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This brochure provides information about the qualifications and business practices of MILLER CAPITAL ADVISORY, INC. If you have any questions about the contents of this brochure, please contact us at: (847) 966-9600, or by email at: [mgoldberg@miller-capital.com](mailto:mgoldberg@miller-capital.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.

Additional information about Miller Capital Advisory, Inc., is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

MARCH 31, 2015

## **Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

There have been no material changes to the Firm Brochure since the last annual update of the Firm Brochure on March 31, 2014.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (847) 966-9600 or by email at: [mgoldberg@miller-capital.com](mailto:mgoldberg@miller-capital.com).

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# **Advisory Business**

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## **Firm Description**

Miller Capital Advisory, Inc. provides investment advisory services for investment grade real estate. Such real estate may be owned by partnerships or limited liability companies or may be owned directly. The investment advisory services of Miller Capital Advisory, Inc., are limited to those types of investments.

Miller Capital Advisory, Inc. ("Miller Capital Advisory, Inc.") was founded in 1996.

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## **Principal Owner**

Andrew R. Miller is the sole shareholder of Miller Capital Advisory, Inc.

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## **Types of Advisory Services**

Miller Capital Advisory, Inc., provides the following types of advisory services for clients' investments:

- Investment management services
  1. Planning, structuring and consummating acquisitions of investment grade properties;
  2. Providing asset management services with respect to portfolio properties;
  3. Planning, structuring and consummating financings with respect to portfolio properties; and
  4. Planning, structuring and consummating property dispositions.
- Asset management services
  1. Strategic reviews of asset portfolios.
  2. Evaluation of prevailing capital markets conditions and their impact upon investment values and holding strategies.
  3. Preparation of short-term and long-term financial projections for portfolio investments.
  4. Development and execution of leasing strategies for portfolio properties.
  5. Preparation and oversight of development, redevelopment and renovation plans for portfolio properties.

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## **Tailored Relationships; Client Agreements**

Investment advisory services are tailored to specific client requirements.

Limited liability company-owned and partnership-owned real estate investments managed by Miller Capital Advisory, Inc., are held by a limited liability company ("Institutional Mall Investors LLC"). The members of Institutional Mall Investors LLC are a state government pension fund (the "State Government Pension Fund") and a limited liability company ("MCA Mall Investors LLC"). The sole members of MCA Mall Investors LLC are trusts, the sole beneficiaries of which are the sole shareholder and Chief Executive Officer of Miller Capital Advisory, Inc., and his family.

Miller Capital Advisory, Inc., serves as the manager of both Institutional Mall Investors LLC and MCA Mall Investors LLC. The operating agreement of each limited liability company sets forth restrictions on the types of permitted investments.

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## **Assets Under Management**

As of December 31, 2014, Miller Capital Advisory, Inc., manages \$6,284,576,905 in assets. \$6,222,525,884 is managed on a discretionary basis, and \$62,051,021 is managed on a non-discretionary basis.

## **Fees and Compensation**

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### **Description**

Miller Capital Advisory, Inc., does not have a published fee schedule. Fees are negotiated with clients. Current negotiated fee structures include only the following:

1. A percentage of assets under management.
2. A percentage of real estate development costs.

Fee schedules negotiated with clients consider the types of service as well as total fees for services performed.

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### **Fee Billing**

Fees are billed to clients as follows:

1. Quarterly as asset management services are rendered.
2. Monthly as client real estate development costs are incurred.

Billed fees are paid by clients as follows:

- Institutional Mall Investors LLC's asset management fees are paid by the members of Institutional Mall Investors LLC in proportion to their ownership percentage interests.
- MCA Mall Investors LLC's asset management fees are paid from MCA Mall Investor LLC's assets by Miller Capital Advisory, Inc, as manager of MCA Mall Investors LLC.
- Real estate development fees are paid from Institutional Mall Investors LLC's assets by Miller Capital Advisory, Inc., as manager of Institutional Mall Investors LLC.

Fees are not payable before services are rendered. Therefore no fees would be refundable upon termination of an advisory contract.

The fee structure is set forth in a written agreement entered into with the client prior to the performance of advisory services.

## **Performance-Based Fees**

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Miller Capital Advisory, Inc., does not earn fees based on a share of the capital gains or capital appreciation of client assets.

Miller Capital Advisory, Inc., provides advisory services to Institutional Mall Investors LLC as described above in Tailored Relationships; Client Agreements. The Institutional Mall Investors LLC operating agreement provides that MCA Mall Investors LLC may receive priority distributions based upon the capital appreciation of the assets of Institutional Mall Investors LLC. The sole shareholder and Chief Executive Officer of Miller Capital Advisory, Inc., who provides investment advice to clients, has invested in MCA Mall Investors LLC. The sole shareholder and Chief Executive Officer of Miller Capital Advisory, Inc., and members of his family may, as beneficiaries of trusts that are the sole members of MCA Mall Investors LLC, indirectly receive priority distributions paid to MCA Mall Investors LLC by Institutional Mall Investors LLC.

Performance based fees could create a conflict of interest if an advisor favored accounts that provide for performance based fees. However, a conflict of interest does not exist because Miller Capital Advisory, Inc. does not have other clients who invest in the type of investments held by Institutional Mall Investors LLC.

## **Types of Clients**

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### **Description**

See Tailored Relationships; Client Agreements above.

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### **Account Minimums**

Miller Capital Advisory, Inc., does not impose a minimum account size.

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

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### **Methods of Analysis**

Miller Capital Advisory, Inc.'s security analysis includes fundamental analysis. Miller Capital Advisory, Inc.'s sources of information include such property management reports as profit and loss statements, leasing summaries, specific lease proposals, third party appraisals and tenant sales reports as well as direct field observation of the properties and their respective competitors. Miller Capital Advisory, Inc., also relies on networking with other owners and advisers holding or managing similar properties. Miller Capital Advisory, Inc., subscribes with demographic information purveyors to develop market profiles for shopping center investments. Miller Capital Advisory, Inc., subscribes to such publications as Pensions and Investments, Real Estate Direct, Green Street, Institutional Investor, Commercial Property News and Shopping Centers Today to stay abreast of industry wide trends and phenomena.

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### **Investment Strategies**

The primary investment strategy for the Institutional Mall Investors LLC account is to acquire and improve fashion-oriented retail and mixed-use investment grade real estate properties. The investment strategy for a specific client is based upon the objectives stated by the client.

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### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Miller Capital Advisory, Inc.'s investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Business Risk:** These risks are associated with investing solely in a particular industry, such as the fashion-oriented retail real estate industry.



- **Interest Rate Risk:** Fluctuations in interest rates may cause investment values and prices to fluctuate.
- **Market Risk:** The price of a security or other real estate investment may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Real estate properties may not be highly liquid.
- **Financial Risk:** During periods of financial stress, the inability to meet loan obligations may result in loss of the investment and/or a declining market value.

## **Disciplinary Information**

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Neither Miller Capital Advisory, Inc. nor its employees have been involved in legal or disciplinary events that are material to a client's or prospective client's evaluation of Miller Capital Advisory, Inc.'s advisory business or the integrity of Miller Capital Advisory, Inc.'s management.

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

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### **Financial Industry Activities**

Neither Miller Capital Advisory, Inc., nor any of its executive officers are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither Miller Capital Advisory, Inc., nor any of its executive officers are registered, or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

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### **Affiliations**

The sole shareholder and Chief Executive Officer of Miller Capital Advisory, Inc., is the beneficiary and trustee of a trust that is a member of MCA Mall Investors LLC. Miller Capital Advisory, Inc., serves as the manager of MCA Mall Investors LLC and Institutional Mall Investors LLC.. See Tailored Relationships; Client Agreements above.

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## **Other Investment Advisers**

Miller Capital Advisory, Inc., does not recommend or select other investment advisers for its clients.

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

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### **Code of Ethics**

Miller Capital Advisory, Inc., has adopted and enforces a written Code of Ethics that complies with Securities and Exchange Commission Rule 204A-1. The Code of Ethics:

- Contains standards of business conduct that are required of all employees. Those standards reflect the fiduciary obligations of Miller Capital Advisory, Inc., and its employees.
- Requires employees to comply with applicable securities laws.
- Requires employees to report all of their securities transactions periodically and requires Miller Capital Advisory, Inc., to review those securities transactions reports.
- Requires employees to report any violations of the Code of Ethics promptly.

All employees of Miller Capital Advisory, Inc. are provided with a copy of the Code of Ethics and are required to certify receipt of the Code of Ethics and certify that they have read and understand the Code of Ethics and agree to comply with it.

Miller Capital Advisory, Inc., will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### **Participation or Interest in Client Transactions**

The sole shareholder and Chief Executive Officer of Miller Capital Advisory, Inc., as the beneficiary (and trustee) of a trust that is a member of MCA Mall Investors LLC, indirectly invests in properties and/or securities that are acquired or held by Institutional Mall Investors LLC. Employees do not participate in any other client transactions.

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## **Personal Trading**

Miller Capital Advisory, Inc., requires that all personal investment transactions of employees and members of their immediate families be carried out in a manner that will not endanger the interest of any client or create any apparent or actual conflict of interest between Miller Capital Advisory, Inc.'s clients and either Miller Capital Advisory, Inc., or its employees.

## **Brokerage Practices**

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### **Description**

Miller Capital Advisory, Inc., does not select or recommend broker-dealers for client transactions.

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### **Research and Other Soft Dollar Benefits**

This is not applicable to Miller Capital Advisory, Inc.'s business.

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### **Brokerage for Client Referrals**

This is not applicable to Miller Capital Advisory, Inc.'s business.

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### **Directed Brokerage**

This is not applicable to Miller Capital Advisory, Inc.'s business.

## **Review of Accounts**

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### **Ongoing Reviews**

Miller Capital Advisory, Inc., reviews client investments on an ongoing basis. Miller Capital Advisory, Inc. regularly reviews new investment opportunities for clients and evaluates the performance of existing client investments. Such reviews are conducted by Andrew R. Miller, the President and Chief Executive Officer, John Neutzling, the Executive Vice President and Chief Operating Officer and Michael A. Goldberg, the Executive Vice President and Chief Financial Officer.

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### **Regular Reports**

Clients receive quarterly written statements that report the clients' cash flow, net income (loss) and unrealized gain (loss) on investments. Clients also receive annual audited financial statements.

The State government Pension Fund receives monthly written reports that include information relating to Institutional Mall Investors LLC's portfolio's tenant sales, leasing and occupancy for real estate investments, and a property-by-property analysis of net operating income.

The State Government Pension Fund receives a quarterly written management report that includes Miller Capital Advisory, Inc.'s review of Institutional Mall Investors LLC's portfolio performance, financial statements for Institutional Mall Investors LLC, and financial statements reflecting the State Government Pension Fund's share of the investments and related financial schedules.

The State Government Pension Fund receives an annual written strategic investment plan for the Institutional Mall Investors LLC portfolio, including a forecast of operating performance, hold/sell analysis and competitive market update. The plan also includes a detailed review of the portfolio's' prior year performance compared to its objectives, a review and discussion of the investment strategy compared to its benchmark, a recommended investment plan for the coming year and a request for an allocation of investment capital for the coming year.

## **Client Referrals and Other Compensation**

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Miller Capital Advisory, Inc., does not receive economic benefits from someone who is not a client for providing investment advice or other advisory services to clients.

Neither Miller Capital Advisory, Inc., nor any person related to Miller Capital Advisory, Inc., directly or indirectly compensates any person for client referrals.

## **Custody**

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Miller Capital Advisory, Inc., has custody of cash accounts and securities of Institutional Mall Investors LLC and MCA Mall Investors LLC. The Securities and Exchange Commission mandates certain requirements for investment advisors who maintain custody of client funds or securities. As explained below, the custody of those funds and securities complies with those requirements.

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### **Client Funds**

Miller Capital Advisory, Inc., maintains separate cash accounts for Institutional Mall Investors LLC and MCA Mall Investors LLC, with banks or registered broker-dealers who are "qualified custodians" as required by the

Securities and Exchange Commission. Account statements are not required to be distributed directly by the qualified custodians to the members of Institutional Mall Investors LLC or MCA Mall Investors LLC because those entities are audited annually and the audited statements are distributed to the members.

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## **Client Securities**

All client securities in the custody of Miller Capital Advisory, Inc., are privately issued securities that are uncertificated and are evidenced by limited liability company operating agreements and partnership agreements. Securities in the custody of Miller Capital Advisory, Inc., are not required to be held by a “qualified custodian” because Institutional Mall Investors LLC and MCA Mall Investors LLC are audited annually and the audited financial statements are distributed to the members.

## **Investment Discretion**

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### **Discretionary Authority for Trading**

Miller Capital Advisory, Inc., is authorized to buy properties and property based securities for the account of Institutional Mall Investors LLC without obtaining specific client authorization. However, that discretion is limited by the provisions of the Institutional Mall Investors LLC operating agreement and the annual investment plan as submitted to and approved by the State government Pension Fund. Approval for the sale of securities of Institutional Mall Investors LLC must be obtained in accordance with procedures set forth in the Institutional Mall Investors LLC operating agreement.

## **Voting Client Securities**

Miller Capital Advisory, Inc., as the manager of Institutional Mall Investors LLC and MCA Mall Investors LLC, is authorized to manage the business and affairs of those entities and has a fiduciary duty to the respective members of those entities. Limitations on Miller Capital Advisory, Inc.’s authority are contained in the respective operating agreements. Securities held are limited to closely held partnerships and limited liability companies. The management of those entities is governed by written agreements.

## **Financial Information**

Miller Capital Advisory, Inc., does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be included in this brochure because Miller Capital Advisory, Inc., does not require prepayment of fees.