

Item 1 – Cover Page

**Form ADV Part 2A: FIRM BROCHURE**



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**March 28, 2021**

This Brochure provides information about the qualifications and business practices of Ecosystem Investment Partners, LLC (“EIP”). If you have any questions about the contents of this Brochure, please contact us at 443-921-9441 or [nelly@ecosystempartners.com](mailto:nelly@ecosystempartners.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Additional information about EIP is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

There have been no material changes since EIP's last annual update of the brochure (the "Brochure") dated March 27, 2020).

EIP routinely makes changes throughout its Brochure to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry and Firm practices. The following Items have been updated in this year's filing, in addition to certain immaterial changes and/or conforming changes related to the following:

- Item 4: updated to reflect regulatory assets under management as of December 31, 2020;
- Item 5: updated to clarify certain fees and expenses; and
- Item 8: updated description of potential risks of loss and potential conflicts of interest.

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#### Item 4 – Advisory Business

Ecosystem Investment Partners, LLC (together with its fund general partners (unless otherwise specified, “EIP” or the “Firm”), a Delaware limited liability company, is a private investment manager based in Baltimore, Maryland. Founded in 2006 and formed in 2007, the Firm makes investments in large-scale ecological restoration and conservation projects. These projects meet a large and growing demand for environmental offsets that mitigate impacts to wetlands, streams and other important natural resources stemming from infrastructure, commercial, industrial and residential development. EIP’s primary investment focus is on mitigation for unavoidable and permitted impacts required by the federal Clean Water Act of 1972 (“Clean Water Act”) and Endangered Species Act of 1973 (“Endangered Species Act”).

EIP serves as the investment adviser for, and provides discretionary investment advisory services to, private funds (each, a “Fund” and collectively, the “Funds” unless the context otherwise requires). EIP currently provides investment advisory services to the following Funds: (i) Ecosystem Investment Partners II, L.P.; (ii) Ecosystem Investment Partners III, L.P.; and (iii) Ecosystem Investment Partners IV, L.P. EIP does not currently manage any independent co-investment vehicles that have been structured as special purpose funds. However, in certain circumstances, as more fully described in Item 7 below, the Firm permits certain limited partners and third parties to co-invest directly into a portfolio investment vehicle. Such direct co-invests are not considered Funds or clients of EIP. In addition, EIP serves as a manager to joint venture partnerships over which EIP provides continuous and regular supervisory management or services, but which are not securities and therefore are not included in EIP’s Form ADV.

Each Fund is affiliated with a general partner (“General Partner”) with authority to make investment decisions on behalf of the Funds. These General Partners are deemed registered under the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder (“Advisers Act”), pursuant to EIP’s registration in accordance with SEC guidance. While the General Partners maintain ultimate authority over the respective Funds, EIP has been designated the role of investment adviser. For more information about the Funds and General Partners, please see EIP’s Form ADV Part 1, Schedule D, Section 7.A. and Section 7.B.(1).

EIP is owned by: (i) estate planning vehicles established for Founder and Managing Partner Fred C. Danforth (d. 2016); (ii) a family partnership established for Co-Founder and Managing Partner Nicholas H. Dilks; (iii) Managing Partner Heath A. Rushing; and (iv) Managing Partner Adam I. Davis. Decision-making authority for EIP and the General Partners resides with the Managers of EIP, Messrs. Dilks, Rushing and Davis. The Danforth entities are not involved in governance or the day-to-day management of the Firm, the Funds or the General Partners. For more information about EIP’s owners and executive officers, see EIP’s Form ADV Part 1, Schedule A and Schedule B.

EIP provides investment advisory services as a private fund manager to its Funds. The Funds invest through privately negotiated transactions in real estate that is associated with ecological restoration

and conservation projects. EIP's investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of purchase, sale and/or lease agreements for land, executing the entitlement and construction of Fund investments and selling the mitigation credits, offsets and other Fund assets to third parties. Investments are made predominantly in real estate, specifically focused on land-based environmental offset markets surrounding wetland, stream and endangered species habitat mitigation projects throughout the United States.

EIP's investment advice and authority for each Fund is tailored to the investment objectives of that Fund; EIP does not tailor its advisory services to the individual needs of limited partners in its Funds. These objectives are described, as applicable, in the private placement memorandum, limited partnership agreement, investment advisory agreements, side letter agreements, services management agreements and other governing documents of the relevant Fund (collectively, "Governing Documents"). The Firm does not seek or require limited partner approval regarding each investment decision.

Fund limited partners generally cannot impose restrictions on investing in certain securities or types of securities, other than through side letter agreements. Limited partners in the Funds participate in the overall investment program for the applicable Fund and generally cannot be excused from a particular investment except pursuant to the terms of the applicable Governing Documents. EIP has entered into side letters or similar agreements with certain limited partners including those who make substantial commitments of capital or were early-stage investors in the Funds, or for other reasons in the sole discretion of EIP in each case that have the effect of establishing rights under, or altering or supplementing, a Fund's Governing Documents. Such rights include co-investment preferences, certain fee arrangements, notification provisions, reporting requirements, rights with respect to transfers of interest and secondary investments, ability to appoint advisory board members and "most favored nations" provisions, among others. These rights, benefits or privileges are not always made available to all limited partners nor in some cases are they required to be disclosed to all limited partners. Side letters are negotiated at the time of the relevant limited partner's capital commitment, and once invested in a Fund, limited partners generally cannot impose additional investment guidelines or restrictions on such Fund.

EIP does not participate in wrap fee programs.

As of December 31, 2020, EIP managed approximately \$941,928,527 in regulatory assets, all managed on a discretionary basis. EIP does not manage any investments on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

EIP receives a Management Fee (as defined below) and its affiliated General Partners are allocated Carried Interest (as defined below) as compensation for providing investment advisory services to the Funds. The following is a general description of fees and compensation of the Funds. Differences exist from Fund to Fund, and certain Funds do not charge certain fees, compensation or expenses that other Funds charge or charge them in different amounts. Under certain conditions a Fund's

Governing Documents permit the Firm to collect certain fees; however, to date EIP has not taken such supplemental fees. If EIP were to collect such fees in the future, the Firm would disclose to Fund limited partners how such fees will be treated and whether such fees are subject to offset. Limited partners in the Funds also bear certain expenses, as described below. Finally, the portfolio investments reimburse EIP or a Fund for certain expenses advanced on their behalf. Limited partners should refer to the Governing Documents of the applicable Fund for a complete understanding of how EIP is compensated for its advisory services; the information contained herein is a summary only and is qualified in its entirety by such documents.

## **Management Fees**

EIP charges each Fund a management fee (the “Management Fee”), generally equal to 2% per annum assessed quarterly in advance, although certain limited partners are charged lower Management Fees based on the size of their commitment to a Fund. Management Fees are deducted from the applicable Fund’s account quarterly, in advance, as of the first business day of each calendar quarter. The Management Fee charged to each Fund is described (i) in full detail in the relevant Fund’s Governing Documents and (ii) more briefly below. All Management Fees were negotiated with the Fund’s limited partners during the fundraising period of the applicable Fund and are not subject to negotiation thereafter. Generally, Management Fees are initially calculated based upon each limited partner’s committed capital for the period of time during which each Fund is making investments; thereafter, the Management Fee is calculated based upon the aggregate remaining tax basis of the relevant Fund’s investments, subject to various other factors. Generally, limited partners participating in a subsequent closing after the initial closing of a Fund are responsible for paying the Management Fee as of the date of the initial closing of such Fund, plus interest, as applicable and as described in each Fund’s Governing Documents.

The General Partners are permitted, in their sole discretion, to reduce or waive all or a portion of the Management Fee among limited partners in the Funds. Such differences can arise from the size of a limited partner’s commitment to a Fund, different investor classes, provisions of side letter agreements or other negotiated terms. Fees are generally waived for affiliates of the Funds’ General Partners.

Management Fees will generally be reduced by: (i) the amount of fees paid by such Fund to entities or persons acting as a placement agent in connection with the offer and sale of interests in such Fund; (ii) costs incurred by EIP in connection with the organization of such Fund that exceed a limit as specified in such Fund’s Governing Documents; and (iii) if applicable, certain supplemental fees and compensation with respect to portfolio investments, subject to the terms set forth in each Fund’s Governing Documents. All such supplemental fees received are offset in whole against the Management Fee, net of any expenses incurred in connection with such portfolio investment; however, any such fees received by entities or individuals not affiliated with the Firm are not subject to an offset against Management Fees. Fees or expenses borne by a Fund directly do not offset Management Fees. Further, any such reduction of a Fund’s Management Fee is typically limited to the extent of such Fund’s proportionate interest in any such portfolio investment vehicle and only to

the extent a Management Fee is payable by a Fund currently or in the future. For the avoidance of doubt, to date EIP has not received director fees, transaction fees, consulting fees, advisory fees or similar fees from a portfolio investment.

To the extent that such an offset credit would reduce a Fund's Management Fee for a given quarter below zero, the credit will be carried forward for future application against payable Management Fees, and if a credit remains upon dissolution, a payment will be made to limited partners that have not elected to waive such amount for tax or other reasons. The amount and manner of such reduction is set forth in the relevant Governing Documents of the applicable Fund.

### **Carried Interest**

Each Fund's General Partner is entitled to be allocated carried interest ("Carried Interest") with respect to the Funds, which is generally equal to 20% of all realized profits net of all expenses in excess of an 8% compounded preferred return (which distribution allocation methodology differs among Funds) which, depending on the Fund, may be subject to certain catch-up provisions once the hurdle has been exceeded. Carried Interest arrangements may differ, and each calculation as well as any clawback provisions are further described (i) in full detail in the relevant Fund's Governing Documents and (ii) more briefly in Item 6, below.

### **Manager Expenses**

EIP and its affiliates are responsible for compensation of the employees of the Firm, office space and facilities, office supplies, travel by the principals and employees of the Firm (including any travel between the offices of the Firm), utilities, telephone service, fees for clerical and administrative services and all other normal overhead costs necessary for the operation of the Funds.

### **Fund Expenses**

The Funds will pay all expenses of operating the Funds, their subsidiaries and intermediate entities (except those reimbursed by a portfolio investment vehicles), including (but not limited to): (i) costs incurred with respect to structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to periodicals or databases), acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, portfolio investments and any Fund's actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, third-party diligence software and service providers, consultants and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (ii) out-of-pocket costs incurred with respect to the origination and sourcing of investment opportunities for a Fund, including meetings with broker-dealers,

investment banks and other sources of investments and developing an investment pipeline; (iii) the third-party legal, consulting, accounting, administration (including fees and expenses associated with a Fund's and the portfolio investment vehicles' third-party administrator and administration (which, for the avoidance of doubt, includes a dedicated team of the third-party administrator which is housed at EIP's offices and which, together with other members of the third-party administrator working offsite, performs administrative services for the portfolio investments in addition to the Fund reporting), tracking or reporting software, if any) and auditing expenses of such Fund (including without limitation, relating to the annual audit of the applicable Fund, the preparation, distribution or filing of any Fund-related or investment-related financial statements whether on an annual or interim basis, and the federal, state, county, municipal and foreign tax returns for the applicable Fund, as well as any other reports, tax returns, tax estimates, Schedule K-1s, other communications with the partners or any other administrative, compliance or Fund-related or investment-related regulatory filings or reporting (including Form PF and compliance with anti-money laundering laws, and fees and costs of any third-party service providers, distribution agents and professionals related to the foregoing); (iv) federal, state, county and municipal taxes and assessments of any nature imposed on the Funds, their business, or operations, including all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund (except to the extent that such Fund is reimbursed therefore by a reimbursing partner or such tax, fee or charge is treated as having been distributed to the partners pursuant to the Governing Documents); (v) filing, title, transfer, registration and other similar fees and expenses of each Fund under all federal, state, county and municipal laws, statutes, and ordinances and the rules and regulations thereunder; (vi) any expenses associated with a meeting held with, or of, the limited partners, the applicable advisory boards or limited partner subcommittee, whether held annually or otherwise, as well as costs of reports, notices or other material associated therewith, including, for the avoidance of doubt, modest fees (generally \$2,500 per meeting and per independent board member) that are paid to individual members of the advisory board, in each case to the extent incurred by any Fund, the General Partner or any affiliate of the General Partner; (vii) fees and disbursements of custodians, disbursing agents and the like; (viii) brokerage commissions, investment banking fees, underwriting fees (including both commissions and discounts), loan administration, private placement fees, sales commissions, valuation fees and finders' fees and legal, consulting and accounting expenses incurred in connection with the origination, sourcing, acquisition, holding, monitoring and disposition of investments and potential investments of any Fund, to the extent not reimbursed by portfolio investment vehicles; (ix) all consulting and other third-party fees, costs and expenses incurred in connection with any proposed or existing investment by a Fund; (x) all expenses incurred in connection with the securing of financing, including without limitation expenses related to the negotiation and documentation of agreements with one or more lenders and interest and other costs, fees, charges and assessments respecting funds borrowed by a Fund; (xi) premiums for directors and officers liability insurance, errors and omissions liability, crime coverage, general partnership liability and other insurance coverage (including cyber insurance) to protect the Funds, the relevant General Partners and any of their respective partners, members, managers, stockholders, officers, directors, employees, agents or affiliates in connection with the activities of the respective Fund, including any costs and expenses related to any retention or deductibles or insurance consultants or



brokers; (xii) all expenses and liabilities associated with any pending or threatened claim, litigation, mediation or arbitration involving a Fund including, without limitation, any indemnification obligations of such Fund, and including all judgments or settlements paid in connection with such claim or litigation; (xiii) all expenses incurred in connection with restructuring or amendments to the constituent documents of any Fund and related entities; (xiv) all expenses incurred in connection with the formation of special purpose investment vehicles, including without limitation any parallel fund or alternative investment vehicles, to the extent set forth in the Governing Documents; (xv) all membership and other fees, costs and expenses incurred in connection with multimedia, analytical, database, news or other third-party research services and related terminals for the delivery of such services; (xvi) costs of cybersecurity consultants or audits; (xvii) reverse breakup, termination and other similar fees; (xviii) out-of-pocket expenses related to printing, communications, marketing and publicity; (xix) the cost of developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of such Fund or the limited partners; (xx) the Management Fee; (xxi) costs associated with the termination, liquidation, winding up or dissolution of a Fund; (xxii) expenses incurred in connection with defaults by limited partners in the payment of any capital contributions; (xxiii) fees, costs and expenses in connection with a Fund's legal and regulatory compliance with U.S. (federal, state or local) or non-U.S. laws or regulations (including, without limitation, any organizational and ongoing costs resulting directly or indirectly from marketing a Fund in the European Union under the European Union's Alternative Investment Funds Managers Directive, if applicable, and the cost of any representative, distribution agent or payment agent required in connection with or arising directly or indirectly from marketing or sale of interests in a Fund in non-U.S. jurisdiction); (xxiv) any direct expenses associated with fundraising for a Fund (subject to the limitation set forth above); (xxv) all other costs, liabilities and expenses payable to third parties unaffiliated with the General Partner or the Firm on behalf of the Fund; (xxvi) expenses related to attending industry meetings, conferences or similar events in connection with marketing to prospective credit buyers and other customers, the evaluation of investment opportunities or business sector opportunities (including the evaluation of potential investments, regardless of whether such investment is ultimately consummated); and (xxvii) all other costs, liabilities and expenses substantially comparable to any of the foregoing (collectively, the "Fund Expenses"), *provided, however*, that a Fund will not be responsible for fees and expenses that are payable by the respective General Partner related to any licensing or registration fees or expenses, including, without limitation, any fees or expenses incurred in connection with the registration or continued licensing of such General Partner or the Firm as an investment adviser with a state securities agency or the SEC. Costs and expenses noted above generally also include travel, private premium hired cars, premium lodging (including temporary housing), ground transportation and meals.

Additionally, a Fund may bear all of the documented out-of-pocket fees, costs, expenses, liabilities and obligations incurred by such Fund, the respective General Partner, the Firm or any of their respective affiliates relating to investment and disposition opportunities for a Fund that are not consummated (including, without limitation, legal, accounting, auditing, insurance, consulting, finders', financing, appraisal, filing, printing, real estate title and other fees and expenses) ("Broken

Deal Expenses”) with respect to a prospective investment in respect of which a co-investment opportunity was anticipated, irrespective of whether a determination had been made as to the identity of any potential co-investors or the amount of the anticipated co-investment opportunity prior to the time that it was determined that the prospective investment would not be consummated by such Fund. Any entities established by the relevant General Partner, the Firm or any of their respective affiliates to facilitate participation by one or more persons in any co-investment opportunity may not bear Broken Deal Expenses.

For information on EIP’s brokerage practices and fees, please see Item 12, below.

### **Offering and Organizational Expenses**

Each limited partner will bear its pro rata share of the Fund’s organizational expenses, up to a designated maximum as detailed in the Governing Documents, and including all reasonable legal and accounting fees, reasonable out of pocket expenses and related disbursements incurred in connection with the establishment of the Fund, parallel funds and the applicable General Partner (“Organizational Expenses”). The amount of Organizational Expenses varies by Fund and is further detailed in the limited partnership agreement of such Fund. Any amounts in excess of such specified amounts are either borne directly by EIP, or indirectly if charged to the Fund and offset dollar for dollar against Management Fees.

### **Co-Investment Fees and Expenses**

As described above, in certain circumstances, EIP permits certain investors to co-invest in investments alongside one or more Funds, subject to EIP’s related policies and procedures, the relevant Governing Documents and/or side letter(s) or similar arrangements. Since co-investments will not be made through a Fund, any compensation received in connection with a co-investment does not arise out of the investment activities of a Fund or actions taken directly or indirectly by EIP on behalf of such Fund and, therefore, none of such fees and other co-investor-related compensation reduces the Management Fee paid by such Fund. Where a co-investment vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds.

EIP generally does not receive management fees for co-investment activities.

### **Fee Receipt Allocation**

From time to time, EIP, a Fund or a portfolio investment agrees to pay a transaction fee, portion of the Management Fee, equity grant or other fee to a third party, such as a strategic partner, joint venture partner, consultant, advisor, finder, placement agent, broker and/or investment banker. Similarly, on occasion certain joint venture partners receive additional compensation, including bonus payments based on the applicable portfolio investment meeting certain success hurdles. Such compensation indirectly reduces the revenue available for distribution to the relevant Fund at the time

of such portfolio investment's sale. None of these fees or compensation offset Management Fees payable by a Fund.

### **Allocation of Fees and Expenses**

In good faith and in its fair and reasonable discretion, EIP determines on a case-by-case basis whether an expense should be borne by the Firm, a Fund, multiple Funds or a portfolio investment vehicle. To the extent that the Governing Documents do not expressly provide for a method of allocation or to the extent that an invoice does not relate to a specific Fund, EIP will typically allocate common expenses among multiple Funds on a pro rata basis and in accordance with its policies and procedures on expense allocation, unless another method is more equitable. Where one or more Funds to which an expense would otherwise be allocable are not permitted to receive an allocation based on the applicable Governing Documents, the portion of the expense attributable to such Fund(s) will be borne by EIP.

The Funds are closed-ended investment vehicles intended for a long-term investment. Accordingly, Management Fees are expected to be paid, except as otherwise described in the relevant Governing Documents, and limited partners generally are not permitted to withdraw or redeem interests in the Funds.

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

A Carried Interest allocation represents an adviser's compensation based on a percentage of net profits of the funds it manages. As described above in Item 5, the General Partner receives a Carried Interest allocation on certain realized profits in the Funds equal to 20% of all realized profits (which distribution allocation methodology differs among Funds) subject to an 8% annually compounded preferred return and subject to reimbursement of all relevant Fund expenses, including Management Fees. Depending on the Fund, the allocation of the profits in excess of the hurdle rate differ. More specifically: (i) for Fund II, once the hurdle rate has been achieved, distributions will be made 80% to the limited partners and 20% to such General Partner and (ii) for Funds III and IV, once the hurdle rate has been achieved, the General Partner is entitled to 50% of future distributions until such General Partner has received 20% of aggregate distributions (other than return of capital distributions) and thereafter, distributions will be made 80% to the limited partners and 20% to such General Partner. Calculated based on cumulative realized gains and income only, Carried Interest is payable as portfolio holdings are liquidated or otherwise monetized, and is subject to a potential giveback if the respective General Partner has received excess cumulative distributions. Each Fund's Carried Interest calculation, as well as the clawback provisions of each Fund, is further described in the relevant Fund's Governing Documents.

EIP's Carried Interest allocations have been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. The General Partner of each Fund, in its sole discretion, is permitted to waive or reduce the amount of Carried Interest for certain Fund limited partners.

The fact that a General Partner's Carried Interest allocations are based on the performance of each Fund can create an incentive for EIP to make investments that are more speculative than would be the case in the absence of such distributions. The Firm believes this incentive is sufficiently mitigated, however, due to the fact that: (i) the applicable Governing Documents create limitations on the ability of EIP to establish new investment funds; (ii) the Funds are subject to certain contractual provisions requiring certain parallel Funds to purchase and sell investments contemporaneously; (iii) any losses the Funds sustain will reduce the General Partner's Carried Interest distribution; (iv) the fact that Carried Interest is generally calculated only after limited partners have received as distribution 100% of their capital contributions plus a preferred return; (v) a General Partner often makes a substantial commitment to a Fund to invest its own capital alongside the limited partners; and (vi) EIP's ability to attract future limited partners is tied to the performance of its investments.

EIP manages multiple Funds or other investment vehicles at one time, many, if not all of which, have similar investment strategies and are managed on a side-by-side basis. Management of multiple vehicles on a side-by-side basis has the potential to create conflicts of interest with regard to EIP's allocation of investment opportunities, expenses, time and attention of advisory personnel and consideration for certain transactions. Although EIP generally makes new investments for a Fund with the same investment objectives only after a predecessor Fund is substantially invested or committed as more fully described in the applicable Fund's Governing Documents, management of side-by-side Funds can create an incentive for the Firm or its personnel to favor a Fund or other investment vehicle in which EIP or an affiliate has a greater financial interest. To help minimize such conflicts of interest, EIP allocates investment opportunities which satisfy the investment parameters of more than one Fund in accordance with EIP's policies, applicable Governing Documents and by taking into consideration certain factors, as determined in the Firm's sole discretion, which can include, but are not limited to: the amount of available capital commitments of the applicable Fund(s); anticipated future capital requirements of an investment opportunity; life-cycle of the applicable Fund(s); expected time to obtain liquidity; legal, tax and regulatory considerations; and any other factors deemed relevant by EIP. EIP's procedures are designed to ensure that all investment decisions are made in accordance with EIP's fiduciary duties to its Funds and without consideration of EIP's (or its affiliates' or employees') pecuniary interest. EIP will not allocate investment opportunities, based in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund. EIP's policies for the allocation of investments are determined by the Investment Committee.

## **Item 7 – Types of Clients**

EIP provides investment advice to its Funds. The Funds generally limit their respective limited partners to: (i) "accredited investors" as defined in the Securities Act of 1933, as amended ("Securities Act"), or (ii) "qualified purchasers" or "knowledgeable employees," each as defined in the Investment Company Act of 1940, as amended (the "Company Act") or (iii) if applicable, "qualified clients," as defined in the Advisers Act. Limited partners in the Funds must also meet certain other suitability qualifications prior to making an investment in the Funds. The Funds are not registered or

required to be registered under the Company Act in reliance on exemptions available under Section 3(c)(1) or Section 3(c)(7) of the Company Act; Fund interests are not made available to the general public; Fund securities are not registered or required to be registered under the Securities Act; and Fund interests are privately placed to qualified investors. Qualified investors include individuals or entities to which Fund interests are allowed to be sold, which generally includes (i) in the United States, people or organizations who meet certain net worth, income and/or financial sophistication requirements as described above or (ii) in other countries as permitted by the relevant securities laws in such jurisdiction and in compliance with any foreign offering provisions applicable to EIP and/or the Funds. The Funds typically require capital commitments from each limited partner of at least \$3 million, depending on the Fund, although the applicable Fund's General Partner has, in its sole discretion, accepted lesser amounts.

The limited partners participating in the Funds include foundations, university endowments, family offices, high net worth individuals, trusts, estates, charitable organizations, U.S. and European pension plans, other service providers retained by EIP and typically include, indirectly, principals or other employees of EIP and its affiliates and members of their families.

As referenced in Item 4 above, in certain cases, EIP organizes co-investment opportunities, which have been structured as a direct investment by certain investors into a portfolio investment vehicle or its holding or operating company. EIP does not consider these direct co-investments to be a client, does not act as the investment manager to such direct co-investment, does not charge Management Fees, does not have custody of the co-investment or include the amount of assets of the co-investment in the Firm's regulatory assets under management. In such direct co-investment opportunities, EIP will perform management, advisory and other services for the portfolio investments in which these co-investment vehicles invest alongside the Funds, generally at no cost to such vehicles except expenses.

Opportunities to participate in co-investment transactions arise when EIP has the opportunity for an investment in an existing or prospective portfolio investment vehicle and EIP determines that (i) an investment requires additional capital, (ii) an investment is larger than the commitment amount a Fund is permitted to make under the Fund's Governing Documents, (iii) EIP determines in its sole discretion that the investment amount is larger than is prudent for a Fund to make, or (iv) EIP otherwise determines in its sole discretion that allowing co-investors is in the best interest of the applicable Fund, such as the need to include a strategic operating partner. Such determinations are based on the provisions of the applicable Governing Documents, side letter agreements and such other factors as EIP will consider in its sole discretion, including those specified from time to time in its policies on investment allocation and co-investments. Subject to any restrictions contained in the Governing Documents of the relevant Fund or any side letter or other terms negotiated with respect to such Fund, co-investment opportunities will be offered according to the Firm's Co-Investment Policy.

Opportunities to participate in a co-investment may be made to limited partners as well as third parties. Additionally, certain individuals who source transactions and/or otherwise serve as strategic operating partners have negotiated co-investment rights or co-investment priority rights as a component of their compensation or other arrangements with the relevant Fund(s). Subject to any restrictions contained in the Governing Documents of the relevant Fund or any side letter or other terms negotiated with respect to such Fund, in general, no limited partners have an absolute right to participate in any co-investment opportunity and the allocation of co-investment opportunities is not expected to be proportional among all limited partners or third parties. EIP's exercise of discretion in allocating co-investment opportunities often will not result in proportional allocations among such co-investors and such allocations can be more or less advantageous to some co-investors relative to other co-investors. When co-investment opportunities are offered, it is possible that the size of the investment opportunity otherwise available to EIP's Fund(s) will be less than it would otherwise have been without the inclusion of such co-investors.

In the event EIP is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, a Fund may consequently hold a greater concentration and have greater exposure in the related investment opportunity than was originally intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto and would result in a greater concentration of risk as a result. Thus, an investment that is not syndicated to co-investors as originally anticipated could result in a significant impact to a Fund's overall investment returns.

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

### **Investment Strategy and Focus**

EIP's objective is to generate competitive returns to limited partners through the acquisition, entitlement, restoration, sustainable management and ultimately, divestiture of properties that generate revenues through the sale of land-based environmental offsets. EIP generally makes investments in large-scale ecological restoration and conservation projects and utilizes a wide range of market mechanisms and turn-key ecosystem restoration delivery programs to achieve its results. These projects meet a large and growing demand for environmental offsets that mitigate impacts to wetlands, streams and other important natural resources stemming from infrastructure, commercial, industrial and residential development. EIP's primary investment focus is on mitigation for unavoidable and permitted impacts required by the Clean Water Act and the Endangered Species Act.

EIP focuses on acquiring land with degraded or threatened ecological or habitat features and enhancing and restoring these features to achieve ecological uplift and generate mitigation credits. Longstanding federal and state environmental laws, including the Clean Water Act and the Endangered Species Act, require that unavoidable, permitted environmental impacts (debits) must be offset by the restoration of ecological functions of equal or greater value (credits) in the same service area (*i.e.*, typically based in the same watershed) in order to achieve "No Net Loss" to the amount and quality of the U.S.'s regulated natural resources. Under these laws, land-owning investors such as EIP

can restore and conserve ecologically degraded land to generate the credits needed by entities seeking requisite federal and/or state permits that allow these entities to impact regulated natural resources.

Additionally, EIP selectively undertakes investments that deliver regionally significant restoration projects through pay-for-performance contracts whereby the Firm finances, designs and constructs large-scale projects, receiving fixed payments, or performance-based revenues, as ecological success milestones are achieved. These pay-for-performance contracts are typically with a single buyer, often a state, county or other government agency.

Depending on the Fund, generally EIP invests in properties between \$5 and \$50 million per transaction including the full cost of real estate acquisition, entitlement and restoration.

### *Control*

The Firm seeks investments where the Fund will be the sole or majority owner of the real property interests required to develop a mitigation project and is therefore able to exert full control over its implementation. Typically, EIP will acquire fee simple interests in the underlying land, but on a case-by-case basis, EIP can acquire other controlling interests in the land (*e.g.*, long-term leasehold interests, licenses, easements, etc.) in order to execute the strategy most efficiently and advantageously.

### *Local Technical and Market Expertise*

EIP outsources certain mitigation bank entitlement and restoration functions to local service providers. The Funds are likely to acquire properties in diverse geographies across the U.S., with many properties inherently having differing ecosystems; therefore, EIP actively engages and seeks the expertise of local collaborators and service providers (consultants, engineers, ecologists, construction professionals, etc.) to access their domain expertise because each region throughout the U.S. is substantially different in terms of its natural habitat. Once the projects move into the credit sales phase, close working relationships with these local service providers further provide EIP with access to potential credit buyers.

### *Leverage, Investment Returns and Holding Period*

For certain Funds, and on a selective basis, where determined to be advantageous, EIP can utilize limited to mid-term (1-2 years) borrowing at the project level to fund construction/restoration costs when offsetting revenues are fully contracted, to the extent permitted by a Fund's Governing Documents.

### *Origination*

EIP pursues transactions utilizing rigorous guidelines. Generation of possible investment vehicles comes from two primary sources: a) top-down, data-driven market research and b) networking with organizations, individuals and agencies with direct knowledge, or need, of large-scale mitigation demand.

## **Investment Process**

### *Due Diligence and Analysis*

The EIP team conducts rigorous due diligence and underwriting on all potential property acquisitions.

Once an investment has been originated, EIP engages in a multi-phased due diligence process. When the target acquisition passes the initial due diligence screen with respect to mitigation market potential and early financial modeling demonstrates the likelihood that an investment will achieve the target return, EIP then moves quickly to secure purchase options or contracts on the property.

Once EIP has secured a purchase option, lease or contract on the property, the investment team initiates an in-depth and exhaustive due diligence process to determine the feasibility of the project. The final stage of the due diligence process focuses heavily on the three main aspects of overall investment feasibility: mitigation markets, property suitability and financial modeling.

### *Decision Making and Investment Committee*

The ultimate decision to invest will be made by the Investment Committee of the relevant Fund's General Partner. The investment team is divided according to the following functions: (i) real estate acquisitions, (ii) operations, (iii) credit sales and marketing and (iv) research, policy and new markets. Each member of the team will contribute to the due diligence on potential investments. A majority vote of the Investment Committee is required prior to committing capital to an investment and for making follow-on capital injections and dispositions.

### *Investment Structure*

Once the Investment Committee approves the investment, EIP will typically acquire the property outright or some other controlling interests (*e.g.*, leases or easements) therein. As part of its underwriting of a prospective property acquisition, EIP will evaluate several alternative arrangements to try to maximize control and flexibility in order to limit risk, including a staged deployment of capital for restoration and the corresponding mitigation bank approval process. EIP utilizes creative approaches to address the specific complexities of a transaction, including ownership, tax and regulatory issues.

### *Active Investment Management*

In order to capitalize on land-based environmental offset markets EIP employs a hands-on approach, requiring active involvement in the: (i) design and development of various conservation projects; (ii) engagement with regulatory agencies and other stakeholders; (iii) marketing of offset credits to potential buyers; and (iv) active negotiation of real estate transactions at both purchase and sale.



### *Property Management*

EIP employs an active approach to the management of its investments and will directly manage and improve acquired properties to realize projected and/or contracted revenues from mitigation, restoration and other components of value.

### *Exit*

In advance of a Fund's investment in a property, EIP will model multiple exit scenarios, and once the transaction closes, EIP will evaluate exit opportunities throughout the life of the investment. Investments can be exited through a variety of transactions, including a combination of credit sales (complete sell out of credits over time or bulk sale), mitigation bank sponsorship sales and land sales. EIP will market the properties to all potential buyers to maximize value at exit.

The applicable Governing Documents of each Fund set forth more detailed descriptions of each Fund's investment strategies and methods of analysis. There can be no assurance that EIP will achieve the investment objectives of the Funds, and a loss of investment is possible.

### **Risks**

An investment in the Funds involves a high degree of risk, including the risk of a partial or total loss of capital, and limited partners must be prepared to bear capital losses which might result from investments. An investment in the Funds is speculative, illiquid and long-term in nature, and is suitable only for those limited partners who have the financial sophistication and expertise to evaluate the merits and risks of an investment in the Funds. Limited partners should also refer to a Fund's Governing Documents for a description of the risk factors specific to their Fund. Different or new risks not addressed below can and are likely to arise in the future and, therefore, the following list is not intended to be exhaustive. Risks and potential conflicts of interest include, but are not limited to, the following:

*No Assurance of Investment Return.* EIP's task of identifying and negotiating private investment opportunities, managing such investments and realizing a return for limited partners is difficult. There is no assurance that EIP will be able to invest the Funds' capital on attractive terms or generate returns for the Funds and their limited partners.

*Dependence on Management Team.* EIP is and will continue to be dependent upon the efforts of the individual members of its management team. The composition of the professionals making up particular investment teams can change over time, and there can be no guarantee that the professionals included in such teams and who have contributed to the past performance of any prior EIP Funds will continue to be members of the particular team or serve in the same or similar roles thereon (and in some cases, are no longer with EIP, or will leave such team or EIP during the life of the Fund). The loss of one or more of these individuals has the potential to have a material adverse impact on EIP's operations and, in turn, the Funds' investment activities and returns.

*Difficulty of Locating Suitable Investments.* It is possible that EIP will be unable to identify a sufficient number of attractive opportunities for the Funds to enable them to fully invest their capital in opportunities that fully meet their investment objectives, or that such investment opportunities will lead to successful investment returns. Identification of attractive investment opportunities is difficult and involves a high degree of uncertainty.

*Competition.* EIP competes for investments against other groups, including institutional investors, investment managers, industrial groups and merchant banks and it is possible that such groups will be larger and better capitalized than the Funds. It is also possible that competition for appropriate investment opportunities would significantly limit the number of opportunities available to the Funds and adversely affect the terms upon which investments can be made. Additionally, when selling credits to those requiring mitigation, EIP frequently competes with other mitigation banking firms.

*No Rights to Control Operations.* Limited partners have no opportunity to control the Funds' day-to-day operations, including investment and disposition decisions. Limited partners must rely entirely on individual members of EIP's management team to conduct and manage the affairs of the Funds.

*Investment Allocations.* The fact that the Carried Interest paid to EIP's affiliates is based on the performance of the Funds can create an incentive for EIP to cause the Funds to make investments that are more speculative than would be the case in the absence of such a Carried Interest. This incentive is somewhat tempered by the fact that losses will reduce the Funds' performance and the Carried Interest.

*Illiquidity of Interests.* Interests in the Funds are highly illiquid, have no public market, and are not transferable except with the prior consent of the applicable General Partner. Voluntary withdrawals of interests are not permitted, except in limited instances when necessary to comply with laws or regulations applicable to a limited partner, including applicable ERISA regulations.

*Lack of Liquidity of Investments.* It is possible that there will be no readily available market for the Funds' investments and most investments will be difficult to value. Adverse market conditions would likely further limit or delay opportunities for liquidity.

*Risk of Real Estate Investment.* Investments in real estate are subject to various risks, including adverse changes in national or international economic conditions, adverse local market conditions, the financial condition of buyers and sellers of properties, unexpected operating expenses, changes in real estate tax rates, changes in environmental laws or regulations, governmental rules and fiscal policies, energy and supply shortages, changes in the relative popularity of various types of real estate properties as investment alternatives, acts of war and terrorist activity, uninsured losses and other facts that are beyond the control of EIP.

*Governmental Regulation.* Governmental authorities at the federal, state and local levels are actively involved in the promulgation and enforcement of regulations relating to land use, zoning and the environment, which create the demand for environmental offsets and mitigation credits. Changes to

these regulations can be promulgated which could have the impact of increasing or decreasing the requirements for such offsets and mitigation credits, or changing the methods and procedures required for generating, selling, administering and managing such offsets and credits, possibly affecting the profitability of impacted Fund assets.

*Changes in Environment.* EIP's investment program is intended to extend over a period of years, during which the business, economic, political, environmental and regulatory environment within which EIP operates can undergo substantial changes, some of which are likely to be adverse to the Funds. EIP will have the exclusive right and authority (within the limitations set forth in the applicable Funds' limited partnership agreements and/or other Governing Documents) to determine the manner in which the Funds will respond to such changes. Limited partners generally will have no right to withdraw from a Fund or to demand specific modifications to such Fund's operations in response thereto. Prospective limited partners are particularly cautioned that there can be no guarantee that the investment sourcing, selection, management and liquidation strategies and procedures exercised by EIP in the past will be successful, or even practicable, during the entirety of a Fund's term. Within the limitations set forth in the Governing Documents, EIP will have the right and authority to cause a Fund's investment sourcing, selection, management and liquidation strategies and procedures to deviate from those described in the relevant Governing Documents.

*Cybersecurity Risk.* External cybersecurity breaches, including unauthorized access to systems, networks or devices (such as through "hacking" activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality, can occur. In addition, internal incidents can occur, such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws). A cybersecurity breach could result in the loss or theft of customer data or funds, the inability to access electronic systems ("denial of services"), loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, EIP or other service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. In addition, such incidents could affect each Fund's investments, and thereby adversely affect a Fund's returns.

*Co-investment Opportunities.* Allocation of co-investment opportunities creates a potential conflict of interest as they are, by nature, limited and participation is not possible for all or even most limited partners in the Funds. While EIP will allocate investment opportunities in a manner consistent with co-invest policies developed for each Fund, and made available to all Fund limited partners and that it believes in good faith is fair to Fund limited partners under the circumstances and over time after considering a wide-range of relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which EIP is subject did not exist.

In deciding co-investment allocations, EIP considers a variety of factors and will generally weigh factors differently when evaluating certain co-investment opportunities or potential co-investors.

Co-investment opportunities typically will be offered to some and not to other limited partners. Additionally, while limited partners will have no obligation to make any co-investments, there can likewise be no assurance that any limited partner that wishes to participate will be able to participate in certain co-investment opportunities, will be able to participate at the limited partner's desired level, or at all. The ultimate allocation of co-investment opportunities, as determined by EIP in its sole discretion, will in some cases not be in the best interests of the Funds or any individual limited partner. EIP's allocation of co-investment opportunities among the persons and in the manner discussed herein will not necessarily result in proportional allocations among such persons, and such allocations have the potential to be advantageous to some such persons relative to others.

The Funds in some cases co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments often involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner will, at any time, have economic or business interests or goals that are inconsistent with those of the Funds, or will be in a position to take action contrary to the investment objectives of the Funds. In addition, the Funds in certain circumstances will be liable for actions of its third-party co-venturer or partner. There can be no assurance that a Fund's return from a transaction would be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence can be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence can lead to or extend a localized or global economic downturn. A climate of uncertainty can reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn can have an adverse effect on the economy generally and on the ability of the Funds and their investments to execute their respective strategies and to receive an attractive multiple on cost at disposition. This can slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn can have an adverse effect upon the Funds' investments.

*Economic Disruptions Due to Public Health Emergencies.* Pandemics and other widespread public health emergencies, such as, and including but not limited to the recent global spread of COVID-19 (the "coronavirus") have shown an ability to result in a broad-based economic decline and significant market volatility. In particular, the ongoing coronavirus outbreak has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. Pandemics represent economic threats that are subject to frequent and rapid change and therefore present material uncertainty and risk with respect to the Funds' performance and financial results. In an attempt to decrease the global impact of such pandemics, countries, states and

municipalities have instituted quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Different countries, states and municipalities have instituted different levels of such security measures and have had varying levels of success in implementing such restrictions. This has resulted in sometimes stark geographic differences in economic activity as well as safety standards. Businesses have implemented similar precautionary measures, notably including a significant shift to work-from-home and restrictions on business travel. The extent of the impact of any public health emergency on the Funds' and their investments' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, how quickly vaccines can be rolled out and whether such vaccine will provide lasting benefits or if it will require annual inoculations, and governmental, regulatory and private sector safety precautions, all of which are highly uncertain and cannot be predicted.

Aside from the broad effects on the economy, the coronavirus has had specific implications for the Firm's operations and activities of its personnel, including employees needing to work from home to more significant impacts such as illness and restrictions on non-essential travel. The Firm instituted procedures in the spring of 2020, as it deemed appropriate, to deal with operational impacts from the coronavirus. Many of these mirrored procedures contained in the Firm's Business Continuity Plan for dealing with other significant business disruption events. As the length of the current coronavirus pandemic has been extended, the Firm has considered additional or modified safeguards to reflect the fact that employees have often been required to work from home for an extended period of time.

Additionally, although the Funds generally invest on a long-term basis in investments that are less correlated to broader market forces, the impact of a global economic slowdown, including from a pandemic, has the potential to impact the Funds' performance and/or financial results by negatively effecting the Firm's ability to, among other things, source new investments, diligence such potential investments or exit current investments (or exit them at the valuations previously expected).

Depending on the length and severity of the pandemic, it is possible that Firm personnel will spend a significant amount of time and attention addressing implications from the coronavirus, including minimizing the impact at the Firm or on the Funds which time generally would have been devoted to other activities on behalf of the Funds.

## **Conflicts of Interest**

The material conflicts of interest that a Fund encounters include those discussed below and elsewhere in this Brochure. The following summary is not intended to be an exhaustive list of all conflicts or their potential consequences. Identifying potential conflicts of interest is complex and fact intensive and it is not possible to foresee every conflict of interest that will arise during a Fund's life. Limited partners should be aware that EIP, its personnel and its affiliates will likely in the future engage in

further activities that can result in additional conflicts of interest not addressed below. There can be no assurance that EIP will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Funds. To the extent that EIP identifies conflicts of interest in the future, the Firm intends to, but is under no obligation to, disclose these conflicts and their implications to limited partners through a variety of channels, including in subsequent Brochures or in other written or oral communications to the advisory board or to limited partners.

*Investment Allocation.* From time to time, EIP is presented with investment opportunities that would be suitable for more than one of the Funds operated by EIP. The Firm generally will not commence the operation of a new pooled investment fund with objectives substantially similar to those of the Funds until the end of the commitment period or such earlier time as described in each Fund's Governing Documents. During the commitment period of each Fund, all appropriate investment opportunities will be pursued by EIP principals through the Funds, subject to certain limited exceptions. EIP's principals and EIP's investment staff will continue to manage and monitor such investments until their realization. EIP in the future intends to sponsor and manage a variety of investment funds with objectives, strategies, scope and investment criteria that will potentially be the same as, similar to, or different from the current Funds, provided that funds with a similar strategy are expected to be formed near the end of, or after the completion of, the commitment period. Such funds and/or their respective portfolio investment vehicles have the potential to compete with the Funds and/or portfolio investment vehicles of the Funds.

In determining which Funds should participate in such investment opportunities, EIP and its affiliates are subject to potential conflicts of interest among the limited partners in such Funds. EIP is committed to allocating investment opportunities among the Funds in a manner that it determines is fair and equitable and consistent with its fiduciary obligations and the Governing Documents of the Funds. To determine whether and to what extent the Funds will participate in an investment opportunity, EIP generally assesses whether an investment opportunity is appropriate for each relevant Fund and also considers certain factors, including, but not limited to, the amount of available capital commitments of the applicable Fund(s), anticipated future capital requirements of an investment opportunity, expected time to obtain liquidity, life-cycle, limitations in the Governing Documents of the applicable Funds, investment guidelines, diversification guidelines, investment strategies and objectives, legal, tax and regulatory considerations and any other factors deemed relevant by EIP.

EIP's allocation of investment opportunities among the Funds is not always, and often will not, be proportional. Therefore, such allocations have the potential to be more advantageous to one Fund relative to another Fund. While EIP will allocate investment opportunities in a way that it believes in good faith is fair and equitable to each Fund, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the potential conflicts of interest did not exist. It is EIP's policy to allocate follow-on investments to the Fund that owns the applicable portfolio investment vehicle. As a result of the foregoing policies, a Fund can in some cases (i) invest in opportunities that another Fund determined

(based on a variety of factors) was not appropriate for such Fund or (ii) decline to invest in opportunities which are determined appropriate for investment by another Fund. Where necessary, EIP will consult with and/or receive consent to conflicts from the requisite percentage interest of limited partners in, or an advisory board consisting of, limited partners or limited partner representatives in the applicable Funds.

*Limited Partner Transfer of Interest.* In certain cases, EIP will have an opportunity (but, subject to any applicable restrictions or procedures in the relevant Governing Documents, no obligation) to identify one or more secondary transferees of interest in a Fund at the request of an existing Fund limited partner(s). In the case of ordinary transfers, EIP will not receive compensation for identifying such transferees and will use its discretion to select such transferees based on eligibility and other factors, and unless required by the relevant Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund limited partners.

*Expense Allocations.* Subject to any relevant restrictions or other limitations contained in the Governing Documents of each Fund, EIP will allocate expenses in a manner that it believes in good faith is fair and equitable under the circumstances and considering such factors as it, in its sole discretion, deems relevant. In exercising such discretion, EIP can be faced with a variety of potential conflicts of interest. As a general matter, expenses incurred on behalf of multiple Funds will be allocated among such Funds. The allocations of such expenses are not always proportional. Limited partners in a Fund are typically allocated (or otherwise bear) their pro rata share of such fees and expenses, which are calculated based on capital commitments, invested capital, available capital or other metrics as determined by EIP in its sole discretion and in accordance with its policies and procedures regarding expense allocation.

EIP and its affiliates will from time to time incur fees, costs and expenses, including in connection with transactions not consummated, on behalf of the Funds. To the extent practicable, any fees, costs and expenses that are incurred in connection with a consummated investment will be charged to the applicable portfolio investment vehicle. To the extent such fees, costs and expenses are not charged to a portfolio investment vehicle, they will be paid by each Fund that participated or was expected to participate in such investment. The Funds will typically bear a portion of any such fees, costs, and expenses in proportion to the size of its actual or proposed investment, or in such other manner as EIP considers, in good faith, to be fair and equitable.

There are occasions when one Fund (the “Payor Fund”) pays an expense common to multiple Funds (the “Allocated Funds”). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. There are also occasions where the Firm or a Payor Fund pays an expense on behalf of a portfolio investment vehicle. On such occasions, the portfolio investment vehicle will reimburse the Firm or Payor Fund for the expense, without interest, and such reimbursement will not be subject to the fee offset provision.

Some expenses are incurred on behalf of one Fund which have the potential to benefit other Funds. For example, information EIP obtains in connection with a Fund's research, due diligence and investment activities will be valuable to other Funds. Additionally, tools and resources developed at EIP's expense will be the intellectual property of EIP and not the Fund.

Conflicts of interest can arise in EIP's determination of whether certain costs or expenses that are incurred in connection with the operation of the Funds meet the definition of Fund operational expenses for which the Funds are responsible, whether such expenses should be borne by EIP or the manner in which EIP allocates expenses. The Funds will be reliant on the determinations of EIP in this regard. From time to time, it is possible that subsequent review of allocations can result in an identification of expenses that should have been allocated in a different manner, in which case measures will be undertaken to correct such circumstance, which include, among others, a reversal of the original expense allocation, if possible, or such other equitable adjustment believed by EIP to be the most appropriate corrective measure.

*Borrowing.* The Funds from time to time borrow funds including to pay Fund expenses, to pay Management Fees or to make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from limited partners). If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing generally would be used for all limited partners in such Fund on a pro rata basis, including the General Partner. In addition, credit facilities for certain Funds are available to provide borrowed funds directly to the portfolio investment vehicles of such Funds, in which case such borrowed funds would be guaranteed by such Funds, as they would be for any other borrowing by the Fund for any other purpose. The cost and availability of leverage is highly dependent on the state of the broader credit markets (which can be impacted by regulatory restrictions and guidelines) which state is difficult to accurately forecast, especially in light of the uncertainty in connection with the ongoing COVID-19 pandemic.

Although borrowings by a Fund have the potential to enhance overall returns that exceed the Fund's cost of capital, such borrowings increase the potential exposure of a Fund to a particular investment above the level the Fund would have typically made had an investment been limited to equity. Any such borrowings would further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund's cost of funds. To the extent a Fund uses borrowed funds in advance or in lieu of capital contributions, or a portfolio investment vehicle borrows funds directly through the Fund facility, the Fund's limited partners generally make later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. Calling a large amount of capital at once to repay the then-current amount outstanding under the credit facility could cause liquidity concerns for limited partners that would not arise had the Firm called smaller amounts of capital incrementally over time as needed. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. In addition, a Fund's use of borrowed funds has the potential to impact the calculation of net performance metrics (to the extent that they measure



limited partner cash flows) and make net IRR calculations higher than they otherwise would be without Fund-level borrowing (especially where financing remains outstanding for longer durations) as these calculations generally depend on the amount and timing of capital contributions, which timing is shortened by virtue of the use of the line of credit either (i) by purchasing an investment prior to a capital call or (ii) by facilitating a distribution in advance of the settlement of a transaction or in advance of when funds would otherwise have been available. The Funds typically pay interest on amounts borrowed under the credit facility and also pay a fee on the undrawn portion of the credit facility. Funds customarily pay a one-time fee for establishing the credit facility as well as certain other one-time and recurring fees and expenses. While a Fund will bear the expense of borrowed funds, such borrowings can also increase the Carried Interest received by the Fund's General Partner by effectively reducing or eliminating the preferred return received by the limited partners and accelerating or increasing distributions of Carried Interest to the relevant General Partner. The General Partners therefore have a conflict of interest in deciding whether to borrow funds because a General Partner has the potential to receive disproportionate benefits from such borrowings.

Borrowing by a Fund will generally be secured by capital commitments made by limited partners to such Fund and/or by the Fund's assets, and documentation relating to such borrowing can provide that during the continuance of a default under such borrowing, the interests of the limited partners can be subordinated to such Fund-level borrowing, and the lenders have the ability to call capital directly from the limited partners. Moreover, tax-exempt limited partners should note that the use of borrowings by the Fund has the potential to cause the realization of UBTI.

*Relationship with Third Parties.* EIP and/or its personnel maintain relationships with various service providers and other market participants (including family members of EIP employees) and limited partners in the Funds. Certain of these persons or entities will invest (or will be affiliated with a limited partner) in, engage in transactions with and/or provide services (including services at reduced rates) to, EIP, a Fund or a portfolio investment. EIP can have a conflict of interest with a Fund in recommending the retention or continuation of such third-party service provider or limited partner to a Fund or a portfolio investment vehicle owned by a Fund. While EIP believes any transactions with a potentially conflicted service provider or limited partner are performed at or below market rates, there can be no guarantee that the products or services recommended are necessarily the best available to a Fund or the portfolio investment vehicles held by a Fund.

*Strategic Partners.* The Funds have and will from time to time enter into one or more arrangements with strategic partners that have significant expertise in a particular segment of the environmental conservation/mitigation industry. Investments made with strategic partners will involve performance-based compensation and/or other fees payable to such strategic partners (as determined by the General Partner in its sole discretion), payable by the joint vehicle or investment, which can reduce the actual returns realized by limited partners on their investments in the Funds.

*Third-Party Involvement.* Funds co-invest from time to time with third parties through joint ventures or other entities. These investments involve risks in connection with such third-party involvement,

including the possibility that a third-party co-investor or co-venturer (i) has financial, legal or regulatory difficulties that negatively affect the investment, (ii) has economic or business interests or goals that are inconsistent with those of a Fund or (iii) is in a position to take (or block) action in a manner contrary to a Fund's investment objectives. In addition, a Fund will in certain circumstances be liable for the actions of its third-party co-investors or co-venturers. In circumstances in which third parties involve a management group, such third parties can also receive compensation relating to the investments, including incentive compensation arrangements or fees based on the value of assets managed, that could cause their interests to diverge from those of a Fund.

From time to time, when a Fund makes an investment through a joint venture, it relies on a third-party property manager to manage or operate the underlying properties on a day-to-day basis. The return on such an investment will therefore depend in large part on the ability of the third-party manager to operate or improve the properties on economically favorable terms. A property manager often provides management, development and marketing services to properties owned by others (including other Funds as well as unrelated parties) some of which are likely to compete with a Fund's investment. In these circumstances, the interests of a Fund's investment could conflict with those of the properties owned by others, including other Funds and/or third parties, and it is possible the property manager will have an incentive, by virtue, for example, of the manner in which it is compensated, to favor another Fund or a third party over the Fund.

*Advisory Board.* Each Fund's General Partner will appoint one or more limited partner representatives to an advisory board, which has the ability to review and waive compliance with certain provisions of the relevant Governing Documents, including resolving potential conflicts of interest situations, and whose approval is required or can be requested in certain circumstances, including certain approvals or consents required by the Advisers Act. All limited partners are bound by the determinations of the relevant advisory board, regardless of whether a limited partner is directly represented by a member of such advisory board. The Governing Documents will provide that to the fullest extent permitted by applicable law, none of the advisory board members shall owe any fiduciary duties to the Funds or any other limited partner. Members of the advisory board can have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted to the advisory board for consideration or review. Members of the advisory board can have various business and other relationships with EIP and its members, partners, managers, directors, officers, employees and affiliates. These relationships have the potential to influence their decisions as members of the advisory board. To the extent that a limited partner is not directly represented by a member of the advisory board, such limited partner will have no influence over matters submitted to the advisory board for review or approval. On any issue involving actual conflicts of interest, EIP will be guided by its good faith discretion.

In addition, members of one Fund's advisory board will also be a member of another Fund's advisory board. In such instances, a conflict of interest exists because advisory boards would be requested to provide consent with respect to transactions which involve a conflict of interest between two or more

Funds on which such advisory board members serve, and such members are unlikely to recuse themselves from any such vote.

Finally, as mentioned above, independent members of the advisory board receive a modest fee for serving on a Fund's advisory board. Such fees have the potential to influence an advisory board member to vote in accordance with EIP's recommendations rather than the limited partners of such Fund as a whole. However, EIP believes that such advisory board members' interests are generally aligned with the Fund limited partners through their greater economic interest in a Fund's performance than their modest stipend as a board member.

*Valuation.* There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, the General Partners will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties, and the resulting values have the potential to significantly differ from values that would have been determined had an active market existed for such securities and can significantly differ from the prices at which such securities ultimately are sold. The Firm has established a valuation policy, which it will follow when performing portfolio investment vehicle valuations. Portfolio investments are valued using a combination of an independent, third-party appraisal of real estate values, as well as an internal assessment of the fair value of mitigation bank credits or pay-for-performance restoration contracts. All valuations are subject to an annual review as part of each Fund's annual financial statement audit. The exercise of discretion in valuation by the Firm has the potential to give rise to conflicts of interest, including excess valuations which would impact the amount and timing of distributions of Carried Interest and the calculation of Management Fees.

In addition, the Firm regularly reports to Fund limited partners, prospective limited partners and the investor community more generally, metrics of each Fund's performance, such as rates of return and multiples-of-money, whose calculation depends on the value of the Funds' investments, including unrealized investments. These reports are an indication of the overall performance of a Fund and are important to the Firm's efforts to attract limited partners to the Firm and any current or future Fund. An objective of EIP's valuation methodologies and procedures is to eliminate any influence these incentives have on fair value determinations.

*Projections.* The Funds use financial projections to help analyze a potential investment or future capital raises and financing for portfolio investments or other transactions. Projected operating results of a Fund's investments normally will be based primarily on financial projections prepared by such investment's management, with adjustments to such projections made by EIP in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the investment and third parties and assumptions made at the time the projections are developed. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio investment to realize

projected values. There can be no assurance that the results set forth in the projections will be attained, and actual results can be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

*Outside Business Activities and Interests.* Certain personnel and affiliates of the Firm have outside business activities and financial interests which can include ownership or management of real estate related assets which has the potential to raise conflicts of interest with respect to investment opportunities considered by a Fund. The Firm has established certain policies with respect to these potential conflict transactions including increased levels of disclosure and periodic certifications by such individuals and regular review and reassessment of such business activities and potential conflicts by the CCO.

*Overlapping Investments with Other EIP Funds Including Successor Funds and any Co-investment Vehicle.* Subject to any consent and any conditions that may be expressly required under their respective partnership agreements, EIP Funds (including successor funds and any co-investment vehicle) may hold or may acquire overlapping positions in investments in which other EIP Funds hold or are acquiring investments. Such investments can coincide with or precede one another. Where investments by EIP Funds are made in the same investments at different times or in different proportions, conflicts of interest with regard to valuation, exit timing and other matters can arise. Even if investments by multiple Funds are made at the same time and in the same proportions, conflicts can arise because of different liquidity needs and different time horizons among such Funds. In addition, conflicts will arise to the extent that a Fund (including any co-investment vehicle) invests in securities that have different rights or preferences than the securities held by other Funds, such as preferred equity investments. EIP and its affiliates will use their good faith judgment in addressing such conflicts. Where multiple Funds are invested in the same security, EIP expects it will allocate disposition opportunities between the Funds on a pro rata basis (based upon relative amounts invested), however, where a Fund invests in a different security, including a preferred equity investment, it is expected that such Fund will dispose of its interest and receive a return of its capital prior to other Funds.

*Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements.* The Governing Documents of each Fund and related documents are detailed agreements that establish complex arrangements among EIP, the limited partners, the Fund, the General Partner and other entities and individuals. Questions arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, can be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While EIP will construe the relevant agreements in good faith and in a manner consistent with its legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations EIP adopts will not necessarily be, and need not be, the interpretations that are the most favorable to the Funds or their limited partners.

*Conflicts Related to the Withholding of Certain Information.* The Governing Documents of the Funds generally permit the applicable Fund's General Partner to withhold information from designated limited partners in such Fund under specified circumstances. For instance, information will at times be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The relevant General Partner may also from time to time elect to withhold certain information from limited partners for reasons relating to the General Partner's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

*Cross Fund Transactions.* EIP is permitted under the Fund Governing Documents to effect a cross transaction between Funds. Such cross fund transactions create conflicts of interest because by not exposing such buy and sell transactions to market forces, it is possible that a Fund will not receive the best price possible or that EIP will have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees.

## **Item 9 – Disciplinary Information**

Like other registered investment advisers, EIP is required to disclose all material facts regarding any legal or disciplinary events that would materially impact a limited partner's evaluation of EIP or the integrity of EIP's management.

On March 13, 2018, the SEC notified EIP that it was considering an investigation of EIP due to the failure to file Form PF as required. EIP agreed to accept the SEC's offer to settle the matter without admitting or denying any of the SEC's findings in exchange for the payment of a civil penalty. In connection therewith, EIP entered an Order Instituting Administrative Cease and Desist Proceedings and the imposition of Remedial Sanctions in respect of the filing of Form PF.

Other than as disclosed above, EIP and its management persons have not been subject to any material legal or disciplinary events applicable to this Item.

On occasion, in the ordinary course of its business, EIP, the Funds or the Funds' portfolio investment vehicles (or their respective directors and executive officers) are named as defendants in a legal action. Although there can be no assurance of the outcome of such legal actions, EIP does not believe that any current legal proceedings or claims to which EIP, the Funds or the Funds' portfolio investment vehicles (or their respective directors and executive officers) are a party, if any, would individually or in the aggregate materially affect a limited partner's or prospective limited partner's evaluation of the Firm or the integrity of the Firm's management.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Neither EIP nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer, a futures commission

merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing.

EIP does not have arrangements with a related person who is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, other investment adviser or financial planner, futures commission merchant, commodity pool operator, commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships that are material to its advisory business or to its Funds or its limited partners. EIP has and will continue to develop relationships with professionals who provide services it does not provide, including legal, accounting, banking, investment banking, tax preparation, insurance brokerage and other services. Some of these professionals provide services to the principals, the Funds or their portfolio investment vehicles. Additionally, some of these professionals are limited partners in EIP Funds, either personally or through their company.

As described above in Item 4, EIP is affiliated with the Funds' General Partners which are deemed registered with the SEC under the Advisers Act pursuant to EIP's registration. These General Partners operate as a single advisory business together with EIP and serve as the General Partner, affiliate or managing members of private investment funds and other pooled vehicles and share common owners, officers, partners, employees, consultants or persons occupying similar positions. These General Partners do not have employees of their own.

From time to time, EIP receives training, information, promotional materials, meals, entertainment, gifts or other perquisites from vendors, and others with whom it does business or to whom it makes referrals. However, at no time will EIP accept any benefits, gifts, entertainment or other arrangements that are conditioned on directing individual Fund transactions to a specific investment, product or provider. Similarly, EIP employees have in the past, and expect to in the future, speak at or attend conferences and other industry events where potential limited partners interested in investing in private funds and other events may be present. Through such capital introduction and other industry events, prospective limited partners have the opportunity to meet with EIP. Neither EIP nor any Fund compensates others for investments ultimately made by prospective limited partners attending such events other than registration, sponsorship, membership or other similar fees paid to attend such events.

EIP does not recommend or select other investment advisers for the Funds.

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

### **Code of Ethics**

Pursuant to Rule 204A-1 of the Advisers Act, EIP has adopted a written code of ethics ("Code of Ethics" or the "Code") that sets forth standards of conduct expected of supervised persons and

addresses personal trading and reporting of personal securities transactions, gifts and entertainment and outside business activities, among other topics. The Code of Ethics requires all supervised persons to place Fund interests ahead of the Firm's interests and to maintain full compliance with the federal securities laws.

Supervised persons are required to certify their compliance with the Code of Ethics upon hire and on an annual basis. Supervised persons who violate the Code will be subject to remedial actions, including, but not limited to, censure, suspension or dismissal. Supervised persons are also required to promptly report any violations of the Code of which they become aware.

EIP will provide a copy of its Code of Ethics to any existing or prospective limited partner upon request to EIP's Chief Compliance Officer, Ellen Perkins, 443-921-9441 or [nelly@ecosystempartners.com](mailto:nelly@ecosystempartners.com).

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

Certain EIP employees and their family members have invested in the Funds through the General Partner. As mentioned in Item 5 above, members of the General Partner are generally not charged a Management Fee.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, knowingly buys from or sells a security to an advisory client. This also applies to any affiliates or controlling persons of the adviser (*e.g.*, an owner, employee or affiliate of the adviser). Cross trades between funds can also be deemed to be principal transactions if the adviser (and/or its affiliates, owners or controlling persons) owns, in the aggregate, 25% or more of either fund. In the context of EIP's business, a principal transaction would most likely refer to the practice of warehousing an investment for the formation of a future fund or EIP or a Fund General Partner purchasing the interest of an existing limited partner.

Agency cross transactions occur when an adviser or an affiliate arranges a transaction (*i.e.*, acts as broker) between two or more different funds or accounts that are managed by that same adviser or an affiliate. Agency cross transactions can also arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. An adviser is not "acting as a broker" if the adviser receives no compensation (other than the advisory fee earned in the ordinary course of managing the assets) for effecting the transaction and therefore is not considered to be conducting an agency cross transaction under Section 206(3) of the Advisers Act. In the context of EIP's business, an agency cross transaction would occur when selling a portfolio investment vehicle, investment or other asset from one Fund to another.

In the event EIP were to recommend a principal transaction or agency cross transaction, it would only be after: (i) the Firm has determined the transaction to be in the best interest of participating clients; (ii) the transaction is permitted by the relevant Governing Documents; (iii) proper disclosure is given to the relevant General Partner, advisory board or limited partners, as appropriate; (iv) consent is

obtained from the appropriate parties; and (v) the Firm ensures that best execution is achieved for the transaction. During 2019, Fund IV purchased the rights to a number of investment opportunities which were previously diligenced by Fund III but which Fund III had determined required the additional capital capacity of the newly-launched Fund IV. The Firm incorporated the notification, authority and consent rights to purchase such assets into the Fund IV Governing Documents as they were being negotiated with such Fund's underlying limited partners. Additionally, the Firm consulted with the Fund III advisory board regarding such transaction, received necessary approvals and formalized such approvals through an amendment to the Governing Documents explicitly authorizing such transactions in 2020.

### **Conflicts of Interest**

If any matter arises that EIP determines in its good faith constitutes an actual conflict of interest, EIP will take such actions as are necessary or appropriate, and as permitted by any applicable Fund's Governing Documents, to address the conflict.

### **Personal Trading**

The personal trading policy for EIP supervised persons is set forth in EIP's Code of Ethics and is acknowledged as received and understood by each supervised person. EIP's personal trading policies are designed to ensure that no Fund is disadvantaged by the transactions executed by a supervised person and that supervised persons in no respect misappropriate any benefit properly belonging to a Fund.

EIP's supervised persons are prohibited from trading, either personally or on behalf of others, in securities while in possession of material nonpublic information or communicating material nonpublic information about such securities to others. The Code of Ethics establishes guidelines for personal trading requirements, insider trading and reporting of personal securities transactions, including certain pre-clearance and reporting obligations. EIP maintains a restricted list of issuers about which it has or may have material nonpublic information. Pre-clearance is required by supervised persons for certain personal securities transactions, including trading in restricted list securities, initial public offerings and certain limited offerings. In addition, supervised persons are required to file certain reports and submit their brokerage account statements to the Chief Compliance Officer for review.

The principals and employees of EIP will occasionally carry on investment activities for their own account and for family members or others who do not invest in the Funds, and in connection therewith, can potentially give advice and recommend securities which differs from advice given to, or securities recommended or bought for, the Funds, even if their investment objectives are the same or similar.

### **Item 12 – Brokerage Practices**

Generally, EIP focuses on privately negotiated transactions in real estate that are associated with



potential ecological restoration and conservation projects and purchases and similarly sells such investments through privately negotiated transactions. In such privately negotiated transactions, best execution is met by the consummation of the deal with the best possible terms for the Fund. In pursuing privately negotiated transactions, EIP will, on occasion, engage the services of brokers in connection with the purchase, sale or financing of a portfolio investment. Typically, such brokers will be licensed under various state laws applicable to real estate; certain of such brokers or their affiliates alternatively or in addition are regulated as broker-dealers pursuant to federal securities laws and/or by the Financial Industry Regulatory Authority. When considering the services of a broker for the purchase or sale of a portfolio investment, EIP selects a broker based on EIP's judgment regarding a variety of factors, which will not be limited solely to ultimate deal price, including but not limited to: EIP's prior experience in working with the broker; the broker's execution capability, financial responsibility, reputation and expertise within the industry; the broker's responsiveness to the Firm; counterparty risk, the broker's experience in dealing with investments that are restrictive or illiquid in nature; the value of any research services provided; and the commission rates, among other factors.

Although EIP generally seeks competitive commission rates, in certain circumstances it will not necessarily pay the lowest commission or commission equivalent, especially in private transactions that rely heavily on the specialty services or experience of a broker that operates outside of a competitive bidding environment. Transactions that involve such specialized services on the part of a broker can thereby entail higher commissions, or their equivalents, than would be the case with other transactions requiring more routine services.

In addition, EIP at times receives ancillary benefits from real estate brokers used for the Funds' non-securities transactions, such as the purchase or sale of real estate property. Such benefits include research services, introductions to sellers, buyers and other service providers, underwriting services and such other services typically provided by real estate brokers to their clients. EIP does not select real estate brokers based on the potential to receive any ancillary benefits and does not cause any Fund to pay a higher commission than those charged by other real estate brokers in return for these benefits.

## **Item 13 – Review of Accounts**

### **Oversight and Monitoring**

The investment portfolios of each Fund are generally private, illiquid and long-term in nature and accordingly EIP's review of them is not directed toward a short-term decision to dispose of securities. Decisions as to when to purchase or sell a portfolio investment vehicle are made by the relevant Investment Committee. EIP closely monitors the portfolio investment vehicles of its Funds. A team of professionals, which includes at least one partner as well as other investment professionals, reviews each Fund's portfolio on an ongoing basis, which review includes, without limitation, the pace of credit sales; timing of credit releases and availability of credit inventory; budgeting for entitlement, permitting, construction, as well as ongoing maintenance and monitoring costs; the competitive landscape; regulatory and policy factors. The investment portfolios are reviewed each quarter in

conjunction with the applicable Funds' financial reporting. Performance issues within the portfolios are addressed by the Investment Committee on an ongoing basis, as applicable.

## **Reporting**

EIP provides to limited partners on behalf of its Funds the following written reports: (i) annual audited financial statements prepared in accordance with United States generally accepted accounting principles ("GAAP") as promulgated by the Financial Accounting Standards Board ("FASB"), accompanied by the report of the independent certified public accountant, within 120 days of fiscal year end and which shall also include tax information necessary for the completion of tax returns (K-1); (ii) unaudited financial statements for the first three quarters of each fiscal year; (iii) annually a statement of the determination of the value of each investment as of the end of the preceding calendar year; and (iv) a narrative description as to certain assets and significant events pertaining to the Fund as well as the status of the Fund. The Firm also has contact with limited partners (*e.g.*, personal visits, telephone, email) throughout the year as conditions warrant.

In the course of conducting due diligence or otherwise, limited partners periodically request information pertaining to EIP's investments. EIP responds to these requests, and in answering such requests, provides information that is not generally made available to other limited partners who have not requested such information. Additionally, as it pertains to existing limited partners, upon request or pursuant to contractual obligations, certain limited partners receive additional information and reporting that other limited partners do not receive. The fact that EIP provides such information upon request to one or more limited partners does not obligate EIP to affirmatively provide such information to all limited partners. As a result, certain limited partners will have more information about a Fund than other limited partners, and EIP has no duty to, and does not intend to, ensure all limited partners seek, obtain or possess the same information regarding a Fund and its investments.

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

EIP does not receive any monetary compensation or any other economic benefit from a non-Fund for EIP's provision of investment advisory services to a Fund.

When raising capital for a new Fund, EIP typically enters into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. In connection with the most recent fundraises, EIP has retained Monument Group, Inc., a registered broker-dealer, to serve as placement agent for Fund units. Subject to certain exclusions, Monument Group is typically paid a placement fee based on a percentage of aggregate capital commitments secured by the Funds from certain limited partners. Placement agent fees are payable by the Funds and any such fees paid offset the Management Fee on a dollar-for-dollar basis, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund as part of its organizational expenses.

## **Item 15 – Custody**

EIP is deemed to have custody of the Funds' assets because of its affiliation with each Fund's General Partner and the General Partners' ability to deduct fees from Fund accounts. To comply with Advisers Act Rule 206(4)-2 (the "Custody Rule"), EIP has elected to undergo an annual GAAP financial statement audit by an independent public accountant registered with and subject to examination by the Public Company Accounting Oversight Board ("PCAOB") for each of the Funds over which it is deemed to have custody, copies of which are (or will be, for newly closed Funds) delivered to the Funds and their respective limited partners within 120 days of fiscal year end. In addition, upon the final liquidation of a Fund, EIP will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all underlying limited partners promptly upon completion of the audit. Limited partners are encouraged to carefully review such financial statements. In addition, Fund limited partners should compare any statements received from the qualified custodian with any statements sent by EIP.

EIP does not accept physical custody of any Fund assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Called capital is directly sent or wired to the relevant Fund's account maintained with a qualified custodian. EIP receives monthly statements from each of its qualified custodians on behalf of the Funds. For more information about EIP's qualified custodians, please see Form ADV Part 1, Schedule D, Section 7.B.(1).

## **Item 16 – Investment Discretion**

EIP generally receives and exercises complete discretionary authority to manage investments on behalf of the Funds as per the Governing Documents of each Fund. Investment advice is provided directly to the Funds, subject to the discretion and control of the relevant General Partner, and not to limited partners in the Funds individually. To become a limited partner in a Fund, a prospective limited partner must execute, among other documents, a subscription agreement and a limited partnership agreement (or similar agreement) with such Fund. Such documents generally contain a power of attorney that grants EIP or the applicable Fund's General Partner certain powers related to the orderly administration of the affairs of the Funds. Once a limited partner executes these documents, with limited exceptions discussed elsewhere in this Brochure, EIP is not required to contact such limited partner prior to transacting business in a Fund.

Generally, EIP's only restrictions with respect to managing a Fund, such as, but not limited to, the type of securities in which a Fund may invest, will be contained in the relevant Fund's Governing Documents. However, a limited partner can seek to impose limitations on EIP's authority through a side letter agreement, and the Firm and/or the relevant General Partner can choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon EIP's investment authority with respect to a limited partner's investment must be presented to EIP and the relevant Fund's General Partner in writing and agreed to by all applicable parties. Other limited partners meeting certain commitment thresholds are often provided with notification

provisions regarding such side letter agreements but are not provided with consent rights over such agreements.

No limited partners to date have limited the Firm's or a Fund's discretionary authority to provide investment advice.

### **Item 17 – Voting Client Securities**

Rule 206(4)-6 of the Advisers Act requires an investment adviser who exercises voting authority with respect to client securities to adopt and implement written policies and procedures reasonably designed to ensure that the adviser votes proxies in the best interest of its clients. Rule 206(4)-6 further requires an investment adviser to provide a concise summary of its proxy voting process and offer to provide copies of the complete proxy voting policy and procedures to clients upon request. Lastly, Rule 206(4)-6 requires that each investment adviser disclose to clients how they may obtain information on how the investment adviser voted their proxies.

The Funds invest in real estate related assets which do not issue proxies. Accordingly, the Firm does not have an opportunity to vote proxies on behalf of its Funds and does not currently exercise voting authority on behalf of its Funds. In the event this were to change, the Firm will implement policies and procedures to vote such proxies in accordance with its fiduciary duty and in the best interests of the Funds.

### **Item 18 – Financial Information**

EIP does not require or solicit prepayment of more than \$1,200 in fees per Fund, six months or more in advance; has no financial condition reasonably likely to impair its ability to meet contractual commitments to Funds or limited partners; and has not been the subject of a bankruptcy proceeding.