquidation preference would be subject to preferential rights of the holders of our senior equity securities, if any. Written notice will be given to each holder of Series B Preferred Stock of any such liquidation no fewer than 30 days and no more than 60 days prior to the payment date. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of Series B Preferred Stock will have no right or claim to any of our remaining assets. If we consolidate or merge with any other entity, sell, lease, transfer or convey all or substantially all of our assets, or engage in a statutory share exchange, we will not be deemed to have liquidated. In the event our assets are insufficient to pay the full liquidating distributions to the holders of Series B Preferred Stock, Series A Preferred Stock and any other class or series of our parity equity securities, if any, then we will distribute our assets to the holders of Series B Preferred Stock, Series A Preferred Stock and any other class or series of our parity equity securities, if any, ratably in proportion to the full liquidating distributions they would have otherwise received.

### **Redemption**

#### *Generally*

We may not redeem the Series B Preferred Stock prior to October 2, 2017, except as described below under *Special Optional Redemption* and *Restrictions on Ownership and Transfer*. On and after October 2, 2017, upon no fewer than 30 days nor more than 60 days written notice, we may, at our option, redeem the Series B Preferred Stock, in whole or from time to time in part, by paying \$25.00 per share, plus any accrued and unpaid distributions to, but not including, the date of redemption.

We will give notice of redemption by publication in a newspaper of general circulation in the City of New York and by mail to each holder of record of Series B Preferred Stock at the address shown on our stock transfer books. A failure to give notice of redemption or any defect in the notice or in its mailing will not affect the validity of the redemption of any shares of Series B Preferred Stock except as to the holder to whom notice was defective. Each notice will state the following:

the redemption date;