

# Institutional Property Consultants, LLC

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This brochure provides information about the qualifications and business practices of Institutional Property Consultants, LLC. If you have any questions about the contents of this brochure, please contact us at (253) 582-3424 and/or [info@ipconline.com](mailto:info@ipconline.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

IPC is an investment adviser registered with the SEC. Registration with the SEC as an investment adviser does not imply any level of skill or training.

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

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## Material Changes

Institutional Property Consultants, LLC (“IPC”) relocated its corporate offices in December 2011. There are no other material changes to report since the initial filing in 2011.

## Advisory Business

- A. IPC was founded in 1983 with an exclusive focus on providing real estate consulting and research services to the institutional sector. IPC is 100% owned by Laura Huntington.
- B. All advice provided solely pertains to the real estate asset class. Investment advisory and consulting services include the definition of client investment programs and criteria; the identification of investment managers or manager of managers for consideration; the monitoring of investment performance; the preparation and presentation of portfolio or investment performance; and, general information on real estate and capital markets.
- C. Investment advice may be tailored to the specific needs of clients, based upon the client’s investment guidelines and policies adopted by its governing body or management. Investment strategies typically are adapted to a client’s previously approved investment policy statement. All strategies pertain only to real estate investing and can be short-term, intermediate-term or long-term, depending upon a variety of market factors. Investment strategies seek to provide diversification through investment fund manager, property type, geographic region and, to the extent possible and applicable, vintage year.  
  
Reports are tailored specific to each client assignment. In general, reports are provided quarterly to all clients and typically consist of performance results, portfolio composition and characteristics and comparison to industry benchmarks. An IPC professional may be in attendance at clients’ regular Board meetings.
- D. IPC does not participate in wrap fee programs.
- E. IPC does not manage client assets on a discretionary or non-discretionary basis.

## Fees and Compensation

- A. Fees are typically received on a quarterly basis in arrears. Fees are established by negotiation at the onset of a client relationship and there is no change in negotiated fees, except by the amendment process and in which case the change must be mutually agreed upon in writing.
- B. Clients are billed for fees on a quarterly basis.
- C. Subject to negotiation at the onset of a client relationship, IPC may receive reimbursement for reasonable out-of-pocket travel expenses associated with the engagement. No additional charges are made for administration or computer services.
- D. As noted above, fees are typically received on a quarterly basis in arrears.
- E. IPC is not involved in brokerage in any aspect and, therefore, receives no compensation or commission of any form for the sale of securities or other investment products.

## **Performance-Based Fees and Side-by-Side Management**

- A. IPC does not accept performance-based fees.

## **Types of Clients**

- A. IPC's clients represent a broad range of the institutional investor and private wealth management community and include corporate pension plans, endowments, foundations, Taft Hartley benefit funds and wealth management firms. IPC's clients have invested equity capital across the spectrum of real estate equity and debt investment strategies and property types, including office, retail, multifamily, industrial, hotel, self storage and senior and student housing. IPC has no established minimum client size requirements.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

- A. IPC's method of analysis involves both a review of quantitative and qualitative variables. IPC researches, analyzes, reviews and identifies investment funds and investment manager candidates appropriate for a client's real estate program. IPC's method of analysis, both quantitatively and qualitatively, may include, but is not necessarily limited to, a review of the following:
  - 1) Organization/Business Issues
    - a) Ownership
    - b) Organizational Structure
      - i) Current Structure
      - ii) Previous Structure
      - iii) Rationale for Changes
      - iv) Involvement of Senior Management
      - v) Succession Plans
    - c) Personnel
      - i) Additions/Deletions
      - ii) Incentive Compensation Structure
      - iii) Bios of Key Professionals
    - d) Clients
      - i) Additions/Losses
      - ii) Reasons for Losses
    - e) Financial Stability of Firm
    - f) Business Plan
  - 2) Investment Processes
    - a) Research
      - i) Purpose and Approach (Top-down versus Bottom-up)
      - ii) Resources

- iii) Integration to Acquisition, Asset Management and Disposition Activities
  - b) Acquisitions
    - i) Investment Strategy—Property Type, Location, Size, Structure, Life Cycle
    - ii) Deal Orientation/Success
    - iii) Allocation Process
    - iv) Underwriting Process
    - v) Decision/Approval Process, Including Role of the Investment Committee
    - vi) Review of All Acquisitions in the Last Two Years (May or May Not Be Realistic Depending Upon Size of Firm)
  - c) Portfolio Management
    - i) Overall Philosophy and Process
    - ii) Decision Making Process
    - iii) Reporting System/Client Reports
  - d) Asset Management
    - i) Overall Philosophy and Process
    - ii) Decision Making Process
    - iii) Development of Operating and Capital Budgets
    - iv) Property Managers and Leasing Agents
      - (1) Selection Process
      - (2) Monitoring and Evaluation Process
      - (3) Pricing
    - v) Appraisals
      - (1) External Appraisal Process
      - (2) Internal Appraisal Process
      - (3) Procedures for Resolving Differences Between External and Internal Appraisals
  - e) Dispositions
    - i) Hold/Sell Criteria
    - ii) Decision/Approval Process
    - iii) Track Record
      - (1) Overall Disposition History and Returns
      - (2) Review of Dispositions in the Last Two Years
      - (3) Disposition Price vs. Underwriting
- 3) Products
  - a) Separate Accounts
    - i) Overall Strategy and Implementation Thereof
    - ii) Historical Performance
    - iii) Projected Performance
  - b) Existing Commingled Funds

- i) Overall Strategy and Implementation Thereof
- ii) Historical Performance
  - i. Projected Performance
- b. New Initiatives
  - i. Overall Strategy
  - ii. Projected Performance
  - iii. Fee Structure

*Investing in real estate has significant risks. Clients should be prepared to bear that risk.* Such investments involve a high degree of risk, including significant financial, operating and competitive risks. Frequently, real estate and other real asset investments involve the use of substantial leverage (or borrowed money), which will increase the exposure of such assets to adverse macroeconomic conditions, such as a rise in interest rates or a downturn in the economy, enhancing the risk of loss. Also, real estate investments involve exposure to business cycles, local economic conditions and other factors which may not be present with other types of investments. Moreover, investors in real estate may be subject to additional risk if real estate investments are located outside of the U.S. Foreign markets can be more volatile than the U.S. markets due to increased risk of adverse issuer, political, regulatory, market, or economic developments and can perform differently than the U.S. market. Some of the specific risks attributable to real estate investments include:

**Transactional Risks.** Real asset transactions may fail to perform in accordance with expectations due to unexpected risks. Such risks include: (i) costs may exceed original estimates; (ii) occupancy and rental rates at the property may be below projections; (iii) financing may not be available on favorable terms or at all; (iv) construction, renovation, leasing or rental of a property may not be completed on schedule; (v) there may be difficulties or delays in obtaining necessary zoning, land-use, building, occupancy and other governmental permits and authorizations; and/or (vi) construction, renovation, operation and maintenance costs may exceed budget.

**Economic Changes.** Changes in the general condition of the local, regional and national economy, including inflation and levels of employment and changes in federal or state tax laws, may have an adverse effect on the occupancy and/or market rents, the value of real estate assets, and a real asset investor's ability to sell such assets.

**Changes in Supply and Demand.** Periodic fluctuations in general and local market conditions, shifts in general economic conditions or population levels, an oversupply of real estate in a local area, the lack of demand for real estate in particular areas, and fluctuations in lease and occupancy rates, may have an adverse effect on the ability to lease real property or dispose of real assets profitably.

**Vacancy Rates May Be Greater Than Projected.** If current tenants do not renew or extend their leases, or if they default or delay the payment of rent, the operating results, profitability and financial viability of a real estate investment could be substantially affected.

**Rents May Be Lower Than Projected.** There can be no guarantee that real estate investments will produce the rents projected at the time they are purchased. In addition, it may become necessary to make concessions in terms of rent and lease incentives, or construct tenant improvements, to attract and keep tenants.

**Increase in Costs of Property Operation.** Shortages or increased rates charged for water, fuel or electricity, or allocations thereof by suppliers or governmental agencies, could adversely affect the value of a real estate investment and a real estate investor's ability to sell such an investment.

**Changes in Interest Rates.** Changes in interest rates charged by lending institutions could adversely affect the terms upon which a real estate investor could borrow funds to refinance debt on a real estate investment or adversely affect the terms of sale and a real estate investor's ability to sell such an investment.

**Risks of Leverage.** A decrease in revenues from income properties could affect a real estate investment's ability to service the debt or to meet minimum debt coverage ratios imposed by a lender. As a result of leverage, a real estate investor may suffer a loss of its investment through foreclosure or other means.

**Eminent Domain Proceedings.** A real asset investment could become subject to an eminent domain or inverse condemnation action. Such an action could have a material adverse effect on the marketability of such an investment, and, as a consequence, adversely affect the amount of return on the investment.

**Acts of War, Terrorism or Natural Disasters.** A number of events outside of the control of an investment manager, such as acts of terrorism, war or natural disasters, could have an adverse effect on the returns realized.

**Property Management; Contractors.** A property manager will often have responsibilities to manage the day-to-day operations of real estate investments, and a real estate investor will depend on the services of construction contractors and other service providers in many cases. There is no guarantee that an investment will not be mismanaged, or services will not be properly delivered, with adverse results to the economic returns of such investments.

**Environmental Matters.** The operating costs and performance of real estate investments may be adversely affected by the cost of complying with existing and future environmental laws, ordinances and regulations. Under various federal, state and local laws, ordinances and regulations, an owner of a real estate investment may be liable for the costs of clean-up of certain conditions relating to the presence of hazardous or toxic materials on, in or emanating from a property, and any related damages to natural resources. Such laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence of hazardous or toxic materials. If such liability is imposed, a real estate investor may suffer adverse economic results. The presence of hazardous substances, or the failure to remediate hazardous substances properly, may adversely affect the owner's ability to sell or use real estate or to borrow outside funds using real estate as collateral. In addition, some environmental laws create a lien on contaminated property in favor of the government for costs it incurs in connection with the contamination. In addition to cleanup actions brought by federal, state and local agencies and private parties, the presence of hazardous substances on a property may lead to claims of personal injury, property damage or other claims by private plaintiffs. Environmental laws in foreign countries may have more stringent environmental protections.

- B. Clients investing in real estate should understand the risk inherent in any real estate investment strategy and be prepared to bear those risks.

For real estate debt origination and acquisition strategies, investment strategy risks include but are not necessarily limited to: regulatory response and timing of the restoration of

confidence in the securitization market; prolonged financing issues; mark-to-market accounting; asset selection risk; untested special servicers' capacities and capabilities under such extreme financial distress; and, inability to execute on the part of real estate investment managers.

For real estate debt strategies, risk mitigation is accomplished through seasoned debt experience and solid real estate asset management, which is determined by thorough underwriting of chosen investment managers and fund product. Loans should be underwritten to minimize loss severity with direct knowledge of borrowers. Originators should have experience hedging interest rate and credit spread exposure and dealing with intercreditor issues between debt classes. Solid real estate asset management requires, at a minimum, monthly reviews of market data and quarterly underwriting reviews on each investment along with property owner discussions. Real estate property and market level economic factors are a major driver of default and should, therefore, be incorporated into any CMBS or real estate debt analysis.

For real estate equity and secondary market private equity real estate acquisitions, investment strategy risks include but are not necessarily limited to: pricing and execution risk; structuring risk; market risk (i.e., general market timing and/or leasing risk); capital structure risk; and, access to relevant information. In particular for secondary market acquisitions, additional investment strategy risks include failure of undercapitalized partnerships and non-performing general partners and limited partners.

For real estate equity and secondary market strategies, risk mitigation is accomplished through targeting strategies that can be executed to generate attractive returns given prevailing market conditions and that can be executed with minimal leverage and with ample margin for variance given volatile capital markets. The focus is on strategies where the general partner has clearly defined parameters with regard to the utilization of equity and debt to capitalize transactions and demonstrate thorough underwriting, "best-in-class" investment processes, sound financial controls and systems and clear alignment of interests.

For all investment strategies, prudent portfolio construction and risk management is conducted to mitigate manager, market and capital structure risks through the diversification across manager styles, investment strategies, property types, investment structures and geographic regions.

## **Disciplinary Information**

IPC has not been subject to any legal or disciplinary events. IPC has not been subject to any criminal or civil action in a domestic, foreign or military court of competent jurisdiction. IPC has not been subject to any administrative proceeding before the SEC, any other federal or regulatory agency, any state regulatory agency or any foreign financial regulatory authority. IPC has not been subject to any self-regulatory organization proceeding.

## **Other Financial Industry Activities and Affiliations**

- A. IPC is not a registered broker-dealer.
- B. IPC is not a registered future commission merchant, commodity pool operator or commodity trading advisor and is not an associated person of the foregoing entities.



- C. IPC has no relationships or arrangements with any related persons.
- D. IPC does not receive compensation directly or indirectly from investment advisers that are recommended to clients.

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

- A. IPC has adopted and implemented a Code of Ethics intended to establish guidelines, achieve compliance with applicable federal and state securities laws and promote professional and ethical conduct and integrity. In addition, IPC has implemented certain securities trade reporting procedures in compliance with the Code of Ethics. A copy of IPC's Code of Ethics is available upon request by contacting the Chief Compliance Officer and Managing Member, Laura Huntington, at Institutional Property Consultants, LLC, 3820 S. Pine Suite 210, Tacoma, WA 98409 (tel: 253-582-3424; email: [lhuntington@ipconline.com](mailto:lhuntington@ipconline.com)).
- B. IPC is not involved in brokerage. As such, neither IPC nor a related person recommends to clients, or buys or sells for client accounts, securities in which IPC or a related person has a material financial interest.
- C. IPC is not involved in brokerage. As such, neither IPC nor a related person invests in the same securities that IPC or a related person recommends to clients.
- D. IPC is not involved in brokerage. As such, neither IPC nor a related person recommends to clients, or buys or sells for client accounts, at or about the same time that IPC or a related person buys or sells the same securities.

## **Brokerage Practices**

- A. IPC does not recommend broker-dealers for client transactions and, therefore, does not determine the reasonableness of their compensation.

## **Review of Accounts**

- A. Accounts are automatically reviewed each quarter. Each account is reviewed for compliance with adopted client investment policy and in light of current market conditions. The primary reviewer is Laura Huntington as IPC's Managing Member.
- B. Accounts may be reviewed more frequently than quarterly, depending upon current market conditions and events impacting the portfolio at the investment manager, investment fund and/or investment level.
- C. All reports are provided in written format, delivered via courier, regular mail and/or electronic mail. Typically, quarterly reports include a narrative updating the investment activity of client's investment funds. The quarterly narrative report generally conforms in form to past reports with investment commentary and diversification charts. Substantively, IPC's commentary focuses on investment activity influencing the performance of the investment funds, including an analysis of factors relating to both risk and return. IPC also objectively discusses operating strategies, exit strategies and the current and projected

performance of each of the investment funds in light of relevant property and capital market dynamics.

## **Client Referrals and Other Compensation**

- A. IPC does not accept compensation or economic benefits from non-clients.
- B. IPC does not directly or indirectly compensate any person for client referrals.

## **Custody**

- A. IPC does not have custody of client funds or securities. IPC does not provide client account statements.

## **Investment Discretion**

- A. IPC does not have discretionary authority to manage securities accounts on behalf of clients.

## **Voting Client Securities**

- A. To the extent that IPC exercises or is deemed to be exercising voting authority over client securities through its role on advisory boards, IPC's general policy is to vote proxy proposals, amendments, consents or resolutions (collectively "proxies") in a manner that best serves the best interest of the client, as determined by IPC in its discretion, taking into account factors described in its policies and procedures (together, the "Policy").

In furtherance of the foregoing, IPC generally opposes placing restrictions on the business judgment of management. It considers on a case-by-case basis, executive compensation plans and supports those that promote the adoption of fair, competitive compensation packages for executives and it reviews matters relating to changes in a company's charter documents and generally votes in favor of those measures that provide management with the most operational flexibility.

- B. The foregoing summary of IPC's proxy voting policies is qualified in its entirety by the complete text of the Policy, a copy of which may be requested along with IPC's proxy voting record by contacting the Chief Compliance Officer and Managing Member, Laura Huntington, at Institutional Property Consultants, LLC, 3820 S. Pine Street, Suite 210, Tacoma, WA 98409 (tel: 253-582-3424; email: [lhuntington@ipconline.com](mailto:lhuntington@ipconline.com)).

## **Financial Information**

- A. IPC does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B. IPC does not have discretionary authority or custody of client funds and does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- C.** IPC has not been the subject of a bankruptcy petition.

## Requirements for State Registered Advisers

Laura Huntington, Managing Member and Chief Compliance Officer

Formal education after high school:

The University of Texas at Austin

BBA, Finance/Real Estate

The University of Texas at Austin

MBA, Real Estate/Finance

Business background preceding ten years:

Institutional Property Consultants, LLC

April 2000 to present

Neither IPC nor any management person has been found liable in an arbitration claim alleging damages in excess of \$2,500 nor any civil, self-regulatory organization or administrative proceeding involving any of the following: an investment or investment-related business activity; fraud, false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting or extortion; or dishonest, unfair or unethical practices.

Neither IPC nor any management person has any relationship with any issuer of securities.