



PERENNIAL CAPITAL ADVISORS, LLC

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Part 2A of Form ADV Brochure

March 25, 2020

This Brochure provides information about the qualifications and business practices of Perennial Capital Advisors, LLC (“Perennial Capital”). If you have any questions about the contents of this Brochure, please contact us at (617) 248-8960. 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 Perennial Capital Advisors, LLC also is available at www.perennialcap.com and on the SEC’s website at www.adviserinfo.sec.gov.

Registration as an investment adviser does not imply a certain level of skill or training.

ITEM 2 – MATERIAL CHANGES

There have been no material changes since the last annual update of our Firm Brochure dated March 28, 2019.

This item of the Brochure will be updated annually when material changes occur since the previous annual update of the Brochure.

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ITEM 4 – ADVISORY BUSINESS

Perennial Capital Advisors, LLC (“Perennial Capital”) provides investment advisory services to private investment fund of funds (the “Perennial Capital Funds”) with a focus on selecting, monitoring and providing reporting on primarily limited partnership interests in private equity real estate funds. The Perennial Capital Funds use a fund of funds investment structure and, as such, they do not typically make direct investments in publicly-traded securities or in private operating entities.

Perennial Capital was formed in 2004 and has offices in Boston, Massachusetts. The principal owner of Perennial Capital is Leslie E. Greis, who is the sole managing member of Perennial Capital.

Investors and prospective investors in each Perennial Capital Fund should refer to the confidential private placement memorandum, limited partnership agreement, adviser agreement and other governing documents for each Perennial Capital Fund (the “Governing Documents”) for complete information on the investment objectives and investment restrictions with respect to a particular Perennial Capital Fund. There is no assurance that any of the Perennial Capital Funds’ investment objectives will be achieved.

A related entity of Perennial Capital generally acts as the general partner of each Perennial Capital Fund, and Perennial Capital is the investment manager of each Perennial Capital Fund. In accordance with common industry practice, one or more of the Perennial Capital Fund general partners has the ability enter into “side letters” or similar agreements with certain investors pursuant to which the general partner grants the investor specific rights, benefits, or privileges that are not made available to investors generally.

Perennial Capital does not participate in wrap fee programs.

Perennial Capital manages all assets on a discretionary basis in accordance with the terms and conditions of each of the Perennial Capital Fund’s Governing Documents. As of December 31, 2019, the amount of assets Perennial Capital manages on a discretionary basis was \$152,362,946.

ITEM 5 – FEES AND COMPENSATION

Compensation and Fee Schedules

Specific fee disclosure is not provided in this brochure as all clients are qualified purchasers as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940 (as amended, the “1940 Act”). All investors should review the Governing Documents for each Perennial Capital Fund in conjunction with this brochure for complete information on the fees and compensation payable with respect to a particular Perennial Capital Fund.

Deduction of Fees

The general partner of each Perennial Capital Fund is authorized under its Governing Documents to charge and deduct management fees (which includes the advisory fees) directly from the assets of the Perennial Capital Funds, at the times and in the amounts described below and in the Governing Documents.

Other Fees and Expenses

In addition to the fees payable to Perennial Capital, the Perennial Capital Funds may incur certain charges imposed by third parties, including (but not limited to) legal, consulting and audit expenses. The general partner is responsible for all of its normal day-to-day overhead expenses incurred in connection with Perennial Capital Fund activities. Organizational expenses in excess of a certain threshold for each Perennial Capital Fund will also be borne by the general partner.

As funds of funds, each Perennial Capital Fund also generally pays carried interest, management fees, advisory fees and/or other fees and expenses to the managers of the underlying private investment funds in which such Perennial Capital Fund invests that are not affiliated with Perennial Capital (each, a “Portfolio Fund”). Carried interest and any fees and expenses paid to Perennial Capital for investment advisory or management services are separate and distinct from the carried interest, fees and expenses charged by the independent investment advisers or general partners of the Portfolio Funds.

In the event a Perennial Capital Fund receives a distribution of publicly traded securities from one of its Portfolio Funds, that Perennial Capital Fund may incur brokerage or other charges in liquidating that security. For a discussion of these charges, see the Section entitled “Brokerage Practices.”

Timing of Payments and Termination

Payments of advisory fees, like payments of management fees, are generally made quarterly in advance in accordance with the terms of each of the Perennial Capital Fund’s Governing Documents. Perennial Capital’s services may be terminated by any of the Perennial Capital Funds at any time by prior written notice to Perennial Capital. Upon termination of any account, a pro rata portion of any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Please refer to the Perennial Capital Funds’ Governing Documents for more complete information on the timing of management and advisory fee payments.

Transaction Based Compensation

Neither Perennial Capital nor its supervised persons receive any compensation from any person as a result of the purchase or sale of securities or other investment products.

ITEM 6 – PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Related persons of Perennial Capital, each as the general partner of a Perennial Capital Fund, may receive certain allocations calculated and charged based on a share of capital gains on or capital appreciation of the assets of that Perennial Capital Fund. This performance-based allocation is commonly referred to as the general partner's "carried interest."

The performance-based allocation arrangements comply with Rule 205-3 of the Advisers Act. Any performance-based fees paid to the general partner of each Perennial Capital Funds are separate and distinct from the advisory fees charged by Perennial Capital for advisory services.

All of the clients managed by Perennial Capital or any of its supervised persons are charged both management fees and performance-based allocations.

ITEM 7 – TYPES OF CLIENTS

Perennial Capital provides advice to private fund of funds vehicles, consisting of the Perennial Capital Funds. Perennial Capital and its related persons require that each limited partner in each of the Perennial Capital Funds be: (i) an “accredited investor” as defined in Regulation D under the Securities Act of 1933, as amended (the “Securities Act”), and (ii) a “qualified purchaser” as defined in the 1940 Act. The Perennial Capital Funds are not required to register as investment companies under the 1940 Act in reliance upon certain exemptions available to the Perennial Capital Funds.

Perennial Capital or its related persons may establish certain Perennial Capital Funds (“Perennial Capital Feeder Funds”) to address certain tax, regulatory or other requirements. Each Perennial Capital Feeder Fund, if formed, would be a limited partner of a Perennial Capital Fund and interests in such Perennial Capital Feeder Fund would be held by the investors who elect to participate in the Perennial Capital Fund through such Perennial Capital Feeder Fund. In addition, Perennial Capital may form other alternative investment vehicles (collectively “AIVs”) formed for the purpose of facilitating certain investments by a Perennial Capital Fund and/or its investors. Prospective investors are requested to refer to the Governing Documents of the applicable Perennial Capital Fund for complete details on any Perennial Capital Feeder Fund established by such Perennial Capital Fund and a Perennial Capital Fund’s ability to make investments through AIVs.

Generally, an investor must invest a minimum of \$500,000 in a Perennial Capital Fund; however, the general partner of the Perennial Capital Fund may waive the minimum investment amount in its sole discretion.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Perennial Capital seeks to identify funds whose managers have special skills or capabilities and a track record of accomplishment in these areas.

Perennial Capital advises each Perennial Capital Fund on building a portfolio of top tier private real estate managers who have been thoroughly evaluated and analyzed for their future return prospects. Using information gathered through the research and due diligence process, Perennial Capital evaluates managers on multiple levels in its consideration of a potential fund investment. In addition to evaluating investment managers individually, Perennial Capital also takes into consideration the development and composition of the aggregate manager structure in the fund-of-funds portfolio in order to achieve optimal performance.

Perennial Capital's manager analysis includes an evaluation of both the qualitative and quantitative measures of a fund. Specifically, Perennial Capital aims to identify private real estate funds that present the following themes: (1) Strong management teams with extensive experience and proper skill sets; (2) Clearly articulated investment strategy with value enhancement initiatives; (3) Well-documented investment process and implementation plan; (4) Organization functionally aligned with its strategies; (5) Demonstrated ability to execute the value enhancement plan; (6) Strong and consistent track record of performance; and (7) Fund terms that reflect an alignment of interests with the investors' commitment.

Also, it is important for Perennial Capital to be comfortable with the timeliness and completeness of information distributed by the underlying fund managers. As a result, Perennial Capital expects to be able to provide investors with some information at the underlying fund and property level and will ascertain transparency levels with the manager during its due diligence process.

Finally, Perennial Capital's onsite visits allow it to meet fund managers directly and arrive at a qualitative, albeit subjective, judgment on the managers' character and the integrity of their team members. Perennial Capital will supplement these judgments, when and where possible, with reference checks through its network of industry contacts.

Risk Factors

General

An investment in the Perennial Capital Funds requires a long-term commitment with no certainty of return. The investment interests the Perennial Capital Funds are not readily marketable and the vast majority of investments held by the Portfolio Funds will be illiquid. There can be no assurance that the Perennial Capital Funds will achieve its investment objectives. As a fund that invests in real estate investment funds, the Perennial Capital Funds will be subject to the risks inherent in real estate investing. The performance of real estate portfolios in which the Portfolio Funds invest, and therefore the value of the Perennial Capital Funds' investments, will be subject to many factors over which the Perennial Capital Funds and the Portfolio Funds may have limited or no control. The possibility of partial or total loss of capital will exist, and prospective investors should not subscribe unless they can readily bear the consequences of such loss.

Lack of Operating History

As of the release date of a particular Perennial Capital Fund Private Placement Memorandum, not all of the Perennial Capital Fund's investments will have been specifically identified. Consequently, an investor will not be able to evaluate for itself the merits of particular investments prior to the investor's decision to invest in the fund. Investors must rely entirely on the expertise and judgment of Perennial Capital. Perennial Capital's senior executives have substantial experience in providing investment management and advisory services. However, such experience cannot be relied upon as an indicator of the ability of the Perennial Capital Funds' to achieve its objectives. The success of that fund will depend upon the skills of the general partner and the Portfolio Fund manager in selecting, managing and disposing of the investments. No assurances can be given that the Perennial Capital Funds will be profitable or that any particular return will be achieved. Moreover, prior investment results obtained by the managers of the Portfolio Funds are not necessarily indicative of the results that the Portfolio Funds, or the Perennial Capital Funds itself, may achieve. Certain of the Portfolio Funds may also be newly created entities with no prior operating history.

Investment Concentration -Opportunistic Investments

Subject to the diversification requirements described in a particular Perennial Capital Fund's Private Placement Memorandum, the Perennial Capital Funds may invest in a limited number of Portfolio Funds and such Portfolio Funds may, in turn, make a limited number of investments. A consequence of a limited number of investments is that the aggregate returns realized by the investors in the Perennial Capital Funds, if any, may be substantially adversely affected by the unfavorable performance of a small number of such investments. If any single position has a material loss, then returns to investors may be lower than if the Perennial Capital Funds or the Portfolio Funds had invested in a more diversified portfolio. In addition, the Perennial Capital Funds' investments could potentially be concentrated in relatively few industries or geographic regions. The Perennial Capital Funds' capital will be allocated among funds pursuing opportunistic real estate strategies. Opportunistic investing typically requires greater value enhancement for properties to achieve targeted returns. While opportunistic investing can result in higher returns compared to core or value added properties (although there is no guarantee in this regard), it also involves significantly more risk that the targeted returns will not be achieved.

Reliance on Third-Party Management

The Perennial Capital Funds invest in pooled investment vehicles (i.e., the Portfolio Funds) managed by investment managers unrelated to and outside of the control of the Perennial Capital Funds. The Perennial Capital Funds do not have an active role in the day-to-day management of the Portfolio Funds or the assets thereof. Moreover, the Perennial Capital Funds do not have the opportunity to evaluate the specific investments made by any Portfolio Fund prior to the consummation of such investments. As a result, the returns of the Perennial Capital Funds will primarily depend on the performance of these unrelated investment managers over which the Perennial Capital Funds have no control and could be substantially adversely affected by the unfavorable performance of one or more such investment managers.

Investment Competition

Identifying attractive investment opportunities and the right investment managers is time consuming and involves a high degree of uncertainty. Even if such investment managers are

identified, there is no certainty that the Perennial Capital Funds will be permitted to invest in the funds managed by such investment managers. Private investment funds are often limited in size and are highly competitive. Due to the high level of investor demand for certain private investment managers and the fact that the Perennial Capital Funds may be competing for investment opportunities with other entities that have substantially greater economic and personnel resources than the Perennial Capital Funds or better relationships with the managers of certain funds, the Perennial Capital Funds' ability to invest in suitable Portfolio Funds may be significantly reduced. There are no assurances that the Perennial Capital Funds will be able to invest fully its committed capital or that suitable investment opportunities will be identified. Moreover, there is no guarantee that the Perennial Capital Funds will be able to invest in all of the opportunities it has identified or may identify in the future, or that the Perennial Capital Funds will be able to invest in each such opportunity to the full extent desired.

General Economic and Market Conditions

General economic or market conditions may adversely affect the investments made by the Portfolio Funds and, therefore, the investments of the Perennial Capital Funds. In addition, a downturn or contraction in the economy or in the capital markets, or in certain industry or geographic regions thereof, may restrict the availability of suitable investment opportunities for the Perennial Capital Funds or the Portfolio Funds and/or the opportunity to liquidate any such investments, all or any of which could prevent the Perennial Capital Funds from meeting its investment objectives. A general economic downturn could also result in the diminution or loss of the investments made by the Portfolio Funds (and, therefore, the investments of the Perennial Capital Funds).

Lack of Liquidity

The Perennial Capital Funds' investments will be illiquid and long-term, and there can be no assurance that the Perennial Capital Funds will be able to realize such investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. Illiquidity may result from the absence of an established market for investments as well as from legal or contractual restrictions on their resale by the Perennial Capital Funds. The Perennial Capital Funds may also receive distributions of securities that cannot be sold except pursuant to a registration statement filed under applicable federal and state securities laws or unless an exemption from such laws is available.

Real Estate Related Risks

General

There is no assurance that the investments of the Portfolio Funds will be profitable or that cash from operations will be available for the Portfolio Funds to make distributions to the Perennial Capital Funds. The Perennial Capital Funds will be subject to the risks incident to the ownership and operation of real estate as a result of the real property owned and operated by the Portfolio Funds.

Because real estate, like many other types of long-term investments, historically has experienced significant fluctuation and cycles in value, specific market conditions may result in occasional or permanent reductions in value of the investments by Portfolio Funds. The marketability and value

of the real property interests will depend on many factors beyond the control of the Perennial Capital Funds and the Portfolio Funds, including, without limitation: (i) changes in international, national, regional and local economic and market conditions; (ii) changes in the supply of, or demand for, particular types of properties in an area; (iii) fluctuations in the occupancy rates and rents for properties; (iv) changes in interest rates or financial markets; (v) changes in or promulgation and enforcement of governmental regulations relating to land use and zoning, environmental protection and occupational safety; (vi) unavailability of mortgage funds which may render the sale of property difficult; (vii) the financial condition of tenants, buyers and sellers of properties; (viii) changes in real estate tax rates and other operating expenses; (ix) existence of uninsured or uninsurable risks; and (x) natural disasters, acts of war or terrorism. Since investments in real estate generally are not liquid, there can be no assurance that there will be a ready market when any Portfolio Fund determines to sell any of its properties.

Risks of Leverage

The Portfolio Funds in which the Perennial Capital Funds invest are likely to employ leverage in connection with their respective investments. In addition, the Perennial Capital Funds may borrow funds for the purpose of securing short-term bridge financing of the Perennial Capital Funds' capital requirements. The use of leverage involves a high degree of financial risk and may increase the effect on the Portfolio Funds and their properties of factors such as rising interest rates, downturns in the economy or deterioration in the condition of the properties. Principal and interest payments on any indebtedness of the Portfolio Funds or the Perennial Capital Fund would have to be made when they become due and payable regardless of whether sufficient cash is available. If sufficient cash flow is not available, a Portfolio Fund's default in paying such principal and interest could result in the foreclosure of any security instrument securing the debt, the complete loss of the Portfolio Fund's capital invested in the particular property and, in some cases, recourse by the lender to the Portfolio Fund's other assets. Moreover, debt-financed investments made by the Portfolio Funds may generate unrelated business taxable income ("UBTI").

Risk of Terrorism

The Portfolio Funds' properties may be directly or indirectly affected by terrorist attacks, and premier, high-profile assets in urban gateway markets may be particularly attractive targets. Such an attack could have a variety of adverse consequences for the Portfolio Fund investing in such property and for the Perennial Capital Funds, including costs related to the destruction of property, inability to use one or more properties for their intended uses for an extended period, decline in rents achievable or property value and injury or loss of life, as well as litigation related thereto. Such risks may or may not be insurable at commercially reasonable rates.

Adverse Effect Due to Possible Environmental Liabilities

The Portfolio Funds' operating costs may be affected by the obligation to pay for the cost of complying with existing environmental laws, ordinances and regulations, as well as the cost of complying with future legislation with respect to assets, or loans secured by assets, with environmental problems that materially impair the value of the assets. Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the costs of removal or remediation of hazardous or toxic substances on, under or in such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic

substances. In addition, the presence of hazardous or toxic substances, or the failure to remediate properly such property, may adversely affect the owner's ability to borrow by using such real property as collateral. Persons who arrange for the transportation, disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal or remediation of such substances at the disposal or treatment facility, whether or not such facility is or ever was owned or operated by such person. Certain environmental laws and common law principles could be used to impose liability for releases of hazardous materials, including asbestos-containing materials ("ACMs"), into the environment, and third parties may seek recovery from owners or operators of real properties for personal injury associated with exposure to released ACMs or other hazardous materials. Environmental laws may also impose restrictions on the manner in which a property may be used or transferred or in which businesses may be operated, and these restrictions may require expenditures. In connection with the ownership and operation of properties, the Portfolio Funds may be potentially liable for any such costs. The cost of defending against claims of liability or remediating contaminated property and the cost of complying with such environmental laws could materially adversely affect the Portfolio Funds', and thus the Perennial Capital Funds', results of operations and financial condition.

Compliance with the Americans with Disabilities Act

Under the Americans with Disabilities Act of 1990 (the "ADA"), all public properties are required to meet certain federal requirements related to access and use by disabled persons. Properties acquired by the Portfolio Funds may not be in compliance with the ADA. If a property of a Portfolio Fund is not in compliance with the ADA, such Portfolio Fund may be required to make costly modifications to such property to bring it into compliance, or face the possibility of an imposition of fines or an award of damages to private litigants.

Changes in Real Estate Tax

Generally, owners of certain types of real properties, residential and industrial properties in particular, do not directly pass through costs resulting from changes in real estate tax laws to tenants. For the Portfolio Funds that invest substantially in these types of properties, changes in real estate taxes may result in significant unanticipated expenditures.

Changes in Governmental Rules and Regulations

Changes in governmental rules and regulations or enforcement policies affecting the use and operation of real estate, including changes to building codes and fire and life-safety codes, may adversely affect operating results of the Portfolio Funds. Furthermore, changes in law could increase the Portfolio Funds' potential liability for environmental conditions existing on their properties or establish more stringent requirements for discharges or other conditions.

Changes in General Economic Conditions

The Perennial Capital Funds, as well as the Portfolio Funds, are subject to risks attendant to changes in economic environments, changes in interest rates, instability in certain securities markets, changes in the relative valuations of target investment sectors and changes in the availability of, and/or the general terms and conditions for, investment financing, among other factors, any one of which could adversely affect investment returns.

Use of Valuations

Generally, a particular Perennial Capital Funds' investments will be valued in accordance with the most recent valuations reported to the general partner by the Portfolio Funds, although the general partner will have discretion to use other valuation methods. A valuation is only an estimate of value and is not a precise measure of realizable value. Ultimate realization of the market value of a real estate asset depends to a great extent on economic and other conditions beyond the control of the Portfolio Funds, the Perennial Capital Funds and the general partners. Further, valuations do not necessarily represent the price at which a real estate investment would sell since market prices of real estate investments can only be determined by negotiation between a willing buyer and seller. When a Portfolio Fund liquidates a particular real estate investment, the realized value may be more than or less than the previously reported valuation of such asset.

Risks of Non-US Investments

Subject to the diversification requirements described in each Portfolio Fund Private Placement Memorandum, it is possible that one or more of the Portfolio Funds will be established and operated in a number of different jurisdictions and that certain Portfolio Funds will invest in real estate assets in a number of different countries, which may subject such Portfolio Funds to a variety of risks unique to international transactions, including those described below. The manager of each Portfolio Fund may attempt to structure its investments so as to minimize the risks related to international investments; however, no assurance can be given that the managers of the Portfolio Funds will attempt to do so or will be successful in doing so.

Accounting and Disclosure Standards

Accounting, auditing, financial, and other reporting standards, practices and disclosure requirements in certain countries in which the Portfolio Funds may exist or may invest may not be equivalent to those in the United States and other more developed countries and may differ in fundamental ways. Information available with respect to the Portfolio Funds' investments, including both general economic and commercial information and information concerning specific enterprises or assets, may be less reliable and less detailed than information available in the United States or other more developed countries. In addition, in certain instances, a Portfolio Fund may not receive access to all available information to determine fully the origination, credit appraisal and underwriting practices utilized with respect to the Portfolio Funds' investments or the manner in which such investments have been serviced and/or operated. As a result, each Portfolio Fund's due diligence activities with respect to such of its investments may provide less information than due diligence reviews conducted with respect to investments in the United States or more developed countries. This lower standard of due diligence may increase the risk related to the Portfolio Funds' investments in these countries.

Currency Rates

Fluctuations in currency rates may adversely affect the ability of the Portfolio Funds to successfully acquire assets and may also adversely affect the performance of their investments in such assets. As non-US assets may be purchased with and payable in currencies other than the US dollar, the value of these assets measured in US dollars may be affected favorably or unfavorably by changes in currency rates and exchange control regulations. There can be no assurance that any Portfolio Fund will utilize any hedging techniques in order to minimize the effect of such currency rate fluctuations, or that such hedging techniques would be available to the

Portfolio Fund, or, if such hedging techniques are implemented, that they will be successful. The Perennial Capital Funds do not expect to enter into currency hedging arrangements or similar transactions itself as part of its investment strategy; however, the Perennial Capital Funds reserve the right to utilize hedging techniques.

Restrictions on Repatriation

Some countries in which the Portfolio Funds invest may control, in varying degrees, the repatriation of capital and profits that result from foreign investment. There can be no assurance that the Portfolio Funds will be permitted to repatriate capital or profits, if any, from these countries.

Economic, Political, Regulatory and Social Risks

Investments by the Portfolio Funds may be subject to economic, political, regulatory and social risks, which may affect the liquidity of such investments. The availability of investment opportunities for a Portfolio Fund depends in part on the relevant government's policies regarding foreign investment and private sector initiatives. In certain jurisdictions, foreign ownership of real estate or real estate related assets may be restricted, requiring a Portfolio Fund to share the applicable investment with local third-party partners or investors, and there may be significant local land use and permit restrictions, local taxes and other transaction costs which adversely affect the returns achieved by the Portfolio Fund. Government actions in the future could have a significant effect on economic actions in the relevant country, which could affect private sector real estate and real estate related companies and the prices and yields of investments. Exchange control regulations, expropriation, confiscatory taxation, nationalization, political, economic or social instability or other economic or political developments could adversely affect the assets of any of the Portfolio Funds that are held in particular countries. While such Portfolio Funds may intend to manage the investments in a manner that will minimize their exposure to such risks, there can be no assurance that adverse political or economic changes will not cause such Portfolio Funds, and therefore the Perennial Capital Funds, to suffer losses.

Undeveloped Infrastructure

In certain countries in which the Portfolio Funds may invest capital and advanced technology may be limited. Delays in local postal, transport, banking or communications systems could cause the Portfolio Funds to lose rights, opportunities, entitlements or funds and expose them to currency fluctuations.

Ability to Enforce Legal Rights

The effectiveness of the judicial systems may vary in the countries in which the Portfolio Funds may invest. As a result, the Portfolio Funds may have difficulty in successfully pursuing claims in the courts of such countries, as compared with those of the United States or other developed countries. Further, to the extent that a Portfolio Fund may obtain a judgment but is required to seek its enforcement in the courts of one of the countries, there can be no assurance that such a court will enforce such a judgment (or that the Portfolio Fund itself will seek the enforcement of such judgment).

Taxation of Foreign Investments

The foreign jurisdictions in which the Portfolio Funds invest will generally impose taxes on such investments. Furthermore, the business activities of the Portfolio Funds may be conducted such that the Portfolio Funds, the Perennial Capital Funds or the limited partners themselves could be subject to income taxation and withholding and filing requirements in foreign jurisdictions. As part of such filing requirements, certain foreign tax authorities may require the Perennial Capital Funds to disclose the identities of the limited partners or impose additional filing requirements on the limited partners. The Perennial Capital Funds may also invest in Portfolio Funds which are treated as, or that make investments through entities that are treated as, foreign corporations for US federal income tax purposes. In this regard, US limited partners may be subject to special, potentially adverse US federal income tax rules applicable to “controlled foreign corporations” or “passive foreign investment companies” with respect to investments made through foreign corporations.

Investment in Emerging Markets

The Portfolio Funds may make investments in emerging markets as part of their non-US investment portfolios. As described above in “Risks of Non-US Investments,” investing in emerging markets involves certain additional risks not typically associated with investing in developed markets. Accordingly, in addition to the risks of non-US investing described above, the risks associated with investing in emerging markets include the following: (i) deterioration in emerging market economies, which, in some cases, may include collapses of real estate prices, credit markets, stock prices and/or consumer spending; (ii) adverse political and social developments, including nationalization, confiscation without fair compensation, political and social instability and war; and (iii) restrictions on repatriation of investment income or capital and on investments by foreign persons. In addition, accounting, auditing, financial and other reporting standards are not equivalent to standards in developed countries and disclosure of certain material information may not be made. Foreign laws and legal systems in undeveloped countries may also be substantially different; in particular, laws with respect to the rights of investors may not be as comprehensive or as well developed, and the procedures for judicial enforcement of such rights may not be as effective, as in developed countries. No assurance can be given that a political, social or economic climate or particular legal or regulatory risk might not adversely affect investments in emerging market assets made by certain of the Portfolio Funds in which the Perennial Capital Funds invest.

Investment in Troubled Assets

The Portfolio Funds may make investments in non-performing or other troubled assets, which involve a significantly greater degree of financial risk. There can be no assurance that such assets will be able to overcome their financial difficulties. Often, investments in troubled assets have greater illiquidity and there can be no assurance that performance projections on such investments will be achieved. To the extent that any Portfolio Fund invests in troubled assets that require improvements, the Portfolio Fund will be subject to the risks normally associated with making capital improvements. Such risks include, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of such Portfolio Fund, such as weather or labor conditions or material shortages), the availability of both construction and permanent financing on favorable terms, slower than anticipated leasing or sales velocity, or net rents or sales prices that

turn out to be lower than projected. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of capital improvement activities once undertaken, any of which could have an adverse effect on the financial condition and results of operations of such Portfolio Fund and on the amount of cash available for distribution to the Perennial Capital Fund from such Portfolio Fund.

Risks Related to Investment Terms

Dependence on General Partner

Limited partners will have no right or power to participate in the management or control of the business of the Perennial Capital Funds and thus must depend solely upon the ability of the general partner with respect to making investment decisions. In addition, limited partners will not have an opportunity to evaluate the specific investments made by the Perennial Capital Funds or the Portfolio Funds or the terms of any investment made by the Perennial Capital Funds or the Portfolio Funds prior to the consummation of such investments.

Dependence on Portfolio Fund Managers

The general partner, the investment manager and the limited partners do not have the ability to direct or influence the management of a Portfolio Fund's investment or operating activities. The returns of the Perennial Capital Funds will primarily depend on the performance of the unrelated investment managers of the Portfolio Funds, and the Perennial Capital Funds could suffer substantial adverse effects as a result of the unfavorable performance of such investment managers. There are no assurances that the Portfolio Funds will be able to fully invest their committed capital or that suitable investment opportunities will be identified. If the Portfolio Funds make distributions in kind of any of their investments, the Perennial Capital Funds may incur additional costs and risks in disposing of such assets.

Compensation Arrangements

The Limited Partners will pay the fees and expenses of the Fund and will indirectly bear a portion of the fees and expenses of the Portfolio Funds. Similarly, the Limited Partners will indirectly pay a carried interest and management fee in respect of the Portfolio Funds to the extent that a carried interest and management fee is paid (e.g., to a general partner or manager of a Portfolio Fund) in connection with the Fund's investment in such Portfolio Fund, as will generally be the case.

Limitations on Transferability

The limited partnership interests in the Fund will not be registered under the 1933 Act or any state securities laws and may not be transferred unless registered under applicable federal and state securities laws or unless an exemption from such laws is available. The Fund has no plans, and is under no obligation, to register the limited partnership interests in the Fund under such laws. No market exists for the limited partnership interests in the Fund, and none is expected to develop. Accordingly, limited partnership interests in the Fund should only be acquired by investors able to commit their funds for an indefinite period of time.

Limited Partners may not sell, transfer, exchange, assign, pledge, hypothecate or otherwise dispose of their limited partnership interests in the Fund (or any portion thereof) without the consent of the General Partner (which consent will not be unreasonably withheld in limited cases). Moreover,

Limited Partners may not withdraw from the Fund for any reason, subject to limited exceptions. Limitations on the ability to transfer limited partnership interests in the Fund may impact certain estate planning strategies involving the limited partnership interests in the Fund.

Capital Calls

The Fund's investments in Portfolio Funds will include commitments to meet capital calls of the Portfolio Funds over an extended period of time. Failure by a Partner to meet a Fund capital call could result in the forced sale or other disposition of such Partner's entire interest in the Fund. In addition, the failure of a Partner to meet a Fund capital call could result in the failure of the Fund to meet a capital call of a Portfolio Fund, which could significantly adversely affect the Fund and the other Partners. Any Partner who defaults in making a required capital contribution will be subject to certain penalties pursuant to the provisions of the Partnership Agreement.

Credit Facilities

Portfolio Funds may obtain one or more credit facilities in order (i) to facilitate investments by a Fund, (ii) to fund organizational expenses, operating expenses or other obligations of a Fund or its investments or (iii) to otherwise carry out the business of the Fund. If the Fund obtains a credit facility, it is generally expected that the Fund's interim capital needs would be satisfied through borrowings by the Fund under the credit facility, and drawdowns of capital contributions by the Fund, including those used to pay interest on credit facilities, would generally be expected to be "batched" together into larger, less frequent capital calls (although actual timing and amounts may vary). The interest expense and other fees, costs and expenses of or related to any such borrowings will be expenses of the Fund and, accordingly, will decrease net returns of the Fund. It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return (with the preferred return generally beginning to accrue when capital contributions to repay borrowings are actually due to be made to the Fund). In light of the foregoing, the general partner may have an incentive to fund the acquisition of investments and ongoing capital needs of the Fund with the proceeds of borrowings under credit facilities or other borrowings guaranteed by the Fund in lieu of drawing down capital commitments. To the extent that the Fund is unable to obtain a credit facility, access to such facility becomes unavailable or the General Partner otherwise determines not to use such facility, the general partner may draw down capital commitments in advance and hold them in reserve in order to make investments, satisfy fees and expenses and other capital needs as such needs arise in the future. Moreover, it is possible that a counterparty, lender or other unaffiliated participant in credit facilities (or otherwise in connection with investments) requires or desires facing only one fund entity or group of entities, which may result in the Fund and any parallel Fund being jointly and severally liable for the full amount of such applicable obligation or the Fund being solely liable with respect to its own and such parallel Fund's share of the applicable obligation (or vice versa). In addition, although the general partner will, in good faith, allocate the related repayment obligations and other related liabilities arising out of such credit facilities among the Fund, the parallel Funds and alternative investment vehicles of the Fund, such entities will, in such circumstance, be subject to each other's credit risk. Tax-exempt prospective investors should note that the entry into, or the use of, the financing arrangements by the Fund may create "unrelated business taxable income". In addition, the General Partner may be subject to conflicts of interest in allocating such repayment obligations and other related liabilities.

Side Agreements

In accordance with common industry practice, the General Partner may enter into one or more “side letters” or certain agreements with certain limited partners pursuant to which the general partner grants to such limited partners specific rights, benefits or privileges, including rights to withdraw from the Fund or different economic terms, that are not made available to limited partners generally. Such agreements will be disclosed only to those actual or prospective limited partners that have separately negotiated with the general partner for the right to review such agreements.

Dependence on Key Persons

The ability of the General Partner to manage the affairs of the Fund currently depends on its management and, in particular, Leslie E. Greis and Emmanuell Tzouros. There can be no assurance that these individuals will remain employed with the General Partner and/or Perennial or its affiliates or otherwise continue to be able to carry on their current duties throughout the term of the Fund.

Similarly, the ability of the Portfolio Funds to meet their investment objectives may depend on their respective key personnel. There can be no assurance that such individuals will remain employed with their respective Portfolio Fund or otherwise continue to be able to carry on their expected duties throughout the term of their respective Portfolio Fund.

In-Kind Distributions

The Portfolio Funds may distribute securities or other property to the Fund rather than cash. The General Partner may determine to distribute such securities or other property to the Partners rather than liquidate them. Upon the dissolution of the Fund, there may be in-kind distributions by the Fund of interests in such investments, which are likely to be illiquid. There can be no assurance that the Partners will be able to dispose of such securities, other property or interests or that the value of such in-kind distributions, as determined by the General Partner for purposes of determining and allocating such distributions, will ultimately be realized.

Potential Contingent Liabilities

In connection with the disposition of investments, Portfolio Funds may be required to indemnify the purchasers of such investment against certain liabilities. Such Portfolio Funds may require the Fund to agree to contribute its proportionate share of any such indemnity obligations, or other liabilities of the Portfolio Funds. These arrangements may result in the incurrence of contingent liabilities for which the General Partner may establish reserves or escrows. In addition, the limited partnership agreements (or other comparable organizational documents) of some Portfolio Funds may require the Fund to return amounts previously distributed to the Fund to satisfy obligations of such Portfolio Funds, including, without limitation, indemnity or contribution obligations, and if any such situation arises the Fund may require its Partners to return all or a portion of the amounts previously distributed to the Partners to fund such obligations of the Fund to the Portfolio Funds. Furthermore, under the Delaware Revised Uniform Limited Partnership Act, as amended (the “Act”), each Limited Partner that receives a distribution in violation of the Act will, under certain circumstances, be obligated to recontribute such distribution to the Fund.

ITEM 9 – DISCIPLINARY INFORMATION

Not applicable. There are no legal or disciplinary events that are material to an investor's or prospective investor's evaluation of Perennial Capital's advisory business or the integrity of its management.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

C.2. Investment Company or Other Pooled Investment Vehicle

Leslie E. Greis is the Managing Member and Chief Compliance Officer of Perennial Capital which is the investment advisor to four private real estate fund of funds, Perennial Real Estate Fund, LP, Perennial Real Estate Fund II, LP, Perennial Real Estate Fund III, LP and Perennial Real Estate Fund IV, LP.

C.11. Sponsor or Syndicator of Limited Partnerships

Leslie E. Greis is the Managing Member and Chief Compliance Officer of Perennial Capital, which is the sponsor of four Delaware limited partnerships, Perennial Real Estate Fund, LP, Perennial Real Estate Fund II, LP, Perennial Real Estate Fund III, LP and Perennial Real Estate Fund IV, LP.

In addition to her work with Perennial Capital, Leslie E. Greis serves as a director of AIM Mutual Insurance Companies, a Massachusetts-based provider of workers' compensation insurance, and is a trustee of CBRE Clarion Global Real Estate Income Fund (NYSE: IGR). She is paid director and committee fees for her roles. Perennial Capital does not believe that Ms. Greis's activities with these organizations, or her receipt of compensation, create any material conflict of interest with Perennial Capital clients.

Sections A, B, C.1, C.3-10 are not applicable.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTERESTS IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

Perennial Capital has adopted a Code of Ethics, as required by and in compliance with Rule 204A-1 of the Advisers Act expressing Perennial Capital's commitment to ethical conduct. Perennial Capital's Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth Perennial Capital's (i) policies on receipt of gifts by employees and campaign contributions and (ii) practice of monitoring the personal securities transactions of supervised persons with access to client investment recommendations. Under Perennial Capital's Code of Ethics, all supervised personnel have a duty to act only in the best interests of the Perennial Capital Funds and all potential conflicts and violations of the Code of Ethics must be promptly reported to Perennial Capital's Chief Compliance Officer ("CCO"). All supervised personnel must acknowledge the terms of the Code of Ethics annually, or as amended. It is the expressed policy of Perennial Capital that no person employed by Perennial Capital shall favor his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, Perennial Capital requires that anyone associated with its advisory practices with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's CCO. Perennial Capital requires such "access persons" to also receive approval from the CCO prior to investing in any initial public offerings or private placements.

In an effort to prevent inappropriate securities transactions by Perennial Capital's personnel, all employees will be required to obtain pre-approval by the CCO for all securities transactions, including purchases and sales, involving "reportable securities", as defined in section 202(a)(18) of the Investment Advisers Act.

Perennial Capital requires that all individuals act in accordance with all applicable federal and state regulations governing investment advisory practices. Perennial Capital's Code of Ethics also includes the firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline or termination.

Perennial Capital will provide a complete copy of its Code of Ethics to any investor or prospective investor upon request.

Participation or Interest in Client Transactions; Personal Trading

As general partners, limited partners, members, directors or officers of the general partners of each of the Perennial Capital Funds, Perennial Capital and its related persons have indirect beneficial interests in the Portfolio Funds in which the Perennial Capital Funds invest and will share in any profits and losses generated by the Portfolio Funds' investments. Before Perennial Capital makes a recommendation that a Perennial Capital Fund make an investment or divestment of an interest in a Portfolio Fund, all related persons that have direct ownership of such Portfolio Fund at the time of such recommendation are required to disclose such interest to Perennial Capital. A related

person shall not be so restricted if such person's only interest in a Portfolio Fund is indirectly through one of the general partner entities, the Perennial Capital Funds or otherwise.

In certain situations, related persons of Perennial Capital could purchase interests in Portfolio Funds held by one or more Perennial Capital Funds. All such purchases would be subject to compliance with Perennial Capital's Code of Ethics as described above. In addition, Perennial Capital and/or certain members or employees of Perennial Capital or its affiliates may, directly or through one or more entities, sell securities in which they have a direct or indirect ownership interest to certain Perennial Capital Funds in connection with certain "warehousing" transactions, provided that the sale is consistent with Perennial Capital's fiduciary obligations to the Perennial Capital Funds. Such transactions will be fully disclosed in writing, and the written consent of the appropriate Perennial Capital Fund (which, in certain circumstances, may be provided by the Perennial Capital Fund's Advisory Committee) will be obtained prior to the consummation of any such transactions in accordance with Section 206(3) of the Advisers Act and all other applicable state and federal securities laws. Moreover, from time to time, Perennial Capital could cause a Perennial Capital Fund to engage in "cross trades" via the purchase of a portfolio investment from or sale of a portfolio investment to another Perennial Capital Fund, provided that the sale or purchase is consistent with Perennial Capital's fiduciary obligations to the Perennial Capital Funds.

ITEM 12 – BROKERAGE PRACTICES

As a general matter, Perennial Capital does not engage in brokerage transactions as the Perennial Capital Funds primarily invest in private equity limited partnership interests that are not publicly-traded. Although Perennial Capital does not typically utilize broker-dealers to effect portfolio investments, from time to time, a Portfolio Fund will distribute to its limited partners, including the Perennial Capital Funds, publicly traded securities. The general partners of a particular Perennial Capital Fund will typically liquidate these securities as soon as possible so that the proceeds can be distributed to the Perennial Capital Fund's limited partners.

Perennial Capital has discretionary authority to select brokers to make such sales on behalf of the Perennial Capital Funds. In selecting a broker, Perennial Capital seeks to obtain best execution by considering factors including, but not limited to, execution quality, price, the level of service offered, reliability, experience in liquidating distributions from private equity funds and other such factors as the CCO deems relevant and beneficial to the Perennial Capital Funds and will often consider the broker involved in the in-kind distribution on behalf of the Portfolio Fund due to its familiarity with the distribution, the uniformity, consistency and economies of scale that the use of the broker may create.

Perennial Capital does not receive research or other products or services (i.e. soft dollar benefits) other than execution from a broker-dealer or such third party in connection with the Perennial Capital Fund's securities transactions. In selecting the broker-dealer for the Perennial Capital Funds, neither Perennial Capital nor any related person receives client referrals from such a broker-dealer.

ITEM 13 – REVIEW OF ACCOUNTS

Review of Client Accounts

Perennial Capital provides ongoing supervision and review of the Perennial Capital Funds' Portfolio Funds. Perennial Capital periodically reviews each Perennial Capital Fund's investments. This review is conducted by the managers and various team members of Perennial Capital, and encompasses an evaluation of investment performance of the Portfolio Fund, including an evaluation of the financial statements, valuation and other information furnished in the reports that each Portfolio Fund manager provides to its limited partners.

Reports to Clients

The general partner of each Perennial Capital Fund distributes quarterly and annually written reports to their respective limited partners. Annual reports generally contain an individual capital account statement as of the end of such fiscal year, a listing of investments held by the Perennial Capital Fund and the audited financial statements of the Perennial Capital Fund. The quarterly reports generally contain unaudited financial statements of the Perennial Capital Fund for the fiscal quarter. The general partners of the Perennial Capital Funds are reliant on the reporting practices of the managers of the Portfolio Funds as to the timing and content of such reports.

Investors are requested to refer to the Governing Documents of each Perennial Capital Fund for further information on the reports provided by a particular Perennial Capital Fund to its investors.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Perennial Capital and related persons of Perennial Capital may enter into cash compensation arrangements with unaffiliated placement agents or third parties for introducing investors to a Perennial Capital Fund. Any sales charge associated therewith will ultimately be payable by Perennial Capital or its related persons, either directly or through an offset of the management fee payable by the relevant Perennial Capital Fund to its general partner. 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.

ITEM 15 – CUSTODY

Perennial Capital will not have physical custody of any client assets; however, Perennial Capital may be deemed to have custody of the assets of the Perennial Capital Funds as a result of its authority over the Perennial Capital Funds.

Where required, cash and securities are maintained at a financial institution meeting the definition of “qualified custodian” under the Advisers Act. In addition, it is Perennial Capital’s policy to cause each Perennial Capital Fund with assets over which Perennial Capital is deemed to have “custody” to be audited annually by an independent public accountant who is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and will strive to distribute audited financial statements prepared in accordance with US generally accepted accounting principles (“GAAP”) to investors no later than 180 days after the end of each fiscal year. In addition, upon the final liquidation of any such Perennial Capital Fund, Perennial Capital will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Perennial Capital Fund to all investors promptly after completion of the audit. The foregoing audit policy exempts Perennial Capital from certain other custody requirements.

ITEM 16 – INVESTMENT DISCRETION

Subject to the investment objectives, policies and restrictions of each Perennial Capital Fund as set forth in its Governing Documents, pursuant to an investment management agreement with each Perennial Capital Fund, Perennial Capital has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Perennial Capital Fund, including the selection of, and commissions paid to, broker-dealers.

ITEM 17 – VOTING CLIENT SECURITIES

Perennial Capital has, or will accept authority to vote securities held by a Perennial Capital Fund and therefore has policies and procedures (the “Voting Policies and Procedures”) that reflect Perennial Capital’s commitment to vote all client securities for which it exercises voting authority in a manner consistent with the best interest of the client.

Prior to exercising its voting authority, Perennial Capital, in consultation with the CCO and outside counsel, as appropriate, reviews the relevant facts and determines whether or not a material conflict of interest may arise due to business, personal or family relationships of Perennial Capital, its owners, its employees or its related persons, with persons having an interest in the outcome of the vote. If a material conflict exists, Perennial Capital will take steps to ensure that its voting decision is based on the best interests of the client and is not a product of the conflict. Perennial Capital may, at its discretion, (A) seek the advice of the applicable advisory board in voting such security (if any); (B) disclose the conflict of interest to the Perennial Capital Fund’s investors and defer to the their voting recommendation; (C) defer to the voting recommendation of an independent third party provider of proxy voting services; and/or (D) take such other action in good faith (in consultation with Perennial Capital’s outside counsel) which would serve the best interest of the client. Depending on the particular circumstances involved, the appropriate resolution of one conflict of interest may differ from the resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar (or identical). Perennial Capital will promptly deliver to each client upon written request a complete copy of its proxy voting policies and procedures and/or information on how it voted proxies for the applicable Perennial Capital Fund(s).

ITEM 18 – FINANCIAL INFORMATION

Perennial Capital does not require or solicit prepayment of any fees from its clients six months or more in advance and therefore has not included a balance sheet for its most recent fiscal year end. Perennial Capital is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Perennial Capital Funds. Perennial Capital has not been the subject of a bankruptcy proceeding.