



**Part 2A of Form ADV: Firm Brochure**

**March 2017**

Ridgewood Private Equity Partners, LLC  
14 Philips Parkway  
Montvale, New Jersey 07645-1811  
201.447.9000

[www.ridgewoodpep.com](http://www.ridgewoodpep.com)

**This brochure provides information about the qualifications and business practices of Ridgewood Private Equity Partners, LLC. If you have any questions about the content of this brochure, please contact us at 201.447.9000 or by e-mail at: [investorrelations@ridgewoodpep.com](mailto:investorrelations@ridgewoodpep.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Ridgewood Private Equity Partners, LLC also is available on the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2: Material Changes**

Ridgewood Private Equity Partners, LLC (“RPEP”) has not made any material changes to its business since the filing of its initial Brochure dated March 2016. Although the updates in this March 2017 Brochure are not material, we encourage all recipients to read this Brochure carefully in its entirety.

In the future, if there are material changes to the Brochure, this section will describe such changes and identify the location of such changes in the Brochure.

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#### **Item 4: Advisory Business of Ridgewood Private Equity Partners, LLC**

Ridgewood Private Equity Partners, LLC (“RPEP” or the “Company”) is a Delaware limited liability company that was established in 2014. The Company is privately owned by Robert E. Swanson (“R. Swanson”), Matthew E. Swanson (“M. Swanson”) and certain family trusts. R. Swanson is the Company’s sole manager and M. Swanson is a Senior Managing Director and founding member.

The Company provides investment management and advisory services in connection with private equity investment opportunities to sophisticated investors through private equity investment funds the Company sponsors and manages (the “Fund Clients”) as well as investment management and advisory services directly to institutional clients (“Institutional Clients”). The Fund Clients and the Institutional Clients will be collectively referred to as “Clients”.

Services: RPEP currently has focused its services on investments related to: (a) the access, extraction, processing, transportation or consumption of energy-related resources and other real assets and (b) businesses that own or provide services to these industries or activities. Clients may make investments indirectly through investment funds managed by third-party managers (“Investment Funds”) or directly into operating entities (“Direct Investments”; together with the Investment Funds, the “Investments”).

Generally, RPEP’s services will include:

- Sourcing and performing due diligence on potential Investments.
- Selecting and making Investments on behalf of the Fund Clients.
- Recommending Investments to Institutional Clients and, if requested, managing the Investment, from negotiating the terms of the Investment through and including harvesting.
- Monitoring Investments on behalf of Fund Clients and, as requested, the Institutional Clients. The Company may not be involved in the day-to-day management or operations of the Investments but will generally attempt to negotiate significant oversight rights.
- Handling financial matters, such as audits and tax matters, regulatory issues (including filings with regulatory agencies), legal matters and other general corporate and related matters for Fund Clients.
- Handling investor relations matters for the Fund Clients.

RPEP has full, exclusive and complete discretion in the management and control of all the Fund Clients.

As of December 31, 2016, the total amount of assets under management by RPEP was \$175,584,445.00 inclusive of \$52,451,468.00 of uncalled capital commitments from limited partners of the Fund Clients.

#### **Item 5: Fees and Compensation**

RPEP is compensated for its services in accordance with the terms of the liability company agreement(s) or limited partnership agreement(s), as the case may be, of each Fund Client and, in some instances, a management agreement (collectively, the “Fund Agreements”) and any service management or other agreement it may enter into with Institutional Clients (the “Services Agreement”; together with the Fund Agreements, the “Agreements”). The following briefly describes the types of fees to which RPEP may be entitled under the Agreements.

A. *Fees & Compensation to RRP:* RPEP may be entitled to: (i) organizational and offering expenses; (ii) management fees; and (iii) a carried interest distribution (“Carried Interest”) depending on the Agreement.

With respect to organizational and offering expenses, the Agreements may provide for a fee equal to reimbursement of expenses up to a percentage of a Fund Client investor’s capital commitment or a fixed amount.

From time to time, RPEP and its affiliates, may enter into side letters or other written understandings with individual investors that have the effect of establishing rights under, or altering or supplementing, the terms of a particular Fund Client’s Fund Agreement. Unless specifically identified in an Agreement, RPEP does not impose a uniform schedule of management fees or Carried Interests for all Clients.

If employees, RPEP or its affiliates, invest in a Fund Client, such investments do not pay management fees or Carried Interest.

RPEP’s compensation is subject to waiver (in whole or in part) or reduction.

B. *Other Expenses:* The Fund Agreements provide for the Fund Clients to reimburse the Company for all actual and necessary direct expenses paid or incurred in connection with Fund Clients’ operations to the extent that those expenses (a) were incurred in carrying out the responsibilities assigned to the Company by the Fund Agreement and any applicable management agreement and (b) do not constitute expenses that are paid out of the management fee or organizational and offering expenses (if any) paid by such Fund Clients. Other expenses generally are: (i) those of third-party contractors who provide services to the Fund Clients (such as outside legal counsel, auditors/accountants, finders, brokers, consultants) and insurance costs, bank fees, airfare and other similar items; and (ii) direct expenses (e.g. travel expenses) of RPEP’s employees actually incurred with respect to investment and management activities (including but not limited to locating, investigating, evaluating, negotiating and completing potential Investments of the Fund Clients), to the extent that such charges do not exceed customary and reasonable amounts and the Investment itself does not reimburse such direct expenses. These other expenses do not include the costs of the Company’s internal employees (e.g. wages, bonuses, benefits) or its overhead (e.g. rent, utilities, office equipment and furnishings).

Service Agreements with Institutional Clients may also provide for the reimbursement of expenses depending on the services RPEP is providing.

C. *Commissions & Placement Agent fees:* Ridgewood Securities Corporation (“Securities”), an affiliate of RPEP may be entitled to commissions and/or placement agent fees pursuant to the terms of the Fund Agreements. The Fund Clients may also pay commissions and/or placement agent fees to independent broker-dealers. All such fees are paid in accordance with the subject Fund Agreement. As of the date of this Brochure, RPEP does not anticipate sponsoring any new Funds through independent broker-dealers.

D. *Timing of Payments:* Offering and organizational expenses, if payable, are generally paid at the time of an investor’s subscription in the subject Fund Client. Applicable management fees are charged quarterly in advance.

Investors that make their capital contributions via capital calls will generally be asked to pay applicable offering and organizational expenses with the first capital call and will pay their share of applicable management fees and other expenses when and as called.

Unless otherwise specified in the subject Agreement, Carried Interest payments are only payable after the return of all capital contributions and any preferred or incentive distribution to which a Fund Clients' investors or Institutional Client (as the case may be) is entitled in accordance with the subject Agreement. Reimbursement of other expenses may be made as and when incurred.

Applicable fees and expenses payable by Fund Clients, may be reserved from and paid out of investor's capital contributions.

To the extent RPEP manages a Clients' financial accounts, it will deduct all fees, expenses and Carried Interest payments due to it directly from such accounts.

Carried Interest payments, if any, are generally made when distributions occur to investors of such Fund Client under the circumstances described in the applicable Agreement.

Fees payable pursuant to a Services Agreement are paid at the intervals provided for in any such agreement.

#### **Item 6: Performance-Based Fees and Side-By-Side Management**

RPEP is entitled to Carried Interest payments in accordance with the applicable Agreements as noted in Item 5 above. Although the existence of the Carried Interest may be considered an incentive for RPEP to make riskier or more speculative investments than would be the case in the absence of such arrangement, such risk is mitigated by RPEP's own financial commitment to the Fund Clients and the Fund Clients' structure which provides for Investments to be made jointly and on similar terms. With respect to Institutional Clients, RPEP does not currently have the discretion to select the Investments.

#### **Item 7: Types of Clients**

*The Company does not provide investment advisory services to the general public.*

A. *Fund Clients:* As of the date of this Brochure, RPEP has two Fund Clients. One RPEP Fund Client is a Delaware limited liability company offered through independent broker-dealers and investment advisers to high net worth investors (the "IBD Fund"). The other Fund Client is a Delaware limited partnership offered to institutional investors, including, by way of example, family offices through one or more placement agents (the "Institutional Fund"). The Fund Clients have different structures and economics as more specifically set out in each Fund Client's offering materials and Fund Agreements.

Each Fund Client is operated and managed in accordance with its Fund Agreement. The Fund Agreement is provided to every investor in such Fund Client as part of the offering materials. In addition, the Institutional Fund has entered into a Management Services Agreement with RPEP that supplements its Fund Agreement.

The Fund Clients are structured to comply with the exemption to registration set forth in Rule 506 of Regulation D promulgated under the Securities Act of 1933. Investors in the Fund Clients must meet the accreditation standards set forth in such Fund Client's confidential offering materials before making an investment. Generally, investors must be Accredited Investors (as defined in Regulation D) and Qualified Purchasers (as defined in Section 2(a)(51) of the Investment Company Act). In addition, all investors must be Qualified Clients (as defined in Rule 205-3 of the Investment Advisers Act of

1940). Qualified Purchasers are deemed to be Qualified Clients. Investors in the Fund Clients may include individuals, banks & thrift institutions, pensions and profit sharing plans, trusts, estates, charitable organizations or other corporate or business entities.

Our Fund Clients also rely on certain exclusions from the definition of “investment company” under the Investment Company Act of 1940, as amended. Consequently, none of the Fund Clients are or will be registered as investment companies with the SEC.

Investors in Fund Clients acknowledge that they understand that the Fund Clients are private placements, are not transferrable, and it is possible for the investor to lose the entire amount of the investment.

Fund Agreements are considered investment advisory contracts. *RPEP has full, exclusive and complete discretion in the management and control of the Fund Clients. RPEP in its sole discretion will determine whether it needs to enter into any additional agreements or otherwise and whether such Fund Client is large enough to implement the desired investment strategy or program.*

**B. Institutional Clients:** As of the date of this Brochure, Institutional Clients included public pensions and family offices.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

RPEP’s goal is to select and manage Investments for its Clients as described in Item 1. RPEP’s current strategy contemplates focusing on U.S. energy sector and other real asset Investments.

**A. Methods of Analysis and Investment Process:** RPEP is taking a specialized multi-channel approach to build a portfolio for Fund Clients that includes Direct Investments and Investment Funds. By selecting a certain number of Direct Investments and Investment Funds that represent approximately 5 – 15 investments per Investment Fund, the Company expects to provide the investors in the Fund Clients with exposure to several dozen underlying private equity investment opportunities. To the extent Fund Clients invest in the same investment, they will do so alongside one another through special purpose vehicles.

Using proprietary analysis of industry trends and market dynamics, the Company is able to continually refine its target portfolio model. The Company’s investment professionals stay current on market conditions and trends, systematically evaluate and synthesize market information and leverage long-standing industry relationships and experience to continually enhance and refine the investment selection process. The primary components of the Company’s process for selecting and managing Investments are: (1) origination, (2) pre-selection screening, (3) in-depth due diligence, (4) investment selection, (5) investment monitoring and (6) harvesting.

(1) *Origination:* RPEP’s investment professionals actively identify management teams and opportunities. Each of the Company’s investment professionals has significant experience, ranging from 10-30+ years, in asset acquisitions and divestitures, joint ventures, fund investments and other activities in the energy sector and other real assets. Through their activities, RPEP’s investment professionals have developed relationships with senior energy executives, private equity managers, consultants and other market constituents. These relationships provide an important source of investment opportunities.

(2) *Pre-selection Screening:* As investment opportunities are identified, the Company performs an initial review of the opportunities’ investment or management team (as the case may be), the competitive landscape, and its risk-adjusted return profile. Through this pre-selection

screening, the Company is able to identify those opportunities that it believes warrant further due diligence.

(3) *In-depth Due Diligence:* RPEP performs rigorous due diligence on each potential Investment. RPEP uses proprietary tools to analyze market trends, potential return scenarios, and historical and anticipated value creation sources for the given potential Investment. RPEP's investment professionals consider a potential Investment's competitive positioning, review its financial statements, corporate documents, policies & procedures, perform background reviews of its investment and/or management team, and review third-party consultant reports (e.g. insurance & accounting experts). With respect to prospective Investments that are Investment Funds, RPEP reviews, to the extent possible, the Investment Fund's strategy, fund structure, size and limited partner base, its principal terms and the economics to such Investment Fund's investment and/or management team. In addition, RPEP will consider the investment team's experience and access to investments (current deal flow), success of prior funds (if any) and portfolio construction and valuation processes.

(4) *Investment Selection:* After RPEP's investment professionals have finalized the in-depth due diligence discussed above, they will determine whether the potential Investment presents the risk-adjusted return profile that meets the respective objectives of its Clients and fits such Clients' portfolio. If a positive determination is made by RPEP's investment professionals, then the potential Investment will be presented to the RPEP investment committee. As of the date of this Brochure, the RPEP Investment Committee is made up of: R. Swanson: M. Swanson: Ross M. Posner - Senior Managing Director: Michael Albrecht - Managing Director; and Jeffrey H. Strasberg – Chief Financial Officer. Investments must receive the approval of four members of the Investment Committee, two of which must be Mr. Posner & M. Swanson. If during the process of negotiating and finalizing necessary legal documents to consummate an Investment the terms of such Investment change materially from those on which the Investment Committee granted its initial approval, the Investment Company may reconsider whether to approve the Investment.

(5) *Investment Monitoring:* RPEP uses institutional portfolio monitoring and management practices to evaluate an Investment's performance compared to underwritten expectations as well as to understand how prevailing market conditions may impact the Investment. The Company will review all financial statements and other required or voluntary communications it receives from the Investment and have in-person meetings or calls with the Investment's management team and to the extent possible. In addition, whenever possible, RPEP will negotiate information and access rights, such as but not limited to, obtaining an observer or voting position on an Investment's board of directors, advisory committee or similar governing body.

(6) *Investment Harvesting:* Given the mix of Investments, between Direct Investments & Investment Funds, RPEP may be limited in its ability execute the harvesting of the Fund Clients' portfolio. Generally, RPEP anticipates the majority of the Investments' returns will be generated from monetization of assets – either by the Investment Fund manager or the management team of a Direct Investment. On a more limited basis, harvesting may include periodic distributions from operating activities of the Investments. When RPEP is able to control the disposition of an Investment (e.g. sale of a Direct Investment or interests in an Investment Fund), such disposition must be approved by at least four members of the investment committee, two of which must be Mr. Posner & M. Swanson.

*B. Risks: There is no guarantee that the Fund Clients will achieve the desired portfolio construction or investment objectives. The illiquidity of the Fund Clients and other risks associated*



*with an investment in a Fund Client make the purchase of interests in Fund Clients suitable only for investors who have substantial net worth, have no need for liquidity with respect to the investment, understand the risks involved, including the risk that the entire investment will be lost, and can sustain the loss of the entire investment. All investors in the Fund Clients are required to review such Fund Client's offering materials including the Agreement prior to making a decision to invest in such Fund Client. The offering materials for each Fund Client provides a more complete discussion of the risks associated with investing in such Fund Clients and their respective activities. Below is an explanation of some (but not all) of the many risks associated with engaging in private equity investing in energy, real asset and infrastructure opportunities. The below identified risks are qualified in their entirety by the risks set forth in each Fund Client's offering materials.*

(1) *Risks particular to investing in the Fund Clients include:*

- a) Potential loss of capital invested in the Fund Client;
- b) The Funds Clients' primary investment objective is to generate long-term capital gains for Investors. Therefore, Investors should not expect the Fund to generate significant, if any, near-term distributions.
- c) It may take many years before the Fund Client's capital committed to Investments is fully invested and, potentially, many years thereafter before a liquidity event occurs that generates distributions to the Fund Clients' investors. RPEP anticipates it may take up to three years to fully commit the net proceeds received by the Fund Clients from their respective offerings. It may then take several additional years before the Fund Clients' commitments to an Investment Fund is fully invested by such Investment Fund
- d) The failure or inability of the Fund Clients to achieve investment objectives, portfolio construction and desired returns;
- e) Differing economics among investors, such as, differing management fees and carried interests payments, differing cost to acquire interests in such Fund Clients;
- f) Illiquidity of the investor's interests in the Fund Clients. It is extremely difficult for Investors to sell Shares;
- g) The inability of the investors in the Fund Clients to influence or participate in the management of the Fund Clients and limited ability of investors to remove the Company;
- h) The loss of any one or more of the Company's investment professionals could have a material adverse effect on the Fund Clients' ability to achieve its investment objectives;
- i) The payment of organizational & offering expenses and commissions (if any) together with reserves for administrative expenses reduces the capital available to the Fund Clients to make Investments; and
- j) Fund Client investors that default on their capital contribution obligations may negatively impact the capital reserves of such Fund Client. If the Fund Client does not have sufficient capital because of such defaulting investors, or for some other reason, the Fund Client may not be able to comply with capital calls made by Investment Funds in which it has already invested or to participate in follow-on investments of Direct Investments.
- k) The Company and the operation of the Fund Clients are subject to certain potential conflicts of interest which could adversely affect or influence the decisions the Company must

make on behalf of the Clients, including, without limitation: (i) some the investment professionals and other executives of the Company are also responsible for the management of the other investment funds sponsored and managed by RPEP affiliates, and, as a consequence, will have to allocate their time among the Fund and these other Ridgewood Companies' investment funds and activities accordingly; (ii) RPEP may sponsor or manage other investment funds, separately managed accounts or other pools of capital that may have the same or similar investment objectives to its existing Clients (collectively, "Other Accounts"), which may create conflicts of interest with respect to allocation of personnel time and potential Investments between the Fund Clients, and the Other Accounts; and (iii) RPEP can make determinations of value of the Investments of the Fund Clients and such determination may affect the performance record of the Fund Clients, the level of Carried Interest and/or economic rights of the Fund Clients' investors.

(2) *Risks Specific to Fund Client Activities* include:

- a) The Fund Clients investments in Investment Funds, exposes investors in the Fund Clients to management fees, expenses, carried interest fees at both the Fund Client & Investment Fund level;
- b) Investment Fund managers may deviate from such Investment Fund's stated and expected strategy;
- c) Depending on the availability and type of Investment opportunities, the Company may not be able to achieve its intended portfolio diversification and concentration goals and the Fund Clients may own a larger percentage of Investment Funds or Direct Investments than described in the Fund Clients offering materials;
- d) The management team of the Investments may be unable to achieve their stated objectives, loss of any member of such management team may adversely impact the Investment, and indemnifications rights of such management team members, if required, would have a negative impact on the Investments; and
- e) RPEP will be dependent on information received from the Investment's management and investment teams (as the case may be), which, if inaccurate, could adversely affect RPEP's ability to monitor Investments. RPEP may have little or no means of independently verifying this information other than through the Clients' rights as a limited partner or owner of such Investment.

In addition, and as discussed more fully in the Fund Clients' respective offering materials, there are potential conflicts of interest involved in the operation of the Fund Clients.

RPEP's investment professionals will be responsible for sourcing and managing Investments for the Fund Clients and the Institutional Clients, consequently, there is no guarantee that the investment professionals' time will not be diverted from the Fund Clients. At times the interests of the Fund Clients and the Institutional Clients may be conflicted. The Company may be in a position to determine whether to have the Fund Clients and/or the Institutional Clients invest in the same potential Investment. The Fund Clients will have differing types of investors (e.g. individuals v. trusts or other types of entities) who may have conflicting investment, tax and other interests in respect to their Fund Client investments. The Company will attempt to resolve conflicts of interest, including conflicts arising from allocations of Investments, in good faith and in a fair manner in light of the reasonable expectations of the parties involved. The Company, its affiliates and investment professionals, will not be liable to Fund Client investors for resolving such conflicts so long as they have not breached the contractual covenant of good faith and fair dealing.

(3) *Energy Sector, Real Asset and other Investment Risks:* Energy, real asset and infrastructure investing is inherently a high-risk activity. Such risks include, but are not limited to:

a) The energy sector is cyclical, which may adversely affect the Clients' business. Industries within the energy sector may be cyclical with fluctuations in commodity prices and demand for commodities driven by a variety of factors. The highly cyclical nature of the industries within the energy sector may lead to volatile changes in commodity prices, which may adversely affect the value and earnings of the Clients' Investments.

b) Business disruptions, and potential regulatory changes may limit the profitability of energy sector businesses;

c) Investments in the energy, real asset and infrastructure investments may be subject to many hazards, such as hurricanes, floods, fires, and other natural disasters or by acts of terrorism, inadvertent damage from construction, repair or operation of equipment, which may not be covered or fully covered by insured. In addition, the occurrence of such catastrophic event could result in the limitation or suspension of operations. As a result, the Clients' Investments could be adversely affected

d) Investments are likely to be hard to value assets that will not have readily ascertainable market prices. Consequently, upon the sale or disposition of an Investment, the Client may receive significantly less than the value given to the Investment on such Clients' periodic reports and/or audited financial statements; and

e) ***Several industry sub-sectors carry distinct additional risks. The following summary is general in nature and is not an exhaustive list of the risks associated with investment in or the operations of such industry sectors.***

(i) Pipelines. Pipeline companies are subject to the demand for natural gas, natural gas liquids, crude oil or refined products in the markets they serve, changes in the availability of products for gathering, transportation, processing or sale due to natural declines in reserves and production in the supply areas serviced by the companies' facilities, sharp decreases in crude oil or natural gas prices that cause producers to curtail production or reduce capital spending for exploration activities, and environmental regulation. Demand for gasoline, which accounts for a substantial portion of refined product transportation, depends on price, prevailing economic conditions in the markets served, and demographic and seasonal factors. Companies that own interstate pipelines that transport natural gas, natural gas liquids, crude oil or refined petroleum products are subject to regulation by FERC with respect to the tariff rates they may charge for transportation services. An adverse determination by FERC with respect to the tariff rates of such companies could have a material adverse effect on their business, financial condition, results of operations and cash flows and their ability to pay cash distributions or dividends. In addition, FERC has a tax allowance policy, which permits such companies to include in their cost of service an income tax allowance to the extent that their owners have an actual or potential tax liability on the income generated by them. If FERC's income tax allowance policy were to change in the future to disallow a material portion of the income tax allowance taken by such interstate pipeline companies, it would adversely impact the maximum tariff rates that such companies are permitted to charge for their transportation services, which would in turn adversely affect such companies' financial condition and ability to pay distributions to shareholders.

(ii) **Gathering and Processing.** Gathering and processing companies are subject to natural declines in the production of oil and natural gas fields, which utilize their gathering and processing facilities as a way to market their production, prolonged declines in the price of natural gas or crude oil, which curtails drilling activity and therefore production, and declines in the prices of natural gas liquids and refined petroleum products, which cause lower processing margins. In addition, some gathering and processing contracts subject the gathering or processing company to direct commodities price risk.

(iii) **Energy Services.** Companies that provide services related to crude oil, refined products, natural gas or alternative fuels such as biofuels, are subject to supply and demand fluctuations in the markets they serve which may be impacted by a wide range of factors including fluctuating commodity prices, weather, increased conservation or use of alternative fuel sources, increased governmental or environmental regulation, depletion, rising interest rates, declines in domestic or foreign production, accidents or catastrophic events, and economic conditions, among others.

(iv) **Exploration and Production.** Exploration, development and production companies are particularly vulnerable to declines in the demand for and prices of crude oil and natural gas. Reductions in prices for crude oil and natural gas can cause a given reservoir to become uneconomic for continued production earlier than it would if prices were higher, resulting in the plugging and abandonment of, and cessation of production from, that reservoir. In addition, lower commodity prices not only reduce revenues but also can result in substantial downward adjustments in reserve estimates. The accuracy of any reserve estimate is a function of the quality of available data, the accuracy of assumptions regarding future commodity prices and future exploration and development costs and engineering and geological interpretations and judgments. Different reserve engineers may make different estimates of reserve quantities and related revenue based on the same data. Actual oil and gas prices, development expenditures and operating expenses will vary from those assumed in reserve estimates, and these variances may be significant. Any significant variance from the assumptions used could result in the actual quantity of reserves and future net cash flow being materially different from those estimated in reserve reports. In addition, results of drilling, testing and production and changes in prices after the date of reserve estimates may result in downward revisions to such estimates. Substantial downward adjustments in reserve estimates could have a material adverse effect on a given exploration and production company's financial position and results of operations. In addition, due to natural declines in reserves and production, exploration and production companies must economically find or acquire and develop additional reserves in order to maintain and grow their revenues and distributions.

(v) **Infrastructure.** Securities and instruments of infrastructure-related companies are more susceptible to adverse economic or regulatory occurrences affecting their industries. Infrastructure-related companies may be subject to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programs, high leverage, costs associated with environmental and other regulations, the effects of economic slowdown, surplus capacity, increased competition from other providers of services, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors. Other factors that may affect the operations of infrastructure-related companies include innovations in technology, significant changes to the number of ultimate end-users of a company's products, increased susceptibility to terrorist acts or political actions, risks of

environmental damage due, and general changes in market sentiment towards infrastructure and utilities assets.

(vi) Transportation. Transportation infrastructure companies are subject to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programs, the effects of economic slowdowns, adverse changes in fuel prices, labor relations, insurance costs, government regulations, political changes, and other factors. The Fund may invest a portion of its assets in Investment Funds or Direct Investments that may include investments with a focus on the transportation sector, thereby exposing the Fund to risks associated with this sector. Additionally, an Investment Fund may invest in portfolio companies in the transportation sector, exposing an Investment Fund, and the Fund, to risks associated with this sector.

(vii) Marine Shipping. The Fund may invest a portion of its capital in Investment Funds or Direct Investments that are related to the marine shipping industry, as it relates to the transportation of oil and oil products (e.g., liquefied natural gas). The marine shipping industry is exposed to many of the same risks as other portfolio companies. In addition, the highly cyclical nature of the industry may lead to volatile changes in charter rates and vessel values, which may adversely affect the earnings of marine shipping companies in the Fund's portfolio. Fluctuations in charter rates and tanker values result from changes in the supply and demand for tanker capacity and changes in the supply and demand for oil, oil products and chemicals. The factors affecting the supply and demand for tankers are outside of a borrower's control, and the nature, timing and degree of changes in industry conditions are unpredictable and include many of the risks set forth herein such as, regional availability of refining capacity; global and regional economic and political conditions; the distance that oil, oil products and chemicals need to be moved by sea; changes in seaborne transportation patterns; weather; international sanctions, embargoes and other similar occurrences; and competition from alternative sources of energy.

f) The Clients will have limited and potentially no ability to withdraw from or liquidate an Investment.

g) Changes in international, foreign, federal, state or local laws or regulations may adversely impact an Investment. Various governmental authorities will have the power to enforce compliance with these laws and regulations, including permits issued under them, and violators are subject to administrative, civil and criminal penalties, including fines, injunctions or both. Consequently, Investments, and in the case of Investment Funds one or more of their portfolio companies, may become subject to laws, regulations and enforcement policies that could increase compliance costs and may adversely affect the financial performance of such Investment and/or portfolio companies.

h) The performance of Investments acquired on the secondary market will depend in large part on the acquisition price for such secondary Investment, which may be negotiated based on incomplete or imperfect information.

i) Investment Funds acquired on the secondary market may carry greater contingent liabilities. For example, the seller of Investment Fund interests may have received distributions from that Investment Fund, but which such Investment Fund has the right to recall. If the Investment Fund recalls a portion of such distributions, the Client (as the purchaser of the interests to which the distributions are attributable) may be obligated to pay an amount equal to that distribution and there is no assurance that the Client will be able to make claim for those monies from the seller.

j) Clients that acquire Investment Funds on the secondary market will not have the ability to modify or amend such Investment Fund's constituent documents (e.g. the limited partnership agreement) or otherwise negotiate economic terms of the interests being acquired.

#### **Item 9: Disciplinary Information**

Not applicable.

#### **Item 10: Other Financial Industry Activities and Affiliates**

R. Swanson is also the founder of Securities, Ridgewood Capital Management, LLC ("Ridgewood Capital"), Ridgewood Renewable Power, LLC ("Power"), and Ridgewood Energy Corporation ("Energy").

Securities is a licensed broker-dealer registered with the Securities and Exchange Commission. Securities served as placement agent for the Fund Clients. Securities has also served as placement agent for funds sponsored and managed by Energy, Capital and Power. Securities is only one of many broker-dealers that offer and sell the Fund Clients' securities; all other broker-dealers are not affiliated with Securities, Energy, Capital, Power or RPEP. As indicated in Section 5 above, Securities is paid for its services as placement agent in accordance with the terms of the applicable Fund Agreement. Securities and unaffiliated broker dealers are also able to earn a commission from the proceeds of the offering of a Fund Client's shares in accordance with and as disclosed in Such Fund Client's offering materials and Fund Agreement. R. Swanson is Securities' sole director and Jeffrey H. Strasberg, RPEP's Chief Financial Officer, is its President and Chief Compliance Officer with full responsibility for the day to day management of Securities.

Capital is a Delaware state registered investment advisor that manages private placements (Regulation D offerings) with investments in venture capital companies. Capital's private funds are no longer actively making new investments but may from time to time make follow-on investments. R. Swanson and Mr. Strasberg participate in the continuing management of Capital. Except for R. Swanson and J. Strasberg, none of Capital's executives are members of RPEP's investment committee nor do they participate in the management of RPEP.

All of the private equity funds sponsored and managed by Power have been terminated. Consequently Mr. Strasberg is managing the winding down of Power.

Energy sponsors and manages investment vehicles whose focus is on investing in oil & gas exploration projects in the U.S. Gulf of Mexico. Energy continues to actively invest on behalf of its funds. The Fund Clients are not currently anticipated to invest in Energy investment vehicles or directly into projects in which such vehicles may be invested. M. Swanson is a Senior Managing Director of Energy. R. Swanson is Energy's Sole Director and a member of its investment committee. Except for R. Swanson, none of the members of the Energy investment committee are members of the RPEP investment committee nor do they participate in the management of RPEP.

#### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

A. *Code of Ethics:* RPEP has adopted a code of ethics to govern the conduct of its employees. The code of ethics establishes RPEP's standards of business conduct, which standards reflect the Company's fiduciary obligations to its Clients. The code of ethics also contains provisions requiring employees to comply with applicable federal and state securities laws. Certain employees of RPEP are required to report to the Company certain personal securities transactions and holdings, and

in certain instances obtain the consent of the Company before undertaking a securities transaction. Similarly, such employees are required to provide the Company with information about any business activities outside of their work for RPEP, and as with securities transactions, first have to obtain RPEP's consent to participate in certain outside business activities. In addition to the code of ethics, RPEP has adopted internal reporting procedures, that when taken together with the code of ethics, requires employees to report any violations of the code or applicable securities or other laws to the Company or the appropriate authorities.

*B. Co-Investments:* The Company may, from time to time, in its discretion offer co-investment opportunities to limited partners of the Institutional Fund or other third-parties, including its Institutional Clients. The Company will set the terms of any such co-investment and it is understood that neither the Company nor any Client has any obligation to offer a co-investment opportunity to any person.

#### **Item 12: Brokerage Practices**

Not applicable.

#### **Item 13: Review of Accounts**

*Review of Accounts:* The Chief Financial Officer of the Company reviews the status of each Fund Client on a regular basis.

*Investor Reports:* Investors in Fund Clients are provided with audited financial statements annually. In addition, all Clients may also be provided with periodic reports about the status of the Clients' Investments.

#### **Item 14: Client Referrals and Other Compensation**

Not applicable. All Fund Clients have been offered through a placement agent that is either an independent broker-dealer, registered investment advisers or Securities. As discussed in item 5 above, independent broker-dealers and Securities were paid commissions for offering a Fund Client's shares as described in item 5 above. As of the date of this Brochure, RPEP does not anticipate offering any new Fund Clients through independent broker-dealers.

#### **Item 15: Custody**

Investors in the Fund Clients will receive audited financial statements of the subject Fund Client annually. Evidence of the Fund Clients' ownership in Investments, if any, are maintained at the Company's offices unless required by applicable law to be maintained with a third-party custodian. Cash and temporary investments are held at Wells Fargo N.A. The Custodians do not send duplicate account statements to the Fund Clients' investors.

#### **Items 16 & 17: Investment Discretion and Voting Client Securities**

As explained above, RPEP has complete and total discretion over the selection of Investments for the Fund Clients. This includes the authority to participate in Investments and make follow-on investments. The investors in the Fund Clients are not required to approve any investment decision made by RPEP.

With respect to the shares of Fund Clients, RPEP does not hold authority to vote on behalf of the Fund Clients' investors. Under the Fund Agreements, however, there are a limited number of items for which a vote of investors is required.

**Item 18: Financial Information**

Not applicable.