# Raith Real Estate Fund II

December 12, 2018

# Disclosures

### Certain Important Disclosures

The material contained in this Presentation is intended to facilitate your discussions with Raith Capital Partners, LLC ("Raith") and is for informational purposes only. It is not an offer, solicitation or recommendation to purchase or sell any securities or partnership interests of any fund managed by Raith. Any such fund, like Raith Real Estate Fund II ("RREF II" or the "Fund"), is offered or sold pursuant to a private placement memorandum and the related documents (such as an agreement of limited partnership) that set forth detailed information regarding such fund, including investment risks and conflicts of interest. This Presentation does not present a full or balanced description of any investment and should not be used as the exclusive basis for an investment decision.

IRR as used in this Presentation represents the internal rate of return. The projected MOIC as used in the presentation represents the multiple on invested capital obtained by dividing the sum of all distributions made out of each asset and, for unrealized assets, any future distributions contemplated by Raith's business plans by the total equity contributed to that asset over Raith's assumed hold period ((distributions + unrealized value)/contributions). There is no guarantee that either estimate of the value of an investment represents what would be received upon a sale and the ultimate return of the unrealized investments might be less than stated above. Gross IRR and Gross MOIC are calculated before deduction for management fees, carried interest, and fund expenses, all of which may be meaningful and reduce the ultimate return to the investor. Net IRR and Net MOIC are calculated after deducting for management fees, carried interest, and fund expenses. The $227 million of equity contributed represents $208 million of committed plus $19 million of reinvested capital.

In preparing its business plans for the assets in Raith Real Estate Fund I ("Fund I"), Raith takes into consideration, among other factors, in-place cash flow generated by contractual leases and contracts as well as in-place and go-forward expense rates, making allowances for current and expected occupancy rates and other exogenous factors such as the likelihood of real estate tax reassessments. Current physical condition with respect to both deferred maintenance and value-enhancing improvements is evaluated to determine marketability as well as the effect on profitability at sale. In-place financing as well as the implications for and refinance prospects of a next-buyer are also considered. If an asset is owned unlevered, Raith may assume that leverage is employed at a future date at market terms and levels, as determined by available market data as well as conversations with originators with which Raith is familiar. Finally, in determining future market conditions, Raith takes into account historical operations and also performs a detailed analysis of the property's submarket and direct competitive set. Analyses aim to support assumptions regarding, but not limited to, leasing velocity, rental rates, concessions, operating expenses, growth rates (both of rental rates and expenses), leasing costs, capital costs, potential capital structures, capitalization rates, sales proceeds, and timing of dispositions and the associated transaction costs. Economic and/or market-level outlooks are subject to change after the valuation date and any change could significantly impact the value of any particular investment. Accordingly, an investment might ultimately be sold for less than its unrealized valuation.

### General Risks

Potential investors are urged to consult a professional adviser regarding any economic, tax, legal or other consequences of entering into any transactions or investments described herein. Alternative investment strategies, such as private equity and real estate, inherently involve risk and may not be suitable for all investors. Investments in private investment funds are speculative and involve special risks, and there can be no assurance that RREF II's investment objectives will be realized or that suitable investments may be identified. An investor could lose all or a substantial portion of its investment. Private funds are generally not subject to the same regulatory oversight or regulatory requirements as a mutual fund. Investments may involve complex tax structures resulting in delays in distributing important tax information. Private funds may not be required to provide periodic pricing or valuation information to investors. Performance could be volatile as Raith may employ leverage, and adherence to risk control mechanisms does not guarantee investment returns.

### Forward-looking Statements

This presentation contains certain statements, beliefs, estimates and projections that are "forward-looking statements." All statements other than historical facts are forward-looking statements and include statements and assumptions relating to economic performance and projections about current and future economic trends, returns, and conditions. These statements can generally be identified by the use of forward-looking terminology, including "may," "believe," "will" "projected," "expected," "estimate," or other similar words. Raith does not make any representation or warranties (express or implied) about the accuracy of such forward-looking statements or future performance. Readers are cautioned that actual results of an investment in a fund could differ materially from forward-looking statements or the prior or projected results of the fund. Readers are cautioned not to place undue reliance on forward-looking statements.

### Target or Projected Returns

The target return has been established as of the date of this presentation based on existing market conditions and available investment opportunities. There can be no assurance that the Fund will achieve its investment objective, the target return or any other objectives. Please see the Fund's offering documents for a list of the attendant risk factors.

### Investment Focus and Allocation

The investment focus and/or allocation of RREF II are not meant to project or promise any specific investment allocation or economic result, and there is no guarantee either the specific allocation or the performance will be attained. In particular, the pipeline of potential investments has been established as of the date of this presentation based on existing market conditions and available opportunities. Market conditions and available investment opportunities may change significantly over time. Finally, any opportunity is subject to additional due diligence and investment committee approval.

### Additional Information on Performance Calculations

Past performance does not guarantee future results. No representation or warranty, express or implied, is made regarding future performance. Most performance calculations rely to a significant extent on the value of the fund's unrealized investments. Investment or economic developments after a valuation date could significantly change the value for any particular investment. Accordingly, an investment might ultimately be sold for less than its unrealized valuation.

# Executive Summary

**FUND OVERVIEW**

- Raith Capital Partners LLC ("Raith") has formed Raith Real Estate Fund II (the "Fund"), a $400 million fund to invest primarily in deep value, special situations commercial real estate opportunities
- The Fund is a continuation of the investment activities of Raith Real Estate Fund I ("Fund I"), focused on control investments in fundamentally sound real estate experiencing some form of dislocation allowing Raith to establish a basis below intrinsic value
- The Fund has closed on $117 million of commitments led by four re-upping Fund I investors including three state pension plans, one Taft-Hartley plan, and one new investor

**PLATFORM / EXPERIENCE**

- Raith was founded by Bill Landis, Nelson Hioe and Michael Suchy (the "Principals") in 2012
- The Principals have worked together since 2009 and have overseen the investment of more than $1.7 billion of equity. Bill, Nelson, and Michael worked together at Rialto Capital Management, serving as CIO, Managing Director, and Director respectively
- Team of 18 professionals, led by six (6) person executive team with an average of 26 years of experience
- Vertically integrated platform / in-house asset management provides for greater control and operating efficiency, avoids operating partner promote
- Extensive underwriting database from debt and equity platforms allows for unique sourcing opportunities and efficient deal screening

**PROVEN TRACK RECORD**

- Since inception, Raith has managed over $850 million of equity, including Fund I, which closed with $208 million of capital commitments in August 2015
- Fund I is projected to deliver a 21.5% gross IRR and a 1.59x MOIC, and a 14.5% net IRR and a 1.43x MOIC (1)
- Fund I dispositions to-date have generated a gross IRR and MOIC of 40.4% and 1.83x MOIC, respectively
- Over 80% of LPs' original commitments have been returned, and Fund I is not expected to experience any losses or write-downs(2)

**STRATEGY**

- Pursue off-market transactions that involve at least one of the following: (i) broken capital structures, (ii) dislocated or non-core assets, or (iii) stressed sponsors
- Focused on optimizing risk-adjusted returns through rigorous focus on establishing intrinsic value, assessing relative value, and creating operating value from each investment
- Seek to achieve double digit cash on cash returns; select larger transactions may create co-investment opportunities for investors
- Leverage in-house asset management for value creation and control

(1) Projected performance calculations above rely to a significant extent on the expected values of Fund I's unrealized investments, which are based on the estimated cash flows contained in Raith's asset-level business plan. In preparing the business plan, Raith takes into consideration a myriad of factors including, but not limited to, the current state of each asset, the existence or future possibility of financing, as well as market and economic conditions. There can be no guarantee that Raith's underlying assumptions will be correct and therefore that Fund I will achieve its projected returns. See the disclosure page for additional information on how Raith constructs its business plan. (2) As of Q2 2018, Fund I is generating a 26.4% gross IRR and a 1.43x MOIC and a 17.1% net IRR and a 1.31x MOIC. Referred to in this Presentation as "Subsequent Realizations", Avana Point, which represents 5% of invested capital, was realized in July 2018. Additionally, several non-core assets in the Distressed REIT Portfolio were realized. The returns on Realizations and Subsequent Realizations are presented on a gross basis, which does not include fees and expenses to the investor. The Realizations and Subsequent Realizations represent approximately 34% of deal-level capital invested, which in addition to realized value, is net of allocated subscription line borrowings and repayments, which are treated as bridge financings, as well as the associated allocated interest expense on those borrowings. Past performance is not indicative of future results.

# Raith Capital Partners – Experienced Leadership

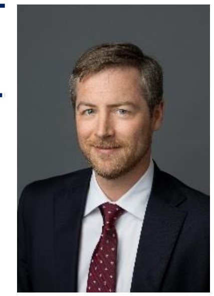
- Team is led by three Principals – Bill Landis, Nelson Hioe, and Michael Suchy, who have collectively overseen the investment of more than $1.7 billion of equity across multiple asset classes

### Bill Landis
*Co-Founder, Managing Partner*

- CIO of Rialto Capital Management (2008-2012)
- Managing Director and member of the Group Executive Committee in the CRE Group at Deutsche Bank

### Nelson Hioe
*Co-Founder, Managing Partner*

- Managing Director of Rialto Capital (2009-2012)
- Associate at Blackstone Group



### Michael Suchy
*Managing Director*

- Director of Rialto Capital Management (2010-2012)
- VP of Deutsche Bank Commercial Real Estate Group

1990-2000's // 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

| | | | | | |
|---|---|---|---|---|---|
| **BILL LANDIS** *(CO-FOUNDER, MANAGING PARTNER)* | BankersTrust | Deutsche Bank | Rialto Capital Management | Raith Capital Partners | |
| **NELSON HIOE** *(CO-FOUNDER, MANAGING PARTNER)* | The Community Builders; Capgemini | Harvard Business School | Blackstone | Rialto Capital Management | Raith Capital Partners |
| **MICHAEL SUCHY** *(MANAGING DIRECTOR)* | J.P.Morgan; Bank One | Deutsche Bank | Rialto Capital Management | Raith Capital Partners | |
| **JAMES EGAN** *(MANAGING DIRECTOR)* | BankersTrust | Deutsche Bank | Emerald Realty Advisors | Rialto Capital Management | Raith Capital Partners |
| **TERRI LIFTIN** *(CCO)* | Clifford Chance | K&L Gates | WestLB | Siguler Guff | Raith Capital Partners |
| **RICHARD GUNTHEL** *(CONTROLLER)* | JER | Merritt Healthcare Solutions | Baywater Properties | Raith Capital Partners | |

# Raith Capital Partners – Deep Organization

- Firm is 100% independently owned by Raith employees
- Team of 18 professionals, led by six (6) person executive team with an average of 26 years of experience

**Bill Landis***
Co-Founder, Managing Partner
(30+ years experience)

**Nelson Hioe***
Co-Founder, Managing Partner
(18 years experience)

| ACQUISITIONS | ASSET MANAGEMENT | | FINANCE / ACCOUNTING | LEGAL / COMPLIANCE |
|---|---|---|---|---|
| **Michael Suchy***<br>Managing Director<br>(17 years experience) | **James Egan***<br>Managing Director<br>(30+ years experience) | | **Richard Gunthel***<br>Managing Director<br>(26 years experience) | **Terri Liftin***[1]<br>Chief Compliance Officer<br>(17 years experience) |
| **Andrew Niple**<br>Vice President<br>(10 years experience) | **Alex Castro**<br>Vice President<br>(14 years experience) | **Gala Lianna**<br>Vice President<br>(18 years experience) | **Gus Coutis**<br>Assistant Controller<br>(5 years experience) | **Michele Gross**<br>Chief Administrative Officer<br>(13 years experience) |
| **TBD**<br>Associate | **Francisco Carreno**<br>Vice President<br>(12 years experience) | **Greg Sposito**[1][2]<br>Asset Manager<br>(30+ years experience) | **TBD**<br>Accounting Manager | **Engy Gadelmawla**<br>Analyst<br>(1 year experience) |
| **Luis Baca**<br>Analyst<br>(2 years experience) | **Blaine Taylor**<br>Analyst<br>(1 year experience) | | **Robert Rothenberg**[1]<br>Accounting<br>(30+ years experience) | |
| **Jacqueline Simeone**[3]<br>Analyst | | | | |

* Indicates Executive Team

(1) Currently employed on a consulting basis
(2) Currently employed via Raith Real Estate Services
(3) Beginning employment January 2019

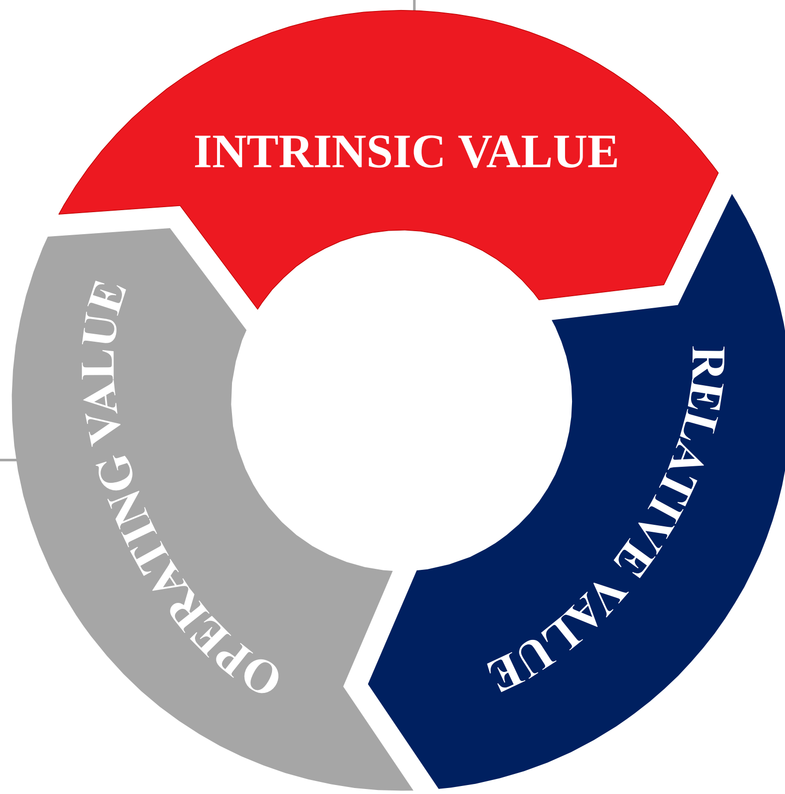


RAITH CAPITAL PARTNERS

# Raith Approach – Deep Value Investors

- Raith seeks to acquire assets at a discount to intrinsic value – capitalizing on the firm’s unique sourcing and operating expertise

- Cash flow generation
- Cycle-adjusted cap rate
- Long-term demographic trends

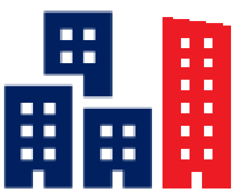



- Strategic capital deployment
- Accretive leasing programs
- Loan workout strategies

- Capital structure entry point
- Asset class risk profile
- Equity vs. debt returns

# Sourcing Strategies

- Raith is viewed and acts as a solution provider and partner, which results in continued inflow of proprietary opportunities
- Leveraging decades of collective experience, Raith maintains a significant network of relationships including special servicers, financial institutions, insurance companies, and sponsors
- **Over 95% of Fund I capital was invested in non-marketed transactions**

| Deal Narrative | | Typical Relationship | Fund I Deals | Transaction Characteristics |
|---|---|---|---|---|
|   | **BROKEN CAPITAL STRUCTURES** | Banks<br>Special Servicers<br>Non-bank lenders | - Magnolia Ridge Apartments<br>- Food Emporium<br>- La Quinta, I, II, III | - Zombie assets due to excessive leverage<br>- Need to dispose of assets quickly / efficiently<br>- Motivated sellers seeking to avoid punitive capital charges |
|  | **DISLOCATED ASSETS** | Public REITs<br>Private funds | - Park Place<br>- Chapel Hill<br>- 246 Industrial Way | - Non-core and 'fallen angel' assets<br>- Sponsor's desire to avoid headline risks and/or public market signaling<br>- 'Cleanup' transactions |
|  | **STRESSED SPONSORS** | Non-institutional owners<br>Family sponsors | - Distressed REIT Portfolio<br>- Midwest Industrial Portfolio | - Funds with expiring term<br>- Desire to avoid litigation or loan default<br>- Address generational / tax considerations |

# Fund II – Investment Themes

| | |
|---|---|
| **MISPRICING DUE TO ASSET-SPECIFIC DISLOCATIONS** | Driven by capital markets volatility, forced liquidation of assets by sponsors/non-bank lenders, and asset/liability mismatches |
| **ASSET MANAGEMENT-DRIVEN VALUE CREATION** | Seek out opportunities to add value post-acquisition:<br>– Operational turnarounds from distressed sponsorship and/or broken capital structure<br>– Value-creation programs focused on strategic lease-up opportunities and deferred capex<br>– Changing the perception of an asset's profile from core-plus to value-add with incremental renovations |
| **CASH ON CASH YIELD** | Focus on granular, sustainable cash flows that enable attractive, low-cost financing and generate meaningful cash on cash returns (10%+) |
| **LIMITED NEW SUPPLY** | Concentrate investments in markets and submarkets that have experienced limited new supply as a percentage of total stock and where price basis is at a significant discount to replacement cost |
| **STRONG DEMOGRAPHICS AND FUNDAMENTALS** | Emphasize asset classes and markets with substantial secular demand generators (income/population growth, business environment, transportation advantages) |

# Fund II – Seed Investment #1 (2100 International Parkway)

## ASSET DESCRIPTION

| | |
|---|---|
| Acquisition Date: | February 2018 |
| Deal Sourcing/ Narrative: | Private Owner/Operator Dislocated Asset |
| Property Type: | Industrial |
| Property Size: | 274,464 sf |
| Location: | Ohio |
| Cost Basis: | $14.1 million |
| NOI: | $1.5 million |
| Occupancy: | 100% leased through 6/2022 |


## ASSET DESCRIPTION

- Raith acquired the leasehold interest in a 274,464 sf industrial property located outside the Canton-Akron Regional Airport
- Property is 100% leased to an automotive parts manufacturer on a net lease through June 2022
- Property was purpose-built for Tenant in three phases from 2000 – 2006 and has been 100% occupied by Tenant ever since
- Located adjacent to another property owned by Raith and in a market in which Raith owns an existing portfolio of c. 2 million sf

## TRANSACTION HIGHLIGHTS

- Off-market transaction through operator of recently acquired asset who brought it exclusively to Raith. No broker or third-party represented Raith in the transaction
- Raith's purchase price of $14,000,000 ($51 psf) equates to a 10.6% going-in unlevered yield
- During diligence, Raith was able to negotiate a more favorable ground rent reset structure, capping annual increases at less than 2.0%



RAITH CAPITAL PARTNERS

# RREF II Seed Investment #2 (National Hotel Portfolio*)

| | |
|---|---|
| Assets: | Six (6) branded hotels |
| Locations: | CO, WA, MI, OH, TX |
| Total Keys: | 1,314 |
| Purchase Price: | $144.5 million |
| Unlevered IRR / MOIC: | 11.8% / 1.68x |
| Levered IRR / MOIC: | 19.0% / 2.07x |
| Anticipated Closing: | Q4 2018 |



***Investment Highlights:***

- Raith is under contract to acquire a portfolio of six upscale all-suite branded hotels, primarily located in high-growth MSAs (Denver, Seattle)
- The hotels are branded by **a premier flag that offers a highly differentiated, all-suite product that has consistently out-performed its peer group across cycles**. The assets have received more than $50 million of capital improvements since 2015
- Seller is a credit hedge fund that is looking to exit their private real estate business. Raith's partnership with existing management allows Raith to leverage their unique knowledge and understanding of the assets
- Purchase price represents a **50%+ discount to replacement cost**. Projected **14.6% average cash-on-cash yield during the hold period**
- UW assumes **RevPar growth CAGR of less than 2%**[1]. Raith has identified **$2.1 million of expense reductions and operating synergies** (equal to 49% of total NOI growth) that will bring the assets in line with typical brand performance

*Projected to close Q4 2018.

(1) Excludes ES North Lynnwood, which recently completed renovations in May 2018. The IRR and MOIC figures above are based on Raith's underwriting for this investment as of the date hereof. Market conditions and Raith's assumptions may change significantly and there is no assurance that this investment will achieve its underwritten return. These figures are presented on a gross basis, which does not take into account fees, expenses and carried interest all of which would lower the return of the investor.

# Fund I Projected Performance

- Invested in 17 transactions, representing over $225 million of total equity invested. Six realized transactions have generated a gross IRR of 40.4% and a 1.83x MOIC. Fund I is projected to deliver a 21.5% gross IRR and a 1.59x MOIC, and a 14.5% net IRR and a 1.43x MOIC

*($ in millions)*

| Investment Name | Property Type | Asset Location | Date of Investment | Capital Invested through 6/30/18 | Realized Value through 6/30/18 | Unrealized Value at 6/30/18 | [1] 2Q2018 Cost Basis | Sale Proceeds/ 2Q18 FMV | Gross IRR | Gross MOIC |
|---|---|---|---|---|---|---|---|---|---|---|
| **REALIZED** | | | | | | | | | **Actuals** | |
| Food Emporium | Retail | New York, NY | Oct-14 | $5.2 | $8.4 | $0.0 | $22.5 | $23.0 | 126.6% | 1.6x |
| Magnolia Ridge Apartments | Multifamily | Metairie, LA | Jul-14 | $7.8 | $16.2 | $0.0 | $9.4 | $16.4 | 32.6% | 2.1x |
| Charbonneau Apartments | Multifamily | Columbia, SC | Nov-14 | $6.8 | $9.0 | $0.0 | $7.2 | $9.2 | 14.7% | 1.3x |
| Park Place Apartments | Multifamily | Plymouth, MN | Jun-16 | $16.5 | $32.1 | $0.0 | $78.3 | $92.3 | 68.1% | 1.9x |
| Chapel Hill [2] | Multifamily | Lewisville, TX | Jun-16 | $30.7 | $59.4 | $0.0 | $125.3 | $146.6 | 39.4% | 1.9x |
| Avana Point | Multifamily | Fort Worth, TX | Jun-16 | $12.0 | $19.6 | $0.0 | $40.6 | $46.3 | 27.2% | 1.6x |
| **Total Realized** | | | | **$78.9** | **$144.8** | **$0.0** | **$283.2** | **$333.8** | **40.4%** | **1.83x** |
| **UNREALIZED** | | | | | | | | | **Projected through Sale** | |
| Windsor Corporate Park | Office | East Windsor, NJ | Feb-14 | $12.9 | $1.5 | $9.9 | $18.7 | $20.4 | 0.7% | 1.0x |
| Seminole Trails | Student Housing | Tallahassee, FL | Apr-15 | $12.4 | $7.5 | $7.1 | $12.8 | $14.0 | 9.5% | 1.2x |
| La Quinta I, II, III | Retail | La Quinta, CA | Jun-15/Aug-16 | $12.8 | $11.5 | $8.1 | $11.9 | $16.9 | 32.7% | 1.5x |
| 246 Industrial Way | Industrial | Eatontown, NJ | Sep-15 | $13.2 | $11.4 | $6.7 | $12.9 | $16.3 | 18.7% | 1.4x |
| Arden Square | Retail | Sacramento, CA | Oct-15 | $14.0 | $10.0 | $7.2 | $14.2 | $15.7 | 13.5% | 1.3x |
| Decoverly III | Medical Office | Rockville, MD | Nov-15 | $6.7 | $0.9 | $6.2 | $14.0 | $14.1 | 8.1% | 1.3x |
| Avera Commerce Center | Industrial | Stafford, TX | Apr-16 | $6.1 | $0.0 | $8.2 | $14.9 | $15.9 | 12.8% | 1.5x |
| Avana Sterling Ridge | Multifamily | The Woodlands, TX | Jun-16 | $9.2 | $1.5 | $10.2 | $44.2 | $44.8 | 11.2% | 1.6x |
| Lake Point Business Center | Industrial | Orlando, FL | Apr-17 | $4.8 | $0.5 | $6.3 | $13.3 | $14.3 | 18.8% | 1.3x |
| Midwest Ind. Portfolio | Industrial | Ohio | May-17 | $19.9 | $0.9 | $25.3 | $57.2 | $59.8 | 17.7% | 2.1x |
| Distressed REIT Portfolio | Industrial/Office | Various | Sep-17/Dec-17 | $42.4 | $9.0 | $42.5 | $41.4 | $51.6 | 15.4% | 1.4x |
| **Total Unrealized** | | | | **$154.2** | **$54.8** | **$137.8** | **$255.6** | **$283.8** | **14.1%** | **1.47x** |
| **Total** | | | | **$233.1** | **$199.6** | **$137.8** | **$538.8** | **$617.6** | **21.5%** | **1.59x** |
| | | | | | | | | **TOTAL FUND I PROJECTED NET RETURNS** | **14.5%** | **1.43x** |

(1) Cost basis for realized investments is presented at the time of sale (2) Represents the Fund I owned share of the asset (88.87%). The projected performance calculations presented above rely to a significant extent on the expected values of Fund I's unrealized investments, which are based on the estimated cash flows contained in Raith's asset-level business plan. In preparing the business plan, Raith takes into consideration a myriad of factors including, but not limited to, the current state of each asset, the existence or future possibility of financing, as well as market and economic conditions. There can be no guarantee that Raith's underlying assumptions will be correct and therefore that Fund I will achieve its projected returns. Please see the disclosure page for additional information on how Raith constructs its business plan and the actual FMV for each asset listed in the appendix. As of June 30, 2018, Fund I is generating a 26.4% gross IRR and a 1.43x MOIC and a 17.1% net IRR and a 1.31x MOIC. Referred to in this Presentation as "Subsequent Realizations", Avana Point, which represents 5% of invested capital, was realized in July 2018. Additionally, several non-core assets in the Distressed REIT Portfolio were realized. Realizations and Subsequent Realizations represent approximately 34% of invested capital. The returns on the realizations and subsequent realizations are presented on a gross basis, which does not include fees and expenses to the investor. Past performance is not indicative of future results.

# Summary of Fund II Terms

| | |
|---|---|
| **GENERAL PARTNER** | Raith Capital Investors II, LLC ("General Partner") |
| **TARGETED RETURNS** | 16%-18% gross, 12%-14% net |
| **SIZE OF FUND** | $400 million |
| **GP COMMITMENT** | Greater of $2 million or 1% of aggregate commitments |
| **FUND TERM** | Eight (8) years from Final Closing plus two 1-year extensions (subject to advisory committee approval) |
| **INVESTMENT PERIOD** | Three (3) years from Final Closing |
| **TARGETED INVESTMENTS** | US CRE with a focus on deep value, special situations commercial real estate opportunities |
| **MANAGEMENT FEES** | During Investment Period: 1.5% on Committed Capital. After Investment Period: 1.5% on Actively Invested Capital |
| **DISTRIBUTION WATERFALL** | 20% Carried Interest* after 9% Preferred Return and Return of Capital |

*See "Track Record and Summary of Fund II Terms Disclosures" for exact waterfall. The target return has been established as of the date of this presentation based on existing market conditions and available investment opportunities. Market conditions and available investment opportunities may change significantly during the term of the fund. There can be no assurance that the fund will achieve its investment objective, the target return or any other objectives. The return achieved may be more or less than the target return. The fund's ability to achieve the target return is subject to risk factors over which the fund and the manager may have no or limited control. Accordingly, investors should carefully review the risk factors set forth in the private placement memorandum prior to committing to invest in the fund. The target return does not take into effect taxes that may be payable by or in respect of any entity related to the fund or any investor. See footnotes to investment performance on the disclosures page.

# Track Record and Summary of Fund II Terms Disclosures

**Raith's Track Record**

(1) Raith exited its Raith-Green Investors, LLC B-piece investment on November 8, 2013.
(2) Raith exited its Raith-SG Fund I, LP B-Piece investment on April 21, 2015.
(3) Raith exited its RBP Investors I, LLC NPL investment on April 14, 2014.
(4) Represents Raith's separate account relationships with Ability Insurance Company and Elevage Limited.
(5) Represents Raith's separate account relationships with AllianceBernstein L.P., Raith CMBS Fund I, L.P., Raith CMBS Fund II, L.P., Equitrust, Partners Capital Phoenix II LTD, Raith GCM Fund I, LP
(6) Reflects results as of 06/30/18. Committed Capital is as of Final Closing. Realized Value includes proceeds distributed from use of a subscription line and sales/liquidations and financing of various assets. At 06/30/18 there was $0.00M outstanding on a subscription line of credit against unfunded Limited Partner commitments. Invested Capital, Realized Value, Unrealized Value, and Total Value for Raith Real Estate Fund I, LP includes capital called from investors to date but excludes borrowings under the subscription line of credit secured by commitments.
(7) Reflects results as of 06/30/18. Committed Capital is as of 06/30/18. Realized Value includes proceeds distributed from use of a subscription line and sales/liquidations and financing of various assets. At 06/30/18 there was $10.50M outstanding on a subscription line of credit against unfunded Limited Partner commitments. Invested Capital, Realized Value, Unrealized Value, and Total Value for Raith Real Estate Fund II, LP includes capital called from investors to date but excludes borrowings under the subscription line of credit secured by commitments.
(8) Realized Value is total cash flow received from inception to 06/30/18 unless otherwise noted.
(9) Unrealized Value represents Raith's estimate of the proceeds that would be realized if the investments were liquidated at their fair market values (does not include Realized Value). Unrealized Value reflect June 30, 2018 values unless otherwise noted. Actual amounts realized may vary significantly from Unrealized Values.
(10) Unrealized Returns are based on both Realized Value and Unrealized Value. Unrealized Returns do not contain projections of future performance.
(11) Credit CMBS denotes CMBS rated BB and higher.
(12) Gross returns are calculated before deduction for management fees, carried interest or similar fees, which may be substantial. Gross returns do not reflect the returns realized by investors. Net returns are calculated after deduction for such items.

Note: The investments summarized above represent all acquisitions made by Raith since inception. These investments have been made across multiple partnerships and accounts (discretionary and non-discretionary) in which Raith acted as either a joint venture partner with control over day to day operations or an investment manager, and include strategies such as acquiring non-performing loans, high yield CMBS and investment grade CMBS, and mezzanine loans. Such partnerships may include compensation structures, leverage ratios and other terms that are not comparable to the Fund. Accordingly, the investments shown above, other than Fund investments, may not be representative of the Fund's strategy or expected returns. Past performance is not indicative of future results and actual returns may vary substantially from those illustrated above.

**Summary of Fund II Terms**

RREF II Distribution Waterfall:

(a) Return of Capital to the extent no previous distributions have been made;
(b) 9% preferred return on Capital;
(c) 60% to Limited Partners and 40% to the General Partner until Limited Partners have received a 12% IRR;
(d) 50% to Limited Partners and 50% to the General Partner until the General Partner has received on a cumulative basis 20% of total distributions;
(e) 80% to Limited Partners and 20% to the General Partner