

Item 1 – Cover Page

Part 2A of Form ADV Brochure for:

Partners Enterprise Capital LLC

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March 19, 2020

This Brochure provides information about the qualifications and business practices of Partners Enterprise Capital LLC (“PEC”). If you have any questions about the contents of this Brochure, please contact PEC at the address listed above. 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.

PEC is a registered investment adviser with the SEC. Registration of an investment adviser does not imply any certain level of skill or training.

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

Item 2 – Material Changes

Item 2 discusses only material changes to the Brochure since the last annual updating amendment on August 29, 2019.

Since the last annual updating amendment, there have been no material changes to the information provided in this Brochure.

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Item 4 – Advisory Business

A. Description of the Advisory Firm

Partners Enterprise Capital LLC (“**PEC**”) is a Delaware limited liability company, that was formed in May 2018 and began operating on August 3, 2018. PEC is located in Chicago, Illinois. Daniel M. Schulte is the Chief Executive Officer of PEC.

PEC is 100% owned by the following individuals and such individuals also comprise PEC’s management team (the “**Management Team**”):

David B. Gottschall
 Sharon M. Murphy
 P. Marcus Poggioli
 Rachel L. Rozmarynowski
 Daniel M. Schulte
 Emily W. Slovitt
 Terrence M. Tobin

B. Types of Advisory Services

PEC serves as the managing member of, and investment adviser for, one private investment client, Partners Enterprise Capital Holdings LLC, a Delaware limited liability company (the “**Client**”). Prior to August 3, 2018, Principal Enterprise Capital, LLC (“**Principal**”), an entity affiliated with Principal Financial Group, Inc., performed investment advisory services for the Client and the Management Team was associated with Principal.

PEC identifies, structures, and manages investments of equity capital by the Client in private real estate operating companies (the “**Operating Companies**”). The Operating Companies are entities that (i) acquire, develop, and operate commercial real estate properties and/or (ii) makes loans to owners of commercial real estate properties. The Client owns a majority of the equity interests in each of the Operating Companies.

C. Scope of Advisory Services.

PEC manages all aspects of the Client’s business on a day-to-day basis. PEC’s advisory services are tailored to achieve the Client’s investment objectives. PEC also participates in and advises the Client with respect to major decisions of the Client, including but not limited to (i) material acquisitions, developments, dispositions, borrowings, and capital expenditures affecting the Client and/or the Operating Companies, (ii) the annual business plan for the Client, and (iii) material changes to the Client’s business strategy. PEC does not have the authority to execute or establish any new Operating Company or make any other material decision on behalf of the Client without the prior written approval of the Client’s Advisory Board (the “**Advisory Board**”).

PEC’s management of the Client is non-discretionary as set forth in Item 16. However, PEC has ongoing responsibility to select and make recommendations based on the needs of the Client as to specific investments that the Client may purchase and sell, and if such recommendations are accepted by the Client, PEC is responsible for arranging and effecting such purchase or sale.

D. Wrap Fee Programs

PEC does not participate in any wrap fee programs.

E. Amounts Under Management

As of December 31, 2019, PEC has approximately \$8,361,832,190 of assets under management on a non-discretionary basis. The assets under management are equal to the fair value of the Client's assets, including its equity interests in the Operating Companies and the contractual amounts of uncalled capital commitments to the Client from its members.

Item 5 – Fees and Compensation

A. How PEC is Compensated

PEC is entitled to performance-based fees based on the operating results of the Operating Companies. Performance-based fees earned by PEC are paid to PEC Incentive LLC, a Delaware limited liability company ("**PEC Incentive**") that is owned by the Management Team and other employees of PEC. There are no other types of fees or compensation, except as set forth in Item 5.C. below, that may be paid to PEC in connection with the investment advisory services that PEC provides to the Client. The performance-based fees payable to PEC have been negotiated between the Client and PEC and generally allow PEC to share in the Client's returns based on the increase in value of the Operating Companies' assets and the net operating income of the Operating Companies.

PEC does not intend to seek, and is not currently seeking, any additional clients. In the unlikely event PEC obtains a new client, PEC's fees and compensation would be negotiated with such new client.

B. Method of Payment of Fees and Expenses

PEC does not deduct fees from Client assets or bill the Client for fees incurred. All performance-based fees earned by PEC are awarded by the Client to PEC Incentive at regular intervals in the form of the issuance of ownership units in the Client. Such units may be redeemed by PEC Incentive at specified times that have been established by PEC and the Client.

C. Other Fees and Expenses

In addition to the performance-based fees described in Item 5B above, all of PEC's operating expenses, including salaries of PEC personnel and administrative, legal, accounting, auditing, banking, compliance and consulting fees and expenses incurred in connection with the operation and management of PEC are reimbursed by the Client, based on a budget established by PEC and the Client. Such expenses are reimbursed to PEC from time to time from the Client's operating cash flow, financing proceeds, disposition proceeds, additional capital contributions, and/or other cash available to the Client before any distributions are made to the Client's members.

PEC does not receive any compensation in the form of brokerage commissions or transaction fees. Please see Item 12 of this Brochure regarding "*Brokerage Practices*".

D. Timing of Payment of Fees and Expenses

PEC's fees are paid by the Client after they have been earned and PEC's expenses are paid by the Client after they have been incurred. PEC's fees and expenses are not paid in advance.

E. Disclosures Regarding Compensation

Although PEC is entitled to performance-based fees based on the operating results of the Operating Companies, neither PEC nor any of its "**supervised persons**" (as defined in the Glossary of Terms to Form ADV) receives any compensation from the sale of securities or other investment transactions.

PEC evaluates investments for the Client in a manner that it considers to be in the best interest of the Client without taking into account its performance-based fee structure with the Client. PEC believes that the nature of its performance-based fee structure with the Client creates a strong alignment of interest with the Client because the outcomes for both the Client and PEC are based on the financial performance of the Operating Companies.

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

As discussed in Item 5 above, PEC is entitled to performance-based fees based on the operating results of the Operating Companies. PEC does not have any actual or potential conflicts of interest related to side-by-side management because PEC does not have any clients other than the Client and does not receive any fees or compensation from the Client other than performance-based fees.

Item 7 - Types of Clients

PEC provides investment advice only to the Client.

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

A. Methods of Analysis/Investment Strategies

PEC focuses on long-term value and income creation for the Client through the Client's ownership of equity interests in the Operating Companies. The Operating Companies invest in the industrial, retail and apartment sectors in carefully selected major United States markets. This investment strategy seeks to generate stable cash flows and long term value appreciation. Nevertheless, the Client's investment in the Operating Companies involves risk of loss based on the performance of the Operating Companies. There also can be no assurances of any level of cash flows or appreciation.

B. Material Risks of Investment Strategy

Following are the material risks associated with PEC's investment strategy. Any or all of such risks could materially and adversely affect the Client's investment performance or the value of its assets and could cause the Client to lose all or a portion of its investment.

Investment Control. PEC's investment strategy relies on Operating Company level investments rather than direct ownership of real estate assets. This strategy subjects its Client to "partner" (i.e., shared control) risk due to the delegation of the control of day-to-day activities to the managers of the Operating Companies. Although PEC monitors and oversees the activities of the Operating Companies, the Client's investment returns could be adversely affected by unfavorable performance of such managers. This risk is mitigated by the Client's control of strategic and fundamental decisions of each of the Operating Companies.

Investments in Real Estate and Real Estate Related Securities. Based on PEC's advice, the Client invests indirectly in retail, apartment, industrial and other commercial real estate assets. These investments are subject to the risks inherent to the ownership of interests in real estate, including risks associated with changes in the general economic climate that create vacancy or put downward pressure on rental rates, changes in the overall real estate market, local real estate conditions, the financial condition of tenants and buyers and sellers of properties, supply of or demand for competing properties

in a geographic area, construction activity, technological innovations that dramatically alter space requirements, the availability of debt and other financing, changes in interest rates, competition based on rental rates, energy and supply shortages, various uninsured and uninsurable risks, and government regulations.

Investing in Operating Companies. Based on PEC's advice, the Client may invest in one or more start-up Operating Companies. Investing in start-up Operating Companies is inherently risky due to corporate reputation and key person risk, including difficulties in identifying and selecting managers of Operating Companies who share cultural and philosophical ideals with PEC and the Client and that also have a strong desire to maintain a clear alignment of interest with PEC and the Client over a long period of time. PEC mitigates this risk through the careful vetting of prospective managers of Operating Companies and ongoing oversight and management of start-up and established Operating Companies.

Illiquidity of Real Estate Investments. Real estate investments made by the Operating Companies and investments in the Operating Companies made by the Client are generally illiquid. While real estate assets owned by Operating Companies may theoretically be disposed of in the market at any time, it may be difficult to find a suitable buyer for a real estate asset when desired. Moreover, in the event the Client seeks to dispose of an Operating Company, the pool of potential buyers is likely to be further limited. Therefore, it is expected that real estate investments made by the Operating Companies, and the Client's investments in the Operating Companies, will generally be held for a number of years after being made.

Potential Inadequate Return. There can be no guarantee or assurance that the Client's investment in the Operating Companies will meet any financial return objective or that any realized return on investment will be commensurate with the risks of investment. Further, since there are a limited number of real estate assets owned by the Operating Companies, the aggregate returns on the Client's investments could be negatively impacted by the unfavorable performance of a smaller number of real estate assets held by the Operating Companies. The possibility of partial or total loss of the Client's capital exists, and the Client should not invest unless they can readily bear the consequences of such an outcome.

Development Risk. It is likely that certain real estate assets owned by the Operating Companies will be involved in real estate development activities. The risks associated with such activities include, without limitation, inability to obtain zoning and regulatory approvals, variance in the cost or timing of construction, and the unavailability of financing. Negative events relating to the completion, timing, and cost of any real estate development activities could have an adverse impact on the performance of the Operating Companies.

Leverage. The Operating Companies will incur indebtedness in amounts that PEC believes are reasonable and in the best interests of the Client. However, companies with higher degrees of financial leverage are more susceptible to downturns in its business and to adverse changes in the economic system. Accordingly, indebtedness incurred by the Operating Companies could have an adverse impact on the performance of the Operating Companies.

Nature of Assets. The real estate in which the Client invests involve underperforming assets utilizing leveraged capital structures. In addition, due to the distressed nature of opportunities as well as the sales processes by which opportunities are marketed, PEC may have a limited amount of time to conduct due diligence.

Lack of Diversification. PEC may invest the Client in a limited number of assets, and as a consequence, the aggregate returns realized by the Client may be adversely affected by the unfavorable performance of a small number of such investments.

Subordination Risk. Debt investments made by the Client may be unsecured and structurally or contractually subordinated to senior indebtedness, all or a significant portion of which may be secured. Moreover, such investments may not be protected by financial covenants or limitations upon additional indebtedness.

Inability to Influence Management. Although the Client may acquire or obtain the right to acquire management rights in connection with an investment, the Client may not have an active role in the day-to-day management of an investment and the success or failure of such investment depends to a significant extent on the management of the underlying assets. In addition, the Client may form partnerships with non-affiliated partners whose ability to influence the affairs of the entities in which the Client invests may be significant. Further, certain of the non-affiliated operating partners with which a Client may invest may be a partner on multiple investments. The terms of each investment may differ and to the extent a dispute arises between the Client and such partner, the related investments may suffer.

Debt Assets. Debt assets are subject to the risk of an issuer's ability to meet principal and interest payments on the obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity.

Distressed Assets. PEC may elect to purchase assets and other obligations of companies that are experiencing significant financial or business distress, including entities involved in bankruptcy or other reorganization and liquidation proceedings. Although such purchases may result in significant returns, they involve a substantial degree of risk, including bankruptcy and may not show any return for a considerable period of time.

Changes in the Law; Regulatory Risks. Amendments or modifications to relevant laws could alter an expected outcome or introduce greater uncertainty regarding the likely outcome of an investment. Each Fund relies on various exemptions from registration under various federal and state statutes and laws, such as the Securities Act of 1933, the Investment Company Act of 1940 and the Employee Retirement Income Security Act of 1974, each as amended. Changes in any such statutes, rules or laws could impact the Client's ability to conduct its business as currently contemplated.

C. Materials Risks of Particular Security

See risk factors set forth in Item 8B above.

Item 9 – Disciplinary Information

Neither PEC nor any “**management person**” (as defined in the Glossary of Terms to Form ADV) of PEC been a party to any legal or disciplinary events that would be material to the Client’s or prospective client’s evaluation of PEC’s investment advisory business or the integrity of its management.

Item 10 – Other Financial Industry Activities and Affiliations

A. Registration as a Broker-Dealer or Broker-Dealer Representative

Neither PEC nor any management person of PEC is registered, or has an application pending to register, as a broker-dealer or broker-dealer representative.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Adviser

Neither PEC nor any management person of PEC is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of any of the foregoing entities.

C. Relationships Material to this Advisory Business and Possible Conflicts of Interest

PEC does not have any relationship or arrangement with any “**related person**” (as defined in the Glossary of Terms to Form ADV) that is material to PEC’s advisory business for the Client or that creates a possible conflict of interest with the Client.

D. Selection of Other Advisors or Managers

PEC does not recommend or select investment advisers for the Client in connection with the advisory services provided by PEC to the Client. PEC does not receive any compensation, directly or indirectly, from any investment advisers or have any other business relationships that create a material conflict of interest with the Client.

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

A. Code of Ethics

PEC has adopted a Code of Ethics (the “**Code**”) pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). The Code governs the activities of each member, officer, director and employee of PEC (collectively, “**Employees**”). PEC holds its Employees to a high standard of integrity and business practices that reflects its fiduciary duty to the Client. In serving its Client, PEC strives to avoid conflicts of interest or the appearance of conflicts of interest in connection with the personal trading activities of its Employees and Client securities transactions. When persons covered by the Code engage in personal securities transactions, they must adhere to the following general principles as well

as to the Code's specific provisions: (i) at all times the interests of Client must be paramount; (ii) personal transactions must be conducted consistent with the Code in manner that avoids any actual or potential conflict of interest; and (iii) no inappropriate advantage should be taken of any position of trust and responsibility. Employees have certain trading restrictions and reporting obligations under the Code in connection with their personal securities transactions. Each Employee is provided with a copy of the Code and must annually certify that they have received it and have complied with its provisions. In addition, any Employee who becomes aware of any potential violation of the Code is obligated to report the potential violation to the Chief Compliance Officer of PEC.

PEC will provide a copy of its Code of Ethics to the Client upon request. Such a request may be made by submitting a written request to PEC at the address on the cover page of this Brochure.

B. Recommendations Involving Material Financial Interests

Neither PEC nor any related person recommends to the Client, or buys or sells for the Client, securities in which PEC or any related person has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

Neither PEC nor any related person invests in any securities that PEC or any of its related persons recommends to the Client.

D. Trading Securities At/Around the Same Time as Clients' Securities

Neither PEC nor any related person recommends securities to the Client or buys or sells securities for the Client's account at or about the same time PEC or one (1) or more related persons buys or sells the same securities for PEC or any related person.

Item 12 – Brokerage Practices

PEC has no brokerage or transactional practices, nor is PEC involved with selecting broker-dealers for any Client transactions.

Item 13 – Review of Accounts

A. Periodic Review of Client Accounts/Financial Plans

PEC reviews the Client's investment assets on an ongoing basis to assess consistency with the Client's investment strategy. Such reviews include analysis of the performance of the Operating Companies and the real estate assets owned by the Operating Companies. The reviews are managed by PEC's Management Team and Employees.

Investments made by the Client are in a relatively small number of Operating Companies. Therefore, the Client's investment portfolio is fairly static, and reviews of the portfolio generally relate to the performance and activities of existing investments made by the Operating Companies rather than changes in the composition of the Operating Companies.

B. Review Trigger.

Since the Client's assets are reviewed on an ongoing basis, as described in Item 13A above, such review is not based on any factors that trigger a review.

C. Client Reports

The Operating Companies prepare written annual business plans, monthly management briefings, quarterly performance activity reports and quarterly financial statements, all of which are reviewed by PEC's staff, including the Chief Executive Officer and Management Team, on behalf of the Client. PEC also corresponds frequently with the management team of each Operating Company and participates in regular meetings with each management team to review and discuss the performance of assets owned by the Operating Companies, new assets to be acquired, financing activities, general market conditions, organizational issues, and other material information.

The Advisory Board receives quarterly reports from PEC that: (i) present financial statement information for the Client; (ii) summarize investing and debt activities of the Operating Companies; and (iii) perform risk assessments of the Operating Companies. In addition, PEC submits the Client's annual business plan to the Advisory Board, which presents: (i) the Client's performance; (ii) a summary of significant recent events; (iii) invested capital and debt information; (iv) summaries of the current status of the Operating Companies; (v) and the plan and outlook for the coming year(s). Finally, the Advisory Board receive the Client's audited annual financial statements on an annual basis.

Item 14 – Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties

PEC does not receive any economic benefit, directly or indirectly, from any third party for investment advice or advisory services provided to the Client.

B. Compensation to Non-Advisory Personnel for Client Referrals

Neither PEC nor any related person directly or indirectly compensates any person who is not a supervised person for Client referrals.

Item 15 – Custody

PEC has custody of Client funds within the meaning of Rule 206(4)-2 under the Advisers Act. Client funds are maintained with one or more "qualified custodians," as defined in such Rule.

This rule generally requires investment advisers that have "custody" of Client assets to cause certain account statements detailing holdings and transactions to be sent to the Client and imposes certain other obligations. However, advisers to investment funds like the Client need not comply with those requirements if, among other things, PEC provides the Client with audited financial statements by a specified time each year and those financial statements meet certain requirements. PEC satisfies such conditions and, therefore, is not subject to reporting and other obligations set forth in this Rule.

Item 16 – Investment Discretion

PEC does not have authority to execute any new Operating Company investment or other material investment on behalf of the Client without formal approval of the Advisory Board,

which Advisory Board PEC does not control. Therefore, PEC does not have discretionary authority to manage securities accounts on behalf of any clients.

Item 17 – Voting Client Securities

PEC will not have any authority to vote any Client securities on behalf of the Client. The Firm does not invest in securities and therefore does not vote proxies on behalf of Clients. As described in Item 4(C) above, PEC manages the day-to-day affairs of the Client and all material/fundamental decisions of the Client require the approval of the Advisory Board of the Client. If in the future the Firm obtains authority to vote proxies, this Brochure will be appropriately amended.

Item 18 – Financial Information

A. Prepayment of Fees

PEC does not require or solicit prepayment of any fees from the Client.

B. Financial Conditions

PEC has no financial condition that is reasonably likely to impair its ability to meet any contractual commitments to the Client.

C. Bankruptcy Petition

PEC has never been the subject of a bankruptcy petition.