

Item 1 – Cover Page

Form ADV Part 2A: Firm Brochure

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Conservation Resource Partners, LLC is an investment adviser that is registered with the United States Securities and Exchange Commission. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Conservation Resource Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (603) 658-0143. 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 Conservation Resource Partners, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

The following material changes were made to the Brochure since the date of the last update on March 28, 2017.

Item 4: Conservation Forestry Partners, LLC changed its name to Conservation Resource Partners, LLC (“CRP” or “Conservation Resources”) to more clearly reflect the expansion of its conservation-oriented approach in real assets to the agriculture space (“farmland” will be used interchangeably with “agriculture”). Conservation Forestry and Conservation Farming are operating divisions of CRP and were established in 2004 and 2017, respectively. CRP intends to sponsor a Conservation Farming fund in the future.

Item 8: “Methods of Analysis, Investment Strategies and Risk of Loss” was updated to include the investment strategy planned for Conservation Farming.

We encourage our current and future investors to read this Brochure, as well as the governing documents applicable to their current or prospective investment, in their entirety.

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Item 4 - Advisory Business

- A. Conservation Resource Partners, LLC is the new name of Conservation Forestry which was founded in 2004, as an investment advisory services firm specializing in advisory services related to investments in timberland properties. In 2017, Conservation Forestry Partners, LLC, changed its name to Conservation Resource Partners, LLC to more clearly reflect the expansion of its conservation-oriented approach in real assets to the agriculture space. Conservation Forestry and Conservation Farming are operating divisions of CRP and were established in 2004 and 2017, respectively. The principal owners of our firm are John F. Tomlin, Paul J. Young and Kent W. Gilges. This Brochure is not a public offer of any of our investment vehicles.
- B. Conservation Resources specializes in offering investment management services to investment funds focusing on investments in timberland and agriculture properties. In providing our advisory services, we focus on acquiring and managing forest landscapes, productive farm and pasture lands and related ecosystem rights associated with timberland and farmland investments. The investments that we make on our clients' behalf are limited to these types of assets. Typically, we invest our clients' assets in properties in the United States that have (1) a working forest, farm or pasture component and (2) conservation related amenities. We have and may for future investments, hold our clients' investments in properties by purchasing interests in real estate investment trusts (commonly known as "REITs"), which in turn, hold timber and agriculture properties. Our objective is to seek competitive risk-adjusted returns for our clients while achieving long-term sustainable forestry and agriculture goals. While we retain the option to borrow funds on behalf of our clients in connection with their investments, to date we have only exercised the option to use leverage for one client.

In connection with our clients' investments, we oversee the management of the timber or agriculture land that our clients own, including the property operations, other amenities associated with the properties such as hunting leases and any development rights that are not limited by conservation restrictions. We generally outsource the day-to-day property management responsibilities to third-party management firms or regional farm managers.

- C. Our firm tailors our advisory services to the individual needs and specified investment mandates of our clients. We adhere to the investment strategy and/or guidelines in each of our client's offering document and/or management agreement, as applicable. Because we are committed to adhering to such a specialized

- investment strategy, we do not generally permit clients or investors to impose restrictions on our ability to invest their funds.
- D. We do not participate in wrap fee programs.
- E. The amount of net client assets that we manage on a discretionary basis was approximately \$725,300,000 as of December 31, 2017. This figure includes the assets of the pooled investment vehicles we manage (excluding uncalled capital commitments of Conservation Forestry Capital IV, L.P.), rather than our regulatory assets under management that we list on our Form ADV Part 1A. Three of our clients invest directly in properties through investments in holding companies and three of our clients invest in properties through an investment in a REIT. Subsequent to December 31, 2017, but before filing this amendment, we accepted a managed account consisting of a fund of one (“managed account”).

Item 5 - Fees and Compensation

- A. Currently our firm, or an affiliate of our firm, receives compensation from each of our clients in the form of (1) a management fee based on the percentage of assets we manage (generally based on capital deployed) and (2) performance-based compensation.

We only offer interests in our client funds to investors that qualify as “qualified purchasers” as defined in the Investment Company Act of 1940. Qualified purchasers are generally individual investors or certain family-owned entities with over \$5,000,000 in investments or entities with over \$25,000,000 in investments. We also only offer our investment advisory services to managed accounts that qualify as qualified purchasers.

We set forth the details of how we calculate our management fee and performance-based compensation for our pooled investment vehicle clients and the one managed account client in their offering documents and related management agreements. Our fees are generally not negotiable, except under limited circumstances.

- B. We deduct our management fees directly from our clients’ accounts each quarter.
- C. The management fee that we charge our pooled investment vehicle clients is payable at the beginning of each quarter, as determined by the client’s offering documents and related management agreements. It is unlikely that an investor in a client would need a refund on its portion of the management fee because our pooled investment vehicle clients are closed-end funds in which investors typically cannot withdraw before the

end of the fund's term. If an investor does withdraw its investment before the end of the term and the withdrawal is in the middle of a quarter, we will refund a *pro rata* percentage of the fee paid in advance. The management fee is prorated for periods of less than a full payment cycle.

The management fee we charge our one managed account is payable each quarter in arrears. The management fee is prorated for periods of less than a full payment cycle.

We only receive our performance-based compensation when distributions occur in accordance with the relevant governing documents for each client relationship. As a result, we do not receive performance-based compensation on a regularly scheduled basis.

D. Each client's governing documents include a full explanation of expenses incurred in connection with our advisory services. Our clients generally bear, or have borne, each of their own operating and investment-related expenses, including, but not limited to the following:

- all expenses related to the organization of, and the offering and sale of interest in, such client up to a certain maximum amount stated in the clients' organizational documents. Such costs may include legal fees, accounting fees and various filing fees, etc.;
- all fees, costs and expenses directly related to the purchase and sale of properties (whether or not such purchase or sale is consummated);
- broken-deal expenses or break-up fees associated with actual or potential investments (whether or not consummated);
- all fees and expenses of custodians, counsel and accountants and other service providers of the client;
- all fees and expenses of the client and third-party service providers and shareholders in connection with qualifying, maintaining and administering any REIT;
- all cost, fees and expenses relating to the holding, management, financing, refinancing, development, maintenance and monitoring of properties;
- all costs, fees and expenses relating to the drafting, entering into and ongoing oversight of leases and any other agreements associated with properties;
- all costs, fees and expenses related to insurance relating to the client investments;
- costs and expenses payable or allocable to joint venture partners (whether or not such joint venture is consummated);
- all costs of holding any meetings of partners or the Advisory Committee;

- all costs and expenses of, or incidental to, the preparation and dispatch to partners of all checks, reports, circulars, forms, statements and notices, and any other documents which in the opinion of the General Partner are necessary or desirable in connection with the business and administration of the client;
- all costs and expenses incurred as a result of dissolution, winding-up and termination of the client and the realization of properties, any other agricultural investments and other client assets pursuant thereto;
- any costs and expenses of any litigation involving the client and the amount of any judgment or settlement paid in connection therewith, excluding, however, the costs and expenses of any litigation, judgment or settlement in which the conduct of an Indemnified Person is found to have violated the standard of conduct required by the Partnership Agreement for the indemnification of the General Partner;
- all costs and expenses for indemnity or contribution payable by the client to any person and all costs of any liability insurance maintained with respect to liabilities arising in connection with the activities of any indemnified person conducted on behalf of the client and any other investment vehicle or the General Partner;
- all management and performance-based fees;
- certain membership expenses of relative associations; and
- any withholding or other taxes or governmental charges (except as otherwise provided in the Partnership Agreement).

Any of our pooled investment fund clients that invest in parallel share joint expenses on a *pro rata* basis, as applicable (unless tax or regulatory reasons dictate otherwise).

Our firm is responsible for the day-day operating expenses, including office overhead and compensation of employees. We do not allocate overhead expenses of our firm to our clients.

Three of our clients, Conservation Forestry Parallel Fund II-B, L.P., Conservation Forestry Capital III, L.P. and Conservation Forestry Capital IV, L.P. are wholly invested in separate REITs that we sponsor. We have engaged a third-party service provider to supply shareholder and administrative services to the REITs. Investors in Conservation Forestry Parallel Fund II-B, L.P., Conservation Forestry Capital III, L.P. and Conservation Forestry Capital IV, L.P. indirectly bear any costs and expenses of these services.

For more information on brokerage transactions and costs, see Item 12: “*Brokerage Practices*”.

E. Neither our firm nor any of our principals or employees receives any transaction-based compensation for the sale of securities or other investment products.

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

Affiliates of our firm, Conservation Forestry, LLC, Conservation Forestry II, LLC, Conservation Forestry III, LLC and Conservation Forestry IV, LLC have entered into performance-based fee arrangements, as we explain above in Item 5: “*Fees and Compensation*”. Performance-based fees are subject to negotiation with each client and are established in the client’s offering documents and related management agreements. We do not manage any client accounts that do not pay performance-based compensation.

Item 7 - Types of Clients

As of the date of this brochure, we manage six pooled investment funds and one managed account. Investors in our clients, include:

- high net worth individuals,
- pension and profit sharing plans (domestic and foreign),
- family offices,
- trusts, estates, charitable organizations and endowments and
- limited liability companies and corporations.

Investment Requirements

For each of our closed funds that are no longer accepting investors, the stated minimum investment commitments were either \$500,000 or \$1,000,000. The minimum investment for pooled vehicles is specific to each individual client. We have discretion to waive the minimum investment requirements and have exercised this with several of the pooled investment funds.

Our firm’s primary focus is to provide investment advisory services to pooled investment funds. For managed accounts we will determine the account minimum on a case-by-case basis, depending on the specific circumstances of each client.

To comply with Securities and Exchange Commission regulation, we require that investors in our pooled investment funds qualify as both accredited investors and qualified purchasers. Qualified purchasers, by definition, include accredited investors, which are generally (i) individuals with \$1,000,000 of net worth (excluding their primary

residence) or who have made \$200,000 in each of the two previous years (or \$300,000 joint income with one's spouse) or (ii) entities with assets totaling over \$5,000,000. See Item 5: "*Fees and Compensation*" for an explanation of the requirements for qualified purchasers.

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

A. On behalf of our clients, CRP offers investment strategies focused on forestry and agricultural investments. We primarily locate, analyze, acquire, manage and dispose of properties in the United States, although we can evaluate opportunities in Canada. We have also invested client assets in three REITs that conduct the same activities.

We seek to diversify our clients' portfolios. With timberland investments we seek to do so by investing in properties across different geographic regions, timber species, as well as age and diameter class. For agriculture, we seek to do so by investing in properties in different geographic regions, agriculture type (row, permanent, pasture, etc.), and development stages. In evaluating investment opportunities, we examine and analyze the facts and circumstances with respect to each prospective acquisition.

Fundamental to CRP's approach is active investment management, including extensive bottom-up property and top-down market analysis, as well as the timely disposition of assets upon realization of property-specific goals. We target investments in properties with positive fundamentals that offer an opportunity to achieve the targeted returns through the execution of our conservation oriented, value-added strategy.

Conservation Resources considers the following criteria, though not exclusive, when evaluating potential and existing forestry and/or agricultural investments:

- timber and agriculture regimes;
- availability of conservation structures and/or fee sales;
- pricing of conservation restrictions and covenants;
- potential for conservation compatible revenue (e.g. hunting/fishing leases, carbon credits, wetlands mitigation credits, etc.);
- strong local market fundamentals for forest and agricultural products, stable land values and availability of operators to manage properties on a contract basis;
- special situations for development that are consistent with our strategy, and

- structural opportunities that may benefit return and liquidity options.

Our research efforts often include visiting sites and meeting and collaborating with local foresters and farmers.

In some cases, in conjunction with our clients' acquisition of properties, we sell working conservation easements, which are legal interests that permit ongoing use of the land for sustainable timber or agriculture management while potentially restricting certain timber or agricultural management practices and other rights, such as subdivision or mining. We have sold, and may in the future, sell a portion of properties that our clients acquire to conservation organizations or governmental authorities.

In addition, our strategy involves managing our clients' properties after our clients acquire them. While we oversee the management of the property that our clients own, we outsource the day-to-day property management responsibilities to third-party management firms.

Despite our methodologies and strategies, there is always the possibility that we may not correctly predict or evaluate the future performance of certain timber or agriculture investments.

- B. Investing in any real estate assets or securities involves a risk of loss that any of our clients or any of the investors in our clients must be prepared to bear. Below we describe some of the most important risks associated with our clients' investments, but the following explanation of certain risks is not exhaustive. For a further discussion of the risks applicable to an investment in our pooled investment vehicle clients, investors in those clients should also review each applicable client's confidential information memorandum, which contain additional explanations of strategies and risks that we do not discuss in this Brochure.

Fund-Specific Risks:

- *Co-Investment.* The client fund may co-invest with third parties, including conservation organizations, through joint ventures, limited liability companies or other entities. Such investments may involve risks not present in investments where a third party is not involved.
- *Competition.* There is currently, and will likely remain, competition for investment opportunities by third parties with investment objectives and strategies similar to our clients.

- *Cybersecurity Risks.* Our information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes.
- *Dependence on Key Personnel.* The client's investment activities depend upon the experience and expertise of the Principals. The loss of the services of any of these individuals could have a material adverse effect on the client's operations. There is no guarantee that the current makeup of the Principals will be adequate to support the client's business plan.
- *Dependence on Relationships with Conservation Organizations.* The client's business plan and investment approach are enhanced by CRP's ability to develop meaningful relationships in the conservation community. The client's investment strategy is in part dependent on CRP's ability to structure sales of Conservation Structures to conservation organizations on terms that fairly compensate the client for the conservation amenities sold.
- *Diversification.* While we seek to diversify our clients' investment portfolios across different geographic regions, timber species, agriculture type and development stages, our clients' investments are not subject to geographic and sector diversification requirements

In addition, the possibility exists that, especially in the early stages of a client's investment program, we may only have deployed a client's assets in one or a few properties. As a result, a client's returns could be materially adversely affected by the unfavorable performance of just one investment.

- *Endangered or Threatened Species.* Federal, state and local laws and regulations intended to protect threatened or endangered species could restrict certain activities on Properties.
- *Lack of Management Rights.* Limited Partners will have no opportunity to control the day-to-day operation, including investment and disposition decisions, of the client.
- *Leverage/Borrowing.* We may borrow against the assets of our clients in accordance with their governing documents and have exercised this for one of the seven pooled investment funds. Borrowing involves risk to our clients because the interest on the borrowed amount may be greater than the income from or increase in the value of the property purchased with the borrowed amount and the value of

the property purchased with the borrowed amount can decline below the amount borrowed.

- *Locating Suitable Investments.* The possibility exists that we may be unable to find a sufficient number of attractive opportunities to meet our clients' investment objectives or fully invest their committed capital.
- *Nature of Direct Investments.* Investments in our clients are long-term and illiquid.
- *Potential Environmental Liability.* Under various laws and regulations, an owner of real property such as timberland or agriculture may have significant liability for any contamination found on its property, including being liable for the costs of removal or remediation of certain hazardous or toxic substances on or in its property.
- *Taxation.* The tax consequences of the client's investments in real property are highly complex.
- *Weather; Natural Disasters.* Timber and agricultural investments are subject to risk from natural disasters, such as fire, flood, frost, drought, insects, disease, storms, etc. In addition, other natural influences such as changes in weather patterns can impact the growth cycle and value of timberland and agricultural holdings.

Insurance for these risks is prohibitively expensive. We generally do not obtain insurance for these risks on behalf of our clients in connection with their timberland or agricultural investments.

Risks Related to Timber Investments:

- *Dependence on Property Managers.* We must locate, hire and oversee property managers and other service providers for our clients' investment properties. The success of each client's timberland properties will depend, in part, on our ability to select and retain skilled property managers for its investments.
- *Federal and State Environmental Regulations.* Timberlands are subject to regulation under, among other laws, the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response and Compensation and Liability Act of 1980, the National Environmental Policy Act and the Endangered Species Act as well as comparable state laws and regulations. Changes in regulations (governing usage,

improvements, zoning and taxes) could adversely affect the value of our clients' investments.

- *Market Risks.* Investments in timberland assets are subject to numerous risks, including the condition of the harvestable timber, the availability and cost of logging and hauling, changes in timber supply/demand balance and changes in local and global economies which affect demand. The timber industry is cyclical and historical prices for timber have been variable.
- *REIT Securities.* Three of our clients invest in entities which have elected to be treated as real estate investment trusts for U.S. federal income tax purposes. REITs generally are companies that own, and, in certain cases, operate, income-producing real estate. Investment in REITs can have the same risks as those described above relating to their underlying real estate investments. Investments in REITs are also subject to special risks, such as restrictions on ownership and tax risks.

Risks Related to Farmland Investments:

- *Access to Irrigation and Water Rights.* Water is of primary importance to agriculture production. Where irrigation is required to consistently produce a commercial crop, we will seek to invest in Properties that have water rights and access to a dependable water supply. A lack of rain, increases in water price and the loss or reduction in access to irrigation water can have an adverse effect on direct property operations and on the financial operations. Access to and delivery of surface and subsurface water for irrigation may be regulated by governmental authorities. Inadequate due diligence of water rights and priority, as well as aquifer health and other water source viability, may result in inadequate supply of water to produce a commercial crop and thus could negatively impact both property income and long-term property value.
- *Crop and Commodity Prices.* Crop and commodity prices can be expected to fluctuate.
- *Dependence on Asset Managers.* We must locate, hire and oversee property managers and other various service providers for our clients' investment properties. The success of each client's agricultural properties will depend, in part, on our ability to select and retain skilled property managers and other service providers for its investments. Despite hiring skilled service providers, there is no guarantee that they will perform adequately and meet the client's standards/goals.

- *Farm Legislation.* The U.S. Farm Bill is the primary agricultural and food policy tool of the United States government. This comprehensive omnibus bill is passed every several years by the United States Congress and affects both agriculture and all other affairs under the purview of the United States Department of Agriculture. Farm bills can be highly controversial and can impact international trade, environmental preservation, food safety, and the well-being of the agricultural sector of the United States economy in rural communities.
- *Foreign Regulations, Agricultural Exports and Currency Exchange Rates.* The value of the Properties may be materially affected by changes in foreign regulations related to agricultural products the Properties may be producing.
- *Lack of Operating History.* The agriculture strategy is new and does not have any prior operating history of its own for prospective investors to evaluate prior to making an investment.
- *Leasehold Income.* Leasing Properties to local farmers may help smooth income volatility for the client, but leasing involves counterparty risk.
- *Other U.S. Legislation and Regulations.* Farmland values may be affected by changes in laws and regulations related to the Renewable Fuel Standard, the Conservation Reserve Program, crop insurance programs, crude oil and refined products, transportation and industrial policies, among others.
- *State Restrictions on Agricultural Land Ownership.* Certain states have laws that restrict the ownership of agricultural land and/or restrict the types of entities (including, in some states, limited liability corporations and other types of entities owned by non-residents and/or non-family members) that are permitted to engage in farming operations.
- *Technological Advancement.* Technological progress in labor force intensity, precision agriculture methods, supply chain management, seed, fertilizer and equipment, among others, could have a marked effect on agricultural productivity. Enhanced productivity could have an impact on crop prices and, by extension, farmland values.
- *Trade policies.* Changes in existing bilateral and multilateral trade agreements, such as NAFTA, may negatively impact the U.S.'s ability to maintain and grow its exports of agricultural goods, which could also lead to a decline in farmland values.

Item 9 - Disciplinary Information

Neither our firm, nor any of our directors, officers or principals has been involved in any:

- investment-related criminal or civil actions in a domestic, foreign, or military court, or
- administrative proceedings before the Securities and Exchange Commission, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority, or
- self-regulatory organization proceedings.

Item 10 - Other Financial Industry Activities and Affiliates

Neither our firm nor any of our directors, officers, or principals is registered, or has an application pending to register, as a:

- broker-dealer or a registered representative of a broker-dealer, or
- futures commission merchant, commodity pool operator, a commodity trading advisor, or is an associated person of any of the above.

Affiliations with Pooled Investment Vehicles

Our affiliated entities are the following general partners.

Conservation Forestry, LLC, which is the general partner of the following pooled investment funds we manage:

- Conservation Forestry Capital I, L.P.
- Conservation Forestry Parallel Fund I-A, L.P.

Conservation Forestry II, LLC is the general partner of the following pooled investment funds we manage:

- Conservation Forestry Capital II, L.P.
- Conservation Forestry Parallel Fund II-B, L.P.

Conservation Forestry III, LLC is the general partner of the following pooled investment fund we manage:

- Conservation Forestry Capital III, L.P.

Conservation Forestry IV, LLC is the general partner of the following pooled investment fund we manage:

- Conservation Forestry Capital IV, L.P.

Although our affiliation with the general partners of our clients may give us heightened control and discretion over our clients, we manage any potential conflicts of interest by (1) disclosing this relationship in each client's relevant confidential information memorandum and (2) adhering to the investment strategy and business philosophy discussed in each client's relevant confidential information memorandum.

In addition, each of our clients' respective general partners, on behalf of the relevant client, entered into an investment management arrangement with us. While this may be deemed an interested party agreement, the material terms of the investment management arrangement are disclosed to all investors in each client prior to their investment.

We also sponsor three REITs (the REITs):

- CF Parallel II-B Inc.,
- CFC III, LLC and
- CFC IV, LLC

Our clients, Conservation Forestry Parallel Fund II-B, L.P., Conservation Forestry Capital III, L.P. and Conservation Forestry Capital IV, L.P., own all the outstanding and issued shares of common stock of each respective REIT. Shareholders unaffiliated with our firm and our clients own all the outstanding and issued shares of preferred stock of the REITs. The preferred shareholders' participation is limited to an annual cash dividend and limited voting rights which restrict their ability to participate or otherwise direct our management of the REITs.

While we oversee the management of the REITs, we have contracted with a third-party to provide certain shareholder and administrative services. Aside from the management fees and performance-based compensation that we describe in Item 5: "*Fees and Compensation*", Conservation Forestry Parallel Fund II-B, L.P., Conservation Forestry Capital III, L.P. and Conservation Forestry Capital IV, L.P. do not pay us any additional management or performance-related compensation in connection with our management of their respective REIT, though Conservation Forestry Parallel Fund II-B, L.P.,

Conservation Forestry Capital III, L.P. and Conservation Forestry Capital IV, L.P. do indirectly bear the fees applicable to their respective REITs charged by the third-party service provider.

We do not recommend or select other investment advisers for our clients.

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

We have adopted a Code of Ethics in accordance with the Securities and Exchange Commission requirements. Our Code of Ethics is based on the principle that our firm and our employees have a fiduciary duty to our clients and the investors in our clients, and in this fiduciary capacity, we must place the interests of our clients and their investors before our own interests. This document focuses on specific areas where employee conduct has the potential to affect clients' or investors' interests adversely, such as personal trading, outside activities, gifts, political contributions and charitable contributions, and emphasizes the importance of being familiar with, and following, all applicable federal and securities laws. Our Code of Ethics provides for sanctions, as our senior management may deem appropriate, should anyone violate our Code of Ethics. We provide a copy of our Code of Ethics to any client or any investor in our clients, or any prospective client or prospective investor that requests one.

Our firm, our affiliates and employees of our firm do not buy or sell for client accounts securities or other assets in which our firm, affiliates and employees have a material financial interest. As we mention above, we sponsor three REITs into which three of our clients invest all their assets. However, we do not receive any additional financial incentive from our client in connection with this arrangement other than the management fee and performance-based compensation we discuss in Item 5: "*Fees and Compensation*".

While we have not previously had the need to conduct a cross trade—a transaction in which we cause one client to purchase an investment from another client—we believe there may be circumstances under which we could cause our clients to engage in cross trades. Cross trades may create conflicts of interest because they are not independently negotiated and may provide an opportunity for an investment adviser to collect related commissions. If we effect a cross trade between any of our pooled investment fund clients, our investment committee will review the governing documents of both relevant funds to determine if there are any prohibitions or restrictions on cross trades, and the nature of those restrictions. In addition, (1) the investor advisory committee of each fund must review and approve the cross trade prior to its execution and (2) our investment committee will engage a third-party appraiser to value the assets that are the subject of

the cross trade. If we effect a cross trade involving a managed account client, the client must review and approve the proposed trade. A managed account client may obtain third-party advisors to represent its interests in the transaction and review and advise on whether the client should approve the trade.

If we receive the required approval to initiate a cross trade between clients, our firm will document the reason for the decision to effect a cross trade, including the price at which we execute the transaction. If we cause any of our clients to enter into a cross trade, neither our firm nor any affiliate of ours may charge any commissions to either client.

Generally, our firm, our affiliates and employees of our firm may not buy or sell for themselves securities or other assets, or securities related to those, we recommend to clients. We do not allow our employees to make discretionary investments in certain securities about which we may have confidential information. Our firm's personal investment policy does allow employees to invest in timber/agriculture land or related investments, so long as (1) the investment is not suitable for any of our clients still in their investment stage and (2) doing so does not otherwise conflict with our clients' interests. Before any employee of our firm buys or sells timber/agriculture land or related investments, he or she must receive pre-approval from our Chief Compliance Officer. Our Chief Compliance Officer will review the proposed transaction to ensure that its execution would not conflict with the interests of our clients and that the employee is not in possession of any material non-public information that is relevant to the proposed transaction.

The personal investment policies and procedures we have described above apply not only to employees and their personal accounts but also to accounts in which the employee has a direct or indirect beneficial ownership which may include certain of their family members and their accounts as well.

Item 12 - Brokerage Practices

Because of the nature of our clients' investments, our firm does not utilize securities broker-dealers. At times, we utilize real estate brokers to assist in the acquisition or disposition of properties on behalf of our clients.

When selecting real estate brokers for our clients and determining the reasonableness of their commissions, we may consider any combination of the following factors, among others:

- expertise in the relevant industry,
- potential network and contacts for selling properties,

- past success within the relevant industry and
- the competitiveness of commission rates in comparison with other real estate brokers satisfying our other selection criteria.

In addition, some of the third-party property managers that we select to manage our clients' timberland properties are also real estate brokers. We have, and may in the future, decide to utilize their broker services if we feel that their pre-existing knowledge of our clients' investments and their operations would benefit our clients.

Trade Aggregation and Allocation – Policies and Procedures

Because we render advice to clients investing exclusively in real estate and related transactions, and we negotiate each of their investments, the opportunity for trade aggregation among multiple clients is unlikely.

Four of our pooled investment fund clients form two sets of parallel fund structures. Conservation Forestry Capital I, L.P. and Conservation Forestry Parallel Fund I-A, L.P. invest in parallel and Conservation Forestry Capital II, L.P. and Conservation Forestry Parallel Fund II-B, L.P. invest in parallel. Conservation Forestry Capital III, L.P. and Conservation Forestry Capital IV, L.P., do not currently have a parallel fund. When a parallel fund structure exists, we make each client's investment (1) on a *pro rata* basis, allocating capital to an investment from each client fund based on the respective aggregate capital commitments of the two parallel funds and (2) on a side-by-side basis with equivalent economic terms and at the same time.

In addition, governing documents for each of our pooled investment fund and managed account clients' place certain restrictions on our ability to serve as investment manager to other clients with substantially similar objectives and strategies until we have completed most of the fund's acquisition activity, based on total capital that investors have committed to the fund and the length of the fund's investment period.

We allocate investment opportunities among all of our clients in accordance with our allocation policy:

- 1) Our pooled investment fund clients receive priority of investments over any managed account client, unless stated differently in the clients governing documents.
- 2) If more than one fund client or platform of related parallel fund clients has uncommitted capital available for an investment and more than one fund client or platform of related parallel fund clients is still in its investment period, then the older vintage fund or platform of related parallel funds, as applicable, receives priority.

- 3) If an investment is too large for the client, or parallel clients, with first priority, then the remainder of the investment may be split with the client, or parallel clients, with secondary priority. If we determine that, because of size, location or other factors, the investment is not suitable for division, then the entire investment will go to the client, or parallel clients, with next priority whose portfolio, or portfolios, would benefit from the investment, based on both the nature of the property and the available capital of the client, or clients, as applicable.
- 4) Occasionally, because of size, geographic location, age characteristics, species or other factors, a particular investment property is best suited for a particular client's portfolio, or for particular clients' portfolios. In this case, the investment would be allocated to the "best fit" client, or clients, as applicable, subject to approval by our firm's principals, including our Chief Compliance Officer.

We may also, in the future, accept management of the timberland or agricultural assets of a separately managed account whose assets have already been deployed. In this instance, this type of client would not compete for investments with our existing clients because it would not be seeking new investments.

Item 13 - Review of Accounts

A group of our principals (and potentially other key managers and/or officers) routinely monitor our clients' portfolio investments. This group typically meets at least once every quarter to review the performance of our clients, including all information we have received from our third-party property or farm managers about the operations of our clients' properties. The group also reviews each client's portfolio to ensure that we are managing it in accordance with its investment objectives and strategy.

We may conduct interim reviews of clients' portfolios, depending on pricing trends, sale activity, operational performance as compared to budget, and new business developments. We may also conduct interim reviews of a client's portfolio if requested by a client or an investor in a client.

We provide our clients, or investors in our clients, as applicable, with written quarterly reports that contain (1) financial statements (unaudited for the first three quarters and audited for the final quarter) and (2) descriptive investment information concerning significant activities during the quarter. In addition to written reports, upon the request of an investor in a client, our affiliate will meet with the investor to provide an annual portfolio overview.

Item 14 - Client Referrals and Other Compensation

Our firm does not, nor do any principals or employees of our firm, receive any economic benefit from non-clients for providing advisory services to our clients.

Under preceding marketing arrangements with two independent parties, we make payments comprised of a percentage of our asset-based fees and performance-based compensation that we receive from the referred investors in Conservation Forestry Parallel Fund I-A, L.P., Conservation Forestry Parallel Fund II-B, L.P. and Conservation Forestry Capital III, L.P. Our firm pays, or in the case of future potential arrangements will pay, all of the fees that we have described to the third-party marketer. None of our clients or investors bears any of these fees.

Item 15 - Custody

We comply with Rule 206(4)-2 of the Investment Advisers Act of 1940, which mandates that client funds and securities, with a few exceptions such as uncertificated securities, must be held by a qualified custodian. Regardless, we are deemed to have custody of our client's funds under Rule 206(4)-2 of the Investment Advisers Act of 1940 because we have the authority to access clients' funds and deduct fees and expenses from clients' accounts due to the authority our affiliates, the general partners of the funds, have over their respective funds.

To comply with Rule 206(4)-2, we utilize the services of a bank to hold all cash for our clients' accounts. Our clients do not possess certificated securities. We also ensure that the bank maintains these funds in accounts that contain only clients' funds or assets, under each respective client's name or the name of each holding company that holds our clients' real estate and related assets, as applicable.

In accordance with Rule 206(4)-2, we also (1) engage a PCAOB registered and inspected auditor to audit our pooled investment vehicle clients at the end of each fiscal year and (2) distribute the results of the audit in audited financial statements that are prepared in accordance with generally accepted accounting principles to all investors in our pooled investment vehicle clients within 120 days after the end of the fiscal year.

For managed account clients, we would ensure that they receive account statements directly from its custodian. In addition, we would urge the client to review the statements carefully and compare the account statements they receive from their custodian with the reports that we send them.

Item 16 - Investment Discretion

Pooled Investment Fund Clients

Our firm accepts discretionary authority to manage our pooled investment fund clients' investment accounts. Essentially, this means that, on behalf of our fund clients, we have the authority to determine, without obtaining specific client consent, the assets to purchase and the price at which to purchase the assets, when to acquire or dispose of investments and how to manage those investments while our clients hold them. Despite this broad authority, we are committed to adhering to the investment strategy and program set forth in each of our clients' relevant confidential information memorandum.

Before accepting their subscriptions for interests, we provide all investors in our pooled investment fund clients with a confidential information memorandum or other disclosure document that sets forth, in detail, the relevant investment strategy and program. By completing our subscription documents to acquire an interest in one of our funds, investors give us complete authority to manage their investments in accordance with the confidential information memorandum or other disclosure document they each received.

Managed Account Clients

It is our practice that, prior to providing investment advice to a managed account client, we negotiate and enter into a written agreement with the managed account client that specifies the scope of our authority, grants us the delineated authority and identifies any limitations on our authority to manage the client's assets. As of this filing, we advise one managed account consisting of a fund of one.

Item 17 - Voting Client Securities

Even though under our investment management agreements with our clients we have complete authority to manage their investments, which would include the authority to vote proxies, our clients do not typically receive proxy solicitations due to the nature of their investments.

Should we ever need to vote a proxy for one of our clients, our policy is to vote proxies solely in the interests of our clients. If any of our clients make investments which would cause them to receive proxies, we would not allow them, or their investors, to direct our vote. Generally, we believe that a company's management is best suited to make decisions that are essential to the ongoing operation of the company. Therefore, we would generally vote proxies in line with a company's management. However, under certain circumstances, if we believe that management's proposal is not designed to maximize value for our clients, we will vote against management.

If we believe that a conflict may exist between our firm or any of our employees and our client in connection with voting a client's securities, we will engage a third-party voting firm to make the vote on behalf of the client.

Upon request, any of our clients or any of the investors in our clients can obtain (1) a copy of our proxy voting policies and procedures and (2) information concerning proxy votes on its behalf (if applicable).

Item 18 - Financial Information

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

We are not aware of any financial condition that is likely to impair our ability to meet our contractual commitments to our clients.

Conservation Resource Partners, LLC has never been the subject of a bankruptcy petition.