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Donovan Searles, LLC

Donovan Searles, LLC Announces Class Action On Behalf of Purchasers of RAIT Financial Trust (RAS) Preferred Shares And Other Securities.

Philadelphia, PA, August 22, 2007. The law firm of Donovan Searles, LLC, announces that a class action lawsuit has been filed on behalf of all purchasers of the publicly traded common stock (NYSE: RAS – News) and all purchasers of the publicly issued Series A, B and C Preferred Shares of RAIT Financial Trust (“RAIT”) beginning on or about June 8, 2006 and thereafter, inclusive (the "Class Period"). The suit names the Company and certain officers and directors as defendants and is filed in the United States District Court for the Eastern District of Pennsylvania. *Salkowitz v. Rait Financial Trust*, Civil Action No. 07-03406-LDD.

The Complaint alleges that defendants violated Sections 11 and 12 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934. As alleged in the Complaint, RAIT's public statements during the Class Period were materially false and misleading because (a) RAIT failed to disclose the nature, scope and exposure it had to the sub-prime mortgage market; (b) it set and maintained misleading and inadequate loss reserves for its Taberna investments; (c) reserve requirements it announced during the class period were materially insufficient; and (d) as a consequence of the material understatements, RAIT's earnings and assets were materially overstated at all relevant times.

On July 31, 2007, RAIT issued a press release announcing that "all issuers of RAIT's trust preferred securities, other than American Home Mortgage Investment Corp. ("AHM"), made their payments due on July 30, 2007. RAIT has net equity exposure to AHM of approximately \$95 million, or \$1.56 per share of book value, resulting from trust preferred financing provided to AHM in 2005." In response to this announcement, the price of RAIT common stock fell \$5.72 per share, or approximately 36%, to close at \$10.36 per share, on extremely heavy trading volume.

If you purchased RAIT securities during the Class Period, you may, no later than October 1, 2007, move to be appointed as a Lead Plaintiff. A Lead Plaintiff is a representative party that acts on behalf of other class members in directing the litigation. If you have sustained substantial losses in RAIT securities during the Class Period, please contact Michael D. Donovan of Donovan Searles, LLC, at 1-800-619-1677 or 215-732-6067; email: mdonovan@donovansearles.com.

Donovan Searles, LLC maintains a website at <http://www.donovansearles.com>

• **For Immediate Release, August 22, 2007**