

RRA Investment Management, LLC

Part 2A of Form ADV: Firm Brochure



RRA

CAPITAL

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This Part 2A of the Form ADV (the "Brochure") provides information about the qualifications and business practices of RRA Investment Management, LLC ("RRA" or "Adviser"). If you have any questions about the contents of this brochure, please contact us at 602-714-5111. 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.

Additional information about RRA is available on the SEC's website at www.adviserinfo.sec.gov. Investment adviser registration does not imply a certain level of skill or training.

Item 2. Material Changes

Since RRA Investment Management, LLC's initial ADV filing on June 27, 2021, the Adviser has updated this Brochure to reflect updated disclosures regarding partnership expenses (Item 5) and conflicts of interest related to certain co-investments (Item 8).

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Item 4. Advisory Business

RRA Investment Management, LLC ("RRA" or the "Adviser") was founded in 2013. RRA is wholly owned by KCS Company, LLC, which is in turn wholly owned by KCS Holding Company, LLC. KCS Holding Company, LLC is owned principally by RRA's three principals: Charles Dunlap through Kentfield Holdings, LLC, John Dunlap through Chosin Holdings, LLC, and Marc Grayson through Solano Holdings, LLC.

RRA provides investment advisory services to pooled investment vehicles (each, a "Partnership" and collectively, "Partnerships") that are not registered under the Investment Company Act of 1940 and whose securities are not registered under the Securities Act of 1933. The Partnerships primarily acquire and/or originate short-term, senior and second position loans and preferred equity investments on middle-market real estate assets throughout the United States.

RRA provides advisory services to the Partnerships on a discretionary basis according to the objectives and investment policies described in each Partnership's respective offering and/or operational documents ("Offering Documents") provided to each Investor in the Partnership ("Investor"). RRA, along with each Partnership's general partner and affiliates (as described in Item 10 of this Brochure), identifies investment opportunities for, and participates in the origination, asset management, loan servicing, disposition of investments of, each Partnership. Except as described in certain side letters, RRA does not tailor its advisory services to the individual needs of Investors, and Investors may not impose restrictions on investing in certain securities or types of investments.

RRA currently provides investment advisory services to the following Partnerships: RRA Credit Income Fund, L.P. (the "Income Fund"); RRA Credit Opportunity Fund, L.P. (the "Opportunity Fund") and RRA Real Estate Debt Fund II, L.P. (the "Real Estate Debt Fund II"). The general partners of the Partnerships are RRA Credit Income Fund GP, LLC, RRA Credit Opportunity Fund GP, LLC, and RRA Real Estate Debt Fund II GP, LLC (herein the "General Partner(s)", respectively), each Delaware limited liability companies. Certain Partnerships will invest in a subsidiary entity (the "REIT Subsidiary") that qualifies as a real estate investment trust ("REIT") for federal income tax purposes.

In addition to entering into sourcing and servicing agreements with the Partnerships, RRA and its affiliates also enter into sourcing and servicing agreements with insurance companies and asset manager clients to originate and service commercial real estate loans on a non-discretionary, non-advisory basis (herein, "Sourcing and Servicing Clients"). The target loan type and risk profiles identified for each of the Sourcing and Servicing Clients are distinct. The Adviser maintains investment allocation policies and procedures to ensure all investment opportunities are allocated in a fair and equitable manner.

As of December 31, 2020, RRA managed approximately \$217,996,741 in client assets, all on a discretionary basis.

Item 5. Fees and Compensation

Management Fees

As compensation for its investment advisory services, each Partnership pays an annual management fee to RRA. These management fees are payable quarterly, in arrears, and are deducted directly from each limited partner's capital account. The specific fee rate, payment terms, and other conditions of a Partnership's management fee are set forth in the Partnership's Offering Documents and/or side letters. Management fees may differ from one Partnership to another, as well as among Investors in the same Partnership. Management fees for the Partnerships typically range between one and half percent to two percent (1.5 – 2%) per annum based on aggregate capital contributions during the investment period and thereafter, such Investor's aggregate capital contributions reduced by distributions to such Investor representing a return of capital contributions.

Upon termination of RRA's services to a Partnership, appropriate treatment, including, where applicable, returning prepaid management fees on a prorated basis, will be given to management fees collected in advance. A Partnership's management fee is generally subject to waiver or reduction by RRA or the Partnership's general partner in its sole discretion, including in connection with investments made by RRA or its related persons or pursuant to side letter agreements with Investors.

Please see the section *Performance Based Fees and Side-by-Side Management*, below, regarding carried interest and other performance-based fees that the Partnership's pay. Certain Partnership Investors may negotiate Partnership terms (including management fees payable and carried interest terms) through side letter agreements.

Other Fees and Expenses

Organizational Expenses. Subject to its Offering Documents, Real Estate Debt Fund II typically pays or reimburses its general partner or RRA for the Partnership's organizational, offering and startup expenses. These expenses typically (including, without limitation, travel, printing, legal, filing (including blue sky filings), accounting, capital raising and regulatory compliance fees and expenses; investment banking fees and expenses; administrative or other filings expenses; and expenses associated with applicable federal and state laws) incurred in connection with the organization of Real Estate Debt Fund II and the General Partner. The Partnership's Offering Documents may provide for a cap on these organizational expenses.

The Income Fund and Opportunity Fund charge an annual fee ("Supplemental Fee") over the initial five-year term of each Partnership as compensation for RRA's organizational fund management activities. RRA's affiliated loan servicer (discussed below under "Other Compensation") receives a fee from a third party for administering a line of credit for the Income Fund.

Partnership Expenses. Subject to its Offering Documents, each Partnership pays (or reimburses its general partner or RRA) for all costs and expenses related to its operations ("Partnership Expenses").

The Partnership Expenses paid by a particular Partnership are set forth in the Partnership's Offering Documents and/or side letters. Partnership expenses, may include, without limitation and as applicable, the following fees and expenses: administration (including for any outside

administrator or similar service provider appointed by or for the Partnership), legal, auditing, consulting, banking, custody, regulatory, compliance, research, reporting (including securities filings related to the Partnership) and accounting expenses; tax expenses and expenses related to the Partnership's financial statements and tax returns, K-1s, tax estimates, and filings (including expenses related to the foregoing incurred to allow the Partnership, the General Partner or their affiliates to comply with non-U.S. and U.S. federal, local and state laws and regulations during the term of the Partnership; expenses associated with the identification, investigation, acquisition, holding, winding up, liquidation, dissolution and disposition of the Partnership's assets; expenses related to preliminary deal sourcing and general market research (including in connection with pursuing investment opportunities and relationships that the General Partner believes may be beneficial to the Partnership and marketing to, and maintaining business relationships with, private equity and similar sponsors and similar activities (such as subscriptions to industry publications, conference attendance, and reasonable gifts/entertainment), investment banking, consulting, software (including accounting and similar software), reasonable travel and entertainment relating to business development and investment activities, research (including consultations with industry experts), and other professional services to the Partnership; expenses incurred in connection with valuing the Partnership's assets, including, without limitation, third party valuation services; expenses attributable to any proposed Investment that is ultimately not made by the Partnership; all costs of leverage incurred by the Partnership and its subsidiaries and other similar fees and expenses, all interest on borrowed funds (if any), and other expenses relating to the financing or refinancing of any indebtedness of, guarantees or other obligations of the Partnership; expenses incurred in connection with the obtaining and maintaining of insurance policies by or on behalf of the Partnership, the General Partner, or the Adviser; extraordinary expenses of the Partnership (such as fees or expenses incurred in litigation or in respect of indemnification obligations); expenses of the Advisory Board; any taxes, fees and other governmental charges levied against the Partnership; any private placement fees and expenses paid to third parties in connection with the organization and offer and sale of interests in the Partnership, but not including Organizational Expenses, and; any Loan Servicing Fees and Loan Origination Fees (including to affiliates of RRA) as described below. Any private placement fees and expenses paid by the Partnership to third parties in connection with the organization and offer and sale of interests in the Partnership will reduce the management fees payable to the Adviser. Any expenses incurred for the benefit of the Partnership and any other investment vehicles managed by the Adviser or General Partner shall be allocated among the Partnership and such vehicles on a pro rata basis based on their respective capital available for investment, amounts invested, or such other criteria determined fair by the Adviser in its reasonable discretion.

Certain expenses, such as underwriting, legal, and due diligence expenses, are paid for by borrowers (or prospective borrowers) in the form of borrower deposits and not directly by the Partnerships.

Other Compensation

RRA Capital Management, LLC ("Loan Servicer" or "Loan Originator"), an affiliate of RRA, provides loan underwriting (typically paid for by the borrower deposit), loan origination and loan servicing to underlying loans owned by the Partnerships and receives fees for such services. The Loan Originator receives compensation or fees with respect to originating loans or other credit-like investments (including a portion of the upfront loan origination fees) on behalf of these Partnerships. The Loan Servicer receives compensation or fees (including a servicing fee, a portion of the modification fees, and certain special servicing fees for assets in default) for servicing and asset management of the portfolio loans. The Adviser seeks to make

reasonable efforts to ensure that the loan origination and servicing payments are at market rates and on terms no less favorable than those available from unaffiliated third-party servicing and asset management companies for a comparable level of quality and service, provided, however, that affiliate fees are not based on an arm's length negotiation and may be higher than market rates.

As previously disclosed, RRA or its affiliates are also engaged by Sourcing and Servicing Clients to provide loan origination and servicing and retains all related income.

Item 6. Performance Based Fees and Side-by-Side Management

RRA or the General Partners (each an affiliate of RRA) are entitled to receive a carried interest allocation from the Partnership. Each closed-end Partnership's carried interest distribution is generally an amount equal to a percentage of the Partnership distributions paid to Partnership Investors after the return of capital invested by Investors and a specific annual preferred return on those investments. The specific payment terms and other conditions of the performance compensation arrangements for each Partnership are set forth in the Partnership's Offering Documents. Certain Partnership Investors may negotiate Partnership terms (including management fees payable and carried interest terms) through side letter agreements.

The payment of carried interest and other performance-based compensation create an incentive for RRA to make more speculative investments on behalf of a Partnership than RRA might otherwise make in the absence of such performance-based compensation. The payment by Partnerships of performance compensation at varying terms and rates (including varying effective rates based on a Partnership's past performance) may create an incentive for RRA's personnel to disproportionately allocate time, services or functions to Partnerships paying performance compensation at a higher rate or allocate choice investment opportunities to such Partnerships. Generally, and except as otherwise set forth in a Partnership's Offering Documents, this conflict is mitigated through RRA's written policies and procedures relating to allocation of investment opportunities and through disclosure. Please see *Item 10 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*, below, for additional information relating to how conflicts of interests are generally addressed by RRA.

Item 7. Types of Clients

RRA currently provides investment advisory services to each Partnership, subject (as applicable) to the discretion and control of the Partnership's General Partner. Investment advice is provided directly to the Partnerships, and not individually to the Investors in the Partnerships. Investors are accredited investors, qualified clients, qualified purchasers and/or knowledgeable employees of RRA.

Conditions for investing in each Partnership, including minimum investment amounts and investor qualification requirements, are stated in the Partnership's Offering Documents. Each General Partner (or equivalent) typically has discretion to lower or waive the Partnership's minimum investment amount.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Each Partnership's investment strategy and objective is outlined in its Offering Documents. RRA's general investment objective is to seek current income, low volatility, and principal protection through a diversified pool of senior and second position mortgages secured by commercial real estate assets in the United States. The portfolio is sourced through professional commercial mortgage broker and direct borrower relationships which results in a levered loan portfolio diversified by geography, sponsorship, and property type. Investment decisions are governed by the Adviser's investment committee, who has extensive involvement in the industry as investors, developers, builders, managers, and lenders on middle market real estate across a range of property types, including, office, retail, industrial, multifamily, hospitality, medical office, and self-storage.

Risks

Investing in loans and securities involves a substantial degree of risk, and the acquisition of interests in a Partnership is highly speculative. A Partnership may lose all or a substantial portion of its investments, and investors in each Partnership must be prepared to bear the risk of a complete loss of their investments.

Different risks may exist with respect to investments in different Partnerships. The risks associated with an investment in any Partnership may be impacted substantially by the nature and timing of the market. The following risk factors are those generally applicable to all Partnerships or their Investors. These risk factors, however, do not purport to be a complete list or explanation of all risks involved with respect to an investment in a Partnership, or investments made by the Partnership. Each Partnership's Offering Documents include a more detailed summary of the material risks and the investment strategy for that Partnership, which each prospective investor should review and consider carefully before investing.

General Investment Risks. The types of investments that the Partnerships generally make involve a high degree of risk. In general, financial, and operating risks confronting loan borrowers and issuers of other Partnership investments can be significant. A loss of an investor's entire investment in a Partnership is possible.

General Credit Risk. One of the fundamental risks associated with a Partnership's investments is credit risk, which is the risk that an issuer will be unable or unwilling to make principal and interest payments on its outstanding debt obligations when due. A Partnership's returns to investors would be adversely impacted if an issuer of debt in which the Partnership invests were to become unable to make such payments when due. Although Partnerships may make investments that RRA believes are secured by specific collateral, the value of which may initially exceed a Partnership's cost basis in such investments, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to any such investment, or that such collateral could be readily liquidated. A Partnership may also invest in common and preferred equity securities and other unsecured investments, each of which involves a higher degree of risk than senior secured loans. Furthermore, a Partnership's right to payment and its security interest, if any, may be subordinated to the payment rights and security interests of a senior lender, to the extent applicable. Certain of these investments may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In addition, certain instruments may provide for payments-in-kind, which have a similar effect of deferring current cash payments. In such cases, a borrower's ability to repay the principal of an investment may be dependent upon a liquidity event or the long-term success of the borrower, the occurrence of which is uncertain.

All investing involves a risk of loss. Each prospective investor should carefully review the more complete list of risks included in their respective Partnership's Offering Documents, including the Private Placement Memorandum and/or related agreements, as applicable, before deciding to make an investment in a Partnership or engaging RRA. There can be no assurances that the Partnerships will achieve their investment objectives.

Ability to Acquire Loans on Advantageous Terms; Competition and Supply. A Partnership's success will depend, in part, on the Partnership's ability to acquire investments on advantageous terms. In acquiring loans, a Partnership will compete with a broad spectrum of lenders, many of which have more resources than the Partnership and may be willing to provide capital on better terms (from a borrower's standpoint) than the Partnership. Increased competition for, or a diminution in the available supply of, qualifying loans may result in lower yields on such loans, which could reduce the Partnership's performance and returns to investors.

Nature of Investment in Senior and Secured Loans. The Partnerships typically invest (directly or indirectly) in first lien senior secured debt and may also include selected second lien senior secured debt, which involves a higher degree of risk of a loss of capital. The factors affecting an issuer's first and second lien loans, and its overall capital structure, are complex. Some first lien loans may not necessarily have priority over all other unsecured debt of an issuer. For example, some first lien loans may permit other secured obligations or involve first liens only on specified assets of an issuer. Issuers of first lien loans may have two tranches of first lien debt outstanding, each with first liens on separate collateral.

Any secured debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds on already secured assets. Although the amount and characteristics of the underlying assets selected as collateral may allow a Partnership to withstand certain assumed deficiencies in payments occasioned by the borrower's default, if any deficiencies exceed such assumed levels or if underlying assets are sold it is possible that the proceeds of such sale or disposition will not be equal to the amount of principal and interest owing to a Partnership in respect of its investment.

Further, loans may become non-performing for a variety of reasons. Upon a bankruptcy filing by an issuer of debt, the U.S. bankruptcy laws imposes an automatic stay on payments of its prepetition debt. Non-performing debt obligations may require substantial workout negotiations, restructuring or bankruptcy filings that may entail a substantial reduction in the interest rate, deferral of payments and/or a substantial write-down of the principal of a loan or conversion of some or all of the debt to equity. If an issuer were to file for Chapter 11 reorganization, U.S. bankruptcy laws typically authorize the issuer to restructure the terms of repayment of a class of debt even if the class fails to accept the restructuring as long as the restructured terms are "fair and equitable" to the class and certain other conditions are met.

A Partnership's loan investments may be syndicated to a number of different financial market participants. The documentation governing such investments may require either a majority consent or, in certain cases, unanimous approval for certain actions in respect of the credit, such as waivers, amendments or the exercise of remedies. As a result of these voting regimes, a Partnership may not have the ability to control any decision in respect of any amendment, waiver, exercise of remedies, restructuring or reorganization of debts owed to the Partnership with respect to certain loan investments.

Senior secured loans are also subject to other risks, including (i) the possible invalidation of a debt or lien as a "fraudulent conveyance," (ii) the recovery as a "preference" of liens

perfected or payments made on account of a debt in the 90 days before a bankruptcy filing, (iii) equitable subordination claims by other creditors, (iv) so-called "lender liability" claims by the issuer of the obligations and (v) environmental liabilities that may arise with respect to collateral securing the obligations. Decisions in bankruptcy cases have held that a secondary loan market assignee can be denied a recovery from the debtor in a bankruptcy if a prior holder of the loans either received and did not return a preference or fraudulent conveyance or engaged in conduct that would qualify for equitable subordination.

A Partnership's loan investments may be subject to early redemption features, refinancing options, prepayment options or similar provisions that, in each case, could result in the issuer repaying the principal on an obligation held by the Partnership earlier than expected. As a consequence, the Partnership's ability to achieve its investment objective may be negatively affected.

Junior, Unsecured and Equity Investments. The Partnerships may acquire (directly or indirectly) debt securities that are junior, unsecured or equity investments (e.g., preferred units in a limited liability company holding real estate). While this approach can facilitate obtaining a certain degree of additional control and then adding value through active management, it also means that such investments may be unsecured and/or subordinated to other obligations, which means the Partnership may be more likely to suffer a loss of all or part of its investment.

Financial Market and Interest Rate Fluctuations. General fluctuations in interest rates and real estate values may adversely affect the value of a Partnership's investments and/or increase the risks associated with one or more particular investments. The ability of borrowers to refinance debt securities or repay debt obligations (including making payments to a Partnership as a creditor with respect thereto) may depend on their ability to obtain new debt or equity financing. Interest rate changes may affect the value of a debt instrument held by a Partnership.

General Risks of Real Estate Related Investments. The Partnerships typically invest (directly or indirectly) in loans and other debt and similar instruments that are secured by real property, and at times in equity investments in entities holding real property. These investments are subject to many of the risks incident to the ownership of real property and related investments, including uncertainty of cash flow to meet fixed and other obligations (including obligations owing to a Partnership); adverse changes in local market conditions, population trends, neighborhood values, community conditions, general economic conditions, local employment conditions, interest rates and real estate tax rates; changes in fiscal policies; competition from other properties; and uninsured losses and other risks that are beyond the control of a Partnership and the issuers of debt and equity securities held by a Partnership.

Construction Risks. Partnerships may invest in loans secured by properties that require development or redevelopment and may in certain circumstances acquire direct interests in such properties. Real estate development involves the risk that construction may not be completed within budget or on schedule because of cost overruns, work stoppages, weather conditions, shortages of building materials, the inability of contractors to perform their obligations under construction contracts, defects in plans and specifications or in construction, or other factors. Any delay in completing a project may result in increased costs, the potential loss of purchasers or tenants, and the possibility of defaults under financings. Furthermore, increased real estate development may lead to periods of oversupply and result in vacancies, lower rentals, and lower sale prices for real estate projects. Newly developed real estate projects may be disproportionately affected by fluctuations in demand and

supply as they may have no existing tenancies and may need to be leased up in their entirety. Any of such factors may affect the value of a Partnership's direct or indirect interests in such properties and/or the ability of a borrower to make payments of principal and interest owing to the Partnership.

Due Diligence Risk. There can be no assurance that RRA's or any of its affiliates' (or any unrelated third-party originators') due diligence and underwriting processes will uncover all relevant facts that would be material to an investment decision. Before making an investment, RRA will assess the strength of the underlying security for any loan or other investment and any other factors that they believe are material to the performance of the investment. In making the assessment and otherwise conducting customary due diligence, RRA will rely on the resources available to it and, in some cases, investigations by unrelated third parties.

Leverage Risk. The Partnerships expect to use leverage as part of their investment strategy and may do so directly and indirectly using one or more financing vehicles. The use of leverage will increase the volatility of the Partnerships, as well as increase the risk of default and loss. There can be no assurance that the Partnerships will be able to obtain indebtedness on terms available to any predecessor investment vehicle or account or to competitors, including terms that may be currently available in the market, or that indebtedness will be accessible by the Partnerships at any time, and to the extent that it is available there can be no assurance that such indebtedness will be on terms favorable to the Partnerships, including with respect to interest rates, or that such indebtedness will remain available throughout the term of the Partnerships. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. Moreover, the use of leverage may cause certain of the Partnerships' income to be unrelated business taxable income to U.S. tax exempt investors. Each prospective U.S. tax exempt investor should consult with its own adviser as to the advisability and tax consequences of an investment in the Partnerships.

Cyber Security Risk. RRA, clients advised by RRA, and their service providers ("Affected Persons") may be susceptible to operational and information security and related risks of cyber security incidents. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. Cyber-attacks also may be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make services unavailable to intended users). Cyber security incidents affecting the Affected Persons have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, including by: interference with a client's ability to calculate the value of its investments; impediments to trading for a client portfolio; the inability to transact business with the Affected Person; causing violations of applicable privacy, data security or other laws with resulting regulatory fines and penalties and reputational damage; any reimbursement or other compensation or remediation costs or legal fees or additional compliance costs.

Conflicts of Interest

Certain conflicts of interest exist between and amongst RRA, its affiliates and other third parties. Conflicts of interest can cause RRA to engage in riskier investments; act in RRA's, its affiliates' or third parties' own best interest rather than the Partnership's best interest; or

increase the costs associated with an Investor's investment in one of the Partnerships. Such conflicts of interest include:

Borrowing from Investors: Certain Partnerships have borrowed from Investors and Sourcing and Servicing Clients. Such arrangements are entered into at market rates. This is an inherent conflict of interest that such arrangement provides preferential treatment to such Investor, including, additional transparency into portfolio loans. RRA seeks to mitigate such conflict by robust disclosure to Investors and review of market rates and terms.

Allocation of Portfolio Loans. RRA, and/or its affiliated Loan Originator and Loan Servicer, also originates and services loans for Sourcing and Servicing Clients pursuant to Sourcing and Servicing Agreements. Loans for Sourcing and Servicing Clients are intended to be outside of the investment criteria for the Partnerships based on yield, loan-to-value ratios ("LTV"), and other risk/return characteristics. To the extent there is an allocation conflict between the Partnerships and a Sourcing and Servicing Client, RRA's investment committee will ensure an allocation is made in a fair and equitable fashion. As a general matter, the Partnerships get priority over Sourcing and Servicing Clients in the infrequent instance that an investment is eligible for both. RRA maintains investment allocation policy and procedures to oversee and mitigate conflicts associated with allocation of loan opportunities.

A/B Note Structure. The Income Fund and Opportunity Fund may participate in the same loan through an A/B note structure. The Income Fund generally takes first lien (A-piece) loans, and the Opportunity Fund takes first loss, subordinate positions (B-piece). The Income Fund targets lower LTV of 70% while the Opportunity Fund targets higher leverage opportunities, typically with a maximum LTV of 80%. Investments in the same loan in different capital structures may be complimentary, but also create inherent conflicts of interest whereby RRA could favor one Partnership over another Partnership and/or the asset management and servicing interests of one Partnership are in conflict with the other. Notwithstanding the foregoing, RRA will seek to act in a manner that it believes in good faith to be equitable to both Partnerships under the circumstances. For example, if a loan defaults and there is a lapse in scheduled payments and/or a risk of loss of principal, servicing will be handled in the standard best practices of special servicers whereby principal is sought to be recovered in a way that maximizes the net present value of the investment without preference to any specific investor or Partnership.

Investing in the same loan also presents a conflict of interest in that the interest rates and terms are not commensurate with the respective risk profiles. To mitigate this risk, RRA has implemented a Loan Participation Policy that, among other things, utilizes market survey results to establish market pricing across a variety of LTV exposure points.

Expense Allocation. RRA maintains fee and expense allocation policies and procedures to ensure items charged to Partnerships confirm to the Offering Documents, and are otherwise fair and equitable amongst Partnerships, RRA and its affiliates, and Sourcing and Servicing Clients.

Co-Investments. RRA and its affiliates will invest capital in the Partnerships' portfolio transactions through the Partnerships or alongside the Partnerships. Such co-investments may not be subject to management fees or incentive allocations. However, other fees (e.g., loan origination servicing, and modification fees) will be received by RRA affiliates. Co-investment entities established by RRA and/or its affiliates are expected to participate in certain of the Partnerships' investments, which will dilute the Partnerships' participation in those investments. Investments will generally be apportioned among the Partnerships and the co-investment vehicles based upon RRA's investment allocation policies and procedures, as described

above. Co-investors may include strategic investors that are believed to be able to otherwise assist with the management of the portfolio investment or property.

The Adviser may establish co-investment and/or loan participation arrangements ("Strategic Partnerships") with investors that grant such investors priority to invest alongside one or more Partnerships. The Adviser believes that such Strategic Partnerships enable a Partnership to pursue loan opportunities that would otherwise be in excess of the desired Partnership risk and concentration limits, which will in turn enable the Partnerships to pursue loan opportunities that it otherwise would not have had access to. The Adviser seeks to structure the Strategic Partnerships investments to be on terms and conditions not more favorable than the terms and conditions of the investment by the applicable Partnership. However, there are inherent conflicts of interest to Strategic Partnership arrangements. For example, Strategic Partnerships will have priority over other Investors that have expressed interest in co-investment opportunities. In addition, Strategic Partnerships will have added transparency and major decisions consent rights into loan approval and servicing decisions than the rights of Partnership Investors. Such consent rights may cause the Adviser to make investment decisions that impact Partnership investments that it otherwise would not have made if it was not for the Strategic Partnership arrangement. In addition, Strategic Partnerships may require certain investment minimums that may conflict with the Partnership desired investment amounts. Also, the Loan Originator and Loan Servicer will benefit from additional origination and servicing fees from originating larger loans that do not offset or reduce Partnership management fees. To mitigate the aforementioned conflicts with Strategic Partnerships, RRA maintains investment and fee/expense allocation policies to determine and document that allocation decisions are fair and equitable. In addition, RRA will disclose to Partnership Investors material details of any loan participations of Strategic Partnerships in quarterly investor letters. Further discussion regarding co-investments is included in Item 11.

The Partnership will incur a portion of the organization, legal, and formation costs of such Strategic Partnerships. However, the Strategic Partnerships will generally bear its pro rata portion of expenses incurred in making, servicing, and disposing (as applicable) loan investments. As is the case with other co-investments, RRA will not receive any management fees or incentive allocations from Strategic Partnerships, but as disclosed previously, RRA's affiliates will receive additional origination and servicing fees from loan participations to Strategic Partnerships (as described in *Item 5 and Item 11*).

Certain Strategic Partnerships may be structured alongside the Partnership as an offshore entity. With respect to these structures, loans are initially originated in the Partnership (due to tax considerations) and after a period of time, applicable pro rata interests in such loans may be sold from the Partnership to the offshore Strategic Partnership, in order to give the latter exposure to the investment ("season and sell transactions"). RRA's policies with respect to these types of transactions are designed to allocate these investment opportunities appropriately, while complying with certain applicable structuring guidelines and considerations. While RRA may enter into such investments with the reasonable expectation that a portion of the investment may ultimately be sold from the Partnership to the offshore Strategic Partnership after a period of time, it is important to note during the time that the investment is held solely by the Partnership and assumes all downside risk, costs and expenses associated with such investment, including the risk that the investment will default and will result in a loss of invested capital, as well as the risk that the season and sell transaction may not be completed.

Side Letters. The Partnerships may from time to time enter into letter agreements or other similar agreements ("Side Letters") with one or more investors, which waive or modify the

application of any provision of the Offering Documents and/or the terms of offer of the Interests as set out in the Offering Documents with respect to such investor(s). As a result, such Investor(s) may receive rights that other Investors will not receive. The Partnerships will generally not be required to notify any of the other Investors of any such Side Letters or any of the rights and/or terms or provisions thereof, nor will the Partnerships generally be required to offer such additional and/or different rights and/or terms to the other Investors. The General Partners may enter a Side Letter with any Investor, at any time. The other Investors will have no recourse against the Partnerships, the General Partner and/or any of their affiliates in the event that such Investor(s) receive additional and/or different rights and/or terms as a result of such Side Letters. RRA has also negotiated a revenue sharing arrangement with a large Investor, whereby a variable percentage of the management fees and carried interest generated by the Partnerships to RRA and affiliates are paid to the Investor, based on the amount of capital the Investor contributes to the Partnerships.

Use of Affiliated Service Providers. RRA utilizes the services of its Loan Servicer and Loan Originator at rates it believes to be at competitive market levels. RRA will periodically review affiliated service provider rates against market rates, taking into consideration qualitative and quantitative factors. Additional disclosure of these services and the potential conflicts of interest can be found in Item 10.

Employee Investments in Real Estate. RRA employees may make personal investments in real estate, which may include equity investments and investments in blind pool private equity real estate funds. There are also situations where employees' investments or legacy investments are invested in blind pool funds or sponsors that are borrowers (or affiliated with borrowers) to the Partnerships. This situation creates a potential conflict of interest because RRA would be incentivized to provide better loan terms or modifications to such sponsors, which may indirectly benefit the employees' investments at the expense of the Partnerships. As disclosed in Item 11 below, RRA has implemented Code of Ethics procedures that, among other things, require employees to report and pre-clear certain transactions. In addition, Fund Offering Documents require LP Advisory Board (comprised of representatives of certain of the underlying Investors in a Partnership) notification and consent for certain related party transactions.

In addition to the Code of Ethics, RRA has adopted other policies and procedures to address potential conflicts (collectively, the "Conflicts Procedures"). These Conflicts Procedures, which may be modified from time to time at RRA's sole discretion, may require, as mentioned above, prior review or approval of certain transactions by the Chief Compliance Officer or consent from the LP Advisory Board. Additional procedures for addressing conflicts may be contained in Offering Documents.

Other conflicts of interest may exist. Please review the conflicts of interest section of the respective Partnership's Offering Documents for more information and discussion regarding how RRA mitigates such risks.

Item 9. Disciplinary Information

This item is not applicable to RRA.

Item 10. Other Financial Industry Activities and Affiliations

As previously disclosed, RRA is affiliated with other companies that serve as General Partners to the Partnerships.

In providing investment advisory services to its clients, RRA utilizes the expertise of its affiliated Loan Servicer and Loan Originator as a means of managing the quality of execution and delivery of ongoing asset management services, all in an effort to enhance its clients' return on investment. However, RRA's use of affiliated service providers creates a conflict of interest with clients. Although any fees incurred and paid to such affiliate are intended to be in the range of current market rates, there may be an incentive for RRA to employ such affiliates rather than third parties and utilize strategies that generate or increase fees to such affiliates.

RRA seeks to minimize these inherent or potential conflicts of interest by negotiating fee arrangements with affiliates at what it believes to be current market rates and by periodically analyzing the market for the services provided by its affiliates to maintain market rates for these services. As disclosed above, RRA typically collects an incentive fee based on clients' performance. As such, RRA believes its interests are aligned with the clients' interests as a whole and RRA is incentivized to maximize proceeds overall.

RRA is affiliated with RRA Property Services, LLC ("RRA Property Services"), which holds a real estate broker license in Arizona through one of RRA's principals. However, RRA Property Services is inactive in the business of real estate brokerage and has not processed any transactions to date. RRA Property Services does not provide real estate brokerage services to the Funds.

RRA is also affiliated with RRA Consulting, LLC ("RRA Consulting") which provides real estate consulting services including asset management services for non-advisory clients. RRA Consulting works with owners, lenders, and investors on their performing and non-performing commercial real estate assets. RRA Consulting does not provide services to the Partnerships or the portfolio loans therein.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

RRA has adopted a Code of Ethics (the "Code") that applies to RRA's employees and officers. The Code, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (the "Advisers Act"), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Under the Code, RRA's personnel are required to comply with applicable federal securities laws and to file certain periodic reports with RRA's Chief Compliance Officer. RRA's personnel are also required to promptly report any violation of the Code of which they become aware. A copy of RRA's Code is available to any investor or prospective investor upon request.

RRA, along with its related entities and their respective personnel and officers, engage in a broad range of activities, including investment activities for their own account and for the accounts of other clients. In the ordinary course of conducting its activities, the interests of a Partnership may conflict with the interests of RRA, other Partnerships or their respective affiliates. Certain of these conflicts of interests, as well as a description of how RRA addresses these conflicts of interest, are discussed below.

On occasion, related parties or employees may co-invest in one or more lending opportunity (including syndicating portions of loans) offered by the Partnerships. RRA may also maintain or manage separate co-investment vehicles and accounts in connection to such co-investment or syndication opportunities. Co-investments and syndications typically occur in situations where the opportunity would otherwise unreasonably limit the diversification of the Partnership, in situations where loan to value is deemed too high for the risk parameters described in the Offering Documents, or when a co-investor may bring specific expertise to

the business plan. RRA maintains co-investment policies and procedures that assist with monitoring for conflicts associated with co-investments and syndications and adhering to the Partnerships' Offering Documents, including obtaining Investor consent (as necessary) when related parties are involved.

The payment of other fee income for co-investment participation interests creates a conflict of interest because the amounts of any other fee income (such as origination or servicing fees) may be substantial, and the Partnerships (and its investors) generally do not have a direct interest in these fees. The Adviser determines the amount of these fees for the services provided, subject to negotiated agreements with the co-invest lender. To mitigate this conflict of interest, such fee rates are typically allocated on a *pro rata* and *pari passu* basis in accordance with the respective participation interests of the Partnership and participating co-investor. RRA may at its discretion allocate a portion of such fees to the Partnerships.

Item 12. Brokerage Practices

RRA is the investment manager to various private Partnerships and generally has complete discretion and authority to manage and direct the investment of capital for the Partnerships for which it or an affiliate serves as the general partner. Investments by the Partnerships in underlying funds or direct investments in loans do not involve a broker-dealer. RRA does not receive products or research services in return for payment of commissions to brokers or dealers ("soft dollars").

However, RRA engages other financing counterparties to complete transactions on behalf of the Partnerships. When executing a transaction in any investment for a Partnership, RRA must take reasonable steps to ensure that the counterparty is reliable and that the terms and circumstances of the transaction are the best available on the relevant market at the time of execution for transactions of the same size and nature. In determining to retain such parties, RRA may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although RRA generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Partnerships may not necessarily pay the lowest commission or fee for such services.

Item 13. Review of Accounts

The Partnerships under RRA's management are monitored by RRA's investment professionals, including RRA's investment committee. Partnership Investors receive account statements directly from the Partnership's administrator, typically on a quarterly basis. RRA may supplement these account statements with reports provided during meetings with investors or as requested. Investors in the Partnerships are also generally provided with written annual audited year-end financial statements within 120 days after the end of the applicable Partnership's fiscal year.

Item 14. Client Referrals and Other Compensation

RRA has entered into an arrangement with a third-party broker-dealer to compensate such broker-dealer for referring investors to a Partnership and may enter into similar arrangements in the future. Any such referral arrangement will be fully disclosed to referred investors. To the extent a Partnership does engage such a placement agent and has incurred placement fees with respect to any investor, the management fee payable by the Partnership with respect to

that investor will be reduced on a dollar-for-dollar basis, but not below zero.

Item 15. Custody

For purposes of the Advisers Act, RRA is deemed to have custody of funds and securities held by the Partnerships for which a related person of RRA serves as General Partner. Each such Partnership is generally audited at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and each such Partnership generally distributes its audited financial statements on an annual basis to all investors typically no later than 120 days after the end of the applicable Partnership's fiscal year end.

Item 16. Investment Discretion

Subject to the investment guidelines set forth in the Offering Documents of the applicable Partnership, RRA has discretion to determine the type and amount of investments in each Partnership. As previously disclosed, the Sourcing and Servicing Clients are non-discretionary, non-advisory clients.

Item 17. Voting Client Securities

RRA has adopted proxy voting policies and procedures that are designed to ensure that RRA votes proxies with respect to securities in the best interests of the Partnerships. The proxy voting policies and procedures also require that RRA identify and address conflicts of interest between RRA and the Partnerships that arise during the proxy voting process. If a material conflict of interest exists, RRA will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the Partnership or whether RRA should take some other appropriate action. Investors in the Partnerships are not able to direct how RRA votes proxies.

It should be noted that RRA is an investment adviser to Partnerships that primarily invest in bridge loans, and as such the portfolios over which it has investment discretion generally do not hold exchange-traded securities that regularly solicit votes, consents, or proxies. In the case that RRA is required to make a vote or grant an approval relating to an investment, RRA's investment committee and Chief Compliance Officer will review the proxy for potential conflicts of interest and typically vote in a manner that RRA believes to maximize investor returns. A copy of RRA's proxy voting policies and procedures is available upon request, as is information about how RRA voted.

Item 18. Financial Information

This item is not applicable to RRA.