

Hart Realty Advisers, Inc.

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www.hartadvisers.com

December 31, 2011

This Brochure provides information about the qualifications and business practices of Hart Realty Advisers, Inc. ("Hart"). If you have any questions about the contents of this Brochure, please contact us at (860) 651-4000 or dbh@hartadvisers.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Hart Realty Advisers, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Hart also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On November 1, 2011 Hart entered into an advisory agreement to provide discretionary services to a new client. There were no other material changes to Hart since the last brochure dated December 31, 2010 was released.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Betsy Mack at (860) 651-4000 or bcm@hartadvisers.com.

Additional information about Hart is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Hart who are registered or are required to be registered as investment adviser representatives of Hart.

Item 3 -Table of Contents

Item 1 – Cover Page	i
Item 2 – Material Changes	ii
Item 3 – Table of Contents	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	1
Item 6 – Performance-Based Fees and Side-By-Side Management.....	2
Item 7 – Types of Clients.....	2
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	2
Item 9 – Disciplinary Information	3
Item 10 – Other Financial Industry Activities and Affiliations	3
Item 11 – Code of Ethics	3
Item 12 – Brokerage Practices	3
Item 13 – Review of Accounts	4
Item 14 – Client Referrals and Other Compensation.....	4
Item 15 – Custody	4
Item 16 – Investment Discretion	4
Item 17 – Voting Client Securities	5
Item 18 – Financial Information	5
Brochure Supplement(s)	6

Item 4 – Advisory Business

Hart is a privately held, real estate investment manager specializing in the development, acquisition, and management of domestic, private-equity real estate consisting of core, value-added, and opportunistic investment strategies. The firm originated in 1982 and first registered as an investment adviser in 1988.

Hart provides or intends to provide customized private real estate investment solutions for corporate, public-employee and Taft-Hartley pension plans, foundations, corporate investors and endowment accounts matching their unique risk and diversification requirements with marketplace opportunities.

Hart is employee owned with the three owners being: David S. Hart, William H. Holmes, and John M. Hart.

Hart manages clients' assets on a discretionary and non-discretionary basis. As of January 1, 2012, Hart managed \$245,600,000 in assets on a discretionary basis and \$573,300,000 in assets on a non-discretionary basis.

Item 5 – Fees and Compensation

All fees are subject to negotiation and are commensurate with the level of services provided.

The specific manner in which fees are charged by Hart is established in a client's written agreement with Hart.

Hart is normally compensated in four different ways:

1. A one-time investment acquisition fee is sometimes charged; this fee is based on a percentage of the size of the transaction, with a sometimes sliding percentage scale based on the asset price. Payment of acquisition fees by the client varies: Some include the fees as a cost of the property and Hart is paid at closing, others choose to pay after the property is acquired.
2. When Hart arranges for financing on properties, financing fees are sometimes charged. This fee is based on an established percentage of the amount of the financing.
3. An ongoing annual asset management fee is paid based on a percentage of operations, sometimes adjusted for interest payments and capital or as a percentage of asset value. Clients review their fee invoices and authorize Hart to pay the fees directly from the client's accounts. These fees are billed quarterly in arrears.
4. An incentive disposition fee is sometimes paid on property sales. The fee is a percentage, sometimes sliding, of proceeds of a property sale in excess of a designated return or amount to the client including the return of capital invested to the client. Payment of these incentive disposition fees happens at the time the property is sold. The clients review and approve the payment which is funded at the property closing or subsequent to the closing from the sales proceeds.

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee.

Item 6 – Performance-Based Fees and Side-By-Side Management

As discussed in Item 5 above, clients sometimes pay an incentive fee upon the sale of a property. Hart's clients are all qualified clients (large institutional investors).

These incentive fees ensure an alignment of interest between Hart and the client; if the client's investment performs well over its life and is recognized at the sale, Hart shares in this positive performance.

Item 7 – Types of Clients

Hart provides or intends to provide customized private real estate investment solutions for corporate, public-employee and Taft-Hartley pension plans, foundations, corporate investors, and endowment accounts.

A minimum investment of \$10 million is required for a separate account relationship.

Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss

As noted above, Hart only advises its clients on private equity real estate purchases. Hart's main responsibility for investment advice is directly related to individual properties. The advice offered is on the purchase, the operations, and the disposal of various properties. The firm has a systematic, target-market approach to determining the markets in which to invest. The Investment Transaction Team then works within those markets to identify purchase opportunities that meet the requirements of the clients. As the transaction team reviews the properties, traditional real estate modeling is completed and analyzed prior to making the final recommendation to the client.

As with any investment, real estate investing comes with certain risks. During the due diligence process of the acquisition, Hart works to identify and quantify the risks to make sure an appropriate price is paid to compensate for the assumed risks. The risks include physical issues with the real estate, tenant failures, financial structural risks—partners, lenders, etc.—and incorrect market assumptions for the variables used in the underwriting models.

For properties that are currently under management, regular reviews of the properties are undertaken to ensure returns from the properties are being maximized. During the annual business planning and budgeting process, the properties are reviewed in detail and a hold/sell analysis is completed to determine if a sales recommendation should be made to the client. The historic performance of the property as well as the future prospects are reviewed to assist in the determination of the proper timing to sell the asset.

Investing in private equity real estate involves the risk of loss that clients should be prepared to bear. Real estate is an illiquid investment and could take some time to sell the property to

recover the cash invested. Additionally, if required to sell expeditiously to raise cash, the sales price could be lower than if able to sell in an organized, unrushed manner.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Hart or the integrity of Hart's management. Hart has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Hart does not have other financial industry activities or affiliations. Hart's officers and directors serve as officers and/or directors to entities affiliated with current client investments. These officers and directors are not compensated by and do not have any ownership interest in these other entities.

Item 11 – Code of Ethics

Hart is committed to the highest legal, professional, and ethical standards in the conduct of its business. To this end it requires that its owners, officers, directors, and employees conduct themselves at all times with openness, honesty, integrity, and trust; maintain appropriate confidentiality; and fully disclose all actual or potential conflicts of interest with the company in accordance with the procedures set forth in the Code of Ethics Manual.

Hart has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, among other things. All employees at Hart must acknowledge the terms of the Code of Ethics when starting employment at Hart and when the policy is amended.

The Code of Ethics is designed to assure that the personal activities and interests of the employees of Hart will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions. The Code requires preclearance of some transactions.

Hart's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting David Huntley, (860) 651-4000.

Item 12 – Brokerage Practices

As Hart only advises its clients on private equity real estate transactions, broker-dealers are not used by Hart for any of its clients.

Real estate brokers are customarily used in the sale of properties under management. It is customary for the seller to pay the cost of the broker's commission. The fees paid to the

brokers are negotiated for each transaction based on market rates for the particular area in which the property is located. Two to three proposals are usually solicited for each sale to ensure the best marketing plan, the best selling price is determined, and the sales commission is reasonable for the specific market.

Item 13 – Review of Accounts

The holdings of each client are reviewed quarterly in conjunction with the quarterly reporting process. For private equity real estate, it is customary to report on the status of the portfolio and properties each quarter. Hart provides its clients with a quarterly report that summarizes the portfolio status and performance as well as providing an update on each of the properties. This report includes both financial information as well as property operating information. It is prepared by the Chief Financial Officer and the Financial Reporting team along with both the Managing Director- Investment Management and the Investment Management team with review by a Senior Managing Partner.

Financial and operating information on the properties is reviewed monthly by the Investment Management and Financial Reporting groups at Hart, with this information being consolidated and reported to each client quarterly.

Annually, the Investment Management team prepares business plans for each property. These plans include a detailed review of the current status of the property (occupancy, value, debt level, etc.), and a financial and operating plan is developed for the next fiscal year. This plan is reviewed by the Managing Director-Investment Management and a Senior Managing Partner before being presented to the respective client.

Item 14 – Client Referrals and Other Compensation

This section is not applicable to Hart.

Item 15 – Custody

Clients should receive monthly bank statements for each account related to the investments managed by Hart. Hart urges the clients to carefully review such statements and compare the bank balances to the cash balances on the quarterly financial statements. The cash balances on the financial statements may vary from the bank statements based on the consolidation of multiple bank accounts into one line on the financial statements, timing of items being recorded on the properties' books compared to when reported by the bank, the type of ownership of the properties—wholly-owned versus joint venture—or bank statement cutoff dates.

Item 16 – Investment Discretion

Hart accepts discretionary authority to manage the clients' accounts, including the authority to acquire, manage, and dispose of the assets. The discretionary authority is limited by the client's individual guidelines as defined in each client's separately negotiated investment management agreement. This document sets forth the terms and conditions of the agreement including the

services Hart will provide, discretionary authority, compensation, and other terms of the relationship.

Investment guidelines and restrictions must be provided to Hart in writing.

Item 17 – Voting Client Securities

As Hart only manages private equity real estate, there are no proxies that need to be filed. To that extent and as a matter of firm policy and practice, Hart does not have any authority to and does not vote proxies on behalf of advisory clients.

Item 18 – Financial Information

Registered investment advisers are required in this item to provide you with certain financial information or disclosures about Hart's financial condition. Hart has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Brochure Supplement

The following provides information about Hart's management team:

William H. Holmes

Date of Birth: May 27, 1955

Education: University of Rhode Island, B.S.-Business Administration
University of Connecticut, MBA-Finance

Business Background: Senior Managing Partner of Hart Realty Advisers

Disciplinary Information: No legal or disciplinary events to disclose

Other Business Activity: None

Additional Compensation: None

Supervision: Advice given to clients is reviewed at various committee meetings including Management Committee and Investment Committee before being communicated to the client. This allows all involved to be able to comment on the advice. Being a smaller-sized organization, this team approach to providing advice works well in our situation.

David S. Hart

Date of Birth: December 6, 1962

Education: University of New Hampshire at Plymouth State, B.S.-Management

Business Background: Senior Managing Partner of Hart Realty Advisers (January 2008-present)

Managing Partner-Investment Transactions, Hart Realty Advisers (January 2000-January 2008)

Disciplinary Information: No legal or disciplinary events to disclose

Other Business Activity: None

Additional Compensation: None

Supervision: Advice given to clients is reviewed at various committee meetings including Management Committee and Investment Committee before being communicated to the client. This allows all involved to be able to comment on the advice. Being a smaller-sized organization, this team approach to providing advice works well in our situation.

John C. Molloy

Date of Birth: December 19, 1945

Education: Connecticut State University, B.S.-Marketing

Business Background: Managing Partner-Portfolio Management of Hart Realty Advisers

Disciplinary Information: No legal or disciplinary events to disclose

Other Business Activity: None

Additional Compensation: None

Supervision: Advice given to clients is reviewed at various committee meetings including Management Committee and Investment Committee before being communicated to the client. This allows all involved to be able to comment on the advice. Being a smaller-sized organization, this team approach to providing advice works well in our situation.

Peter C. Grzybala

Date of Birth: May 5, 1950

Education: St. Bonaventure University, BBA-Finance
Graduate Studies in Finance, New York University, Pace University, and University of Hartford

Business Background: Managing Director-Investment Management of Hart Realty Advisers (January 2008-present)
Senior Director-Investment Management of Hart Realty Advisers (January 1999-January 2008)

Disciplinary Information: No legal or disciplinary events to disclose

Other Business Activity: None

Additional Compensation: None

Supervision: Advice given to clients is reviewed at various committee meetings including Management Committee and Investment Committee before being communicated to the client. This allows all involved to be able to comment on the advice. Being a smaller-sized organization, this team approach to providing advice works well in our situation.

David B. Huntley

Date of Birth: September 26, 1968

Education: University of Massachusetts, BBA-Accounting
Certified Public Accountant

Business Background: Chief Financial Officer/Chief Compliance Officer of Hart Realty Advisers (1/2008-present)
Senior Director-Financial Reporting and Corporate Operations and Chief Compliance Officer of Hart Realty Advisers (September 2001-January 2008)

Disciplinary Information: No legal or disciplinary events to disclose

Other Business Activity: None

Additional Compensation: None

Supervision: Advice given to clients is reviewed at various committee meetings including Management Committee and Investment Committee before being communicated to the client. This allows all involved to be able to comment on the advice. Being a smaller-sized organization, this team approach to providing advice works well in our situation.

Derek B. Peterson

Date of Birth: March 25, 1974

Education: Villanova University, BS-Accounting

Business Background: Director-Investment Transactions (11/2002 - present)

Disciplinary Information: No legal or disciplinary events to disclose

Other Business Activity: None

Additional Compensation: None

Supervision: Advice given to clients is reviewed at various committee meetings including Management Committee and Investment Committee before being communicated to the client. This allows all involved to be able to comment on the advice. Being a smaller-sized organization, this team approach to providing advice works well in our situation.