



**FORM ADV  
UNIFORM APPLICANT ADVISER REGISTRATION  
PART 2A: FIRM BROCHURE**

**RAITH CAPITAL PARTNERS, LLC**

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**March 27, 2024**

This Brochure provides information about the qualifications and business practices of Raith Capital Partners, LLC (together with its affiliates, “**Raith**,” “**we**,” “**us**,” or “**our**”). If you have any questions regarding the contents of this Brochure, please contact Sandra Forman, Chief Compliance Officer at 212-938-6956 or by e-mail at [sandra.forman@raithcapital.com](mailto:sandra.forman@raithcapital.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Raith is a registered investment adviser under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Our registration under the Advisers Act does not imply any level of training or skill.

Additional information about Raith is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2: MATERIAL CHANGES

This Brochure dated March 27, 2024, has been prepared by Raith in accordance with the SEC's requirements and rules pertaining to Form ADV Part 2A.

The most recent Part 2A of Form ADV for Raith was dated March 30, 2022 (the "**2022 Annual Amendment**"). The material changes since the 2022 Annual Amendment are as follows:

- Item 4: Raith added additional disclosure about our business, disclosed the reorganization of the Credit Fund (defined below) from a fund-of-one to an open-end co-mingled fund, and updated the dollar amount for assets under management of Raith as of December 31, 2023.
- Item 5: Raith made certain clarifications in the fees and expense section.
- Item 8: Raith provided additional risk disclosures regarding current industry issues.
- Item 12: Raith added further disclosures regarding brokerage practices.

Raith routinely updates the Brochure to improve and clarify the description of our business practices, and compliance policies and procedures, and in consideration of evolving industry best practices. We encourage everyone to review this Brochure carefully and in its entirety.

**In no event should this Brochure be construed to be an offer of interests or shares in a private investment fund or relied upon in determining whether to invest. It is also not an offer of, or agreement to provide, investment management services directly to any recipient.** Rather, this Brochure is designed solely to provide information about Raith for the purpose of compliance with certain obligations under the Advisers Act and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in the Governing Documents.

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*The information set forth in this Brochure is qualified in its entirety by reference to a Client's Governing Documents (as defined herein). In the event of a conflict between the information set forth in this Brochure and the information set forth in a Client's Governing Documents, the Client's Governing Documents shall take precedence.*

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## ITEM 4: INVESTMENT MANAGEMENT BUSINESS

### A. BACKGROUND

Raith Capital Partners, LLC (together with its affiliates, “**Raith**,” “**we**,” “**us**,” or “**our**”), is a privately-held firm that provides investment advisory services to pooled investment vehicles (“**Funds**”) and separately managed accounts (“**Managed Accounts**”; together with the Funds, “**Clients**”), each of which invests in real estate equity or various forms of debt secured directly or indirectly by commercial real estate. Raith, a Delaware limited liability company, is an SEC-registered investment adviser formed in 2012 and headquartered in New York, NY.

Raith is wholly owned by William W. Landis III, Nelson Hioe and Michael Suchy (each a “**Partner**” and together the “**Partners**”). Raith leverages a team of professionals who provide significant real estate expertise and operating capabilities to evaluate, understand, and execute various real estate investments across the capital stack. Additionally, in our opportunistic strategy, we seek to utilize Raith’s expansive platform and relationships to create value at the asset level and identify investments with strong tailwinds, capitalizes on distressed situations and aggregates portfolios in fragmented markets. Raith applies a bottom-up, fundamental analysis to each investment – quantifying the intrinsic value of the underlying assets and evaluating the risks of each transaction.

Persons reviewing this Brochure should not construe this as an offering of securities or a solicitation to purchase shares in any of the Funds described herein, which will only be made pursuant to the delivery of a private placement memorandum to eligible investors.

### B. TYPES OF INVESTMENT MANAGEMENT SERVICES OFFERED

Raith provides investment advisory services to its Clients, which invest in various real estate and real estate-related assets. Such services typically include:

- sourcing, underwriting, structuring and negotiating potential investments;
- acquiring (and in the case of investments in certain loans, originating) investments on behalf of Clients;
- monitoring, developing, rehabilitating, managing and/or operating investments post-acquisition, including in some cases in collaboration with or through affiliates or unaffiliated third parties;
- reporting to Clients on the performance of their investments;
- providing day-to-day managerial and administrative services to Clients; and
- advising with respect to the timing and terms of disposition opportunities (including refinancing opportunities).

#### ***RAITH’S EQUITY PLATFORM.***

Raith currently provides investment management services to several Funds, including co-investment vehicles, each of which invests in real estate equity and real estate-related debt using a deep value approach to commercial real estate investing, targeting opportunistic and special situations investments

(each an “**Equity Fund**”). Raith currently does not have any Managed Account clients that invest in real estate equity.

Raith’s Equity Funds invests across a range of sectors, targeting opportunistic returns by investing in assets experiencing dislocation or distress at the property level or within the sponsorship. Raith invests in sub and non-performing loans, value-add equity as well as selective development opportunities. Raith also seeks to aggregate individual assets and portfolios to benefit from platform-level scale. Currently, the majority of the investments of Raith’s Equity Funds take place through joint ventures with operating partners who are not affiliated with Raith.

#### ***RAITH’S DEBT PLATFORM.***

Raith provides investment management services to a co-mingled open-ended Fund and a parallel Fund (collectively, the “**Credit Fund**”) and Managed Accounts, which invest in a range of debt instruments secured directly or indirectly by commercial real estate, including investment grade and non-investment grade CMBS and other securities, mortgage loans, and mezzanine loans. The investment mandates, restrictions, and level of discretion for each Managed Account are decided in consultation with the investor or investors, as applicable. Each Managed Account investor is an institutional investor.

Through the Credit Fund and the Managed Accounts on the credit platform, Raith acquires or originates debt securities (primarily commercial mortgage-backed securities and commercial real estate collateralized loan obligations), private senior and subordinate loans, and preferred equity investments.

Applying the same underwriting approach and rigor as in equity investments, Raith determines the value of underlying assets while focusing on generating attractive risk-adjusted returns while seeking to mitigate the risk of loss.

#### ***AFFILIATES.***

Certain other affiliates of Raith (each, a “**General Partner Affiliate**”) serve as general partner, managing member and/or investment manager of the Funds.

Each General Partner Affiliate operates as a single investment management business with Raith and conducts its activities in accordance with the Advisers Act and the rules thereunder.

### **C. CLIENT INVESTMENT GUIDELINES AND PARAMETERS**

Raith’s investment management business is focused on investing in a range of real estate equity and debt-related instruments, including distressed loans and value-add investment opportunities, which may include intensive asset management, workout and turnaround situations, as well as performing mortgage loans, mezzanine loans, commercial mortgage-backed securities, commercial real estate collateralized loan obligations, and other real estate debt and debt-like instruments. Our goal is to provide superior, risk-adjusted returns for our Clients by virtue of our ability to source, underwrite, price, manage, and monetize investments. Our geographic focus consists primarily commercial real estate markets located throughout the United States.

## ***FUNDS.***

Raith serves as investment manager or investment adviser to each Fund pursuant to an investment management agreement (each, an “**IMA**”) between each Fund (or the General Partner Affiliate that serves as general partner, managing member or in similar capacity to the Fund) and Raith. Raith operates in accordance with the terms set forth in the limited partnership agreement (and other applicable governing agreements) and private placement memorandum (together with the IMA and, as applicable, any side letter agreements negotiated with investors in an applicable Fund, the “**Fund Documents**”) of such Fund, which includes specific information concerning the operation and management of each Fund. Raith has the authority to recommend all investment decisions for each Fund, subject to investment criteria and/or restrictions set forth in the Fund Documents, respectively.

Raith identifies investment opportunities for each Fund and participates in the acquisition, management, monitoring, and disposition of each Fund’s investments.

Fund investments are managed in accordance with the investment objectives, strategies, guidelines, as well as the terms and conditions of investment set out in the Fund Documents.

The investment periods of certain Funds have expired. Such Funds may not make new investments or may be limited solely to making follow-on investments that are related to existing investments. Raith’s attention with respect to those Funds is generally on maximizing the value of the remaining investments as opposed to sourcing new investments.

## ***MANAGED ACCOUNTS.***

In addition to the Funds, Raith provides investment management, advisory and certain administrative services, as well as other related services to Managed Accounts (the Fund Documents and Managed Account IMAs are collectively referred to in this Brochure as the “**Governing Documents**”).

## **D. WRAP FEE PROGRAMS**

Raith does not participate in or offer wrap fee programs.

## **E. CLIENT ASSETS UNDER MANAGEMENT**

As of December 31, 2023, Raith manages regulatory assets under management of \$1,807,356,164 as follows:

- Raith manages regulatory assets under management of \$1,295,572,022 on a discretionary basis.
- Raith manages regulatory assets under management of \$511,784,142 on a non-discretionary basis.

## ITEM 5: FEES AND COMPENSATION

### A. COMPENSATION: GENERAL

Raith is compensated pursuant to the terms of the respective Governing Documents. The following discussion provides an overview of our current fee and compensation arrangements. A Client (or investors in a Client) should consult with the applicable Governing Documents for the specific terms of the fee and compensation arrangement applicable to such Client.

#### *EQUITY FUNDS.*

As compensation for services rendered to the Funds, Raith or its General Partner Affiliate receives from each such Fund a management fee (a “**Management Fee**”) calculated as described below. Management Fees paid by a Fund are indirectly borne by investors in such Fund.

For the Equity Funds, Raith typically is entitled to receive an annual Management Fee, payable quarterly in advance, in an amount equal to 1.5% of capital commitments during the Investment Period; 1.5% of Actively Invested Capital after the end of the Investment Period (as such capitalized terms are defined in the respective Fund Documents). Raith deducts Management Fees directly from the Funds.

Raith may also be entitled to a distribution of carried interest (the “**Carried Interest Distribution**”), based on realized profits above various return hurdle rates. Carried Interest Distributions, if applicable, are deducted directly from the Funds’ assets as investments realize profits and not on a pre-determined schedule, as described below under “*Item 6. Performance-Based Fees and Side-by-Side Management.*”

Investors in a Fund-related co-investment structure may be subject to management fees and carried interest on terms that are different from Fund investors.

#### *RAITH CREDIT FUND.*

As compensation for services rendered to the Credit Fund, Raith or its General Partner Affiliate typically receives from such Fund a Management Fee payable quarterly, in arrears, at a rate per year of 1.25% of each Limited Partner’s share of the Credit Fund’s net asset value of the Partnership as of the last business day of the calendar quarter.

Raith or its General Partner Affiliate is also entitled to a performance-based incentive allocation equal as described below under “*Item 6. Performance-Based Fees and Side-by-Side Management.*”

#### *MANAGED ACCOUNTS.*

Raith charges its Managed Accounts an annual base management fee (the “**Base Management Fee**”) generally ranging from 0.15% to 1.35% of assets under management for that Client. An investor in a non-discretionary Managed Account may pay a Management Fee only on invested capital or a percentage of net cash flow. The fee structure varies by Client, and we negotiate lesser or different fee schedules for Clients based on a variety of factors, including the size of the Client’s (or underlying investor’s) account or commitment, whether an investor has commitments to multiple Raith accounts, and the nature of the proposed services and investments.

On certain Managed Accounts, Raith receives performance or incentive fees paid on realized profits from investments that exceed a hurdle, as described below under *“Item 6. Performance-Based Fees and Side-by-Side Management.”*

## **B. PAYMENT OF FEES**

Subject to the specific terms of the Governing Documents, Raith typically deducts its fees directly from the Clients’ assets and bills its Management Fees quarterly in advance. The Credit Fund and investors in non-discretionary Managed Accounts pay fees in arrears.

## **C. ADDITIONAL FEES AND EXPENSES**

In addition to the Management Fees and Carried Interest Distribution payable to Raith and/or its affiliated general partners, each Fund bears certain expenses. As set forth more fully in the Governing Documents, a Fund bears all fees, costs, expenses, liabilities and obligations relating to the relevant Fund’s (and its subsidiaries’ and intermediate entities’) activities, investments and business to the extent not applied to reduce Management Fees, including: (i) costs and expenses incurred in connection with the organization and formation of the Fund and its related entities (including such Fund’s general partner or managing member, any related investment vehicle (such as a REIT subsidiary or other special purpose vehicle) (“**Fund Related Entity**”), and other related entities organized by the Fund’s general partner or its affiliates) and the offering of the interests therein, including, without limitation, expenses related to obtaining preferred shareholders of any REIT subsidiary; legal and accounting fees and expenses; reasonable marketing and travel expenses of personnel of the General Partner Affiliate, its advisors (including Raith) and placement agents in connection therewith (placement fees are offset), and other expenses, including filing fees and printing costs, in each case, incurred in connection with the formation of the Fund and any Fund Related Entity, and (ii) costs and expenses incurred in connection with the origination, evaluation, negotiation, acquisition, operation, hedging, maintenance, improvement, leasing, loan workout, loan servicing, project management, renovation, financing, refinancing, monitoring or disposition of Fund investments (whether or not consummated), including, without limitation, deal initiation expenses, private placement fees, sales commissions, appraisal fees, taxes, brokerage fees, project management fees, travel expenses, industry conference costs, underwriting commissions and discounts, analytical software costs and expenses, data costs and costs and expenses relating to environmental, property management, engineering and appraisal services, insurance premiums, sales, leasing commissions, loan workout and loan servicing fees, legal, accounting, audit, investment banking, consulting, information services and professional fees (which, subject to the Governing Documents, may include fees, costs and expenses payable to affiliates of the General Partner Affiliate or Raith related to the discovery, investigation, project management, making, management and disposition of investments, whether or not consummated) and other administrative expenses related to the operation of the Fund; costs and expenses for research and consulting fees, administrator, custodial and trustee fees; costs and expenses incurred in connection with the Fund’s reports, tax returns, K-1’s (or similar schedules) and any communications and/or meetings with the limited partners or investors of the Fund (“**Limited Partners**”); fees and disbursements (and other costs and expenses) of attorneys and accountants relating to Fund matters (to the extent not “**Deal Costs**” as defined in the Governing Documents) including, but not limited to, those incurred in connection with any documents or agreements required by the Governing Documents; taxes



and other governmental charges that may be incurred or payable by the Fund; insurance premiums or expenses incurred by the Fund in connection with the activities of the Fund, including errors, omissions, crime, environmental, general partner liability, directors' and officers' liability and similar coverage for any "**Indemnified Person**" as defined in the Governing Documents acting on behalf of the Fund, any Fund Related Entity or any affiliate of any thereof; any and all costs and expenses (including legal fees and expenses) incurred to comply with any law or regulation related to the activities of the Fund or incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the Fund, including the amount of any judgments, settlements or fines paid; all costs and expenses incurred in connection with the dissolution, winding up or termination of the Fund; costs and expenses incurred in connection with any amendments, modifications, revisions or restatements to the constituent documents of the Fund or Fund Related Entity; costs and expenses incurred in connection with any valuation of the assets of the Fund; costs and expenses incurred in connection with distributions to the Partners or any meeting of the Partners or the Advisory Committee; costs and expenses related to the Fund's indemnification obligations; all costs and expenses relating to Fund Related Entities; costs and expenses incurred in connection with defaults by Limited Partners under the Governing Documents (to the extent not paid by defaulting Limited Partners; and costs and expenses (including fees and interest) arising out of debt obligations. Certain Funds bear the reasonable cost of Raith's in-house legal, in each case if the arrangement is disclosed in the Governing Documents and then on regular basis to the Fund's Advisory Committee.

With respect to the Managed Accounts, costs and expenses payable by the owner of a Managed Account usually include its reasonable and properly incurred operating costs and expenses. Operating costs include charges imposed by custodians, administrators, brokers, and other third parties, including custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, Clients will incur additional fees and expenses including, securities and analytics fee, as well as certain professional fees relating to particular investments, research related to investments and travel expenses incurred in connection with due diligence and monitoring, other out-of-pocket expenses directly related to the investigation of investment opportunities (whether or not consummated), acquisition and ownership expenses including all expenses relating to the servicing or monitoring of investments post-acquisition (including industry-related events and/or conferences related to the specific investment mandate), legal expenses, systems and technology, audit and tax preparation expenses, if applicable, organizational expenses and extraordinary expenses.

For certain Managed Accounts, where Raith's services are limited or non-discretionary, an investor will not be charged for certain expenses or will be charged to a lesser extent in the case of insurance premia. In those cases, Raith will pay the cost of the allocated expense in place of that investor if these expenses relate to a product or service utilized by such Managed Account. Raith does not utilize as many products or services, and has a different level of responsibility for non-discretionary Managed Accounts as it does for the Funds and discretionary Managed Accounts.

Raith typically bears its own overhead expenses, including any expenses associated with the employment of any at-will employees; however, a Fund may pay for certain employee expenses to the extent such employee is performing a function that is outside Raith's investment management mandate and/or would otherwise be performed by a third party. Raith and/or its affiliate may provide certain

services including oversight of third-party property management companies, accounting, oversight of leasing brokers and direct tenant negotiations, oversight of general contractors and all capital projects (including tenant buildout and other development work) loan workout, loan servicing and related or similar types of services, and Raith, its affiliates and their respective employees may perform asset level due diligence, loan file due diligence and other similar services, in each case, which would otherwise be performed for the Fund and any Fund Related Entities by operating partners, third-party professionals or consultants (collectively, “**Asset Management-Related Services**”). Raith uses an affiliate to provide Asset Management-Related Services, rather than a third party, if it determines that such affiliate has the requisite expertise to provide such services and that the use of an affiliate to provide such Asset Management-Related Services, rather than an independent third party, is beneficial to its Clients. To the extent Raith or any of its affiliates perform any Asset Management-Related Services and the fees and compensation are included in the operating expenses of a Fund (and such Fund therefore bears the cost of such Asset Management-Related Services), such Asset Management-Related Services and the terms and conditions of such Asset Management-Related Services shall be on such terms as would generally be available in an arm’s-length transaction with a third party (provided that such third parties are generally in the business of providing such services) in the applicable market, although such compensation will not actually be determined through arm’s-length negotiation. Raith provides regular disclosure of affiliates fees as requested by its Clients, and provides disclosure to the Advisory Committees. Asset Management-Related Service Fees may be substantial and are in addition to the Management Fees paid to Raith and will not reduce the Management Fees charged to such Clients. See Item 8. below, for a discussion of the conflicts of interest involved in the retention of affiliated service providers.

Raith may, from time to time, enter into arrangements with third-party advisers and consultants who provide services relating to deal-sourcing and investment opportunities. Any fees and expenses associated with such investment opportunities may be allocated to the applicable Client(s), consistent with the allocation process described herein.

Part of Raith’s strategy includes investing in properties through joint ventures with other real estate investors and/or operators. Raith believes that these joint venture partners enhance its competitive advantage in the marketplace through their knowledge, skill, and experience in identifying and executing property strategies that optimize value at the asset-level. Joint venture partners may charge fees relating to acquisition, asset/property management, leasing and construction management. In addition, a joint venture arrangement typically provides for performance-based compensation (including a profits interest in the joint venture) for an operating partner as an incentive for enhanced performance.

Raith may also seek to engage in a variety of other businesses, including but not limited to, the acquisition of whole loans (both performing and non-performing loans), and the servicing/asset management of loans, including acting as an adviser or operating partner to companies that own or are involved with the servicing/asset management of loans on a third-party basis.

Raith, from time to time, acts as the controlling class representative (or other such equivalent term as described in a security’s governing documents, “**CCR**”) with respect to certain loans or securities held by a Client. Generally, acting as the CCR provides Raith with the ability to direct the servicer to take certain actions with respect to distressed or defaulted loans. Raith believes that serving as the CCR of

such loans or securities permits it to have greater control over the loan assets and is beneficial to Raith's Clients. Raith does not receive any additional compensation for serving as the CCR, but in some cases the Client and Raith participate in a portion of the special servicers' fees.

There are occasions when the Raith investment team will commence due diligence on a transaction on behalf of multiple Raith Client accounts. When an investment opportunity is suitable for more than one Client, Raith will track the various expenses against the Client accounts for which the transaction was being considered and a fair and equitable allocation will be agreed by the Compliance and Operations Committee (or a subset of such Committees' members). This will be the case whether the transaction is consummated or not. Variations on the above fact pattern may arise. Further, Governing Documents dictate the appropriate expenses to be borne by each Client.

#### **D. REFUNDS FOR FEES CHARGED IN ADVANCE**

Management Fees assessed by a Fund are generally deducted from a Fund's assets and are paid in advance.

Management Fees for a Managed Account are paid by the owner of the Managed Account. Management Fees are generally paid in arrears but may be paid in advance. For certain Managed Accounts that pay management fees in advance, if the agreement is terminated during a payment period, the Managed Account will typically be charged a prorated base management fee and incentive fee.

Upon termination of any Fund or Managed Account, Raith will promptly refund any unearned, prepaid fees. Unless the Governing Documents state otherwise, earned but unpaid fees will remain due and payable.

#### **E. OTHER**

Certain investors in the Funds are not subject to a Management Fee and/or Performance Allocation in connection with their investment in the Fund. These investors include, but are not limited to, employees and other supervised persons of Raith, friends and family of Raith and its supervised persons, and individuals or entities that provide services to Raith, a Fund, or an investment. Such investors will still either pay their *pro rata* share of certain Fund expenses, or the *pro rata* amount of such expenses will be allocated to the relevant general partner or managing member.

Neither Raith nor any of its supervised persons or personnel receives, directly or indirectly, any brokerage commission or any other compensation attributable to the sale of securities or investment products.

***It is critical that prospective Clients (or investors in Clients) refer to the relevant Governing Documents for a complete understanding of how Raith is compensated for its investment management services. The information contained in this Item 5 is a summary only, and is qualified in its entirety by the relevant Governing Documents.***

## ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Raith (or an Affiliate General Partner) is entitled to receive performance-based compensation with respect to certain of its Clients as set forth in such Governing Documents. The terms and conditions of any such fee arrangements are subject to individualized negotiations with each Client and are structured in accordance with Section 205(a)(1) of the Advisers Act, which permits performance-based fee arrangements with “qualified clients.”

Certain Managed Accounts and the Equity Funds will allocate a portion of their investment profits (generally between 10% and 20%) to Raith or their respective general partners, as set forth in the Governing Documents (such allocation being the “**Performance Allocation**”). The Performance Allocation is generally subject to achieving a specified cumulative annual return on the amount of the unreturned capital contributions of investors with respect to a transaction, as of the date of determination. A Performance Allocation, when applicable, is made upon the distribution of proceeds generated by the disposition of portfolio investments pursuant to a priority distribution waterfall after the return of invested capital and a preferred return. Performance Allocations are typically subject to clawback arrangements (for the Equity Funds) and structured otherwise as negotiated in the Governing Documents.

In the case of the Credit Fund, a Performance Allocation, when applicable, is calculated over a one-year period equal to a specified portion of returns above a hurdle rate, subject to a high watermark over a specified lookback period coupled with a catch-up. The Performance Allocation in this instance can be paid in cash from any source (including operations and dispositions from investments, capital called from one or more LPs, etc.) or Units if no cash is available.

Raith believes that its Performance Allocation arrangements can serve to align interests better with those of its investors. Although performance-based compensation arrangements may create an incentive for Raith to recommend, or a Fund’s Affiliate General Partner to approve, investments that are riskier or more speculative than those that would be recommended or approved under a different fee arrangement and Raith to favor Client accounts paying performance-based compensation at a higher rate (or a higher effective rate) over other accounts in the allocation of investment opportunities, a number of factors mitigate these potential conflicts of interest.

First, Raith’s Partners generally invest their own capital in every Fund, which promotes alignment of interests among the Partners, who comprise the Investment Committee, and the Clients. Second, Raith’s ability to raise capital in the future depends on it delivering favorable results to its Clients. Pursuant to its fiduciary duties, Raith will endeavor to make a good faith determination to allocate investment opportunities in accordance with the Clients’ Governing Documents and have adopted allocation policies and procedures (“**Allocation Policies and Procedures**”) to ensure that Clients are treated on a fair and equitable basis over time, regardless of the existence of performance-based fees. See also “*Conflicts in Allocating Investments*” under Item 8.

## **ITEM 7: TYPES OF CLIENTS**

We provide investment management services to the Funds and Managed Accounts whose investors include insurance companies, state or municipal government entities, pension and profit-sharing plans, private funds, nonprofit organizations, institutional investors, and high net worth individuals.

Interests in a Fund are offered only to persons that are (i) “accredited investors,” as defined in Regulation D under the Securities Act of 1933, as amended (the “**Securities Act**”) and (ii) either “qualified purchasers” or “knowledgeable employees,” each as defined in the Investment Company Act of 1940, as amended (the “**1940 Act**”), and the rules thereunder.

The minimum commitment for an investor in a Fund is typically \$5 million and the minimum commitment to a Managed Account is generally \$10 million. Depending on the circumstances (including fund size, investment strategy, and level of required portfolio servicing), Raith may waive minimum investment requirements that might otherwise apply to a particular Fund, in particular for qualified high net worth individuals, or Managed Accounts.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

Raith’s investment management business is focused on investing in commercial real estate equity and debt secured by commercial real estate. While there can never be a guarantee of performance, our goal is to provide superior, risk-adjusted returns for our Clients by focusing on our ability to source, underwrite, price, manage, and ultimately monetize investments.

We invest in two primary real estate strategies. The first is a deep value approach to commercial real estate equity investing, targeting opportunistic and special situations investments. The second involves investing in a range of debt instruments secured by commercial real estate, including investment grade and non-investment grade securities and mezzanine loans.

Critical to the Client’s investment objective and approach is the success with which Raith executes the following core competencies:

- Sourcing attractive investment opportunities
- Identifying and mitigating downside risks
- Executing on value creation strategies

Raith identifies potential investment opportunities for its Clients through a variety of sources and bases a portion of its investment analyses on information obtained from working with industry professionals such as consultations with operating partners, joint venture partners, property management and leasing professionals, lenders, brokers, and other professionals within the real estate sector.

The screening process for potential investments involves several steps, which vary depending on the type of asset being proposed for acquisition. Generally, a written summary is prepared describing the due diligence conducted on the proposed acquisition, and this summary is provided to the Investment Committee. The Investment Committee is comprised of the Partners. The Investment Committee

reviews and makes all of the investment decisions for the Client. Unanimous approval of the members of the Investment Committee is sufficient to approve any such decision for the Clients.

## **B. GENERAL RISKS RELATING TO AN INVESTMENT IN A FUND OR MANAGED ACCOUNT**

Raith seeks to mitigate risk by relying on a well-developed set of principles and disciplines honed from years of experience in the real estate capital markets as well as the broader financial markets. We apply a bottom-up, fundamental analysis to each investment – quantifying the intrinsic value of the underlying assets and evaluating the inherent risks of each transaction. Although each real estate downturn has different characteristics and any recovery can take very different paths, we believe we will be able to draw upon the experience of senior management to identify and access new opportunities and maximize returns while effectively managing downside risk. Our workout and asset management expertise combined with our ability to value a broad range of asset types in different geographic regions across the United States allows for the construction of a well-diversified investment pool.

All investments involve the risk of complete loss. Each investor should be prepared to bear the risk of losing its entire investment. A basic premise of real estate investing is the acceptance of illiquidity and the higher degree of risk associated with higher returns. There can be no assurance that any return will ultimately be achieved. The risks listed below are not intended to serve as an exhaustive list or a comprehensive description of all the risks and conflicts that may arise in connection with an investment. Prospective investors should carefully review the applicable Governing Documents before deciding to invest with us.

### ***No Assurance of Investment Return.***

Raith cannot provide assurance that it will be able to identify, choose, make or realize investments of the type targeted for a Fund or Managed Account, or that a Client will be able to fully invest its committed capital. There can be no assurance that Raith will be able to generate positive returns for its Clients or that returns will be commensurate with the risks of the investments specified in the Client's investment objectives. There can be no assurance that a Client's investment objectives or targeted returns will be achieved or that there will be any return of capital. The past investment performance of Raith should not be construed as an indication of future results.

### ***No Client Control; Reliance on Raith.***

The Governing Documents govern the level of Client control over, or influence in the management of investments. Subject to the provisions of the Governing Documents, Raith may have the full, exclusive and complete power and authority to make all decisions affecting the business of a Client. If the Governing Documents contain these provisions, the successful operation of a Client's investment program will be dependent almost entirely upon the management and operational skills of Raith and its investment team. No assurance can be given that such persons will be able to successfully acquire investments that will be profitable for the Client.

The loss of the service of one or more members of Raith's senior management, including but not limited to the Key Persons (as defined in the Governing Documents), as a result of death, incapacity, retirement

or other reason could have a material adverse impact on a Client's ability to achieve its investment objective and/or strategies.

### ***General Economic and Market Conditions.***

The success of an investment will be affected by general economic and market conditions. U.S. capital markets continue to experience disruptions and volatility, including as a result of inflation, a rising interest rate environment, Russia's military invasion of Ukraine, the ongoing effects of the COVID-19 pandemic and limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry. In addition, in January 2023, the outstanding debt of the United States reached its statutory limit and the U.S. Treasury Department commenced taking extraordinary measures to prevent the United States from defaulting on its obligations. These events have contributed to unpredictable general economic conditions that are materially and adversely impacting the broader financial and credit markets. At various times, such disruptions have resulted in, and may in the future result in, a lack of liquidity in parts of the debt capital markets, significant write-offs in the financial services sector and the repricing of credit risk. Such conditions may occur for a prolonged period of time, and may materially worsen in the future, including as a result of U.S. government shutdowns, or future downgrades to the U.S. government's sovereign credit rating, including as a result of a default or the threat of default on its debt, or the perceived credit worthiness of the U.S. or other large global economies. Unfavorable economic conditions also would be expected to increase funding costs or result in a decision by lenders not to extend credit to Raith or a Client. These events could continue to limit our investment originations, limit our ability to grow and could have a material negative impact on the fair values of our debt and equity investments. In addition, the U.S. and global capital markets have in the past, and may in the future, experience periods of extreme volatility and disruption during economic downturns and recessions.

The real estate industry generally and the success of the Client's investment activities in particular will both be affected by general economic and market conditions in the United States and other countries, as well as by changes in applicable laws, trade barriers, currency exchange controls, and national and international political and socioeconomic circumstances in respect of the countries in which a Client is permitted to invest. These factors could affect the level and volatility of prices and liquidity of a Client's investments, which could impair the Client's profitability and result in losses. Further, any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have an adverse impact on the performance and/or valuation of a Client's investments. A Client's performance can be affected by deterioration in or events disruptive to public markets. The impact of market and other economic events could also affect a Client's ability to raise funding to support its investment objective and the level of profitability achieved on realizations of investments. In addition, general fluctuations in the market prices of investments and interest rates could affect a Client's investment opportunities and the value of the Client's investments.

### ***Banking Sector Risks Relating to Operations and Performance.***

It is likely that, if the banking sector situation deteriorates, the United States and/or other global economies would be adversely affected, including the possibility of recession, the duration and severity of which are difficult to predict. Among other things, a weakening in the macroeconomic situation could make it more difficult for the Raith to identify and source investments; finance and other consummate investments which are sourced or refinance existing investments; and dispose or otherwise monetize investments at attractive valuations. In addition, it is possible that the incidence of Fund investor capital call defaults may increase. The cumulative effect of the foregoing could adversely impact the value of Client holdings and overall Client performance.

Although we assess our banking relationships as we believe necessary or appropriate, our access to funding sources and other credit arrangements in amounts adequate to finance or capitalize our current and projected future business operations could be significantly impaired, including, but may not be limited to, the following:

- delayed access to deposits or other financial assets or the uninsured loss of deposits or other financial assets;
- loss of access to revolving existing credit facilities or other working capital sources and/or the inability to refund, roll over or extend the maturity of, or enter into new credit facilities or other working capital resources; or
- termination of cash management arrangements and/or delays in accessing or actual loss of funds subject to cash management arrangements.

These and future market disruptions and/or illiquidity could restrict Raith from pursuing investments, which could adversely impact the performance of a Fund and/or Managed Account.

### ***Recent Regulatory Developments for Private Funds and their Advisers.***

In recent years, the SEC has proposed and adopted, and continues to adopt, various changes to the rules relating to private funds and their advisers. On August 23, 2023, the SEC adopted previously proposed new rules and amendments to existing rules (collectively, the “**Private Funds Rules**”) under the Advisers Act specifically related to advisers of private funds.

The Private Funds Rules will impose new and substantial requirements on advisers and the funds they advise, including with respect to quarterly reporting, restricted activities, preferential treatment of investors, audit requirements, adviser-led secondaries and annual compliance reviews. The Private Funds Rules, in addition to any other new rules adopted by the SEC, are expected to significantly impact the business of Raith and its affiliates, the Funds and/or their investments. Under certain circumstances, Raith may be restricted or refrain from providing information regarding the Funds in response to investor requests. Raith will be required to circulate to all investors the material terms of any preferential treatment agreed in connection with investments in the Funds (i.e., all side letter terms), without regard to any most favored nation provision. This may ultimately impact Raith’s decisions with respect to agreeing to certain preferential rights. Further, many provisions of the Private Funds Rules require the Manager to make a variety of subjective determinations as to whether and how such



rules apply to the Funds and Raith's related obligations. Raith will face conflicts of interest in making such determinations, including for example with respect to whether certain fees and expenses may be charged to a fund, whether certain provisions may have a material negative impact on certain investors and whether certain allocations are fair and equitable. Raith's and the Funds' compliance burdens and associated costs including, without limitation, insurance expenses, are also expected to increase. Raith also will be subject to increased risk of exposure to additional regulatory scrutiny, litigation, censure and penalties for noncompliance or perceived noncompliance as a result of the Private Fund Rules, and any noncompliance or perceived noncompliance with such rules may negatively impact the Funds' reputation as well as its investment activities, thereby materially reducing returns to investors. Furthermore, uncertainty regarding the implementation and potential enforcement of the Private Fund Rule may result in an increased risk of enforcement actions by the SEC with respect to the Manager.

Although the legality of the Private Fund Rules is currently being challenged in United States federal court, it is uncertain whether the legal challenge will succeed. Regardless of the outcome of these lawsuits, the implementation of these new rules is expected to create additional burdens for advisers to private funds, including by increasing regulatory and compliance costs and burdens and heightening the risk of regulatory inquiries and actions (including public regulatory sanctions). The Fund is expected to bear certain regulatory and compliance costs relating to the Private Fund Rules, which could include (without limitation) fees, costs and expenses incurred in connection with (a) preparing and distributing to investors the notices or disclosures required by the Rules, (b) soliciting and obtaining from investors any consents required by the rules and (c) organizing, preparing and distributing any summaries or copies of side letters or other documentation of preferential or specialized treatment to investors (including fees paid to third parties to perform or assist with such actions or processes), which fees, costs and expenses could be expected to be material.

#### ***Custody Risk.***

If a bank has custody of Fund assets and the bank goes into receivership, the receivership could adversely impact the safekeeping of those assets and the ability to retrieve and secure such assets, and the Fund may experience delayed access to deposits or other financial assets or the uninsured loss of deposits or other financial assets. . In addition, the Adviser monitors the custodian's financial health and internal controls periodically. The Adviser will also, to the extent possible, diversify custodian risk by using multiple custodians to reduce the impact of a single custodian's failure.

#### ***Risk of Access to Fund Subscription Lines or Other Working Capital Facilities.***

If a bank provides a Fund with a so-called subscription line or other working capital facility and the bank goes into receivership, the availability of funds under that line or facility could be adversely affected, which could in turn adversely impact the Fund's ability to consummate investments or pay Fund expenses in a timely manner. The Adviser believes it can mitigate this risk by doing business with banks that have strong balance sheets and, if it has concerns that a bank will not be able to fund a subscription or other working line loan, to call capital instead from its limited partners.

### ***Business, Legal, Tax and Other Regulatory Risks.***

Legal, tax, and regulatory changes, as well as judicial decisions, could adversely affect Raith and/or the investment strategies used to implement a Client's investment strategy.

With respect to the Funds, the regulatory environment for private investment funds continues to evolve, and changes in the regulation of private investment funds may adversely affect the value of a Fund's investments and the ability of a Fund to implement its investment strategy (including the use of leverage). The financial services industry generally and the activities of private investment funds and their investment managers, in particular, have been the subject of increasing legislative and regulatory scrutiny. Such scrutiny may increase a Fund's, or Raith's legal, compliance, administrative and other related burdens and costs as well as regulatory oversight or involvement in the Funds and/or Raith or result in ambiguity or conflict among legal or regulatory schemes applicable to any of them. The regulation of derivative transactions and entities that engage in such transactions and securitization vehicles is an evolving area of law and is subject to further development and modification by governmental and judicial action. In addition, securities and futures markets are subject to extensive statutes, regulations and margin requirements. Various U.S. federal and state regulators, including the SEC, the CFTC, self-regulatory organizations and exchanges, are authorized to take extraordinary actions in the event of market emergencies. Alternative U.S. or non-U.S. rules or legislation regulating the Funds and/or Raith may be adopted, and it is possible that any of them will not in the future be subject to regulatory review or discipline. The effects of any regulatory changes or developments on the Funds and Raith may be substantial and adverse.

Such regulations may have a significant impact on the operations of the Funds, including, without limitation, restricting the types of investments a Fund may make, preventing a Fund from exercising its voting rights with regard to certain financial instruments, requiring the Funds to disclose the identity of its investors or otherwise.

### ***Increased Regulatory Scrutiny.***

The financial services industry generally, and the activities of alternative investment funds and their managers in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase the Clients' and/or Raith's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight can also impose administrative burdens on Raith, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert Raith's time, attention and resources from portfolio management activities.

In addition, it is anticipated that, in the normal course of business, Raith's officers will have contact with governmental authorities, and/or be subjected to responding to questionnaires or examinations.

### ***Due Diligence Considerations.***

Raith will conduct due diligence it believes is adequate to select investments in which to invest Client assets. Due diligence is not foolproof, however, and may not uncover problems associated with a

particular investment. Raith may rely upon representations made by the borrower or the seller in respect of a particular loan or property, as well as accountants, attorneys, or other investment professionals. Any such representations which prove misleading, incomplete, or false may result in the selection of Investments which might have otherwise been eliminated from consideration had fully accurate and complete information been made available to Raith. Even exhaustive due diligence, however, may not protect against subsequent fraud by property owners or managers.

***Misconduct of Employees and of Third-Party Service Providers and Joint Venture Partners.***

Misconduct by employees of Raith or by third- party service providers or joint venture Partners could cause significant losses. Employee misconduct may include binding a Fund or Managed Account to transactions that exceed authorized limits or present unacceptable risks and unauthorized investment activities or concealing unsuccessful investment activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third-party service providers or joint venture partners, including, without limitation, misappropriating assets.

***RISKS RELATING TO REAL ESTATE INVESTMENT STRATEGY AND INVESTMENTS.***

***Investments in Real Estate in General.***

There is no assurance that the investments made by Raith will be profitable or that cash flow will be available for distribution to investors. An investment's operating revenues may include rental payments received from tenants under leases. From time to time, these tenants may experience a downturn in their respective businesses, which downturn may weaken their financial condition and result in the failure to make rental payments when due. In such case, a real estate investment's financial condition would be adversely affected, and its revenues may be insufficient to pay its operating expenses and obligations (including its debt service obligations). In addition, at any time, a tenant may seek the protection of bankruptcy or insolvency laws, which could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the distributable cash flow of an investment. No assurance can be given that tenants will not file for bankruptcy protection in the future or, if any tenants file, that they will affirm their leases and continue to make rental payments in a timely manner. If a tenant's lease is not affirmed following bankruptcy or if a tenant's financial condition weakens, a real estate investment's net operating income may be adversely affected.

Furthermore, because real estate, like many other long-term investments, historically has experienced significant fluctuation and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of Raith's real estate investments. The cash flow and value of the investments will depend on many factors beyond the control of Raith, including: changes in general economic or local conditions; changes in supply of or demand for competing properties in an area; changes in interest rates, which may affect, among other things, Raith's ability to enter into a favorable transaction, Raith's ability to sell all or part of an investment, or to obtain finance on favorable terms; the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions, environmental protection and tenant safety; unavailability or cost of mortgage funds which may render the construction, leasing, sale or refinancing of a property difficult; the financial condition of borrowers and of tenants, buyers and sellers of property; changes in tax rates and other operating

expenses (including the cost and availability of insurance of all types (particularly windstorm and flood insurance); the imposition of rent controls; energy, materials and/or labor shortages or the cost thereof; various uninsured or uninsurable risks; natural disasters; war; and terrorism.

***Investments in Real Estate Credit.***

Certain Clients, including the Credit Fund, will hold direct or indirect investments in real estate-related debt instruments. In addition to the risks of borrower default (including loss of principal and nonpayment of interest) and the risks associated with real estate investments generally, real estate related debt investments are subject to a variety of risks, including the risks of illiquidity, lack of control, mismanagement or decline in value of collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or statutory restrictions on the exercise of contractual remedies for defaults of such investments. Purchases of participations in real estate loans raise substantially the same risks as investments in real estate loans. Debt investments have special inherent risks relative to collateral value. In the event of default, the source of repayment could be limited to the value of the collateral and could be subordinate to other lien holders (and the collateral value of the investment could be less than the outstanding amount of the Client's investment).

A Client, including the Credit Fund or any subsidiary thereof (including any subsidiary treated as corporations for U.S. federal income tax purposes) is authorized to originate loans consistent with the Client's investment objectives and strategy. In making loans, a Client will compete with a broad spectrum of lenders, some of which may be willing to lend money on better terms (from a borrower's standpoint) than the Client. Increased competition for, or a diminution in the available supply of, qualifying borrowers may result in lower yields on such loans, which could reduce returns to the Client.

In addition, loan origination involves a number of particular risks, including the following: (i) when originating loans, Raith will generally have to rely more on its own resources to conduct due diligence of the borrower; (ii) if Raith engages in loan origination with the intent of selling a portion of, or assigning participations in, such investment other Clients or third parties, there is no guarantee that such sale or assignment will be successful and the Client could be forced to hold a greater portion of such investment than intended, which, in turn, would expose such Client to the risk of greater losses if such loans decline in value; (iii) the Client's ability to engage in certain loan originations above a certain size and to structure such loans in a certain way could also depend on its ability to partner with other investors; (iv) loan origination could involve additional regulatory risks given the requirement to hold a license for certain types of lending in some jurisdictions. It is expected that Raith generally will conduct its activities in such a manner so as not to require any Client to obtain banking or lending licenses, but certain jurisdictions may require such licenses; however, in the event that Raith fails to comply with any such regulations, it could result in the imposition of fines, prohibitions on activities or other sanctions that could materially impair a Client's ability to carry out loan origination or lead to financial losses of the Client; (v) the borrowers for such loans may in some circumstances be higher credit risks who could not obtain debt financing in the syndicated markets; (vi) some Clients are authorized to originate loans that allow for voluntary prepayment, and the timing of any such prepayment cannot be predicted with any accuracy; (vii) early payments of loans originated by a Client

could cause it not to achieve its expected returns on such investments, and such prepayments may be made during a period of declining interest rates or otherwise unfavorable market conditions for the Client; (viii) the value of collateral securing a loan can be extremely difficult to predict, and adverse changes in the value of the collateral could materially and adversely affect the value of the Client's investments in such loans, or the amounts it would recover in the event of a borrower's default; and (ix) the terms of the loans that the Client originates or in which they otherwise invest may restrict the Client from bringing an enforcement action against the relevant borrower or issuer until a prescribed period after a default by that borrower or issuer has elapsed. The financial strength of the borrower or issuer may, however, continue to deteriorate during this standstill period, thereby potentially affecting the Client's ability to recover all or any of its investment.

### ***Concentration of Investments.***

The concentration of the investments only in the real estate industry may increase the volatility of returns and will increase the exposure to the risk of downturns in this industry to a greater extent than if its portfolio also included other sectors of the economy. As a result, distress in the real estate industry could adversely affect returns and may result in the loss of all or a part of the investments.

In addition, a concentration of property types held by a Client or mortgage loans held by a Client that are secured by a concentration of property types can increase the risk that a decline in a particular industry or business would have a disproportionately significant impact on the performance as a whole. For example, if there is a decline in tourism, the hotel industry might be adversely affected, leading to increased losses on hospitality properties and loans secured by hospitality properties as compared to other property types.

Furthermore, a concentration of investments in a specific state or region will make the performance as a whole more sensitive to the following conditions or events in the state or region where real properties are located: economic conditions, conditions in the real estate market, changes in governmental rules and fiscal policies, natural disasters environmental disasters or acts of terrorism (any of which may result in uninsured losses), global health risks such as the current Covid-19 pandemic and other factors. Any adverse condition or event in a state or region where a Client has a high concentration of investments may have a material adverse effect on the Client's return on its investments and could cause losses.

### ***Additional Risks Associated with Office Properties.***

Office properties may require their owners to expend significant amounts of cash to pay for general capital improvements, tenant improvements and costs of re-leasing space.

Office properties that are not equipped to accommodate the needs of modern businesses may become functionally obsolete and thus non-competitive. In addition, a large number of factors may adversely affect the value of office properties, including: the quality of an office building's tenants; the physical attributes of the building in relation to competing buildings (for example, age, condition, design, access to transportation and ability to offer certain amenities, such as sophisticated building systems); the

physical attributes of the building with respect to the technological needs of the tenants, including the adaptability of the building to changes in the technological needs of the tenants; the desirability of the area as a business location; the presence of competing properties; and the strength and nature of the local economy (including labor costs and quality of labor, the tax environment and the quality of life for employees). Moreover, the cost of refitting office space for a new tenant is often higher than the cost of refitting other types of properties for new tenants.

The office sector is dealing with structural changes in demand levels as the normalization of “work-from-home” employment causes many firms within historically office-using industries such as technology, finance, and professional services, to re-assess their needs for this type of real estate.

***Additional Risks Associated with Multifamily Projects.***

Multifamily projects are part of a market that, in general, is characterized by low barriers to entry. Thus, a particular apartment or condominium (including townhome) market with historically low vacancies could experience substantial new construction and a resultant oversupply of units in a relatively short period of time. Since multifamily apartment units (as well as condominium unit rentals) are typically leased on a short-term basis, the tenants who reside in a particular project within such a market may easily move to alternative projects with more desirable amenities or locations. A large number of factors may adversely affect the value and successful operation of a multifamily property, including: the physical attributes of the apartment or condominium building (for example, its age, appearance and construction quality); the location of the property (for example, a change in the neighborhood over time); the ability of property management to provide adequate maintenance and insurance; the types of services and amenities that the property provides; the property’s reputation; the level of mortgage interest rates (which, if relatively low, may encourage tenants to purchase rather than lease housing); the tenant mix, such as the tenant population being predominantly students or being heavily dependent on workers from a particular business or personnel from a local military base; dependence upon governmental programs that provide rent subsidies to tenants pursuant to tenant voucher programs or tax credits to developers to provide certain types of development; the presence of competing properties; adverse local or national economic conditions; and state and local regulations.

Commercial mortgage loans on condominium developments with residential units that have not yet been fully sold by the developer may not be secured by the entire condominium development, which may increase risks to a Client. Due to the nature of condominium properties, a default by the commercial borrower may not allow a Client the same flexibility in realizing on the collateral as would generally be available with respect to other types of commercial properties since the rights of residential unit owners, the condominium documents and state and local laws applicable to condominium units must be considered and respected.

Furthermore, multifamily projects may be subject to various tax credits, city, state and federal housing subsidies, rent stabilization, use restrictions or similar programs. The limitations and restrictions imposed by these programs could result in losses on commercial mortgage loans. In addition, in the event that the program is cancelled, it could result in less income for the project. These programs may include rent limitations that could adversely affect the ability of borrowers to increase rents to maintain

the condition of their mortgaged properties and satisfy operating expenses and tenant income restrictions that may reduce the number of eligible tenants in those mortgaged properties and result in a reduction in occupancy rates. The differences in rents between subsidized or supported properties and other multifamily rental properties in the same area may not be a sufficient economic incentive for some eligible tenants to reside at a subsidized or supported property that may have fewer amenities or be less attractive as a residence. As a result, occupancy levels at a subsidized or supported property may decline, which may adversely affect the value and successful operation of such property.

***Additional Risks Associated with Student Housing Properties.***

Student housing is subject to certain risks associated with its tenant base. Student housing properties are typically leased during a limited leasing period; consequently, a Client is exposed to more leasing risk in respect of student housing as compared to property types that are leased for longer terms and the success of student housing properties will be highly dependent on the effectiveness of a Client's marketing and leasing efforts. Additionally, student-tenants may be more likely to default on their lease obligations during the summer months, which could further reduce revenues from a Client's properties during this period. Although typically a student-tenant's lease obligations are required to be guaranteed by a parent, a Client may have to spend considerable effort and expense in pursuing payment upon a defaulted lease and its efforts may not be successful. Changes in applicable school admission policies and levels of enrollment could adversely affect the performance of student housing held by a Client. For example, if a school reduces the number of student admissions or requires that a certain class of students, such as freshman, live in a school-owned facility, the demand for a Client's student housing may be reduced and occupancy rates may decline. Further, to the extent that off-campus housing alternatives become more attractive alternatives due to changes in price or proximity to campus, this may reduce the demand for student housing.

***Additional Risks Associated with Shopping Centers and Other Retail Properties.***

Shopping centers are affected by the health of the retail industry, which is experiencing significant disruption due to the growing market share of online retailing and other non-traditional channels. A particular shopping center may be adversely affected by the bankruptcy or decline in drawing power of an anchor, shadow anchor or major tenant, a shift in consumer demand due to demographic changes (for example, population decreases or changes in average age or income) and/or changes in consumer preference (for example, to discount retailers). In the case of retail properties, the failure of an anchor, shadow anchor or major tenant to renew its lease, the termination of an anchor, shadow anchor or major tenant's lease, the bankruptcy or economic decline of an anchor, shadow anchor or major tenant, or the cessation of the business of an anchor, shadow anchor or major tenant at a particular location or all locations, notwithstanding that such tenant may continue payment of rent after "going dark," may have a particularly negative effect on the economic performance of a shopping center property given the importance of anchor tenants, shadow anchor tenants and major tenants in attracting traffic to other stores within the same shopping center. In addition, the failure of one or more major tenants, such as an anchor or shadow anchor tenant, to operate from its premises may entitle other tenants to rent reductions or the right to terminate their leases.

### ***Additional Risks Associated with Hospitality Properties.***

Hospitality properties are affected by various factors, including: location; quality; management ability; amenities; franchise affiliation (or lack thereof); continuing expenditures for modernizing, refurbishing and maintaining existing facilities prior to the expiration of their anticipated useful lives; a deterioration in the financial strength or managerial capabilities of the owner and operator of a hotel; changes in travel patterns caused by changes in access, energy prices, strikes, relocation of highways, the construction of additional highways or other factors; adverse economic conditions, either local, regional or national, which may limit the amount that may be charged for a room and may result in a reduction in occupancy levels; and construction of competing hotels or motels, which may also limit the amount that may be charged for a room and may result in a reduction in occupancy levels.

Because hotel rooms generally are rented for very short periods of time, hospitality properties tend to be affected more quickly by adverse economic conditions and competition than other commercial properties. The performance of a hotel property affiliated with a franchise or hotel management company depends in part on the continued existence and financial strength of the franchisor or hotel management company; the public perception of the franchise or hotel chain service mark; and the duration of the franchise licensing or management agreements. Furthermore, the ability of a hotel to attract customers, and some of such hotel's revenues, may depend in large part on it having a liquor license. Liquor licenses may not be transferable (for example, in connection with a foreclosure). Moreover, the hotel and lodging industry is generally seasonal in nature; different seasons affect different hotels depending on type and location. This seasonality can be expected to cause periodic fluctuations in a hospitality property's room and restaurant revenues, occupancy levels, room rates and operating expenses. In addition, acts of war, terrorist activities, natural disasters (such as earthquakes or hurricanes), pandemics or other types of infectious disease outbreaks, and environmental disasters, as well as adverse economic conditions, can have a material adverse impact on the tourism and convention industries, which directly affects the revenues generated by hospitality properties.

### ***Additional Risks Associated with Self Storage Facilities.***

The self-storage facilities market generally has low barriers to entry. In addition, due to the short-term nature of self-storage leases, self-storage properties also may be subject to more volatility in terms of supply and demand than loans secured by other types of properties. Because of the construction utilized in connection with certain self-storage facilities, it might be difficult or costly to convert such a facility to an alternative use. Thus, liquidation value of self-storage properties may be substantially less than would be the case if the same were readily adaptable to other uses. In addition, it is difficult to assess the environmental risks posed by such facilities due to tenant privacy, anonymity and unsupervised access to such facilities. Therefore, such facilities may pose additional environmental risks.

### ***Additional Risks Associated with Industrial and Mixed-Use Facilities.***

Significant factors determining the value of industrial properties include: the quality of tenants; building design and adaptability; and the location of the property. Concerns about the quality of tenants, particularly major tenants, are similar in both office properties and industrial properties, although



industrial properties are more frequently dependent on a single tenant. In addition, properties used for many industrial purposes are more prone to environmental concerns than certain other property types. Aspects of building site design and adaptability affect the value of an industrial property. Site characteristics which are valuable to an industrial property include clear ceiling heights, column spacing, favorable zoning restrictions, number of bays and bay depths, divisibility, truck turning radius and overall functionality and accessibility. In addition, because of the unique construction requirements of many industrial properties, any vacant industrial property may not be easily converted to other uses. Location is also important to an industrial property. An industrial property requires the availability of labor sources, proximity to supply sources and customers and accessibility to rail lines, major roadways and other distribution channels. Industrial properties may be adversely affected by reduced demand for industrial space occasioned by a decline in a particular industry segment (for example, a decline in defense spending), and a particular industrial property that suited the needs of its original tenant may be difficult to re-lease to another tenant or may become functionally obsolete relative to newer properties.

#### ***Development and Redevelopment Risks.***

Undeveloped land, development and redevelopment properties may not generate operating revenue while costs and expenses are incurred between the acquisition of a project and the realization of the project's objectives, including, but not limited to, property taxes and insurance. Because of this, a project may, as a result of changes in the real estate market, economic and/or other conditions prior to completing the project, become an economically unattractive investment. In addition, there are risks that development projects may be abandoned after a Client has expended significant resources, construction may not be completed within budget or on schedule because of cost overruns, work stoppages, shortages of building materials, the failure of contractors or subcontractors to perform their obligations under construction contracts, defects in plans and specifications and/or other factors. Development and redevelopment activities are also subject to risks relating to the inability to obtain, or delays in obtaining, necessary entitlements, zoning, land-use, building, occupancy and other required governmental permits and authorizations. Any delay in completing the development or redevelopment of a project may result in increased interest and construction costs and the potential loss of previously identified purchasers or tenants. Any of these risks may cause losses.

#### ***Lack of Liquidity.***

Properties, securities, loans or other assets in which a Fund or Managed Account may invest are thinly traded, for which no (or only a limited) liquid market exists or may exist in the future or that are subject to legal or other restrictions on transfer. There is no active secondary market for certain types of loans that a Client intends to make or acquire or for certain equity or debt participation rights of the kind that a Client plans to acquire and no such markets are expected to develop. The issuers of certain securities may be privately held, or a Client may own a relatively large percentage of a publicly traded issuer's outstanding securities. The determination of whether and when a particular Client asset should be sold or otherwise disposed of will be made after consideration of relevant factors, including prevailing economic conditions, asset performance, real estate and capital market conditions, and tax consequences. However, the market prices, if any, for such assets tend to be volatile, and may fluctuate

due to a variety of factors that are inherently difficult to predict, including, but not limited to, changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic or international economic or political events, developments or trends in any particular industry, and the financial condition of the obligors on the Client's assets.

Raith also cannot predict the length of time needed to find a willing and suitable purchaser. With respect to investments made in the form of securities, buyers for minority interests may be difficult to secure, while transfers of large block positions may be subject to legal, contractual and/or market restrictions. Accordingly, the Client may not be able to sell assets when it desires to do so or to realize what the Client believes to be the fair value of its assets in the event of a sale. The sale of illiquid assets and restricted securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. In addition, a Client may become subject to legal or contractual restrictions that prevent it from disposing of an investment at a time it might otherwise seek to do so, and, in times of extreme market disruption, there may be no market at all for one or more investments, potentially resulting in the inability of the Client to dispose of its assets for an indefinite period of time. Any of these circumstances could prevent or delay the disposition of the investments or reduce the amount of proceeds that the Client might otherwise realize, which may adversely affect returns or cause a loss.

#### ***Valuation Risk of Illiquid Investments.***

Certain of the properties, securities or assets the Client will purchase or originate will not be actively traded. In the absence of market comparisons, the Client will be required to resort to other pricing methodologies, including, for example, models based on assumptions regarding expected trends, historical trends following market conditions believed to be comparable to the then current market conditions and other factors believed at the time to be likely to influence the potential resale price of an investment. Such methodologies may not prove to be accurate and the Client's inability to accurately price securities or assets may adversely affect the investment returns calculated on the basis of hypothetical liquidation of the investments.

#### ***Competition for Investments.***

A Client's success will depend, in part, on the ability of a Client or its affiliates to originate or acquire investments on advantageous terms. A Client will encounter competition from numerous real estate investment partnerships and trusts, as well as from individuals, corporations, banks, insurance companies and other institutions and entities engaged in real estate investment activities. Many of a Client's competitors may be significantly larger than a Client and have substantial uninvested capital to invest. The greater the supply of such uninvested capital, the more difficult it will be for Raith to locate attractive investments. These larger funds also have the ability to more broadly diversify the assets in their respective portfolios and thereby reduce risk. As a result of these and other factors, a Client may make a limited number of investments as a result of which the unfavorable performance of a small number of such investments may adversely affect the aggregate returns realized by a Client. In

addition, some of a Client's competitors may have greater human resources and other resources, including ability to access more extensive or productive investment referral sources, which would give them a competitive advantage over a Client in its investment activities. Competition for investments may have the effect of increasing costs, reducing yield or making it substantially more difficult to locate investments that meet a Client's investment objective or which Raith otherwise believes are suitable for a Client, thereby reducing the diversity and/or attractiveness of the investments and the returns to Limited Partners.

***Co-Investment with Third Parties.***

A Fund may co-invest with third parties through partnerships, joint ventures or other entities that own or invest, directly or indirectly, in real estate assets. Such relationships may involve additional risks and conflicts beyond those faced when investing individually, including, for example, the possibility that one or more of a Fund's co-venturers or partners might become bankrupt, have economic or business interests or goals which are inconsistent with those of a Fund, or be in a position to take action contrary to a Fund's objectives. A Fund may be subject to additional liabilities if a co-venturer or partner, due to business difficulties or other reasons, is unable to satisfy its obligations. It may also be difficult for a Fund to liquidate its interest in any such partnership, joint venture or other entity. Disputes between a Fund and co-venturers or partners may result in litigation that may negatively impact or jeopardize the financial interests of a Fund. If a co-venturer or partner is the subject of unrelated litigation or negative business publicity, the co-investment may suffer.

***GENERAL RISKS RELATING TO AN INVESTMENT.***

***Limitations on Transfer and Withdrawal: No Market for Interests.***

Interests in a Fund represent highly illiquid investments and should only be acquired by investors able to commit funds and hold such interests for an indefinite period of time. Limited Partners will not be permitted to transfer their Interests without the consent of Raith, which may be granted or withheld in Raith's discretion. Furthermore, the transferability of the Interests will be subject to certain restrictions contained in a Fund Documents and will be affected by restrictions on resale imposed under applicable securities and tax laws. The Interests will not be registered under any securities laws. A public market does not currently exist for the Interests in a Fund, and one is not expected to develop. Limited Partners may not withdraw capital from a Fund or withdraw from a Fund except in limited circumstances described in the Fund Documents. Consequently, a Limited Partner may not be able to liquidate its investment prior to the end of a Fund's term.

***Availability of Investment Opportunities.***

The business of identifying and structuring investments of the types contemplated by a Client is competitive and involves a high degree of uncertainty. Furthermore, the availability of investment opportunities generally will be subject to market conditions, competition with other investors, as well as, in some cases, the prevailing regulatory or political climate. Accordingly, there can be no assurance

that a Client will be able to identify and complete attractive investments in the future or that it will be able to invest its subscriptions fully.

***Follow-On Investments.***

A Client may be required, or be called upon, to provide additional funding with respect to an investment including investments made by a Client after the expiration of the Commitment Period to preserve, protect or enhance the value of the investments, including without limitation administration expenses with respect to any investments, obligatory advances under any investments (including costs to enforce remedies), protective advances under any investments and sums advanced to cure defaults under, or pay off, senior indebtedness. There can be no assurance that a Client will want to make follow-on investments or that it will have sufficient funds to do so. Any decision by a Client not to make a follow-on investment or its inability to make them may have a substantial negative impact on such an investment requiring additional funding or may diminish a Client's ability to influence such investment.

***Potentially Limited Holdings.***

The Equity Funds expect to participate in multiple investments during the Commitment Period. It is possible, however, that any single investment may be as large as 25% of the entire Equity Fund. As a consequence, the aggregate return (if any) realized by a Limited Partner may be materially adversely affected by the unfavorable performance of a single investment made by an Equity Fund.

***Lack of Portfolio Liquidity.***

The securities and other assets in which a Client may invest may, at any given time, consist of significant amounts of securities and other financial instruments or obligations which are very thinly traded, for which no market exists, or which are restricted as to their transferability under U.S. federal or state or non-U.S. securities laws. In some cases, a Client may also be prohibited by law or contract from selling such securities for a period of time or otherwise be restricted from disposing of such securities. In other cases, the types of investments made by a Client may require a substantial length of time to liquidate. Consequently, there is a significant risk that a Client will be unable to realize its investment objective by sale or other disposition of securities at attractive prices or will otherwise be unable to complete any exit strategy with respect to such securities. These risks can be further increased by changes in the financial condition or business prospects of the issuers of such securities, changes in national or international economic conditions, and changes in laws, regulations, fiscal policies, or political conditions.

***Lower than Anticipated Commitments.***

There is a risk that a Fund will obtain capital commitments totaling substantially less than its target amount. If the full amount of capital commitments sought by a Fund is not ultimately subscribed for, the amount and nature of investments contemplated will be adversely affected, the opportunity for diversification of the investments will be materially decreased, and the returns on those investments

likely will be reduced as a result of allocating Fund expenses among fewer investments. In addition, without broad diversification, the risk of loss to a Fund and Limited Partners is much greater.

***Risk of Uninsured Losses.***

Raith intends to obtain comprehensive insurance, including liability, fire, windstorm, flood and other casualty and extended coverage, in the kind and amount customarily obtained for the real properties held by a Client, in the locations where they are located. Nevertheless, there are certain types of losses (generally of a catastrophic nature) that are either uninsurable or for which the cost of insurance is prohibitive to maintain. A Client also may incur an uninsured liability for environmental hazards. In addition, losses may exceed insurance policy limits, and policies may contain exclusions with respect to various types of losses or other matters. Consequently, all or a portion of the real properties held by a Client may not be covered by disaster or casualty insurance, and insurance may not cover all losses as a result of insurance being prohibitively expensive or otherwise. As a result, the occurrences of such a disaster or liability could adversely affect the value of the investments. Should such a disaster or liability occur, investors could suffer a partial or total loss of their investment in a Fund.

***Environmental Liabilities.***

A Client may incur environmental liabilities in connection with its ownership of real property and/or the use of hazardous substances by tenants or property owners. As a result of such liabilities, the value of the investments may be diminished. Although a Client intends to conduct customary due diligence to discover potential environmental liabilities prior to acquisition or development of any property, hazardous substances or wastes, contaminants, pollutants or sources thereof (as defined by state and federal laws and regulations) may be discovered on properties following the acquisition, development or redevelopment or during the ownership by a Client or after a sale thereof to a third party. No assurances can be made that a Client will not incur liability for the cost of any clean-up or other remedial action or that the costs of such clean-up and remedial action would not exceed the value of the subject property. Nor can any assurance be given that a Client could recoup any of such costs from any third party. As an owner of real property, a Client may also be liable to the owners, tenants and other users of neighboring properties. In addition, a Client may find selling properties difficult or impossible prior to or following any such clean up. Also, borrowers under mortgage loans held by a Client may default on their mortgage loans due to their inability to pay high remediation costs or costs of defending lawsuits due to an environmental impairment or bringing its property or operations into compliance with environmental laws. Any such liability imposed on a Client or borrowers under mortgage loans held by a Client could significantly increase a Client's expenses or otherwise cause a Client to incur significant losses.

***Risks in Effecting Operating Improvements.***

In some cases, the success of a Client's investment objective will depend, in part, on the ability of a Client to restructure and effect improvements in the operations of a company or property. The activity of identifying and implementing restructuring programs and operating improvements entails a high

degree of uncertainty. There can be no assurance that a Client will be able to successfully identify and implement such restructuring programs and improvements.

***Investments in Public Companies.***

A Client may invest in publicly traded securities. investments in publicly traded securities may subject a Client to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, movements in stock or debt markets and trends in the overall economy, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Client to dispose of such publicly traded securities at certain times (including due to the possession by Raith of material non-public information), increased likelihood of shareholder litigation against such companies' board members, regulatory action by the SEC and increased costs associated with each of the aforementioned risks.

***Non-U.S. Investments.***

A Fund is typically prohibited from investing more than a certain percent of total capital commitments in investments (real estate, as well as debt, loans or other securities with underlying assets located outside the United States) outside the United States, unless Advisory Committee consent is obtained. In addition to business uncertainties, such investments may be affected by political, social and economic uncertainty affecting a country or region. Many financial markets are not as developed or as efficient as those in the United States, and as a result, liquidity may be reduced, and price volatility may be higher. The legal and regulatory environment may also be different, particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information in respect of such companies.

A Fund may be subject to additional risks, which include possible adverse political and economic developments, possible seizure or nationalization of foreign deposits and possible adoption of governmental restrictions, all of which might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise. Furthermore, some of the securities may be subject to taxes levied by governments which have the effect of increasing the cost of such investment and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income received by a Fund from sources within some countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by a Fund will reduce its net income or return from such investments. While Raith may take these factors into consideration in making investment decisions for a Fund, no assurance can be given that a Fund will be able to fully avoid these risks.

***Limited Obligation of the General Partner and its Affiliates to Provide Funds.***

Neither Raith nor any of its affiliates generally has any obligation to guarantee any party's obligations (other than with respect to any clawback obligation of Raith relating to its Carried Interest Distribution with respect to the Equity funds) or, except only with respect to the foregoing commitments of Raith,

to provide the capital, loans or other funding to a Fund which may be necessary to pay any operating deficits, to meet cash requirements or for any other Fund purpose. The cash available to a Fund may be inadequate to meet its future cash requirements. In such event, Limited Partners could suffer material adverse consequences, including the possible loss of all or a part of their investments in a Fund.

***Fluctuations in Value of Investments.***

Raith may elect to hold one or more closings to admit Limited Partners to an Equity Fund following the First Closing Date or to accept increased capital commitments from existing Limited Partners. Additionally, Limited Partners admitted to an Equity Fund after the First Closing Date (or who increase the amount of their capital commitments after the First Closing Date) will generally be required to contribute to an Equity Fund an amount equal to their pro rata share of the capital commitments contributed plus notional interest (for Raith Real Estate Fund III LP at a rate per annum equal to 9%) on such amount (for the period from the First Closing Date until the date of each such investor's admission as an additional Limited Partner or, in the case of an existing Limited Partner, the effective date of the increase of such existing Limited Partner's capital commitment), and such amount will be refunded to the existing Partners and (excluding the notional interest component) subject to being recalled and drawn again by an Equity Fund. The value of an Equity Fund's investments during the period between the First Closing Date and any subsequent closing may fluctuate, including by significantly increasing or decreasing in value. As a result, it is possible that the interest collected from the later-admitted Limited Partners (or from existing Limited Partners who increase their capital commitments) may not adequately compensate the Limited Partners who were admitted at an earlier closing, or that later-admitted Limited Partners may pay more for such investments than previously admitted partners. Notwithstanding the foregoing, Raith may make adjustments in the event of a significant change or event relating to one or more existing investments that would justify in the sole and absolute discretion of Raith a materially different valuation and require later-admitted Limited Partners (or existing Limited Partners who increase their capital commitments) to contribute to an Equity Fund an amount other than the amount described above at a subsequent closing.

Additionally, the Credit Fund, as an open-end, commingled fund, will hold ongoing closings to admit Limited Partners. The value of the Credit Fund's investments may fluctuate, including by significantly increasing or decreasing in value. Limited Partners who were admitted at an earlier closing, or later-admitted Limited Partners may pay more for such investments dependent upon the Credit Fund's net asset value and outstanding units at the time such Limited Partner is admitted to the Credit Fund.

***Leverage.***

A Fund may acquire investments subject to existing financing or may obtain new financing and may incur secured or unsecured indebtedness at the asset level and/or a Fund level, if Raith believes it is appropriate. In addition, a Fund, or a subsidiary of a Fund, may obtain a credit facility to finance investments or to pay expenses prior to the receipt of capital contributions related thereto, which may be secured by a pledge of the Limited Partners' unfunded capital commitments. Any inability of a

Fund to repay such borrowings could enable a lender to take action against any Limited Partner or its Interest in a Fund.

As a result of the dislocations in the credit markets at any time, it may be difficult or impossible for a Fund to obtain financing on terms that Raith would otherwise deem favorable. Further, the state of the credit markets at any time may limit the amount of leverage available to a Fund to finance investments, which may, in turn, have a material adverse effect on a Fund's ability to achieve its targeted rate of return. If borrowed funds are not then available or are not then available on favorable terms, a Fund may not have the working capital which it requires to conduct operations as anticipated or may not have the capital needed to participate in attractive investment opportunities.

Should a Fund obtain substantial leverage, such leverage will increase a Fund's exposure to adverse economic factors, such as significantly rising interest rates, severe economic downturns, further real estate downturns or deteriorations in the condition of its investments or one or more geographic markets in which investments are located. In the event the investments are unable to generate sufficient cash flow to meet principal and interest payments on a Fund's indebtedness, as well as pay other operating expenses of a Fund (most of which will be fixed in nature), a Fund's return on its investments would likely be significantly reduced or even eliminated. Moreover, the presence of debt creates significant additional risks, such as: (i) lending institutions may have rights to participate in certain decisions relating to the management of a Fund or its investments; (ii) financial obligations of a Fund will have to be repaid before the Limited Partners will be able to receive a return, if any, on their Interests; and (iii) cash flow from operations may be insufficient to pay a Fund's debt service, potentially resulting in capital calls being made on the Limited Partners or foreclosure on the collateral given by a Fund to secure its obligations under such debt. Any inability of a Fund to repay such borrowings could result in a reduction or complete loss of the Limited Partners' investments in a Fund.

A Fund may utilize indebtedness under credit facilities that are secured by capital commitments from certain Limited Partners. Such borrowings are generally secured by a pledge or other collateralization of the obligations of the Limited Partners to make capital contributions to a Fund. This may limit the ability of Limited Partners to use their interests in a Fund as collateral for other indebtedness and such subscription-secured credit facilities may impose restrictions on the Limited Partners' ability to transfer their interests in a Fund. In addition, the inability of a Fund to repay borrowings under such a subscription secured credit facility could enable a lender to "step into" the place of Raith and require a Limited Partner to fund all or a portion of its then unpaid capital commitment to a Fund. In addition, in the event that a Fund does not have sufficient cash to repay the subscription secured credit facility debt and certain Limited Partners in a Fund fail to honor their capital commitments, Limited Partners whose capital commitments have been pledged or otherwise collateralized may be called upon to fund their entire capital commitment to repay indebtedness, which may result in a particular Limited Partner's payments exceeding its pro rata share of such indebtedness. Moreover, Raith's ability to draw from a subscription secured credit facility in lieu of calling capital from the Limited Partners may result in (i) Raith being entitled to receive carried interest distributions earlier than it otherwise would have been, (ii) capital being called in large lump sums at once to repay indebtedness rather than being called in increments over time and (iii) a Fund's IRR calculations being materially higher than they would have been had Raith not used a credit facility and deferred calling capital. Raith may also call capital



to pay accrued interest on the credit facility that Limited Partners otherwise would not have borne had Raith not used a credit facility.

***Recourse to Fund Assets.***

Fund assets, including any investments made or acquired by a Fund and any monies held by a Fund, may be required to be available to satisfy all liabilities and other obligations of a Fund in certain circumstances. Although a Fund may seek to structure investments through investment entities having limited liability, there can be no assurance that such efforts will always be successful or respected. If a Fund or one or more of its investments becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to a Fund's assets generally and not be limited to any particular asset of a Fund, such as the asset representing the investment giving rise to the liability. Accordingly, a Limited Partner could find its Interest adversely affected by a liability arising out of a single investment, even if the Limited Partner did not participate in such investment because, for example, the Limited Partner was excused from such investment.

***Distribution of Illiquid Securities; Investments Longer Than Term.***

Because the term of a Fund will be limited, certain investments may not be ready for harvesting at the end of that term. Accordingly, there may be in-kind distributions by a Fund of interests in these investments upon liquidation of a Fund, which may be illiquid securities or member interests. There can be no assurance that any Limited Partner would be able to dispose of such investments or that the value of such investments determined for purposes of the calculation of the amount of distributions (including the calculation of Carried Interest Distribution) will ultimately be realized. In addition, although Raith expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, Raith has the ability to extend the initial term of a Fund for only up to two consecutive one-year periods with the approval of a majority in interest of Fund investors. As a result, a Fund may be required to sell, distribute or otherwise dispose of investments at a disadvantageous time.

***Conflicting Tax Objectives of Investors.***

Raith shall determine the structures through which a Fund shall make its investments and may take into account the tax considerations applicable to one or more groups of investors. This may result in a Fund structuring investments in a manner that is intended to be beneficial for one or more groups of investors, but that may result in additional costs to a Fund or that may not be the optimal structure from the perspective of other investors with divergent tax interests. As a result, the Partnership may structure its investments in a manner that may not be beneficial to taxable investors or other investors, or the Partnership may refrain from engaging in activities (i.e., by not making certain investments) that otherwise would be to the benefit of certain investors.

### ***Failure of a REIT Subsidiary to Qualify as a REIT.***

A Fund may make investments through subsidiaries, including one or more REIT Subsidiaries. The requirements for qualification as a REIT are extremely complex, and a REIT Subsidiary's compliance with these requirements may depend upon factors outside the control of a Fund and the REIT Subsidiary, including actions taken by joint venture partners. Thus, there can be no assurance that any REIT Subsidiary will in fact qualify for taxation as a REIT. Failure of a REIT Subsidiary in any taxable year to qualify as a REIT will render the REIT Subsidiary subject to tax on its taxable income at regular U.S. corporate income tax rates. In that event, the REIT Subsidiary would be subject to potentially significant tax liabilities and the amount of cash available for distribution to a Fund as its shareholder would be reduced and possibly eliminated. Moreover, even though qualified as a REIT, a REIT Subsidiary may be subject to certain taxes, including a 100% tax on profits from assets characterized as held for sale, rather than investment, for tax purposes. In certain circumstances the amount of any such taxes could be substantial. In seeking to comply with the requirements for taxation as a REIT and minimize any potential taxes payable by it, a REIT Subsidiary may be required to limit or alter its activities, including by foregoing or delaying certain opportunities (including potential dispositions) that might otherwise be attractive on a pre-tax basis. Furthermore, future legislation, new regulations, administrative interpretations, or court decisions may significantly change the tax laws or the application of the tax laws with respect to qualification as a REIT. Any such change could adversely affect any REIT Subsidiary's ability to qualify as a REIT or the U.S. federal income tax considerations relating to such qualification.

### ***RISKS RELATED TO DEBT INSTRUMENTS IN GENERAL.***

Raith is expected to acquire performing, sub-performing and/or non-performing debt interests, and may acquire debt interests that become sub-performing or non-performing in the future. In addition to the risks of borrower default, the collateral may be mismanaged or otherwise may have declined in value and/or may in the future decline or further decline in value. Investments in debt are subject to the risk that, upon maturity of the real estate loans, replacement "takeout" financing will not be available. This is a significant risk for a Fund because, depending upon the state of the U.S. credit markets at a given time, it may prove difficult for borrowers to refinance loans during a Fund's Term. In addition, borrowers may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement, and/or bring claims for lender liability in response to actions to enforce mortgage obligations. Moreover, in certain situations, the likelihood increases that a borrower may claim that Raith and the Client, in connection with the exercise of rights and remedies under loan documents, interfered with the borrower's business, acted in bad faith in exercising its management rights or otherwise acted in a manner giving rise to a claim for lender liability. Often the exercise of remedies will not be led or controlled by a Raith but may be led or controlled by a holder of a different class of securities which may be in conflict with the interests of a Client. As a lender, a Client may also be subject to penalties for violations of state usury limitations, which may result in penalties assessed against a Client or other liability to a Client.

In addition, investments in loans may involve workout negotiations, restructuring, the possibility of foreclosure and/or a discounted mortgage payoff. However, even if a restructuring were successfully

accomplished, there are risks of a substantial reduction in the interest rate and/or a substantial write-down of the principal of such loans, each of which may also have adverse tax consequences. Further, the foreclosure process, which may not be led by a Raith on behalf of a Client, varies from jurisdiction to jurisdiction and can be lengthy and expensive and under certain circumstances or in certain states can result in the inability to obtain a deficiency judgment or enforce a personal guaranty. Additionally, certain states may enact anti-deficiency and similar legislation after a Client acquires loans secured by real estate in such states that would limit the ability of lenders, such as a Client, to collect guarantees and/or recover deficiencies from foreclosed borrowers, which could have a material adverse effect on a Client's anticipated return on a mortgage loan.

As part of its investment strategy, a Client may invest in fixed- and floating-rate loans that are subject to credit, interest rate, and illiquidity risk.

Any of the foregoing risks could materially adversely affect the return on investments for Clients and could cause the loss of all or a part of Limited Partners' investments in a Fund.

#### ***RISKS RELATED WITH COMMERCIAL MORTGAGE LOANS.***

Commercial lending typically involves making large loans that are secured directly or indirectly by commercial property to a single borrower or groups of related borrowers. The repayment of such loans often depends upon (i) the ability of the related real estate project to generate income sufficient to pay debt service, operating expenses and leasing commissions and to make necessary repairs, tenant improvements and capital improvements and (ii) in the case of commercial loans that do not fully amortize over their terms, to retain sufficient value to permit the borrower to pay off the loan at maturity through a sale or refinancing of the property.

The ability of borrowers to repay commercial real estate loans typically depends upon the successful operation and/or, if applicable, construction or rehabilitation, of the related real estate project and the availability of financing. Any factor which affects the ability of the project to generate sufficient cash flow could have a material adverse effect on the value of such loans. These factors include: (i) the uncertainty of cash flow to meet fixed obligations; (ii) adverse changes in general and local economic conditions, including interest rates and other local market conditions; (iii) tenant credit risks; (iv) the unavailability of financing, which may make the operation, sale or refinancing of a property difficult or unattractive; (v) vacancy and occupancy rates; (vi) fluctuation of construction and operating costs; (vii) regulatory requirements, including zoning and rent control; (viii) environmental concerns; (ix) project and borrower diversification; (x) vandalism (with attendant security costs); (xi) uninsured losses; (xii) restrictions and compliance costs imposed by the Americans with Disabilities Act, the Fair Housing Act, as amended, and similar laws; (xiii) general non-recourse status; and (xiv) real and personal property tax laws, rates and assessments. In addition, commercial properties often involve a single user or tenant or relatively few tenants. Commercial property specifications may be tailored to the requirements of particular users or tenants and, accordingly, it may be difficult, costly and time consuming to liquidate such properties or attract new tenants.

Some properties that secure commercial mortgage loans may not be readily convertible (or convertible at all) to alternative uses if those properties were to become unprofitable for any reason. In addition, properties that have been designated as historic sites may be difficult to convert to alternative uses and may also require certain governmental approvals to make alterations or modifications to the related property. Further, converting commercial properties to alternate uses generally requires substantial capital expenditures. The liquidation value of any property, subject to limitations of the kind described above or other limitations on convertibility of use, may be substantially less than would be the case if the property were readily adaptable to other uses.

***RISKS RELATING TO LOANS ACQUIRED FROM BANKS AND OTHER FINANCIAL INSTITUTIONS DIRECTLY OR THROUGH THE FDIC OR OTHER GOVERNMENTAL AGENCIES.***

A portion of the investments are expected to consist of interests in loans originated by banks and other financial institutions (collectively referred to below as “**bank loans**”). Bank loans may be acquired directly from such banks or other financial institutions or may be acquired from the FDIC or other governmental agencies after the bank or other financial institution has been seized or taken over by the government or agencies under its authority. The bank loans acquired by a Client may include term loans and revolving loans, may pay interest at fixed or floating rates and may be senior or subordinated. Typical purchasers of bank loans are predominantly commercial banks, investment funds and investment banks.

A Client may acquire interests in bank loans either directly (by way of sale or assignment) or indirectly (by way of participation). In a sale or assignment, the purchaser or assignee typically succeeds to all the rights and obligations of the selling or assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the selling or assigning institution or governmental agency (such as the FDIC).

Investment in bank loans through a direct purchase or assignment of a financial institution’s or governmental agency’s interests with respect to a loan may involve additional risks to a Client. For example, if a loan is foreclosed, a Client could become part owner of any collateral, and would bear the costs and liabilities (including tax liabilities) associated with owning and disposing of the collateral. In addition, it is conceivable that, under emerging legal theories of lender liability, a Client could be held liable as a co-lender. Raith will rely on Raith or its affiliates’ (or, in some cases, third parties’) research and due diligence in an attempt to avoid situations where fraud or misrepresentation on the part of a seller or assignor could adversely affect a Client.

***RISKS RELATING TO CERTAIN LEGAL ASPECTS OF LOANS; LENDER LIABILITY.***

Loans originated or acquired by a Client will be subject to certain risks relating to the legal aspects of loans. Depending upon the applicable state law governing loans (which laws may differ substantially), a Client may be adversely affected by the operation of state law with respect to its ability to foreclose upon loans, the borrower’s right of redemption, the enforceability of assignments of rents, due-on-sale and acceleration clauses in loan instruments, as well as other creditor’s rights provided in such documents and the enforceability of personal guarantees. In addition, a Client may be subject to

liability as a lender with respect to its negotiation, administration, collection and/or foreclosure upon collateral. Moreover, a Client may attempt to obtain contractual rights to participate in or substantially influence the management of properties by borrowers which may result in an increased likelihood that a borrower may claim that a Client interfered with the borrower's business, acted in bad faith in exercising its management rights or otherwise acted in a manner giving rise to a claim for lender liability. As a lender, a Client may also be subject to penalties for violation of state usury limitations, which penalties may be triggered by contracting for, charging or receiving usurious interest. Bankruptcy laws may: (i) delay the ability of a Client to realize on its collateral for one or more loans; (ii) adversely affect the priority thereof through doctrines such as equitable subordination; and/or (iii) result in a restructure of the debt through principles such as the "cramdown" provisions of the bankruptcy laws.

Most fixed rate loans decline in value when long-term interest rates increase. Declines in market value, if not offset by any corresponding gains on hedging instruments, may ultimately reduce earnings or result in losses to a Client, which may negatively affect cash available for distribution to investors.

#### ***Risk of Borrower Fraud.***

Of paramount concern in originating and acquiring loans is the possibility of material misrepresentation or omission on the part of borrowers. The quality of the investments in loans is subject to the accuracy of representations made by borrowers. Misrepresentations or omissions by borrowers may adversely affect what the Client believes to be the value of the collateral underlying the loans or may adversely affect the ability of Raith or an affiliate to perfect or effectuate a lien on the collateral securing the loans. Raith will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness. It is unclear whether loans and other forms of direct indebtedness offer securities laws protections against fraud and misrepresentation. Accordingly, a Client is subject to the risk that the systems used by the originators of mortgage loans to minimize borrower misrepresentations or omissions are defective.

#### ***Subordinate Liens on Mortgaged Properties and the Existence of Mezzanine Debt as a Risk, for Senior Loans.***

In cases in which one or more subordinate liens exist or are imposed on a mortgaged property or the borrower incurs other indebtedness, a Client is subject to additional risks, including, without limitation, the following: the risk that the necessary maintenance of the mortgaged property could be deferred to allow the borrower to pay the required debt service on the subordinate financing and that the value of the mortgaged property may fall as a result; the risk that the borrower may have a greater incentive to repay the subordinate or unsecured indebtedness first; the risk that it may be more difficult for the borrower to refinance the mortgage loan or to sell the mortgaged property for purposes of making any balloon payment upon maturity of the mortgage loan; and the risk that, in the event the holder of the subordinated debt has filed for bankruptcy or been placed in involuntary receivership, foreclosing on the mortgaged property could be delayed and a Client may be subjected to the costs and administrative burdens of being involved in foreclosure or bankruptcy proceedings or related litigation.

Mezzanine debt is debt that is incurred by the owner of equity in one or more borrowers and is secured by a pledge of the equity ownership interests in such borrowers. Because mezzanine debt is secured by the obligor's equity interest in the related borrowers, such financing effectively reduces the obligor's economic stake in the related mortgaged property. The existence of mezzanine debt may reduce cash flow on the borrower's mortgaged property after the payment of debt service and may increase the likelihood that the owner of a borrower will permit the value or income producing potential of a mortgaged property to fall and may create a greater risk that a borrower will default on the mortgage loan secured by a mortgaged property whose value or income is relatively weak. Generally, upon a default under mezzanine debt, the holder of such mezzanine debt would be entitled to foreclose upon the equity in the related mortgagor, which has been pledged to secure payment of such mezzanine debt. Such transfer of equity could cause the obligor under such mezzanine debt to file for bankruptcy, which could negatively affect the operation of the related mortgaged property and such borrower's ability to make payments on the related mortgage loan in a timely manner.

***Risks of Investments in Junior or Subordinate Loans and Mezzanine Debt.***

Certain loans may be in a junior or subordinate position to senior financing either because the loans are a second lien on the real estate or are secured by a direct or indirect lien on the equity of the owner of the underlying real estate (i.e., mezzanine debt). In certain circumstances, in order to protect its investment, a Client may decide to repay all or a portion of the senior indebtedness relating to the particular loan or to cure defaults with respect to such senior indebtedness. In a bankruptcy of a borrower, those loans that are not secured by a lien on the underlying real estate would have a priority no greater than other general creditors of the borrower. In addition to repayment risks, these subordinate positions may be "soft," meaning subject to restrictions on enforcement rights prior to maturity or foreclosure of the senior position. These restrictions may adversely affect a Client's rights to realize upon or control the underlying assets.

***Risks Related to Investments in Restructurings.***

A Client may make investments in restructurings that involve companies that are experiencing or are expected to experience financial difficulties. These financial difficulties may never be overcome and may cause such company to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject a Client to certain additional potential liabilities which may exceed the value of a Client's original investment therein. For example, under certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to a Client and distributions by a Client to the Limited Partners may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions.

### ***Risks Associated with Originating Loans to Entities in Distressed Situations.***

As part of its investment activities, a Client may originate loans to entities that are experiencing significant financial or business difficulties, including entities involved in bankruptcy or other reorganization and liquidation proceedings. Although the terms of such financing may result in significant financial returns to a Client, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful financing to entities experiencing significant business and financial difficulties is unusually high. There is no assurance that a Client will correctly evaluate the value of the assets collateralizing a Client's loans or the prospects for a successful reorganization or similar action. In any reorganization or liquidation proceeding relating to an entity that a Client funds, a Client may lose all or part of the amounts advanced to the borrower or may be required to accept collateral with a value less than the amount of the loan advanced by a Client to the borrower.

### ***CYBERSECURITY.***

Raith, the Clients, and service providers hired to work on their behalf are susceptible to cybersecurity risks that include, among other things, theft, unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data; denial of service attacks; unauthorized access to relevant systems, compromises to networks or devices that Raith, the Clients and their service providers use to service the Clients' operations; or operational disruption or failures in the physical infrastructure or operating systems that support Raith, the Clients and their service providers. Cyberattacks against or security breakdowns of Raith, the Clients or their service providers may adversely impact the Clients and their investors, potentially resulting in, among other things, financial losses; the inability of us or the Clients to transact business, and the Clients to process transactions; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs; and/or additional compliance costs. Raith and the Clients may incur additional costs for cybersecurity risk management and remediation purposes. In addition, cybersecurity risks may also affect issuers of securities in which the Clients invest, which may cause a Client's investment in such issuers to lose value. There can be no assurance that Raith, a Client or its service providers will not suffer losses relating to cyber- attacks or other information security breaches in the future.

### ***CONFLICTS OF INTEREST.***

#### ***Agreements with Certain Fund Investors.***

Raith may tailor its services by entering into letter agreements or other similar arrangements (collectively, "**Side Letters**") with certain Limited Partners in a Fund with respect to such Limited Partners' investments in that Fund that may differ from the terms of the other Limited Partners' investment in that Fund, including, without limitation, arrangements with respect to Management Fees and/or Carried Interest Distribution, "most favored nation" rights (*i.e.*, the right to receive favorable rights or economic arrangements that may be afforded to other Limited Partners), the right to receive reports on a more frequent basis or to receive reports that include information not provided to other

Limited Partners, the right to be excused from or otherwise alter participation in an investment, the right to transfer Interests, circumstances under which withdrawals may be required, and any other matter deemed appropriate by the General Partner Affiliate in its discretion. The General Partner Affiliate will not be required to notify any or all of the other Limited Partners of any such Side Letters or any of the rights or terms or provisions thereof, nor will the General Partner Affiliate be required to offer such additional or different rights or terms to any or all of the other Limited Partners absent an agreement to do so. The other Limited Partners will have no recourse against the Fund or the General Partner Affiliate or any of its affiliates in the event that certain Limited Partners receive additional or different rights or terms as a result of such Side Letters. The legal cost of negotiating side letters with investors is paid by the respective Fund.

Managed Account investors typically negotiate different fee and expense arrangements, which are agreed to by Raith in its discretion and usually tied to the level of services provided and the amount invested.

#### ***Conflicts between Funds and Accounts.***

The Fund or Managed Account may participate in investments in geographic areas where similar investments are owned by investment entities sponsored by, or owned by, other permitted funds and accounts managed by Raith or its affiliates. In such event, there may be competition among such properties for tenants, service providers and buyers, which may create conflicts of interest. In the event two or more of such investments directly compete for services, Raith expects to dedicate sufficient staff, expertise, and resources to fulfill their obligations with respect to each such investment.

Prospective investors should be aware that potential and actual conflicts of interest may exist and others may arise between Raith and its respective employees, officers, directors, partners, and members, on the one hand, and Clients, including the Fund and investors in the Fund, on the other. The discussion below enumerates certain actual, apparent and potential conflicts of interest and should be considered by each prospective investor. Each investor should keep in mind, however, that the below discussion is not a comprehensive discussion of all conflicts of interest that may arise since additional conflicts of interest may arise that are not presently known or are not presently anticipated by Raith. In addition, Raith can give no assurance that conflicts of interest will be resolved in favor of Clients, including the Fund or investors in the Fund, and, in fact, they may not be.

Raith, on behalf of certain Clients investing in the B-piece or lowest rated class of CMBS securities, may be appointed and act as controlling class representative ("CCR"). As CCR, Raith will have rights and responsibilities that are defined in each trust's pooling and servicing agreement, including the ability in certain circumstances to direct the special servicer to take actions on behalf of the trust with respect to loan workouts. For example, Raith would be able to influence decisions regarding loan workout strategies, foreclosure, and asset/loan liquidation. The outcome of these types of decisions could ultimately be to the detriment of the more senior bondholders, some of whom may be other Raith Clients. In addition, Raith's appointment as CCR may be based on the fact that the aggregate B-piece investment held by its Clients comprise a majority of the total class. Certain of these Clients could have the ability to remove Raith from managing their investment or to direct Raith to sell their



investment. If Raith were removed or had to sell a portion of the B-piece, it may lose its designation as CCR. The subsequent loss of control could disadvantage the remaining Clients. Furthermore, to the extent that an investment opportunity is suitable for more than one Client, Raith will allocate the opportunity in a fair and equitable manner. The allocation of opportunities may result in one Client participating in an investment to a lesser extent than would otherwise have been the case. Because some of the factors used in making allocation decisions are subjective, investors are reliant on Raith to make fair and suitable allocation decisions.

***Carried Interest.***

The General Partner Affiliate's Carried Interest Distribution for the Equity Funds may create an incentive for the General Partner Affiliate of a Fund to make more speculative investments for an Equity Fund than it would otherwise make in the absence of such performance-based distributions. In addition, the method of calculating the General Partner Affiliate's Carried Interest Distribution for the Equity Funds based on the Preferred Return may result in conflicts of interest between the General Partner Affiliate, on the one hand, and the Limited Partners, on the other, with respect to the management and disposition of investments, including the timing and sequence of such dispositions. Members of Raith's Valuation Committee receive carried interest, which creates a conflict of interest for certain of the Funds.

***Material Nonpublic Information.***

From time to time, Raith or its affiliates may come into possession of material, nonpublic information concerning a security in which a Client has invested, or proposes to invest, and the possession of such information may limit the ability of Raith to buy or sell such security on behalf of its Clients.

***Advisory Committee Rights.***

A Fund may have established an Advisory Committee, consisting of representatives of certain limited partners of such Fund. A conflict of interest may exist because some, but not all, of a Fund's limited partners are permitted to designate a member to the Fund's Advisory Committee. A Client's Advisory Committee also has the ability to approve conflicts of interests which may be disadvantageous to a Client's other investors, including those limited partners who do not designate a member to a Fund's Advisory Committee.

***Transactions Between the Fund and Affiliates of the General Partner.***

Raith may retain one or more of their affiliates to provide a Fund with certain additional services, including oversight of third-party property management companies, accounting, oversight of leasing brokers and direct tenant negotiations, oversight of general contractors and all capital projects (including tenant buildout and other development work), loan workout, loan servicing and related or similar types of services as well as asset level due diligence, loan file due diligence and other similar services, in each case, which would otherwise be performed for the Fund by third party professionals or consultants; provided that, in each case, the fees payable in respect of any such services are consistent

with those generally available in arm's length transactions with qualified independent third parties for a comparable level of quality. Such parties will be paid or reimbursed by the Fund for the fees and costs of providing such services but not in excess of amounts that would be paid to a qualified independent third party (including, without limitation, fees included in such costs and an allocable portion of the time of the employees providing such services). The General Partner Affiliate will submit to the Advisory Committee no less than once each fiscal year a schedule of such fees, a description of the services provided, and evidence indicating that such fees are at or below market rates.

***Allocation of Management Time and Services.***

A Fund will not have independent management or employees and will instead rely upon the management and other personnel of Raith, and independent contractors engaged for the acquisition, management, servicing, administration and disposition of the investments, none of whom will work full time for a Client, including a Fund.

Raith believes that it has recruited or can recruit sufficient personnel to enable it to discharge its responsibilities to a Client, although no assurance can be given that sufficient personnel can be recruited and retained at all times. In addition, conflicts of interest may arise in allocating management time, services, resources or functions among a Client and other entities for which affiliates of Raith provide services.

***Conflicts in Allocating Investments.***

Raith and its affiliates serve (and may in the future serve) as a sponsor of and/or an investment adviser to various Clients, some or all of which have (or may in the future have) investment objectives or guidelines that overlap, or are in competition, with those of another Client. It is the policy of Raith and its affiliates to fairly and equitably allocate investment opportunities to its Clients in accordance with the Allocation Policies and Procedures. Raith does not allocate investment opportunities on the basis of the amount of compensation or profits that are likely to be realized for Raith. The allocation of investment opportunities to Clients is subject to the allocation provisions that are set forth in the Governing Documents of the applicable Client which include, but are not limited to, provisions that relate to exclusivity or priority to particular types of investments entered into during certain time periods, and specified exceptions thereto; permit certain types or categories of investments to be made by a Client, notwithstanding a conflicting Investment Allocation Requirement; limit investments to be made by a Client to particular geographies; limit the concentration of a Client in one or more particular categories of investments; specify expected distribution rates, anticipated cashflows, expected stability or volatility of cash flows and other features of the applicable investment opportunity and its impact on portfolio diversification; and concern allocations that could result in de minimis investments (including, without limitation, maintaining REIT qualifications). To address situations when the investment objectives or guidelines of multiple Clients overlap, Raith will determine how to allocate investment opportunities to a Client or between or among multiple Clients, as applicable, based on its allocation policies and procedures.

In making its decision, Raith will consider, among other criteria, each Client's investment objectives and strategies, investment restrictions and guidelines, cash position, liquidity, applicable tax and regulatory considerations and exclusivity or priority to particular types of investments entered into during certain time periods granted to each Client, if any. Account performance or fee structures will not be considered in determining the allocation of investment opportunities.

If, after considering the criteria described above, the Allocation Committee determines that an investment opportunity is equally appropriate for more than one Client, then Raith will allocate such investment on a basis that it believes to be fair and equitable taking into account all factors that are deemed relevant, which may include (1) the pro rata allocation of limited opportunities between or among Client; (2) determining to allocate those investments on an alternating basis or (3) consider and reject an investment opportunity on behalf of one Client and subsequently determine to have another Client to make such investment. A conflict of interest arises because one Client will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by Raith.

#### ***Co-Investment Opportunities.***

Raith may, but will not be obligated to, provide co-investment opportunities to one or more Limited Partners and/or third parties. In these cases, while Raith will seek to act in the best interest of a Fund, it might be alleged that a Fund received a smaller investment allocation in the particular issuer than it otherwise might have received if Raith had not provided such co-investor with the co-investment opportunity.

#### ***Placement Agent Fees and Indemnification.***

Raith may engage placement agents from time to time in connection with the placement of certain Interests in a Fund. The prospect of receiving, or the receipt of, fees may provide placement agents with an incentive to favor sales of Interests over sales of other investment products for which the placement agents receive lower or no fees. Prospective investors may wish to take such fee arrangements into account when considering and evaluating any recommendations relating to acquiring an Interest. In addition, in the event that any claim is asserted against any of the placement agents with respect to their services as placement agents for a Fund, Raith and the respective Fund may be obligated to indemnify such placement agents against any loss, damages or expense asserted against them in respect of such claim.

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*The foregoing list of risks and conflicts of interest does not purport to be a complete enumeration or explanation of the risks and conflicts involved in a Managed Account or an investment in a Fund. Any current or prospective Client or investor in a Fund should review the relevant Governing Documents and other disclosure materials for more information.*

## **ITEM 9: DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to our Clients' evaluation of our investment management business or the integrity of our management.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. BROKER-DEALER REGISTRATION**

Raith is neither registered as a broker-dealer, nor has any application pending to register with the SEC as a broker-dealer.

### **B. FUTURES COMMISSION MERCHANT, COMMODITY POOL OPERATOR, OR COMMODITY TRADING ADVISOR REGISTRATION**

Raith is neither registered with the Commodity Futures Trading Commission as a futures commission merchant, commodity pool operator or commodity trading advisor, nor has any application pending for such registrations.

Certain General Partner Affiliates (Raith Capital Investors II, LLC, Raith Capital Investors III, LLC and RCC Investors, LLC) are exempt commodity pool operators pursuant to an exemption from registration under CFTC Rule 4.13(a)(3).

### **C. MATERIAL RELATIONSHIPS AND CONFLICTS OF INTERESTS WITH INDUSTRY PARTICIPANTS**

In the future, Raith may sponsor one or more private investment funds and it will serve as investment manager, investment adviser or other similar capacity. In connection with those funds, Raith currently expects to form one or more affiliates to serve as general partner or similar capacity of each such fund. In addition, Raith has formed, and will continue to form, joint ventures and other collaborative ventures with a third party to pursue similar investment opportunities and strategies as the Funds, co-investment vehicles, and/or Managed Accounts, as well to carry out the strategy of the Funds, co-investment vehicles, and Managed Accounts.

Raith Real Estate Services LLC ("RRES") is an affiliate of Raith that is wholly owned by Messrs. Landis, Hioe and Suchy. RRES may provide certain services to the Funds or third parties including oversight of third-party property management companies, accounting, legal, oversight of leasing brokers and direct tenant negotiations, oversight of general contractors and all capital projects (including tenant buildout and other development work) loan workout, loan servicing and related or similar types of services, asset level due diligence, loan file due diligence and other similar services.

Other than as set forth above, Raith has no other material relationships or arrangements with any related persons that are material to Raith's investment management business or its current Clients.

### **D. RECOMMEND OTHER INVESTMENT ADVISERS**

Not applicable.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTERESTS IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. CODE OF ETHICS**

Pursuant to Rule 204A-1 of the Advisers Act, we have adopted a Code of Ethics to establish applicable policies, guidelines and procedures that promote ethical practices and conduct by all of our personnel and to prevent violations of the federal securities laws, including the Advisers Act. Our Code of Ethics is predicated on the principle that we owe a fiduciary duty to our Clients and requires that Raith employees act in or not opposed to the best interests of Raith's Clients, act in good faith and in an ethical manner, avoid conflicts of interest to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise.

In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of Raith employees deemed to be "access persons." The Code requires access persons to receive written authorization from the Chief Compliance Officer prior to engaging in personal trading involving certain securities and requires access persons to report securities transactions on at least a quarterly basis. The Code also includes policies and procedures to prevent the misuse and disclosure of material non-public information ("insider trading") and other confidential information by all employees. Further, the Code includes policies to mitigate conflicts of interest among access persons, by requiring reporting of outside activities, gifts, and business entertainment, and political contributions.

Raith employees must observe the applicable standards of care set forth in our Code of Ethics and are prohibited from seeking to evade the policies and procedures set forth therein in any way, including through indirect acts by family members or other associates. The obligations set forth in our Code of Ethics are in addition to any other policies and procedures we adopt in respect of the conduct of our business. Raith's Compliance Manual contains additional policies, procedures, prohibitions, reporting obligations and pre-clearance requirements that are designed to prevent supervised persons from engaging in activities implementing decisions in the best interests of each Client. Raith personnel must certify at least annually that they have read, understand, and are subject to, and have complied with the Code of Ethics, as well as the Compliance Manual.

We will provide a copy of our Code of Ethics to any Client or investor or any prospective Client or prospective investor upon request. Please contact Raith's Compliance Department by telephone at 212-938-6956 should you have any questions concerning the Code of Ethics or wish to obtain a copy.

### **B. RECOMMENDING, BUYING, OR SELLING SECURITIES IN WHICH WE HAVE A MATERIAL FINANCIAL INTEREST; INVEST, OR BUY AND SELL AT THE SAME TIME; CONFLICTS OF INTEREST**

Raith does not recommend to Clients, nor do we buy or sell for Client accounts, securities in which we have a material financial interest, other than with the approval of the Chief Compliance Officer ("CCO") and in accordance with applicable law. Our Code of Ethics and Conflicts of Interest Policy have been designed to address any conflicts of interest that may arise.

Generally, Raith does not invest in the same securities that we recommend to Clients. However, Raith and its personnel might, from time to time, co-invest by investing in the same securities as a Client. Absent special circumstances, Raith and its personnel would acquire and dispose of the securities at the same time, and on the same terms, as the Client. Aside from the co-investment described above, Raith personnel are only permitted to invest in the same securities as a Client with the prior approval of the CCO. In reviewing such a request, the CCO would consider whether the proposed co-investment could adversely affect the price or quantity available to the Client.

In the course of providing investment management services, in limited cases, we may simultaneously recommend the sale of a particular security for one account and the purchase of the same security for another account if such recommendations are consistent with each Client's investment objectives and guidelines as well as consistent with Raith's fiduciary obligations to each Client account participating in such "cross transactions". In limited circumstances, if Raith determines that it is more cost effective and in the best interest of clients to cross securities between client accounts, Raith, acting as adviser and fiduciary to both buyer(s) and seller(s), may affect cross trades between client accounts consistent with its policies and procedures. Raith may execute internal cross transactions only so long as neither Raith nor any affiliate receives any compensation for executing the transaction. Cross trades present an inherent conflict of interest because Raith represents the interests of both the selling account and the buying account in the same transaction, and Raith may be perceived as seeking to treat one counterparty to the cross trade more favorably than the other party. Raith has policies and procedures that are intended to mitigate these potential conflicts of interest and help ensure that internal cross trades are in the best interests of, and appropriate for, all clients involved. Raith is not required to use cross trades under any circumstances.

Raith's management fees are typically charged based on a percentage of assets under management. The management fee will generally be payable without regard to the overall success or income earned by the Client and therefore may create an incentive on the part of Raith to raise or otherwise increase assets under management to a higher level than would be the case if Raith were receiving a lower or no management fee.

Furthermore, Raith and its affiliates are not restricted from forming additional accounts or investment funds, from entering into other investment management relationships, or from engaging in other business activities, even though such activities may be in competition with the existing Client accounts and/or may involve substantial time and resources of Raith. These activities could be viewed as creating a conflict of interest because the time and effort of the members of Raith and its affiliates are not devoted exclusively to the business of the existing Clients, but are allocated between the business of the existing Clients and the management of future funds and accounts managed by Raith. Raith uses its best judgment to be fair and equitable to all Clients to minimize this conflict of interest.

## **ITEM 12: BROKERAGE PRACTICES**

### **A. SELECTING OR RECOMMENDING BROKER-DEALERS FOR CLIENT TRANSACTIONS**

To the extent Raith uses broker-dealers for transactions, such broker-dealers will be selected by Raith on the basis of "best execution." Raith evaluates the character of the market for the security, including, but not limited to the size and type of transaction and considers a variety of factors, including the

ability to achieve prompt and reliable executions at favorable prices; the liquidity of the investment, the operational efficiency with which transactions are effected; the financial strength, integrity and stability of the broker; the quality, comprehensiveness and frequency of available research and related services considered to be of value; and the competitiveness of commission rates or spreads in comparison with other brokers satisfying Raith's other selection criteria. Raith is not required to weigh any of these factors equally. While Raith generally will seek reasonably competitive commission rates or spreads, Clients will not necessarily pay the lowest commission or spread available.

Securities, the majority of which are bonds, if purchased on the primary market, are generally purchased from the lead left bookrunner. Bonds purchased on the secondary market, are either (a) bought from a broker or dealer whom Raith thinks has good visibility into the best way to bid a bond that is offered on a competitive process, (b) bought from a broker that is showing Raith a specific client order, in which case that is the only applicable broker with whom Raith deals, or (c) bought directly from a dealer that has a bond in inventory, in which case Raith would not be dealing with any other brokers.

In selecting brokers and negotiating commission rates for sales of securities, Raith seeks the lowest possible commission cost or dealer spread, as well as for whether the transaction represents the best qualitative execution, therefore taking into account several factors, including, but not limited to, the financial stability and reputation of the broker, listed bids and asks, speed of execution, the quality of investment research, trading style and investment strategies and special execution capabilities, including the ability to minimize indirect cost factors such as market manipulation and trade settlement costs.

Purchases and sales of securities through brokers involve a commission to the broker. The Clients are responsible for paying any commissions or other fees regarding any security transactions effected on behalf of the respective Client. Purchases of securities from dealers serving as market makers include the spread between the bid and the asked price. Clients trading in these instruments that do not pay commissions or other formal trading expenses of the sort associated with more traditional equity market transactions, do bear the implicit trading costs reflected in these spreads that are negotiated as part of the price of the instrument.

## **B. RESEARCH AND OTHER SOFT DOLLAR BENEFITS**

Raith receives access to research products from various broker-dealers that are generally available to their institutional clients and not explicitly linked to any particular level of trading volume or frequency.

Raith currently has no arrangements with any brokers or dealers to receive research or other services beyond transaction execution in exchange for brokerage commissions from Client transactions (so called "soft dollar" arrangements).

Moreover, Raith receives real estate-related research and market data from third party service providers (the cost of which, depending on the product, may be allocated to Client accounts).

### **C. BROKERAGE FOR CLIENT REFERRALS**

Raith engages placement agents from time to time with respect to the solicitation of investors for Funds. However, such placement agents do not effect transactions in real estate or publicly traded securities on behalf of the Clients.

### **D. DIRECTED BROKERAGE**

Raith does not recommend, request, require, or permit a Client to direct it to execute transactions through a specified broker-dealer (“**directed brokerage**”). However, from time to time, a non-discretionary Client may be approached directly by a dealer about a specific security, and Raith will evaluate the opportunity at the Client’s request.

### **E. AGGREGATE ORDER FOR VARIOUS CLIENT ACCOUNTS**

In the event that Raith determines to buy or sell the same security on behalf of more than one Client, it may, but is under no obligation to (except as provided by the applicable Governing Documents), aggregate (to the extent permitted by applicable law, rule and regulation) the securities to be purchased or sold in order to seek more favorable prices, lower brokerage commissions or more efficient execution. Raith’s allocation committee evaluates any aggregated orders to ensure all Clients are treated equitably and in accordance with the allocation policies and procedures.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **A. CLIENT ACCOUNT REVIEWS**

Raith’s investment team reviews and monitors all investments made on behalf of Clients on an ongoing basis through weekly internal meetings, continuous communication with the Investment Committee, attending conferences, conducting site visits to the properties, and reviewing research and industry reports.

Raith’s investment team is responsible for recommending acquisitions and dispositions of Client assets and monitoring and reviewing on an on-going basis the investment portfolio of the Client for which it is responsible. Raith’s Investment Committee reviews each investment recommendation.

At least annually, the Investment Committee discusses the composition and performance of each investment. The Investment Committee initiates more frequent reviews for any investment that is deviating from its expected performance. In addition, on at least an annual basis, Raith updates written business plans for each investment.

### **B. CONTENT AND FREQUENCY OF REGULAR REPORTS**

Raith provides quarterly reports to its Clients, some of which include a letter describing general market conditions and highlighting significant developments related to individual investments and/or the portfolio of investments at large, and valuation and other statistical information.

On an annual basis, Fund investors receive audited financial statements (prepared in accordance with GAAP).



Representatives of Raith can be made available for discussions with investors on a periodic or agreed upon basis.

#### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

##### **A. ECONOMIC BENEFIT FOR PROVIDING INVESTMENT ADVICE OR OTHER INVESTMENT MANAGEMENT SERVICES TO CLIENTS**

We do not receive economic benefits from third parties for providing investment advice or other investment management services to our Clients.

##### **B. COMPENSATION TO NON-SUPERVISED PERSONS FOR CLIENT REFERRALS**

From time to time, Raith enters into agreements with third party placement agents to solicit investors to invest in one or more Funds. A third-party placement agent generally is paid an initial flat fee and then a fee based on the extent to which it secures investors, calculated on the commitment raised and accepted by the Fund (“placement fees”), which are borne by Raith and not by the Fund(s) or placement fees can be borne by Raith through a Management Fee offset.

#### **ITEM 15: CUSTODY**

Raith is deemed to have custody of the Funds we manage and must comply with the requirements of Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”). Investors will receive financial statements of the Funds (a) prepared in accordance with GAAP, (b) audited by an independent accounting firm that is registered with, and subject to regular examination by, the Public Company Accounting Oversight Board (“**PCAOB**”) and (c) distributed to the Fund’s investors (i) within 120 days following such Fund’s fiscal year end and (ii) promptly after liquidation.

Raith is deemed to have custody over certain Managed Accounts for purposes of the Custody Rule. A Client of such a Managed Account will receive account statements from the custodian (or custodians) on a quarterly basis. Any such Client should review such account statements carefully. Raith also sends account statements to Managed Account Clients and such Clients should compare the account statements sent by Raith with the statements sent by the custodian (or custodians). For any Managed Account for which Raith has custody, client funds and securities of are verified by actual examination at least once during each calendar year by an independent public accountant.

#### **ITEM 16: INVESTMENT DISCRETION**

We exercise investment discretion for each Client, in accordance with the Investment Committee Policies and Procedures, as well as Allocation Policies and Procedures, in a manner consistent with the investment objectives, strategies, guidelines, and terms and conditions of investment as stated in the Governing Documents and according to applicable tax and securities laws.

In the case of certain Clients, Raith is responsible for continuous oversight over the investments and makes recommendations to any investment committees established in respect of a particular Client regarding new investments or disposition of current investments.

For other Clients, Raith has absolute discretion over the allocation of capital into and the disposition of specific investments.

#### **ITEM 17: VOTING CLIENT SECURITIES**

Raith's investment strategy generally does not involve the acquisition of public securities with voting authority and, therefore, Raith is generally not responsible to vote proxies. If Raith were to receive a proxy on behalf of a Client, Raith on a case-by-case basis will consider, among other things, the financial interests of the applicable Client and the recommendation of management on a particular issue so that Raith is acting in the best interests of its Client(s).

In reviewing the proxy statements, Raith will seek to identify any potential conflict of interest with the company and determine, on a case-by-case basis, if the conflict is material. If material, Raith will determine, in light of all the facts then currently available, the manner by which to proceed. This may or may not include abstention from voting. Raith will document its decision-making process with respect to resolving material conflicts of interest.

To the extent Raith acts as the CCR with respect to securities that are acquired on behalf of a Client, Raith will exercise such rights in the best interest of its Client(s).

Raith has adopted Proxy Voting Policies and Procedures as set forth in the Compliance Manual whereby it exercises discretion to vote proxies for Client securities. A copy of these policies and procedures, as well as a record of all proxy decisions and any documentation proxy votes, is available to each existing and prospective Client and investor by contacting Raith's Compliance Department at (212) 938-6956 or by e-mail at [compliance@raithcapital.com](mailto:compliance@raithcapital.com).

#### **ITEM 18: FINANCIAL INFORMATION**

##### **A. BALANCE SHEET**

We are not required to attach a balance sheet because we will not be requiring or soliciting the payment of \$1,200 in fees per Client, six months or more in advance.

##### **B. CONTRACTUAL COMMITMENTS TO OUR CLIENTS**

Raith is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to each of its Clients.

##### **C. BANKRUPTCY PETITIONS**

Raith has never been the subject of a bankruptcy petition.

#### **ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Not applicable.

## **MISCELLANEOUS: ADDITIONAL INFORMATION**

### **A. BUSINESS CONTINUITY PLAN**

Raith is covered under its Business Continuity Plan as set forth in the Compliance Manual, which in the event of a significant business disruption (“**SBD**”) specifies how Raith and its affiliates will as quickly as practicable given the scope and severity of the SBD so that it can safeguard employees and property, including its books and records; make operational and financial assessments and resume business operations as soon as possible.

### **B. PRIVACY POLICIES AND PROCEDURES**

Raith has adopted a Privacy Policy and Procedures as set forth in the Compliance Manual and distributes a Privacy Notice to each existing and prospective Client upon entering into a relationship and annually thereafter if there are any changes. The Notice explains the manner in which Raith and its affiliates collect, utilize and maintain non-public personal information about investors who are individuals, as required under federal and other applicable law.

A copy of Raith’s Privacy Notice is posted on Raith’s website at [www.raithcapital.com](http://www.raithcapital.com) and is available to existing Clients and investors by contacting Raith’s Compliance Department at (212) 938-6956 or by e-mail at [compliance@raithcapital.com](mailto:compliance@raithcapital.com).