

DISCLOSURE DOCUMENT OF

GKK Manager LLC

A Delaware Limited Liability Company registered with the Securities and Exchange Commission as an Investment Adviser

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Additional information about GKK Manager LLC is also available on the Securities and Exchange Commission's ("SEC") website at www.adviserinfo.sec.gov.

NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES AUTHORITY HAS PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DISCLOSURE DOCUMENT. REGISTRATION AS AN INVESTMENT ADVISER DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING.

The Date of this Disclosure Document is

April 4, 2012

The delivery of the Disclosure Document at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. This Disclosure Document will supersede all other documents containing information about this advisory program.

Material Changes to Disclosure Document

- Not Applicable

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Part 2B – Information about advisory personnel

I. Part 2A – Disclosure Items about GKKM

4. **Advisory Business.**

- (A) **Operational and Organizational Information.** GKK Manager LLC, a Delaware limited liability company (“GKKM”), is the Collateral Manager for three collateralized debt obligation vehicles (“CDOs”). They are: (i) Gramercy Real Estate CDO 2005-1, Ltd. (the “2005 Issuer” or the “2005 CDO”), (ii) Gramercy Real Estate CDO 2006-1, Ltd. (the “2006 Issuer” or the “2006 CDO”), and (i) Gramercy Real Estate CDO 2007-1, Ltd. (the “2007 Issuer” or the “2007 CDO” and together with the 2005 CDO and the 2006 CDO, the “Gramercy CDOs” and each of the 2005 Issuer, the 2006 Issuer or the 2007 Issuer is referred to as an “Issuer”). An affiliate of GKKM owns the equity in each of the Gramercy CDOs. GKKM is one of several affiliated entities in the Gramercy Capital Corp. (“GKK”) family of companies. GKK is a publicly traded REIT and is traded under the symbol “GKK.” GKKM is wholly owned by Gramercy Investment Trust and Gramercy Investment Trust II and is indirectly owned by GKK. GKKM was organized in April 2004. GKKM wholly owns Gramercy Loan Services LLC (“Gramercy Loan Services”). Gramercy Loan Services is a sub-special servicer in each of the Gramercy CDOs. Registration as an investment adviser does not imply a level of skill or training.
- (B) **Types of Advisory Services Offered.** GKKM provides investment management services and advice related to high yield investments in commercial real estate debt instruments, including mezzanine debt, B-notes, structured bridge loans, senior and subordinate classes of commercial mortgage backed securities (“CMBS”), investment grade securities, real estate investment trust (“REIT”) debt and CDOs.
- (C) **Client Investment Guidelines and Parameters.** GKKM has entered into a collateral management agreement with each of the 2005 Issuer, the 2006 Issuer and the 2007 Issuer. Each management agreement is tailored to the individual needs of the particular client and sets forth the specific advisory services that GKKM is obligated to provide. As collateral manager of the Gramercy CDOs, GKKM has the authority to make all investment decisions it deems appropriate and without prior consultation with the Gramercy CDOs, subject to the investment guidelines and/or restrictions contained in the relevant CDO transaction documents. The investment decisions include instructing the trustee of the related Gramercy CDO in connection with the purchase and sale of securities and/or loans secured by real estate. Pursuant to the terms of the collateral management agreements, GKKM is required to monitor the assets of each Gramercy CDO and provide the related Issuer with certain information with respect to (i) the composition and characteristics of the applicable Gramercy CDO and (ii) any disposition or tender of the assets in the related Gramercy

CDO. GKKM is also responsible for the reinvestment of the proceeds of any such disposition in eligible investments and the retention of proceeds of any such disposition or the application thereof toward the purchase of substitute assets. GKKM and its affiliates, and any of their officers and directors, may engage in the businesses (including financing, purchasing, owning, holding, originating, or disposing of any assets or investments) and furnish investment management, advisory and other services to other portfolios, whether or not any of the foregoing may be competitive with the business of the applicable Gramercy CDO so long as the GKKM complies with the standards set forth in the applicable collateral management agreement. GKKM and its affiliates may make recommendations to or effect transactions for such other portfolios, which recommendations or transactions may be appropriate for the applicable Gramercy CDO, and will have no duty or obligation to make such recommendation to the applicable Gramercy CDO. Such recommendations or transactions may differ from those made to or on behalf of the related Gramercy CDO. Orders for investment transactions on behalf of the related Gramercy CDO may be (i) negotiated with principals (so long as it complies with the applicable collateral management provisions and applicable law, including Section 206(3) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) or (ii) placed by GKKM with broker-dealers and other financial intermediaries that it selects. Except with respect to certain limitations set forth in the related Gramercy CDO transaction documents, GKKM is not obligated to pursue any particular investment strategy or opportunity with respect to the assets of the applicable Gramercy CDO.

(D) **Wrap Fee Programs.** GKKM does not participate in wrap fee programs.

(E) **Client Assets Under Management.** *(rounded to the nearest \$100,000)*

(i) Discretionary: \$2,927,748 as of December 31, 2011

(ii) Non-discretionary: \$0 as of December 31, 2011

5. **Fees and Compensation.**

(A) All fees are individually negotiated and, in each case, are set forth in the related management or advisory agreement. Circumstances considered when negotiating fees may include, without limitation, customary market rates, types of services, specialized guidelines and other performance/incentive fee arrangements with the client.

Management fees are typically calculated based on an annual percentage of the principal balance of assets under management.

In addition, GKKM may collect incentive fees based on the performance of investments. Please refer to Section 6 below for a more detailed

description of the incentive fee arrangements and related conflicts of interest. GKKM's fees are typically paid periodically (quarterly) as specified in the relevant collateral management agreement. For GKKM's CDO clients, the related trustee will deduct GKKM's fees from collections on the underlying assets and remit such fees to GKKM on the same day that distributions are made to the related investors.

(B) Additional Fees.

Clients are generally required to pay for certain expenses incurred by GKKM in connection with the performance of the advisory services, in each case as specified in the related management agreement or the related offering document. In addition, Gramercy CDO clients are obligated to pay advancing agent fees (to GKKM, acting as advancing agent).

(C) Fees Paid in Advance. NOT APPLICABLE.

(D) Compensation for the Sale of Securities or Other Investment Products. NOT APPLICABLE.

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

GKKM may collect incentive fees based on the performance of investments. Such fees will be structured and charged in a manner consistent with the requirements of applicable law, including the Advisers Act. An incentive fee arrangement may create an incentive for GKKM to make investments that are riskier or more speculative than would be the case in the absence of an incentive fee or to favor those clients that allow GKKM to earn performance fees over clients that do not. GKKM's policies and procedures are intended to identify these and other potential conflicts and to assure that GKKM's interests are not in conflict with those of its clients or any investors or, if such interests are in conflict, that GKKM acts in the best interests of its clients.

GKKM does not represent that the amount of the incentive fees or the manner of calculating the incentive fees is consistent with other performance-related fees charged by other investment advisers under the same or similar circumstances. The incentive fees charged by GKKM may be higher or lower than the incentive fees charged by other investment advisers for the same or similar services.

7. Types of Clients.

GKKM advises each of the Gramercy CDOs, each of which is a collateralized debt obligation vehicle.

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

(A) GKKM provides advisory services with respect to investments in various forms of commercial real estate debt instruments. Each investment is

selected in accordance with the restrictions and guidelines set forth in the related management agreement. With respect to investments in whole loans, B-Notes, mezzanine loans, preferred equity, or CMBS, GKMM will typically underwrite the related assets. The scope and degree of the underwriting will vary for each investment. In each case, the underwriting involves information gathered from publicly available sources and the use of GKMM's proprietary, analytical models and other resources, including without limitation, borrower financial information, historical property financial reports, and information provided by property managers and leasing agents for underlying collateral. GKMM uses the underwriting analysis to estimate anticipated losses on the related assets, and thereby determine the appropriate price.

Investing in securities involves significant risks, including the risk that an investor could lose some or all of any invested capital.

- (B) Substantially all of the investments managed by GKMM are in debt instruments that are backed directly or indirectly by stabilized and transitional commercial properties, multi-family real estate properties, hotel properties and land investments. The repayment of a commercial real estate loan is dependent upon a number of factors including the ability of the related property to produce cash flow through the collection of rents and other income. Additional factors include guarantees, borrower capitalization and ability to execute its business plan. In addition, the liquidation value of a commercial property is determined, in substantial part, by the capitalization of the property's future cash flow projection. However, net operating income can be volatile and may be insufficient to cover debt service on a loan at any given time. The net operating income and property value of the properties may be adversely affected by a large number of factors.
- (C) Some of these factors relate to the properties themselves, including, but not limited to:
- perceptions regarding the safety, convenience and attractiveness of the properties;
 - construction quality, age and design, demographic factors, retroactive changes to building or similar codes, and increases in operating expenses (such as energy costs);
 - the characteristics of the neighborhood where the property is located;
 - the proximity and attractiveness of competing properties;
 - the adequacy of the property's management and maintenance;
 - increases in interest rates, real estate taxes and other operating expenses at the mortgaged property and in relation to competing properties;

- an increase in the capital expenditures needed to maintain the properties or make improvements;
- dependence upon a single tenant or a concentration of tenants in a particular business or industry;
- a decline in the financial condition of a major tenant;
- an increase in vacancy rates; and
- a decline in rental rates as leases are renewed or entered into with new tenants.

Certain properties are secured in whole or in part by recently constructed properties or recently acquired properties that have no prior operating history and lack historical financial figures and information. Certain properties are secured in whole or in part by properties undergoing major renovations and have no current operating information and may lack historical financial figures and information. Certain properties are secured in whole or in part by land and have no current operating information and no prior operating history and lack historical financial figures and information.

Other risk factors are more general in nature, and include the following, without limitation:

- national, regional or local economic conditions, including plant closings, military base closings;
- industry slowdowns and unemployment rates;
- local real estate conditions, such as an oversupply of competing properties, retail space, office space or multifamily housing or hotel capacity;
- demographic factors;
- consumer confidence;
- consumer tastes and preferences;
- retroactive changes in building codes;
- changes or continued weakness in specific industry segments;
- location of certain properties in less densely populated or less affluent areas; and
- the public perception of safety for customers and clients.

The volatility of net operating income will be influenced by many of the foregoing factors, as well as factors such as:

- the length of tenant leases (including that in certain cases, all or substantially all of the tenants, or one or more sole, anchor or other major tenants, at a particular property have leases that expire or permit the tenant(s) to terminate its or their lease(s) during the term of the loan);

- the creditworthiness of tenants;
- tenant defaults;
- the rate at which vacant space or space under expiring leases is re-let;
- the property's "operating leverage" which is generally the percentage of total property expenses in relation to revenue;
- the ratio of fixed operating expenses to those that vary with revenues; and
- the level of capital expenditures required to maintain the property and to retain or replace tenants.

A decline in the real estate market or in the financial condition of a major tenant will tend to have a more immediate effect on the net operating income of properties with short-term revenue sources, such as short-term or month-to-month leases or leases with termination options, and may lead to higher rates of delinquency or defaults. In addition, underwritten or adjusted cash flows, by their nature, are speculative and are based upon certain assumptions and projections. The failure of these assumptions or projections to prove correct in whole or in part could cause the underwritten or adjusted cash flows to vary substantially from the actual net operating income of a property.

9. Disciplinary Information.

Neither GKKM nor any of its supervised persons has been involved in any legal or disciplinary event that is material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

10. Other Financial Industry Activities and Affiliations.

(A) Registered Broker-Dealer or Registered Representative.

NOT APPLICABLE.

(B) Registered Futures Commission Merchant; Commodity Pool Operator, Commodity Trading Advisor or Associated Person.

NOT APPLICABLE.

(C) Other Relationships or Arrangements. GKKM is wholly owned by Gramercy Investment Trust and Gramercy Investment Trust II and is indirectly owned by GKK, a public REIT. An affiliate of GKKM owns the equity in each of the Gramercy CDOs. GKKM is one of several affiliated entities in the GKK family of companies. GKKM wholly owns Gramercy Loan Services. Gramercy Loan Services is a sub-special servicer in each of the Gramercy CDOs. GKKM is also the owner of certain real estate-owned assets on behalf of the Gramercy CDOs.

- (D) **Recommendation of Other Investments Advisors and Other Conflicts of Interest.** NOT APPLICABLE.

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

- (A) **Code of Ethics.** The code of ethics of GKKM (“Code of Ethics”) is based upon the premise that all GKKM personnel have a fiduciary responsibility to render professional, continuous, and unbiased investment advisory services. The Code of Ethics requires all personnel to: (1) comply with all applicable laws and regulations; (2) observe all fiduciary duties and act in accordance with the highest ethical standards by exceeding the requirements of law and industry practice; (3) observe GKKM's personal trading policies so as to avoid “front-running” and other potential market abuses; and (4) ensure that all personnel have read the Code of Ethics, agreed to adhere to the Code of Ethics and are aware that a record of all violations of the Code of Ethics will be maintained by the Chief Compliance Officer and that personnel who violate the Code of Ethics are subject to sanctions by GKKM depending upon the severity of the violation, including termination.

A copy of the Code of Ethics is available upon request to clients and prospective clients.

- (B) **Participation or Interest in Client Transactions.**

GKKM and/or its related persons may recommend to clients in certain investment vehicles it manages that they buy or sell interests in the same investment products in which it or related persons have some financial interest, including ownership. GKKM's policies and procedures are intended to identify these and other potential conflicts and to assure that GKKM's interests are not conflicted with those of its clients.

- (C) and (D) **Purchase and Sales of Securities by Related Persons.**

GKKM may recommend the purchase or sale of a security to a client in which GKKM and/or related persons also have a position or interest in the same security or various classes of the same security. These clients could have different rights with respect to the securities that may give rise to conflicts in the decisions made by GKKM, related persons and affiliates in the event of a default or workout situation. These situations could potentially raise or give the appearance of an unavoidable and irreconcilable division of interests and responsibilities with respect to multiple parties. GKKM's policies and procedures are intended to identify these and other potential conflicts and to assure that GKKM's interests are not conflicted with those of its clients or any investors or, if such interests are conflicted, that GKKM acts in the best interests of its clients. If

GKKM or its affiliates are engaged in principal trades with a Gramercy CDO such trade is subject to the approval of an investment committee, which includes employees of GKKM as well as an independent member not employed by GKKM.

12. Brokerage Practices.

The factors that GKKM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation are described herein.

(A)

1. To the extent GKKM executes securities transactions for a client through a broker-dealer, GKKM will seek to obtain best execution for such client by taking into account the following factors, without limitation: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker-dealer; and the broker's risk in positioning a block of securities. GKKM does not receive soft dollar benefits.
2. **Brokerage for Client Referrals.** – NOT APPLICABLE.
3. **Directed Brokerage.** – NOT APPLICABLE.

13. Review of Accounts.

- (A)** With respect to each of GKKM's CDO clients where GKKM acts as collateral manager, GKKM's portfolio management personnel reviews the assets held by such client on an ongoing basis. Such review is conducted by a member of the CDO portfolio management group and entails review of asset performance data, such as third-party collateral reports with respect to certain CMBS assets and inquiry with either the asset manager or special servicer with respect to certain loan assets. With respect to each such Gramercy CDO client, each month the related trustee prepares a monthly written report regarding the assets held by such Gramercy CDO client. In addition with respect to each such Gramercy CDO client, each quarter the related trustee prepares a note valuation report which provides additional information regarding such assets. GKKM's portfolio management personnel confirm the information in each report before it is finalized. Finally, with respect to each Gramercy CDO client, GKKM's portfolio management personnel prepare a quarterly report with additional information regarding the assets held by such CDO.

- (B) GKKM periodically reviews client accounts on an ongoing basis.
- (C) The monthly and quarterly reports prepared by the third party trustees and/or GKKM for each of GKKM's CDO clients are posted to the trustee's website and are available for review by the investors in such CDO clients.

14. Client Referrals and Other Compensation.

- (A) Compensation Received By GKKM for Client Referrals. NOT APPLICABLE.
- (B) Compensation Paid By GKKM or Related Person for Client Referrals. – NOT APPLICABLE.

15. Custody. Funds and securities of each Gramercy CDO are maintained at qualified custodians. In the event that clients receive statements or reports directly from the custodian (or administrator), such clients are urged to compare such statements to any statements that may be sent directly to client by GKKM. Each month the trustee related to a Gramercy CDO independently prepares a monthly report regarding the assets held by such Gramercy CDO. In addition, each quarter the related trustee independently prepares a note valuation report which provides additional information regarding such assets. GKKM's portfolio management personnel confirm the information in the report before it is finalized. In addition, GKKM prepares a quarterly report with additional information regarding the assets held by such CDO.

16. Investment Discretion. GKKM exercises discretionary authority to manage securities on behalf of certain clients. In some circumstances, this authority may be subject to the approval of an investment committee, which includes employees of GKKM as well as an independent member not employed by GKKM in connection with trades between a Gramercy CDO and an affiliate of GKKM (principal trades).

17. Voting Client Securities – Proxy Policy. In general, GKKM does not anticipate receiving proxies or having the authority to vote proxies. However, to the extent that GKKM receives proxies or has the authority to vote proxies, GKKM will use its reasonable judgment to vote proxies in a manner it determines to be in the best interest of its clients. A record of the proxy votes cast will be made and retained by GKKM. Clients and investors can obtain information on how the proxies were voted and a detailed description of GKKM's policies and procedures regarding proxy voting by requesting such information from the Chief Compliance Officer.

18. Financial Information.

- (A) GKKM does not require or solicit prepayment of any fees six months or more in advance.

- (B) To the best of our knowledge, there exists no financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients.
- (C) GKKM has not been the subject of a bankruptcy petition at any time during the past ten years.

19. Requirements for State Registered Advisers: NOT APPLICABLE.