
RE CDO MANAGEMENT LLC

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This Brochure provides information about the qualifications and business practices of RE CDO Management LLC. If you have any questions about the contents of this Brochure, please contact us at 617-570-4600. The information in this brochure has not been approved by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

RE CDO Management LLC is a registered investment adviser. Registration does not imply a certain level of skill or training.

Additional information about RE CDO Management LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2. MATERIAL CHANGES

None. This is the first brochure filed by RE CDO Management LLC.

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ITEM 4. ADVISORY BUSINESS

RE CDO Management LLC ("**RE CDO**") is an investment management firm solely providing advisory, administrative and monitoring functions for two portfolios of real estate loans and securities which include, without limitation, commercial mortgage loans, participations in commercial mortgage loans, commercial mortgage backed securities, residential mortgage backed securities, real estate CDO and other structured finance real estate related securities and synthetic securities (the "**Assets**") pursuant to the terms of (i) the Collateral Management Agreement (the "**Sorin III Collateral Management Agreement**") between Sorin Real Estate CDO III Ltd. (the "**Sorin III Issuer**") and RE CDO and (ii) the Collateral Management Agreement (the "**Sorin IV Collateral Management Agreement**" and, together with the Sorin III Collateral Management Agreement, the "**Collateral Management Agreements**") between Sorin Real Estate CDO IV Ltd. (the "**Sorin IV Issuer**" and, together with Sorin III Issuer, the "**Issuers**") and RE CDO (in such capacities, the "**Collateral Manager**"). Each Issuer is an exempted company with limited liability incorporated under the laws of the Cayman Islands for the purposes of, among other things, acquiring a portfolio of assets and issuing securities to its investors. Since the termination of the reinvestment periods specified in the Indenture, the Collateral Manager's ability to purchase new Assets on behalf of either Issuer is very limited, and therefore, the Collateral Manager's primary activities currently consist of maintaining and disposing of each Issuer's Assets. Each Issuer is closed to new investment.

RE CDO has been in business since June 2012. RE CDO is directly owned by WRT-CDO LLC, a Delaware limited liability company and Gotham Hotel Funding LLC, a Delaware limited liability company (collectively, the "**Members**"). Gotham Hotel Funding LLC is owned 97% by Gotham Hotel Holding LLC, a Delaware limited liability company. WRT CDO LLC is wholly-owned by WRT Realty LP, a Delaware limited partnership. WRT Realty LP is wholly-owned by Winthrop Realty Trust, an Ohio trust and a public company.

RE CDO and First Winthrop Corporation ("**FWC**") are related entities. RE CDO and FWC share employees and facilities.

The advisory services offered by RE CDO are tailored to the specific needs of each Issuer, as set forth (i) with respect to Sorin III Issuer, in the Sorin III Collateral Management Agreement, the Indenture (the "**Sorin III Indenture**"), dated as of April 6, 2006, among the Sorin III Issuer, Sorin Real Estate CDO III (Delaware) Corp. (the "**Sorin III Co-Issuer**" and, together with the Sorin III Issuer, the "**Sorin III Co-Issuers**"), LaSalle Bank National Association, as Trustee and Securities Intermediary and Sorin Capital Management, LLC, as Advancing Agent, and the Sorin III Co-Issuers' Offering Memorandum (the "**Sorin III Offering Memorandum**") dated April 5, 2006 and (ii) with respect to Sorin IV Issuer, in the Sorin IV Collateral Management Agreement, the Indenture (the "**Sorin IV Indenture**" and, together with the Sorin III Indenture, the "**Indentures**"), dated as of September 7, 2006, among the Sorin IV Issuer, Sorin Real Estate CDO IV Corp. (the "**Sorin IV Co-Issuer**" and, together with the Sorin IV Issuer, the "**Sorin IV Co-Issuers**"), Wells Fargo Bank, National Association, as Trustee and Securities Intermediary and Sorin Capital Management, LLC, as Advancing Agent and Override Servicer, and the Sorin IV Co-Issuers' Offering Memorandum (the "**Sorin IV Offering Memorandum**" and, together with the Sorin III Offering Memorandum, the "**Offering Memoranda**") dated September 1, 2006.

Each Issuer is subject to strict guidelines on the types of securities it may own. Since the termination of the reinvestment periods specified in the Indenture, the Collateral Manager's ability to purchase new Assets on behalf of either Issuer is very limited.

Substantially all investment advice offered by RE CDO is with respect to the Assets.

As of February 4, 2012, RE CDO had approximately \$1,204,400,000 under management pursuant to the Collateral Management Agreements.

RE CDO has full discretionary authority over (i) Sorin III Issuer's Assets to operate within the parameters of the Sorin III Collateral Management Agreement, the Indenture and each other operative document entered into by the Sorin III Issuer with respect to its Assets (collectively, the "**Sorin III Operative Documents**") and (ii) Sorin IV Issuer's Assets to operate within the parameters of the Sorin IV Collateral Management Agreement, the Indenture and each other operative document entered into by the Sorin IV Issuer with respect to its Assets (collectively, the "**Sorin IV Operative Documents**" and together with the Sorin III Operative Documents, the "**Operative Documents**").

ITEM 5. FEES AND COMPENSATION

The Sorin III Collateral Management Agreement calls for the management fees paid to RE CDO from the Sorin III Issuer to be based on a percentage of assets under management ("**AUM**") in the amount of 0.04% per annum and an additional 0.05% per annum which may be paid on a deferred basis.

The Sorin IV Collateral Management Agreement calls for the management fee paid to RE CDO from the Sorin IV Issuer to be based on a percentage of AUM in the amount of 0.10% per annum.

The Collateral Manager's fees are negotiable, but only in the sense that each Collateral Management Agreement can be amended or terminated upon the mutual consent of the Collateral Manager and the applicable Issuer. Each Issuer will incur brokerage and transaction costs. Each Issuer should see Item 12 in this brochure regarding brokerage expenses.

Conflicts may arise in the management of the Assets of the Issuers, as RE CDO may have an incentive to favor the portfolio for which the Collateral Manager is paid a higher percentage for AUM. RE CDO acknowledges it has a fiduciary duty to act in the best interest of each Issuer regardless of compensation. RE CDO's policies and procedures assist in mitigating any incentive to favor one Issuer over the other Issuer.

RE CDO does not deduct fees directly from either Issuer's account.

Other expenses the Sorin III Issuer may pay besides management fees include, but are not limited to, (i) any reasonable expenses incurred by it (including the fees and expenses of employing outside lawyers and consultants) in connection with the purchase and sale of Assets (including due diligence) and the possible restructuring of any Assets, (ii) the fees and expenses of employing outside lawyers or accountants in accordance with the Sorin III Collateral Management Agreement, (iii) reasonable travel expenses in connection with the Collateral

Manager's performance of its duties, and (iv) the cost of any fees related to the monitoring of the Assets.

Other expenses the Sorin IV Issuer may pay besides management fees include, but are not limited to, (i) any reasonable expenses incurred by it to employ outside lawyers or consultants in accordance with the Sorin IV Collateral Management Agreement and (ii) any reasonable expenses incurred by it (including any reasonable expenses incurred by it to employ outside lawyers or consultants) in connection with the performance of due diligence and (iii) brokerage commissions, transfer fees, registration costs, taxes and other similar costs and transaction-related expenses and fees arising out of transactions effected for the Sorin IV Issuer's account and the fees and expenses of the other service providers providing services to the Sorin IV Issuer.

Neither Issuer pays management fees in advance. Under the Sorin III Collateral Management Agreement, the management fees are billed monthly and paid monthly in arrears. Under the Sorin IV Collateral Management Agreement, the management fees are billed quarterly and paid quarterly in arrears.

Neither RE CDO nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Collateral Manager does not receive performance-based fees.

ITEM 7. TYPES OF CLIENTS

The Issuers are the only clients to whom RE CDO provides investment advice, and RE CDO currently does not anticipate taking any other clients.

RE CDO does not have a minimum client fund size requirement.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Since the end of the reinvestment periods under the Indentures, the Collateral Manager has not purchased new Assets on behalf of either Issuer. The Collateral Manager's activities in maintaining and selling the Assets largely are controlled by the provisions of the Operative Documents. Thus, the Collateral Manager's primary strategy does not involve frequent trading of securities. Each Issuer's portfolio consists, as required by the Operative Documents, of the Assets.

The investment strategies of RE CDO pose the following material risks to each Issuer:

- **Limited Flexibility:** Due to the restrictions imposed on the Collateral Manager by the Operative Documents, the Collateral Manager may not be able to manage the assets in the manner that the Collateral Manager believes would be most beneficial to each Issuer.

- **Limited Liquidity:** There is limited ability to sell the Assets as secondary markets often do not exist and the ability to transfer ownership to another entity is restricted. This risk may be heightened in times of economic downturn or in response to a specific economic event. In addition, loans to middle market companies or special purpose vehicles may trade less frequently than loans to larger companies and, in some instances, have no, or only a limited, trading market.
- **High Leverage:** Each Issuer is highly leveraged and this may result in situations where the interest expense due is greater than interest income collected.
- **Concentration:** The Assets are concentrated in the real estate sector and therefore a downturn in the real estate sector could have a disproportionate negative impact on the Assets.
- **Credit:** A borrower with respect to an Asset may not make required principal or interest payment under its borrowing terms.
- **Nonrecourse:** Commercial mortgage loans generally are nonrecourse loans and in the event of a default generally there will be recourse only against the specific properties and other assets that have been pledged to secure such mortgage loans. Even if a commercial mortgage loan provides for recourse to a borrower or its affiliates, neither Issuer is likely ultimately to recover any amounts not covered by the commercial property. Therefore, the ability of a borrower to repay a loan secured by an income producing property typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower.
- **Interest Rate and Prepayment:** Companies are likely to prepay their outstanding loans during periods of declining interest rates, and since the termination of the reinvestment period, the Collateral Manager's ability to reinvest prepayment proceeds in additional Assets is very limited.
- **Non-Investment Grade Investments:** Non-investment grade loans will have greater credit and liquidity risk than investment grade obligations and are more likely to be impaired during periods of economic downturn.

Each Issuer (and investors who purchased its securities) should be prepared to bear the risk of loss of principal as a result of investment in the Assets.

Additional risk factors are set out in detail in each of the Offering Memoranda, which were distributed to investors in the respective Issuers.

ITEM 9. DISCIPLINARY INFORMATION

RE CDO has no disciplinary information to report.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither RE CDO nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither RE CDO nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

RE CDO and FWC are related parties, and RE CDO's relationship with FWC is material to its advisory business. There is no conflict of interest created by the relationship between RE CDO and FWC. RE CDO annually pays a fixed amount to FWC in respect of RE CDO's use of the employees and facilities RE CDO shares with FWC.

RE CDO does not select or recommend other advisers for any client.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

RE CDO has adopted a Code of Ethics (the "**Code**") which sets forth the ethical and fiduciary principles and related compliance requirements under which RE CDO operates and the procedures for implementing those principles. The Code includes provisions that govern fiduciary duty, client opportunities, insider trading, personal trading, gifts and entertainment, political contributions, outside business activities and confidentiality.

With respect to personal trading, principals, employees and related accounts (collectively, "**Employees**") are permitted to maintain personal securities accounts provided that such accounts are disclosed to RE CDO and that any personal trading is consistent with applicable law and with the Code. Subject to compliance with the Code, Employees may buy, sell or hold, for their own personal accounts, securities that RE CDO also may buy, sell or hold for either Issuer.

The Code contains policies and procedures that, among other things:

- prohibit Employees from taking personal advantage of opportunities belonging to either Issuer;
- prohibit trading on the basis of material nonpublic information;
- place limitations on personal trading by Employees to avoid direct conflict with each Issuer's trading and impose preclearance (in certain cases) and reporting obligations with respect to trading; and
- require initial and annual reports of securities holdings and quarterly transaction reports by Employees.

Neither RE CDO nor any related person invests in the same securities (or related securities, e.g., warrants, options or futures) that RE CDO or a related person recommends to clients.

Neither RE CDO nor any related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that RE CDO or a related person buys or sells the same securities for RE CDO's or related person's own account without full disclosure of such arrangements to the clients.

RE CDO's Code is available to its clients or prospective clients upon request from Dayna (DeMarco) Cassesso, RE CDO's Chief Compliance Officer, at 617-570-4600.

RE CDO, consistent with each Issuer's investment objectives and in accordance with applicable law, may cause accounts it manages to purchase or sell securities in which the manager or employees of RE CDO, directly or indirectly, have a position or interest.

ITEM 12. BROKERAGE PRACTICES

RE CDO has full discretionary authority to place trades on behalf of its clients. As a result, RE CDO is obligated to obtain best execution for client securities transactions. RE CDO considers best execution to be a duty to execute securities transactions so that a client's total costs or proceeds are the most favorable over the long term. Factors RE CDO may consider when selecting broker-dealers generally include price, the size of the transaction, the nature of the market for such security, the time constraints of the transaction, general market trends and the reputation and experience of any broker or dealer. Since the termination of the reinvestment periods specified in the Indentures, the Collateral Manager's brokerage activities have been almost exclusively with respect to the disposition of Assets.

In placing specific orders to sell Assets for either Issuer, RE CDO considers a number of factors in selecting the appropriate broker-dealer, such as:

- (i) determining which broker-dealers with whom RE CDO conducts business make an active market in the asset;
- (ii) determining what their respective current bid or offer prices, as applicable, are;
- (iii) comparing what, if any, assignment fees may be charged depending on which broker-dealer is selected; and
- (iv) taking into account whether the quoted prices are immediately actionable (i.e. whether the broker-dealer actually owns and is ready to sell an asset, or is ready to confirm an order for purchase).

Because of the nature of its business as a manager to two pools of fixed income real estate related assets, RE CDO does not enter into soft dollar arrangements or accept directions of brokerage from investors.

RE CDO does not consider, in selecting or recommending broker-dealers, whether RE CDO or a related person received client referrals from a broker-dealer or third party.

ITEM 13. REVIEW OF ACCOUNTS

Day-to-day monitoring of each Issuer's portfolio composition enables RE CDO to customize its services to the needs of each Issuer. Weekly reviews of each Issuer's performance and portfolio composition are performed by middle and senior management of RE CDO to ensure each Issuer's portfolio is managed in accordance with the Operative Documents. In addition, each Issuer has engaged an administrator, servicers, an independent accounting firm, and a trustee to perform various review functions with respect to its Assets.

Written reports are distributed to each Issuer and its investors as required by the Operative Documents. Middle and senior management perform a detailed review of all reports for accuracy. The Collateral Manager makes available on its website to each Issuer and its investors various reports and information regarding the status of the Assets, including, among other things, the monthly reports prepared by its trustee and the reports prepared by its servicers.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Neither RE CDO nor its related persons operate under any arrangement where it or they receive compensation or any economic benefit from a non-client for providing advisory services to a client.

Neither RE CDO nor its related persons, directly or indirectly, compensate any person for client referrals.

ITEM 15. CUSTODY

RE CDO does not have custody of the assets of either Issuer. Any cash and securities owned by either Issuer is maintained with its trustee and can be used by it only according to defined circumstances as outlined in the Operative Documents. Each Issuer and its investors receive account statements prepared and provided by its trustee.

ITEM 16. INVESTMENT DISCRETION

RE CDO has full discretionary authority over each Issuer's Assets to operate within the parameters of the Operative Documents. RE CDO performs a thorough review of the Operative Documents and engages in day-to-day monitoring of each Issuer's performance and portfolio composition to ensure customization of its services to the needs of each Issuer. Since the termination of the reinvestment periods specified in the Indentures, RE CDO's ability to purchase Assets on behalf of either Issuer is very limited, and therefore, RE CDO's primary activities currently consist of maintaining and disposing of the Assets.

ITEM 17. VOTING CLIENT SECURITIES

RE CDO does not engage in typical proxy voting activities, but considers voting on loan amendments, modifications, waivers and other similar items with respect to the Assets to be similar to proxy voting. Subject to the terms of the Operative Documents, RE CDO has the authority to vote on behalf of each Issuer pursuant to its Collateral Management Agreement, and neither Issuer otherwise is able to direct or influence RE CDO's voting.

RE CDO possesses the overall responsibility to ensure compliance with its policies and procedures relating to approval of amendments, modifications and waivers with respect to the Assets. With respect to any such approval, RE CDO proposes a course of action to the Members, and if the Members affirm the proposal, RE CDO will pursue such proposed course of action.

RE CDO's general policy is to vote in favor of proposed amendments it believes to be a necessary aspect of a business's operations and/or that RE CDO believes will preserve or enhance the value of the Assets. RE CDO must act as a fiduciary when voting on behalf of either Issuer. In that regard, RE CDO will seek to avoid possible conflicts of interest in connection with voting. If a conflict of interest with respect to voting exists, RE CDO must either seek the applicable Issuer's informed direction or abstain from voting. RE CDO will not make any decisions as to whether to participate in or opt out of a class action involving securities in which either Issuer is invested.

Additional information regarding RE CDO's voting policies and procedures and any specific voting decision are available upon request. Contact Dayna (DeMarco) Cassesso at 617-570-4600 or ddemarco@firstwinthrop.com to obtain further information.

ITEM 18. FINANCIAL INFORMATION

As of the date of this report, to the best of RE CDO's knowledge, no financial condition exists that is reasonably likely to impair RE CDO's ability to meet contractual commitments to either Issuer.

RE CDO has not been the subject of a bankruptcy petition at any time during the past ten years.