

Rose Smart Growth Investment Advisors, LLC

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This brochure provides information about the qualifications and business practices of Rose Smart Growth Investment Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 917.542.3600. 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.

Additional information about Rose Smart Growth Investment Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This item only applies to annual updates to the brochure. This version of the brochure is not an annual update.

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Item 4: Advisory Business

Rose Smart Growth Investment Advisors, LLC (“RSGIA” or “we”) was established on June 1, 2005. RSGIA is an affiliate of Jonathan Rose Companies, Inc. (“Jonathan Rose Companies”), a New York State S-Corporation, and is wholly owned by Jonathan F.P. Rose. RSGIA was known formerly as Rose Smart Growth Management I, L.L.C.

We are an investment advisor broadly engaging in two lines of business: (i) we act as contractual manager to pooled investment vehicles, such as limited partnerships and limited liability companies (“Funds”); and (ii) we act as contractual manager to separately managed accounts for certain institutional clients (“Accounts”). Affiliates of RSGIA generally act as the general partner/managing member of Funds or investment advisor to Accounts. RSGIA’s Funds and

Accounts invest in portfolios comprised principally of multifamily and office properties throughout the United States.

Investment opportunities are offered privately to institutional, high-net-worth, and foreign investors. Each investor in an RSGIA Fund is required to be an accredited investor pursuant to Regulation D under the Securities Act of 1933. In addition, RSGIA pooled investment vehicles qualify under Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act of 1940.

RSGIA offers a full range of real estate investment advisory services, including, but not limited to, acquisitions, financing, asset management, greening and dispositions. We tailor our advisory services to the specific investment objectives and restrictions of each Fund or Account as set forth in the related governing documents. RSGIA's advice is limited to U.S. real estate investments.

All investors should refer to the relevant Fund or Account offering documents in conjunction with this brochure for complete information on investment objectives, fees, strategies, and restrictions. There is no assurance that Funds or Accounts will meet their performance objectives.

As of February 14, 2012, RSGIA managed \$160,741,533 of assets, all on a discretionary basis.

Item 5: Fees and Compensation

RSGIA charges management, acquisition, and disposition/refinancing fees depending on vehicle structure and market conditions. Investors and prospective investors should refer to applicable governing documents for more complete information on fees charged by RSGIA. Though fees and payment methods vary by vehicle, management fees generally are charged in advance, on a quarterly basis, and directly to the investor. If an advisory contract is terminated, a pro rata portion of any management fee will be refunded to the applicable investor. Any acquisition and disposition fees are collected at the time of the transaction.

RSGIA affiliates also earn a performance-based fee (for more information on performance-based fees, see Item 6). Generally, both advisory fees and performance-based fees are non-negotiable.

Each Fund or Account will bear expenses related to its organization and operations, including brokerage commissions, development fees, property management fees, appraisal fees, audit fees, custodial fees (if applicable), and other related service provider costs. Please refer to Item 12 for additional information regarding the use of service providers for client transactions and to Item 10 regarding our use of affiliated entities for these functions.

Item 6: Performance-Based Fees and Side-by-Side Management

Each affiliate of RSGIA that serves as a general partner/managing member of a Fund or as investment member of an Account is entitled to receive performance-based compensation in the

form of carried interest. Carried interest is calculated as a percentage of net proceeds (attributable to the sale or refinancing of assets) and operating distributions. In structuring carried interest, RSGIA complies with Section 205(a)(1) and Section 205-3 of the Investment Advisors Act of 1940.

The existence of performance-based compensation may create an incentive for RSGIA or affiliates to make more speculative investments on behalf of a client than they otherwise might make in the absence of such compensation. Similarly, carried interest may incentivize RSGIA or affiliates to make decisions regarding the timing or structure of investment realizations that may not be in the best interest of investors.

Fee arrangements may differ from client to client. These different fee arrangements may create an incentive for RSGIA or affiliates to favor higher fee-paying clients when allocating investment opportunities. RSGIA policies prohibit it from allocating investment opportunities that favor any particular client, group of clients or affiliated and proprietary accounts.

Item 7: Types of Clients

RSGIA provides investment advice to pooled funds, including limited partnerships, limited liability companies, and side-car/co-investment vehicles. Investment opportunities are offered privately to institutional, high-net-worth, and foreign investors. Each investor in an RSGIA Fund is required to be an accredited investor pursuant to Regulation D under the Securities Act of 1933. In addition, RSGIA pooled investment vehicles qualify under Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act of 1940.

Unless stated otherwise in the offering documents, RSGIA Funds generally have a minimum investment amount of \$5 million, though the general partner of a Fund may accept lower amounts at its discretion.

RSGIA also may establish a separately managed account for certain institutional clients that may not be able to invest in a pooled fund. Separately managed accounts may be structured as limited liability companies.

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

Investment Strategies

RSGIA invests in real estate assets and portfolios in major U.S. cities. Investments broadly follow one of two strategies. The first strategy seeks to provide stable cash-on-cash yields and core returns through the acquisition of multifamily (primarily affordable housing) assets. The second strategy seeks to provide substantial capital appreciation through the acquisition and repositioning of value-add office assets (some of which may have a retail component).

RSGIA strategies typically do not incorporate opportunistic investments. Along these lines, our strategies limit their allocations to new construction and are geared to longer hold periods, usually ranging from 8-10 years.

RSGIA strategies also follow a “top-down” approach that focuses on acquiring assets in high-demand, high-barrier-to-entry markets. We invest in “smart growth” locations with easy access to transit, employment, housing, services, amenities and open space. It is our thesis and experience that smart growth locations can mitigate market and leasing risks.

While exact terms vary by vehicle, RSGIA seeks to structure its investment strategies to align investor and sponsor interests, mitigate downside, and create diversification. Investors should refer to offering documents for a more complete description of a vehicle’s strategy, terms, considerations, and restrictions.

Methods of Analysis

RSGIA seeks to invest only in opportunities where it can execute business plans and mitigate risk through proper financial, management, and capital structures. Throughout the due diligence, underwriting and capital planning processes, we leverage the network and experience of our affiliate, Jonathan Rose Companies, which brings a 20+ year track record in real estate investment and development and on-the-ground teams in New York, Connecticut, Denver, Seattle, and Albuquerque, NM.

RSGIA employs a comprehensive review of asset operating fundamentals, physical characteristics, legal and regulatory aspects, and exit opportunities to arrive at appropriate valuations. We believe it is essential to lock-in value by acquiring assets at the “right” price and seek to build disciplined income and expense projections through tenant by-tenant, unit-by-unit analyses. Assumptions are based on market knowledge, ongoing research and reviews of comparable properties. We generally do not include significant anticipated savings in utility costs from energy retrofits in our acquisition valuations.

RSGIA utilizes an interdisciplinary team of experts, including architects, general contractors, mechanical, electrical and plumbing engineers and structural engineers, to review a property’s condition and prepare a due diligence report that informs the investment decision and lays the foundation for capital investments post-closing.

This integrated approach to due diligence, with a look ahead to opportunities for liquidity, is intended to enable RSGIA to understand the needs of specific assets in depth, formulate tailored capital investment strategies, and execute asset-level business plans designed to maximize investors’ return on investment.

RSGIA generally manages discretionary Funds and Accounts. Investment decisions are overseen by an Investment Committee comprised of senior management. The Investment Committee reviews potential acquisitions through an on-going and dynamic process with multiple sign-off points. Investments are considered not only for their individual economic, social and environmental benefits but also in context of a vehicle’s overall portfolio risk/return

profile and allocation. In general, no more than 20% of aggregate capital commitments can be invested in a single asset.

Risk of Loss

Real property investments are subject to various risks, many of which are unique to the asset class. The following section discusses pertinent risks that investors should consider prior to investing with RSGIA. ***The risk of loss described below should not be considered an exhaustive list of all potential risks. Investors should review offering documents carefully for a more detailed discussion of these and other considerations. There is no guarantee that investments will perform as described within the offering documents.***

General Risks of Real Estate Ownership: Real estate investments are subject to risks generally incident to ownership of real property. Real estate values can be affected by a number of factors, including, but not limited to, uncertainty of cash flow; adverse changes in local market conditions or general economic conditions; competition from other properties; changes in interest rates, real estate tax rates, and/or fiscal policies; environmental risks; uninsured losses; eminent domain; and other factors outside the control of RSGIA, its affiliates and investors.

Risks Associated with Property Acquisitions: RSGIA primarily invests through the acquisition of real estate properties. Real estate acquisitions are subject to liabilities such as state of title, environmental conditions, physical conditions, and compliance with zoning laws, building codes or other legal requirements.

Competitive Market for Investment Opportunities: RSGIA competes for investment opportunities with other real estate investors. As a result, RSGIA may be unable to complete and exit a sufficient number of attractive investment opportunities to meet a Fund's or Account's return, investment, and diversification objectives.

Development Risk: RSGIA generally limits the percentage of capital commitments from any one vehicle that may be allocated to new construction. However, we may make investments that involve new construction from time to time if these opportunities meet the targeted investment criteria of our Funds or Accounts. Real estate development involves the risk that construction may not be completed within budget or on schedule due to work stoppages, shortages of building materials, the inability of contractors to perform their obligations, and other factors outside the control of RSGIA or its affiliates. Any delay in project completion may result in increased interest and construction costs, the potential loss of tenants, and the possibility of financing defaults.

Regulatory Risk: RSGIA investment strategies use various forms of financing and rent subsidies that are dependent upon federal, state or local appropriations. We can provide no assurance these financing/subsidy sources will continue to be available, that such sources will continue to be available in their present form, or that regulatory changes/amendments to relevant regulations and allocations will not negatively affect the availability of such financing/subsidies.

Liquidity Risk: Investments in real estate are highly illiquid and subject to industry cycles, downturns in demand, oversupply of competitive properties, market disruptions and the lack of available capital from potential lenders or investors. Accordingly, there can be no assurance that RSGIA or its affiliates will be able to finance, refinance or dispose of portfolio properties in a timely manner and/or on favorable terms.

Leverage Risk: RSGIA Funds and Accounts typically leverage their investments. Although the use of leverage can enhance returns, there can be no assurance that investments will be able to meet their associated debt service obligations. To the extent that investments cannot, returns to investors could be reduced and/or capital could be lost.

No Market for Security Interests: RSGIA investors typically invest through privately offered Funds and Accounts that are not registered under the Securities Act of 1933. There is no public market for interests in RSGIA Funds or Accounts and none is expected to develop. Investors may not be able to transfer or encumber interests. Investors also may not be able to withdraw contributions or commitments. Investors should consider an investment in an RSGIA Fund or Account to be a long-term, illiquid investment.

Item 9: Disciplinary Information

RSGIA, its employees and its affiliates have no disciplinary or legal events to disclose.

Item 10: Other Financial Activities and Affiliations

RSGIA is an affiliate of Jonathan Rose Companies, Inc., a New York State S-Corporation, and is wholly owned by Jonathan F.P. Rose. Jonathan Rose Companies is a national real estate firm with three integrated business lines: investment management, development, and consulting (urban planning and project management). Jonathan Rose Companies affiliates may provide RSGIA Funds or Accounts with services such as fee development, construction management, property management and leasing, sales brokerage, graphic design and web design. RSGIA's affiliation with Jonathan Rose Companies is a benefit many of our investors prefer and expect. However, the use of affiliates inherently creates potential conflicts of interests.

RSGIA seeks to deal with affiliates at an "arm length's basis" and has implemented procedures to help mitigate conflicts of interests that may arise from the use of affiliates. RSGIA generally only may employ affiliates for services if a Fund or Account otherwise would have engaged a third-party for that service. Similarly, RSGIA only may employ affiliates or related persons for services if fees to the affiliate and terms in the service agreement are market-rate. Certain affiliate transactions require the consent of client advisory boards.

Neither RSGIA nor any of its management persons is registered as a broker-dealer or as a registered representative of a broker-dealer. In addition, RSGIA and its management persons are not affiliated with any broker-dealer, bank or other financial services firm.

Neither RSGIA nor any of its management persons is registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

RSGIA and its related persons are, directly or indirectly, the general partner, investment adviser, and/or managing members/general partners of the general partner of each of the RSGIA Funds. In addition, RSGIA related persons invest as limited partners in the RSGIA Funds. RSGIA and its related persons may spend substantially all of their business time on one or more of the Funds or Accounts as required by the Fund's or Account's governing document. Investors should refer to the governing documents of each Fund or Account for more complete information on the requisite time commitments of RSGIA and its related persons.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

RSGIA recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its investors; (ii) its long-term business interests are best served by adherence to the principle that interests of investors come first; and (iii) it has a fiduciary duty to investors to act in or not opposed to the best interests of the Funds. All RSGIA personnel are required to act in accordance with the implied contractual covenants of good faith and fair dealings in respect of their dealings with investors. All RSGIA personnel must also comply with all federal securities laws.

RSGIA's Code of Ethics (the "Code") governs a number of potential conflicts of interest that may arise from RSGIA providing advisory services to investors in the Funds or Accounts it manages. This Code is designed to ensure that RSGIA meets its fiduciary obligation to RSGIA investors and to install a culture of compliance within RSGIA. An additional benefit of the Code is to detect and prevent violations of securities laws.

The Code is distributed to each employee at the time of hire and annually thereafter, and it is available on the Jonathan Rose Companies intranet website. RSGIA also supplements the Code with ongoing monitoring of employee activity.

The Code includes the following:

- Requirements related to confidentiality;
- Limitations on, and reporting of, gifts and entertainment;
- Pre-clearance of political contributions;
- Pre-clearance and reporting of employee personal securities transactions;
- Pre-clearance of outside business activities; and
- Protection of persons who engage in "whistle blowing" activities from retaliation.

On an annual basis, RSGIA requires employees to certify that they are in compliance with the Code.

In certain situations, related persons of RSGIA may purchase interests in portfolio investments held by one or more RSGIA Funds or Accounts. Such purchases are subject to compliance with the Code.

In addition, RSGIA and/or members or employees of RSGIA who have “warehoused” investments on behalf of Funds or Accounts may, either directly or through one or more entities, sell securities in those investments to Funds or Accounts, provided that the sale is consistent with RSGIA’s fiduciary obligations to the Funds or Accounts. Such transactions will be disclosed fully in writing, and the written consent of the appropriate Fund or Account will be obtained prior to the consummation of any such transaction in accordance with Section 206(3) of the Advisers Act and all other applicable state and federal securities laws.

Moreover, from time to time, RSGIA may cause a Fund or Account to engage in “cross trades,” meaning one Fund or Account may sell or purchase a portfolio investment from another Fund or Account, provided that the sale/purchase is consistent with RSGIA’s fiduciary obligations to each client.

Item 12: Brokerage Practices

RSGIA generally selects brokers used to effect real estate transactions. In selecting brokers, RSGIA considers a broker’s execution capabilities, reputation and access to real estate transaction markets. While RSGIA considers fees, RSGIA does not necessarily select the broker that offers the lowest commission.

The bank at which a client’s cash is held is determined at the beginning of each advisory relationship. In the event that a client directs RSGIA to use a particular bank, RSGIA’s ability to negotiate banking fees may be limited. Cash may be invested in products offered by the bank or may be held in checking accounts.

RSGIA seeks to allocate transactions among clients equitably. In general, RSGIA may not provide advisory services, or allocate investments, to a new client until the capital of existing clients with similar investment objectives has been substantially invested. If an investment opportunity meets the objectives of multiple clients, RSGIA seeks to allocate the investment to the client which it believes is best suited for the investment based on secondary factors such as a client’s available capital or portfolio diversity.

Item 13: Review of Accounts

RSGIA generally manages discretionary Funds and Accounts. Investment decisions are overseen by an Investment Committee comprised of senior management. The Investment Committee reviews potential acquisitions through an on-going and dynamic process with multiple sign-off points.

RSGIA generally provides written quarterly reports to investors. These reports may contain narrative market updates, project summaries and financial statements. Investors also receive

annual, independently-audited financial statements for the Fund or Account in which they are invested.

Investors are requested to refer to the governing documents of each Fund or Account for further information as to reporting by RSGIA.

Item 14: Client Referrals and Other Compensation

RSGIA or its related persons may receive fees from portfolio investments in which one or more of the Funds and Accounts may invest or propose to invest. The potential for RSGIA and its related persons to receive such economic benefits creates a conflict of interest as RSGIA and its related persons may have an economic incentive to invest in portfolio investments that provide such benefits.

RSGIA and related persons of RSGIA may compensate unaffiliated placement agents or third-parties for introducing investors to a Fund or Account. Any associated compensation will be payable by RSGIA or its related persons, either directly or through an offset of the management fee payable by the relevant Fund to RSGIA. An investor will not be charged any additional amount or bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third-party.

The receipt of compensation by a placement agent creates a potential conflict of interest and may affect the judgment of placement agents when making referrals to RSGIA and the Funds or Accounts.

RSGIA endeavors at all times to put the interests of the Funds and Accounts first as part of RSGIA's fiduciary duty.

Item 15: Custody

All RSGIA Funds and Accounts are audited by an independent accounting firm no less than annually. RSGIA sends these audited financial statements to all investors within 120 days of fiscal year-end.

RSGIA has custody over its Funds and Accounts. With the exception of its first Fund, the financial statements of Funds and Accounts in RSGIA custody are prepared according to U.S. generally accepted accounting principles. RSGIA's first Fund is held by a qualified custodian and its financial statements are prepared on an income-tax basis of accounting. In the event that a qualified custodian sends quarterly (or more frequent) account statements to a client, the client should review those statements and compare them to any statements the client has received from RSGIA.

Item 16: Investment Discretion

RSGIA Fund and Accounts are typically discretionary, meaning RSGIA has control of the Fund or Account and has all rights and powers necessary to carry out the vehicle's investment, management, and disposition activities. This authority is assumed through a power of attorney or other provision within the offering documents or management agreement. The offering documents or management agreement also set forth any restrictions on this authority.

Item 17: Voting Client Securities

RSGIA clients do not hold voting securities; investment decisions are overseen by an Investment Committee of senior management members. In the event that clients hold voting securities, RSGIA would implement policies and procedures in the best interest of clients and in a manner that addresses any potential conflicts of interest. Such policies and procedures would be made available to investors upon request by contacting RSGIA's Chief Compliance Officer.

Item 18: Financial Information

RSGIA has never filed for bankruptcy and is capable financially of meeting all contractual and fiduciary commitments to its clients.