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# WRP MANAGEMENT, LLC

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**This Brochure provides information about the qualifications and business practices of WRP 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.**

**WRP Management, LLC is a registered investment adviser. Registration does not imply a certain level of skill or training.**

**Additional information about WRP Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2. MATERIAL CHANGES**

Item 4 was changed to remove Lexington CDH II LLC as an indirect member of WRP Management,LLC.

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### **ITEM 3. ADVISORY BUSINESS**

WRP Management, LLC ("**WRP**") is an investment management firm solely providing advisory, administrative and monitoring functions for certain commercial real estate loans, collateral debt obligation notes and collateral mortgage backed securities (the "**Assets**") pursuant to the terms of a Collateral Management Agreement (the "**Collateral Management Agreement**") between a collateralized debt obligation fund (the "**Issuer**") and WRP (in such capacity, the "**Collateral Manager**"). The 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 period specified in the Indenture, the Collateral Manager's ability to purchase new Assets on behalf of the Issuer is very limited, and therefore, the Collateral Manager's primary activities currently consist of maintaining and disposing of the Assets. The Issuer is closed to new investment.

WRP has been in business since 2006. WRP is a wholly-owned subsidiary of CDH CDO LLC, a Delaware limited liability company. CDH CDO LLC is directly owned by Inland American (CDH II) Sub, LLC, a Delaware limited liability company, and WRT CDH II LLC, a Delaware limited liability company (collectively, the "**Members**"). Inland American (CDH II) Sub, LLC is wholly-owned by Inland American Real Estate Trust, Inc., a Maryland corporation and a public company. WRT CDH II 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 ("**Parent**").

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

The advisory services offered by WRP are tailored to the specific needs of the Issuer, as set forth in the Collateral Management Agreement, the Indenture, dated as of December 21, 2006, among the Issuer, Concord Real Estate CDO 2006-1, LLC, as Co-Issuer (the "**Co-Issuer**" and, together with the Issuer, the "**Co-Issuers**"), Concord Debt Holdings LLC, as Advancing Agent and LaSalle Bank National Association, as Trustee, Paying Agent, Calculation Agent, Transfer Agent, Custodial Securities Intermediary, Backup Advancing Agent and Notes Registrar (the "**Indenture**"), and the Co-Issuers' Offering Memorandum (the "**Offering Memorandum**") dated December 6, 2006. The Issuer is subject to strict guidelines on the types of securities it may own. Since the termination of the reinvestment period specified in the Indenture, the Collateral Manager's ability to purchase new Assets on behalf of the Issuer is very limited.

All the investment advice offered by WRP is within the commercial real estate loan, collateral debt obligation note and collateral mortgage backed securities markets.

As of February 14, 2012, WRP had approximately \$390,855,335 under management pursuant to the Collateral Management Agreement. WRP has full discretionary authority over the Issuer's Assets to operate within the parameters of the Collateral Management Agreement, including "Contingent Collateral Acquisition Standards", the Indenture, including the reinvestment criteria, the ramp-up criteria and the trading restrictions and each other operative document entered into by the Issuer with respect to the Assets (collectively, the "**Operative Documents**").

#### **ITEM 4. FEES AND COMPENSATION**

The Collateral Management Agreement calls for the management fees paid to WRP from the Issuer to be based on a percentage of assets under management ("AUM") in the amount 0.15% per annum for AUM and an additional 0.10% per annum for AUM which may be paid on a deferred basis. The Collateral Manager's fees are negotiable in the sense that the Collateral Management Agreement can be amended, or terminated, upon the mutual consent of the Collateral Manager and the Issuer. The Issuer will incur brokerage and transaction costs. The Issuer should see Item 12 in this brochure regarding brokerage expenses.

WRP does not deduct fees directly from the Issuer's account.

Other expenses the Issuer may pay besides management fees include, but are not limited to, (i) the fees, expenses or other amounts payable pursuant to the Indenture and other applicable agreements to rating agencies, the Indenture trustee, the paying agent and accountants, (ii) reasonable fees of attorneys engaged by the Collateral Manager pursuant to the Collateral Management Agreement, 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 Issuer's account.

The Issuer does not pay management fees in advance. Management fees are billed monthly and paid monthly in arrears.

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

#### **ITEM 5. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

The Collateral Manager does not receive performance-based fees.

#### **ITEM 6. TYPES OF CLIENTS**

The Issuer is the only client to whom WRP provides investment advice, and WRP currently does not anticipate taking any other clients.

WRP does not have a minimum client fund size requirement.

#### **ITEM 7. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Since the end of the reinvestment period under the Indenture, the Collateral Manager has not purchased Assets on behalf of the Issuer. The Collateral Manager's activities in maintaining and selling the Assets largely are controlled by the provisions of the Operative Documents. The Collateral Manager's primary strategy does not involve frequent trading of securities. The Issuer's portfolio consists solely of commercial real estate loans, collateral debt obligation notes and collateral mortgage backed securities as required by the Operative Documents.

The investment strategies of WRP pose the following material risks to the 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 the 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 trade less frequently than loans to larger companies and, in some instances, have no, or only a limited, trading market.
- **High Leverage:** The 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, the Issuer is unlikely to ultimately 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 (which may comprise up to 10% of the principal balance of the Issuer's portfolio) will have greater credit and liquidity risk than investment grade obligations and are more likely to be impaired during periods of economic downturn.

The 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 the Offering Memorandum, which was distributed to investors in the Issuer.

## **ITEM 8. DISCIPLINARY INFORMATION**

WRP has no disciplinary information to report.

## **ITEM 9. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither WRP 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 WRP 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.

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

WRP does not select or recommend other advisers for any client.

## **ITEM 10. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

WRP has adopted a Code of Ethics (the "**Code**") which sets forth the ethical and fiduciary principles and related compliance requirements under which WRP 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 WRP 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 WRP also may buy, sell or hold for the Issuer.

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

- prohibit Employees from taking personal advantage of opportunities belonging to the Issuer;
- prohibit trading on the basis of material nonpublic information;
- place limitations on personal trading by Employees to avoid direct conflict with the 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 WRP nor any related person invests in the same securities (or related securities, e.g., warrants, options or futures) that WRP or a related person recommends to clients.

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

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

WRP, consistent with the 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 WRP, directly or indirectly, have a position or interest.

#### **ITEM 11. BROKERAGE PRACTICES**

WRP has full discretionary authority to place trades on behalf of its clients. As a result, WRP is obligated to obtain best execution for client securities transactions. WRP 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 WRP 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 period, 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 the Issuer, WRP considers a number of factors in selecting the appropriate broker-dealer, such as:

- (i) determining which broker-dealers with whom WRP 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 a pool of fixed income real estate related assets, WRP does not enter into soft dollar arrangements or accept directions of brokerage from investors.

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



## **ITEM 12. REVIEW OF ACCOUNTS**

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

Written reports are distributed to the 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 the Issuer and its investors various reports and information regarding the status of the Assets, including, among other things, the monthly reports prepared by the Indenture trustee and the reports prepared by the servicer.

## **ITEM 13. CLIENT REFERRALS AND OTHER COMPENSATION**

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

## **ITEM 14. CUSTODY**

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

## **ITEM 15. INVESTMENT DISCRETION**

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

## **ITEM 16. VOTING CLIENT SECURITIES**

WRP 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, WRP has the authority to vote on behalf of the Issuer pursuant to the Collateral Management Agreement, and the Issuer otherwise is unable to direct or influence WRP's voting.

WRP 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, WRP proposes a course of action to the Members, and if the Members affirm the proposal, WRP will pursue such proposed course of action.

WRP'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 WRP believes will preserve or enhance the value of the Assets. WRP must act as a fiduciary when voting on behalf of the Issuer. In that regard, WRP will seek to avoid possible conflicts of interest in connection with voting. If a conflict of interest with respect to voting exists, WRP must either seek the Issuer's informed direction or abstain from voting. WRP will not make any decisions as to whether to participate in or opt out of a class action involving securities in which the Issuer is invested.

Additional information regarding WRP'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](mailto:ddemarco@firstwinthrop.com) to obtain further information.

#### **ITEM 17. FINANCIAL INFORMATION**

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

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