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**2020 Impact Report for Investment Funds Sponsored by
The Lyme Timber Company LP
April 2021**

Notice: This summary contains information relating to investment funds sponsored by The Lyme Timber Company LP ("Lyme") and does not constitute an offer to sell or a solicitation of offers to buy securities. Past performance is not necessarily indicative of future results.

BACKGROUND



Wildlife at the 9,200-acre Sterling Run tract, conserved in 2018 with a working forest conservation easement held by Pennsylvania's Department of Conservation and Natural Resources

Photo credit: Randy Flament, Emporium Hardwoods

About this report

The Lyme Timber Company LP ("Lyme") prepared this impact report to provide information on the environmental and social outcomes of its active investment funds. Lyme's active funds include The Lyme Forest Fund III T LP and parallel funds ("Fund III"), The Lyme Forest Fund IV LP and parallel funds ("Fund IV"), The Lyme Forest Fund V LP and parallel funds ("Fund V"), and The Lyme Conservation Opportunities Fund ("LCOF").

We have been reporting on the impact of our investments since 2012 using the Impact Reporting and Investment Standards (IRIS) metrics developed by the Global Impact Investing Network (GIIN). This report includes fund-level impact metrics and background information on our investment strategies. Lyme is a signatory to the UN Principles for Responsible Investment (UN PRI). Under this globally-recognized framework, we maintain a responsible investment policy and annual public reporting.

About the metrics

The IRIS metrics were initiated and are governed by GIIN to standardize the way investors communicate and report their social and environmental performance. IRIS+ is now a generally accepted impact reporting system used by leading impact investors to measure, manage, and optimize their impact. Lyme's impact metrics align with the relevant IRIS+ Core Metrics Sets, which have been developed by theme in consultation with relevant stakeholders. Each year, we evaluate the impact management and reporting frameworks and the comprehensiveness and relevance of our metrics.



LOOKING FORWARD

In future years, we expect our annual impact report to focus on our progress toward achieving our 2025 ESG goals



We now employ more than 200 people through seven forest management companies and sawmill, logging, and log marketing joint ventures.



We manage forestland in rural communities across the country, and we are now the largest private landowner in two states.

In 2020, we formed three work groups – environmental, social, and governance – focused on key business themes to develop a set of ESG goals to inform our work over the next five years.

Business Themes

Environmental

Forest sustainability, conservation, climate change, and ecosystem services

Social

Rural economies, jobs, safety, and the forest products supply chain

Governance

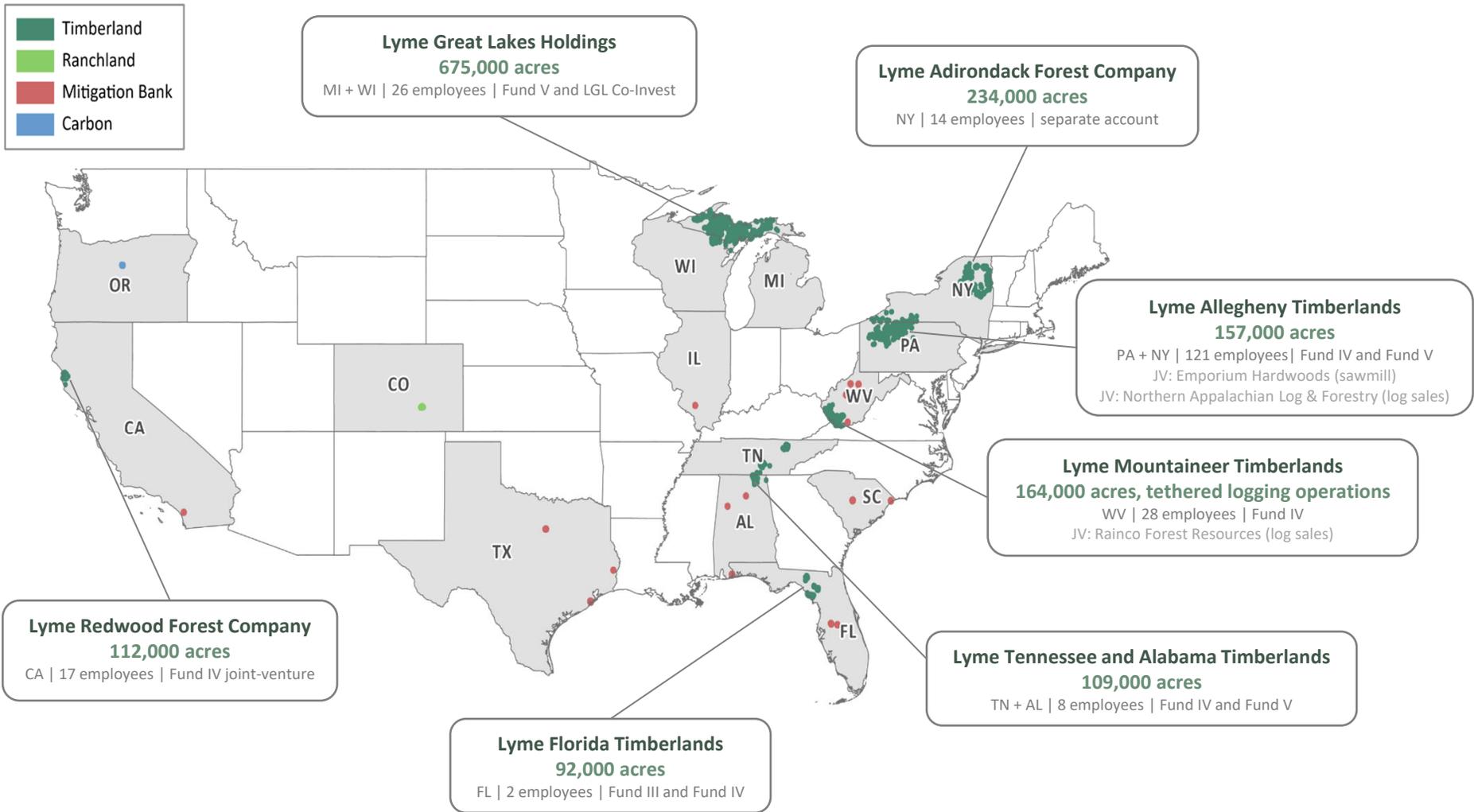
Organization, culture, diversity, equity, and inclusion

Everyone at Lyme participated in at least one work group, and many people participated in two or more groups. The work groups began by articulating our values in each area. They then considered the values and interests of our stakeholders, the unique nature of our investments, our strengths and weaknesses, the specific opportunities and challenges we face in the regions where we operate, and the expectations of our investors. With this foundation, the work groups identified and prioritized goals.

We are currently working to finalize our goals and organize the steps and resources required to achieve them. We intend to share more information about our goals and efforts in next year's impact report.

LYME'S CURRENT PORTFOLIO

Lyme's 1.6-million-acre portfolio includes seven forestland ownerships each managed by local fund-owned forestry businesses, three forestry joint ventures, thirteen mitigation banks, a working ranch, and a carbon investment



LYME'S IMPACT STRATEGIES



Canopy view at Lyme Allegheny in Pennsylvania

INVESTMENT APPROACH AND IMPACT STRATEGIES

Lyme follows a disciplined, value-oriented investment philosophy with the goal of generating attractive risk-adjusted returns with investments that deliver environmental and social benefits



We seek to invest in high conservation value working forests where our management can deliver a range of values – economic, ecosystem, community, and climate. Our timberland portfolio is concentrated in hardwood regions, which are predominantly naturally regenerating and lie in some of the most climate resilient geographies in North America. We monitor and manage our forests for tree species and age class diversity in order to promote biodiversity, climate resiliency, and ecological function. We specialize in the sale of working forest conservation easements that permanently protect land from development, open lands to the public for recreation, and ensure sustainable forestry practices. Our success in forest conservation has led us to adjacent environmental markets, including mitigation and carbon. We also invest in businesses in the forest products supply chain – logging businesses, sawmills, and forest management companies – to support our timberland investments, generate additional returns, and provide good paying jobs in the rural communities where we own land. Our primary investment strategies that deliver impact are sustainable timber production, forest conservation, forest carbon sequestration, and stream, wetland, and habitat restoration.



Above and right: Timberlands in the Adirondack Park in New York are permanently conserved and open for public recreation under a working forest conservation easement. In 2020, we established new log yard operations to support forestry and log marketing operations.

SUSTAINABLE TIMBER PRODUCTION

Lyme's investments strengthen rural economies by providing quality jobs and stability across the local forest products industry supply chains, and increase the sustainability of essential forest products

Forest management and certification

- Lyme's forest management plans focus on enhancing ecological and economic value over time
- All of Lyme's working forestlands are third-party certified to one or both leading sustainable forestry certification programs - the Forest Stewardship Council (FSC)[®] and the Sustainable Forestry Initiative (SFI)[®].

Quality jobs

- In the US, managed forests provide jobs to people in rural and low-income regions of the country with declining populations and industries. Through commitments to job creation and rural economic development, Lyme has accessed \$93 million in financing through the federal New Markets Tax Credit ("NMTC") program.
- In addition to our 19-person team based in New Hampshire, Lyme directly employs 77 people across seven portfolio companies in rural communities. Forestry-related businesses that Lyme has established or invested in employ an additional 138 people, for a total of more than 200 jobs in rural communities created or maintained by Lyme's investments. Lyme's businesses provide safer, better-paying, and sustainable jobs and support additional jobs in related businesses including logging, trucking, road construction, and timber cruising.
- Lyme maintains strict contracting standards and has invested heavily to make logging jobs safer. Lyme requires all logging contractors to maintain workers' compensation insurance on employees, which is especially meaningful in logging given high injury and fatality rates.
- Lyme's forest management companies are locally managed, adhere to equitable employment practices, and offer profit-sharing opportunities.

Rural economies

- Lyme's consistent harvesting and long-term partnerships with mills and contractors support healthy local forest products industries.
- Lyme's investments to strengthen the supply chain in local forest products industries contribute to the stability and sustainability of the resource and local economy. In north central Pennsylvania, Lyme invested in a sawmill that employs over one hundred people and a family-owned log marketing business. In West Virginia, we established a mechanized logging business and invested in a log marketing business.
- Local communities access our lands for hunting, fishing, and recreation, promoting local quality of life and ecotourism industries.



Right: timber marking, harvesting, and hauling during the winter production season at Lyme Allegheny

FOREST CONSERVATION EASEMENTS

Lyme has structured conservation easement transactions on over one million acres throughout the US and Canada

Lyme's investments often fill holes in larger conservation landscapes, and their conservation permanently secures their ecosystem functions alongside the rural economy benefits of sustainable timber production.

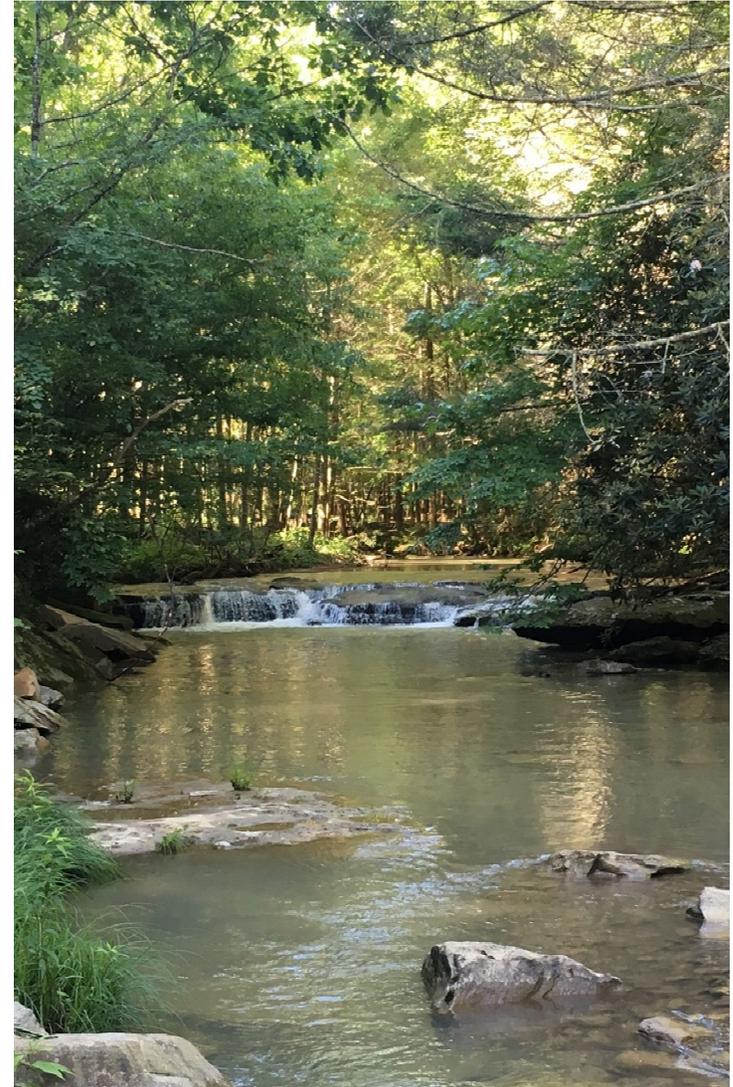
One of Lyme's core investment strategies is to sell working forest conservation easements, which permanently restrict development, but allow income generation from sources such as sustainable timber harvesting, recreational leasing, and the sale of ecosystem services. Lyme maintains an extensive network of contacts among conservation NGOs and governmental natural resource agencies. These groups often seek our investment capital and experience to capture important conservation targets, and we partner with them on the political and community outreach necessary to achieve conservation outcomes.

Working Forest Conservation Easements (WFCEs)

- Are legal agreements that restrict development and other activities agreed upon by the landowner and easement holder in order to protect specific conservation values
- Are permanently binding on all future landowners
- Leave property in private ownership and management, and on the tax rolls
- Allow government agencies to conserve working forests for a fraction of the cost of purchasing the land outright, and greatly reduce public land management expenses
- Provide permanent public recreational access, in many cases
- Ensure the property will be managed for timber production, which supports rural economies and jobs by protecting large forested areas that are critical to efficient and productive timber harvest, recreation, and tourism
- Carry the potential for helping meet and exceed the requirements of federal and state environmental regulations, including the Endangered Species Act and Clean Water Act
- Conserve important natural values of a forest property – fisheries, water supplies, wildlife habitat, and open space, among others – while ensuring good forest management

In 2020, the Great American Outdoors Act passed in Congress, guaranteeing the full \$900 million annual allocation to the Land and Water Conservation Fund (LWCF). The LWCF is a critical public funding source for land conservation in the US, and it has been among many sources of funding for Lyme's conservation outcomes in recent decades. The Biden Administration's recent executive order to protect 30% of US land and 30% of US oceans by 2030 could provide additional legislative and public funding support for conservation strategies.

Right: Lyme permanently conserved a portion of the Brimstone property in Tennessee during its initial ownership. The property is now owned by The Lyme Forest Fund V and managed for its unique conservation values, sustainable timber production, and carbon sequestration.



FOREST CARBON SEQUESTRATION

Lyme has developed, managed, or is in the process of developing ten forest carbon offset projects, which have generated 6 million carbon offsets



Foresters collecting carbon inventory data at the Skyline property, where we have sold forest carbon offsets to regulated entities under California's compliance offset protocol.

Trees, through natural biological processes, absorb carbon dioxide from the atmosphere and store it in biomass and soils. Voluntary and regulatory carbon markets enable forestland owners to secure the carbon sink and generate revenue through the sale of carbon offsets.

Lyme has completed carbon transactions on several of its forestlands, and it is managing several additional projects in various stages of development. It also targets smaller properties for forest carbon development projects.

Regulatory framework

- Many companies that emit carbon and have a regulatory obligation or voluntary commitment to reduce emissions can buy carbon offsets to help achieve targets.
- Forest owners can generate offsets by committing to maintain or increase a forest's absorptive capacity or protect forestland at risk of development or degradation.
- In 2013, California implemented a statewide cap on greenhouse gas emissions, imposing annual emissions reduction obligations to meet its targets for reducing statewide emissions. Utilities, oil refineries, and heavy manufacturers inside the state, as well as those in neighboring states that sell gasoline and electricity to California customers, are required to comply.
- California's carbon market is administered by California's Air Resources Board. Leading carbon registries and verification bodies in the voluntary market include American Carbon Registry, Climate Action Reserve, and Verra.
- California's offset Protocols ensure the maintenance of an encumbered property's carbon stock for over 100 years. Commitments under voluntary market protocols are typically for a period of 40 years.

Voluntary carbon markets, where companies purchase carbon offsets to meet voluntary climate and net-zero commitments, continue to grow and develop. While Lyme has focused on the California compliance market to-date, it has been evaluating voluntary markets projects across its portfolio.



STREAM, WETLAND, AND HABITAT RESTORATION

Since 2007, Lyme has restored and conserved streams, wetlands, and endangered species habitats throughout the US through its mitigation bank investments to offset the environmental impacts of development



Hayes Run II post-restoration work in 2020. Streams were reconnected to their floodplains. Stream banks are no longer eroding, and channel beds have riffles, pools, and woody debris again.

Mitigation banks

Lyme’s land restoration strategy has been executed principally through the development and management of mitigation banks. A mitigation bank is a degraded property restored to its original ecological function and then permanently protected. The owner of an approved mitigation bank can sell credits to public and private developers who need to mitigate their nearby impacts to streams, wetlands, and endangered species habitats.

Regulatory framework

- Federal laws (the Clean Water Act and the Endangered Species Act) require public and private developers to mitigate ecosystem impacts by restoring similar ecosystems to those damaged.
- Projects that require mitigation include draining, filling, or damaging wetlands for highway construction, real estate development, energy infrastructure, or other development. Mitigation is also required to offset the impact of channelizing or rerouting streams and of adversely affecting endangered species habitat.
- Under US Army Corps of Engineers 2008 guidance, the preferred mitigation mechanism is the project developer’s purchase of credits from nearby mitigation banks that proactively restore degraded lands at a larger scale and ensure their preservation in perpetuity.
 - Rather than undertake their own restoration efforts, developers are encouraged to buy mitigation credits from approved mitigation banks.
 - Regulators oversee these banks and release “credits” for sale based on the bank’s achievement of predetermined ecological success factors.



ALIGNMENT WITH THIRD-PARTY IMPACT FRAMEWORKS

Lyme's investment strategies contribute to accomplishing the UN's Sustainable Development Goals (SDGs)

Directly Support



Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss

- Deforestation and desertification caused by human activities and climate change pose challenges for sustainable development and have affected the lives and livelihoods of millions of people in the fight against poverty.
- Lyme's forestland and ecosystem services investments protect ecologically important land; reverse land degradation; promote biodiversity, air quality and soil health; and sustain livelihoods and quality of life.



Also Linked



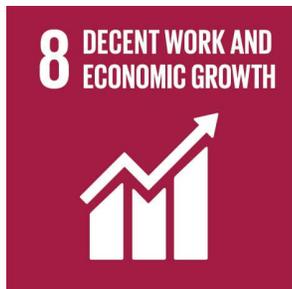
Ensure availability and sustainable management of water and sanitation for all

Lyme's forestland protects watersheds, which supply clean water. Stream and wetland mitigation bank projects restore degraded natural aquatic resources.



Ensure sustainable consumption and production patterns

Sustainable timber production provides renewable resources at scale for critical human needs. Long-lived forest products store carbon in their biomass. Forest products can help facilitate the transition to less carbon-intensive building materials and packaging, and forest products markets can support long-term forest management objectives.



Promote sustained, inclusive, and sustainable full and productive employment and decent work for all

Sustainable forest management creates and maintains quality jobs in rural communities that depend on forests for livelihoods. The protection of high conservation value lands with public access for recreation supports tourism economies.



Take urgent action to combat climate change and its impacts

Lyme's forests sequester carbon at scale and mitigate the impact of natural disasters caused by climate change with naturally occurring flood control, soil health, and air quality maintenance. Scientific research led by The Nature Conservancy indicates that natural climate solutions, including sustainable forestry and land conservation, have the potential to reduce global emissions by over 30% by 2030.

ALIGNMENT WITH THIRD-PARTY IMPACT FRAMEWORKS

Lyme’s impact themes align with the Impact Management Project and GIIN’s IRIS+ and Navigating Impact Project frameworks that were developed with stakeholder input and have been widely used to evaluate impact

Impact theme	Strategic goals
1) Sustainable forestry and land management	<ul style="list-style-type: none"> • Conserving forests and forest resources • Increasing the sustainability of wood, wood-based and non-wood forest products • Increasing the sustainability of rural economies through forestry and land use
2) Biodiversity, ecosystem, and natural resource conservation	<ul style="list-style-type: none"> • Conserving wetlands and river flows • Improving water quality and sustainability through water source protection • Providing wildlife habitat • Connecting conserved lands to achieve landscape scale
3) Climate change mitigation, resilience, and adaptation	<ul style="list-style-type: none"> • Removing carbon from the atmosphere • Keeping forests intact to sequester carbon • Delivering valued wood-products that continue to store carbon in their biomass • Reducing the vulnerability of social and biological systems to changes in climate

Target beneficiaries

- 1) Our planet and the people that depend on it
 - Ecosystem services support planetary health
 - Sustainably sourced products increase global natural resource efficiency
- 2) People in rural communities, including low-income communities, in the forested regions in which we invest
 - Primary benefits derived by the people we employ, the jobs we support, and the economic activity we enable in the regions where we own land



Sustainable timber production under third-party certification at Lyme Redwood, located the watershed of the Ten Mile River which provides critical salmon habitat.

FUND IMPACT DETAIL



Lyme Redwood

THE LYME FOREST FUND III: OVERVIEW

The Lyme Forest Fund III, launched in 2010 with \$160.4 million of capital commitments, made twelve investments totaling approximately 230,000 acres, and it has had three realizations

Portfolio Summary

- 83% of capital was invested in our working lands strategy including four forestland properties and one agricultural property, all with operational scale
- 9% of capital was invested in our mitigation strategy with a focus on smaller banks and opportunities to stage capital deployment and return capital from credit sales over six to eight years
- 8% of capital was invested in our high priority conservation strategy that includes partnering with NGOs to facilitate conservation outcomes

Impact Summary

- We have permanently conserved and subsequently sold more than 123,000 acres, including more than 70,000 acres of working forestland in Wisconsin, more than 50,000 acres of working forestland in Quebec, and 3,200 acres adjacent to Acadia National Park in Maine
- We have conserved 25,000 acres of ranchland in Colorado
- In Florida, we have sold working forest conservation easements on more than 33,000 acres with easement sales in 2016, 2019, and 2020, and we are working toward conserving an additional 19,219 acres in 2021
- Our Florida investments received financing through the New Markets Tax Credit program for workforce training opportunities provided
- In our mitigation portfolio, we are restoring more than 1,700 acres with degraded streams and wetlands

Property	State	Strategy	Begin Acres*	Purchase Date	Sale Date
St. Croix	WI	Working Lands	72,432	2011	2017
Schoodic Woods	ME	High Priority Conservation	3,200	2011	2011
Waccamaw	SC	Mitigation Bank	755	2013	
Lillian Swamp	AL	Mitigation Bank	1,157	2013	
Fox Branch	FL	Mitigation Bank	1,100	2013	
Kenauk	QC	High Priority Conservation	50,300**	2013	2015
Lyme Florida (3 properties)	FL	Working Lands	72,800	2013-14	
BX Ranch	CO	Working Lands	25,000	2014	
Mill Creek	SC	Mitigation Bank	2,555	2014	
Mulberry Fork	AL	Mitigation Bank	141	2014	

*Includes fee interests, timber rights, and mitigation bank interests at acquisition

** Excludes 12,000 acres purchased by the Nature Conservancy of Canada

THE LYME FOREST FUND III: CASE STUDY

Lyme established the Fox Branch mitigation bank to restore degraded wetlands in Florida's Hillsborough basin serving the Tampa-metro area in Florida with wetland credits

Investment highlights

- Attractive mitigation market due to at risk natural resources, limited supply of contiguous land, consistent credit demand, and regulatory barriers to entry
- Reduced cost basis through landowner partnership to develop the over 1,000- acre property as a mitigation bank

Impact

- In 2018, the over 1,000-acre wetland property was permanently protected by a conservation easement for ecological function in an ecologically sensitive area
- Adjacent to approximately 250,000 acres of already conserved land, conservation of the property contributes to greater ecological function
- Restoration in 2020 (at right) involved blocking a ditch to enable historic water flow and reduce hydrology drawdown caused by the ditch
- Prior restoration work included invasive species treatment, prescribed burn, and supplemental replanting to eradicate pastureland and bring back palmetto flatwood communities



This ditch, originally constructed to reduce flooding and soil moisture in adjacent pastureland, was draining the floodplain.



Blocking the ditch increased hydrology. Surface water is now retained in the wetlands up-gradient



Further upstream, water now backs up within the remnant ditch and adjacent wetlands, for better hydrology

THE LYME FOREST FUND III: IMPACT METRICS

Since inception, The Lyme Forest Fund III has permanently conserved nearly 150,000 acres, sustainably managed land adjacent to more than 3.5 million acres, and sold more than 1.1 million metric tons of sustainably harvested wood

Metric	IRIS ID	Unit	2020	Cumulative
Land area directly controlled: sustainably managed	OI6912	Acres	97,899	-
Operational certification	OI1120	Acres	69,463	-
Protected land area: permanent	PI3924	Acres	5,835	148,731
Area of adjacent protected land	PI5750	Acres	3,500,915	-
Units/ volume of sustainably harvested wood products sold	PI1263	Metric tons	168,518	1,125,424
Greenhouse gas emissions sequestered	PI9878	Metrics tons of CO ₂ e	-	-
Area of freshwater bodies present	PI7170	Acres	34,567	-
Length of streams present	PI3239	Kilometers	169	-
Native trees planted	PI3848	Acres	1,112	17,586
Ecological restoration management area	PI9556	Acres	1,649	-
Jobs maintained at directly supported/ financed enterprises	PI5691	FTEs	2	-
Ecosystem services provided by land	PD8494	Biological raw materials, freshwater, maintenance of air quality, habitat, nutrient cycling, water cycling, recreation and ecotourism		

See notes on page 29.



Right: Our Florida properties feature slash pine plantations and unique bottomland hardwoods in a threatened, ecologically important coastal ecosystem.

THE LYME FOREST FUND IV: OVERVIEW

The Lyme Forest Fund IV, launched in 2014 with \$250 million of capital commitments, made nine investments totaling approximately 409,000 acres, and it has had one realization

Portfolio Summary

- The portfolio includes 360,000 acres of working forests
- We made four supply chain investments for improved forest management and local forest products industry health, including a log marketing business and a logging business in West Virginia and a log marketing business and a sawmill business in Pennsylvania
- Approximately 6% of capital was invested in seven wetland and stream mitigation banks

Property	State	Strategy	Begin Acres*	Purchase Date	Sale Date
Gilman	FL	Working Lands	22,780	2015	
Bunrootis	WV	Mitigation Bank	1,070	2015, 2017	
Redwood**	CA	Working Lands	111,967	2015	
Solon Springs	WI	Working Lands	12,875	2016	2017
Emory River	TN	Working Lands	20,061	2016	
Moosa Creek	CA	Mitigation Bank	71	2017	
Allegheny***	PA, NY	Working Lands	67,500	2017, 2018	
Mountaineer	WV	Working Lands	163,500	2017	
Chocolate Bay	TX	Mitigation Bank, High Priority Conservation	9,591	2018	

*Includes fee interests, timber rights, and mitigation bank interests at acquisition

**Fund IV owns a 75% undivided interest

***Fund IV owns a 57.3% undivided interest in joint venture with The Lyme Forest Fund V

Impact Summary

- In 2017, we sold Wisconsin forestland after conserving over 90% of the combined ownership with Fund III in Wisconsin's largest conservation effort in history
- After extended negotiations over several years, we failed to reach agreement with parties on a transaction to conserve the Lyme Redwood property
- Mountaineer Mechanized, based in Pineville, West Virginia, was financed by the New Markets Tax Credit program, and it has created eight safer, higher-paying jobs in logging in this low-income community; it sustainably harvests on steep slopes with lower environmental impacts than conventional harvesting systems
- Lyme's Pennsylvania timberlands acquisition financing with PENNVEST received the Environmental Protection Agency's PISCES award for excellence and innovation within the Clean Water State Revolving Fund program
- Through our mitigation banks and a working forest conservation easement at Lyme Allegheny, we have permanently protected more than 13,000 acres

THE LYME FOREST FUND IV: CASE STUDY

In 2020, we sold nearly 2 million forest carbon offsets generated by our carbon projects at Lyme Mountaineer in West Virginia in California's compliance carbon market

The 163,500-acre Lyme Mountaineer Timberlands, located in southern West Virginia, features a mix of quality Appalachian hardwoods including tulip poplar, red oak, white oak, and sugar maple. The region is known for its deep hollows and steep hillsides, which contribute to the complexity of timber harvesting operations on the property. Our Lyme Mountaineer investment thesis centers on maintaining harvest levels at or below biological growth using safer and more environmentally sensitive logging techniques and growing trees to sequester carbon and sell offsets.

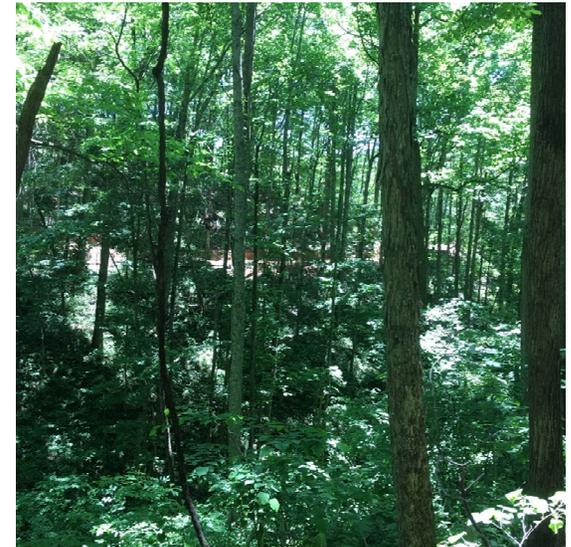
Through Lyme Mountaineer's Wyoming and Logan forest carbon projects listed in California's compliance carbon offset program, we have generated nearly 3.5 million forest carbon offsets (one offset equals one ton of CO₂e) since our acquisition in 2017. The number of offsets initially issued to projects under California's compliance program protocol is based on the enrolled property's carbon stocking relative to the regional average. At our acquisition, the Logan and Wyoming carbon projects were underway. In partnership with Finite Carbon, a leading forest carbon offset developer with whom we have a long track record, we saw an opportunity to improve the Logan project given Lyme Mountaineer's high relative timber stocking. We invested in a new carbon inventory that included the smaller, non-commercial trees that traditional, commercial inventories typically ignore. The inventory confirmed the potential to generate a significantly higher volume of offsets than we underwrote.

In the first year of our ownership, we entered into a carbon offset sales agreement at approximately three times our underwritten value. In 2020, California's Air Resources Board approved our carbon project on the Logan tracts with an initial issuance of nearly 3 million offsets, of which 2.4 million could be sold. By the end of 2020, we had sold \$14 million in forest carbon offsets and were under contract for additional sales in 2021.

Since our first carbon offset project together in Maine in 2010, we have developed a strong partnership with Finite Carbon. In addition to its analytical capabilities and market experience, Finite Carbon brings trusting relationships with key carbon offset buyers. Together, we frequently choose to mitigate price risk by pre-selling an agreed upon volume of offsets at an agreed upon price by a specific date. These capabilities and strategies proved beneficial to the carbon projects at Lyme Mountaineer.

California's strict carbon protocol provides for high-quality carbon offsets at Lyme Mountaineer. We must ensure that the property maintains or grows its carbon stock for the 100-year compliance period. The protocol requires the contribution of offsets to a buffer pool, frequent field-based verifications, and mechanisms to ensure additionality and mitigate leakage and reversals. At Lyme Mountaineer, we expect to generate and sell forest carbon offsets annually because of biological growth in excess of the baseline. This provides an attractive potential income stream in alignment with our forest management objectives.

Right: At Lyme Mountaineer, we are growing trees to sequester carbon and harvesting trees on steep hillsides with a more environmentally sensitive harvesting system relative to conventional techniques.



THE LYME FOREST FUND IV: IMPACT METRICS

In 2020, The Lyme Forest Fund IV sold more than 387,000 metric tons of sustainably harvested wood, directly employed 172 people, and sequestered more than 152,000 metric tons of CO₂e on carbon-encumbered properties

Metric	IRIS ID	Unit	2020	Cumulative
Land area directly controlled: sustainably managed	OI6912	Acres	367,491	-
Operational certification	OI1120	Acres	355,807	-
Protected land area: permanent	PI3924	Acres	-	13,150
Area of adjacent protected land	PI5750	Acres	3,948,836	-
Units/ volume of sustainably harvested wood products sold	PI1263	Metric tons	387,887	1,435,445
Greenhouse gas emissions sequestered	PI9878	Metrics tons of CO ₂ e	152,990	3,463,837
Area of freshwater bodies present	PI7170	Acres	17,907	-
Length of streams present	PI3239	Kilometers	2,993	-
Native trees planted	PI3848	Acres	734	4,278
Ecological restoration management area	PI9556	Acres	2,332	-
Jobs maintained at directly supported/ financed enterprises	PI5691	FTEs	172	-
Ecosystem services provided by land	PD8494	Biological raw materials, freshwater, maintenance of air quality, habitat, nutrient cycling, water cycling, recreation and ecotourism		

See notes on page 29.



Half the Chocolate Bay property is being developed as a mitigation bank; the other approximately 4,650 acres will be acquired by the Galveston Bay Foundation for permanent conservation with funding by the National Fish and Wildlife Foundation's (NFWF) Gulf Environmental Benefit Fund created to support projects to remedy harm and reduce the risk of future harm to natural resources that were affected by the 2010 Deepwater Horizon oil spill.

THE LYME FOREST FUND V: OVERVIEW

The Lyme Forest Fund IV, launched in 2018 with \$300 million, has made five investments totaling more than 920,000 acres representing 90% of committed capital in the first three years of its investment period

Portfolio Summary

- The Lyme Forest Fund V is focused on Lyme’s working lands strategy and includes supply chain investments for improved forest management and local forest products industry health
- It is diversified within US hardwood markets including southern Appalachia hardwood markets through investments in Tennessee and Alabama, northern Appalachia/ northern forest markets through investments in Pennsylvania and New York, and the well-developed hardwood markets of the Great Lakes region
- It is focused on regions where our conservation and operational strategies can add value

Property	State	Strategy	Begin Acres*	Purchase Date	Sale Date
Allegheny**	PA, NY	Working Lands	67,500	2017, 2018	
Brimstone	TN	Working Lands	42,600	2019	
Skyline	TN, AL	Working Lands	42,600	2018	
Great Lakes	MI, WI	Working Lands	677,000	2019	
Seneca	PA, NY	Working Lands	92,000	2020	

*Includes fee interests and timber rights at acquisition

**Fund V owns 42.7% undivided interest in joint venture with Fund IV.

Impact Summary

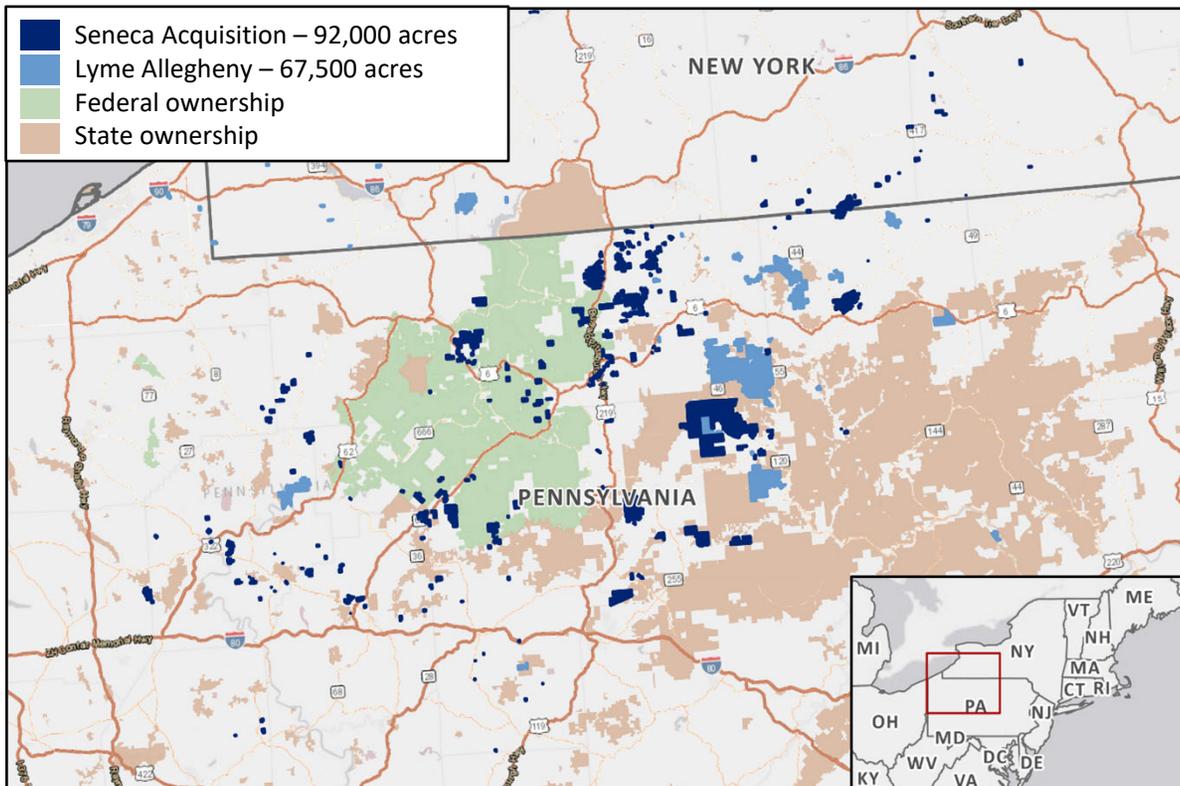
- We have or are in the process of developing four forest carbon offsets projects in Tennessee, Alabama, Wisconsin, and Michigan, and we believe additional carbon project potential exists within the portfolio
- Holistic forest management at Lyme Great Lakes promotes long-term forest health in a region known for its northern hardwood forest ecosystem and climate resiliency; sustainable forestry at our property combined with the protection of more than 1 million acres of adjacent public lands provides for habitat, water quality, air quality, carbon sequestration and other ecosystem services in this region at scale
- Lyme Allegheny’s 9,200-acre Sterling Run Conservation Easement held by Pennsylvania’s Department of Conservation and Natural Resources (DCNR) protects critical wildlife habitat including that for Pennsylvania’s unique elk population, provides public access for popular hunting and fishing locations, ensures elevated forest management standards, and ensures that the property will not be fragmented or developed
- Our 2020 investment in the Seneca property in Pennsylvania created four new jobs at Three Rivers Forest Management and increased our volume of sustainably harvested wood products by approximately 65%

THE LYME FOREST FUND V: CASE STUDY

The 92,000 acres of timberland we acquired from Seneca Resources in 2020 blocks up with our existing Lyme Allegheny ownership and achieves our desired operational scale in this region known for its high-quality hardwoods

The Seneca acquisition brought our total ownership in north central Pennsylvania and southwest New York to nearly 160,000 acres and made us the largest private landowner in Pennsylvania. Seneca had managed the property for over a century. Like our existing ownership, the lands grow some of the finest hardwood sawtimber in the world, including black cherry, red oak, and hard maple. The Seneca acquisition was a unique investment opportunity for Lyme resulting from the combination of a motivated seller, a depressed market environment, limited competitive buyers, our market knowledge based existing operations, and our ability to act quickly.

The combined property is regarded as some of the most important conservation and recreation land in Pennsylvania because of its location among federal and state lands and in the Allegheny and Susquehanna River watersheds. It features habitat for Pennsylvania's unique elk population, streams for brook trout fishing, and acres of revered hunting land, among other recreational opportunities. Our conservation strategy for the Lyme Allegheny property continues to face political and funding constraints. With the combined land base, we are developing new traditional and non-traditional strategies to achieve conservation, in addition to our continuing discussions with Pennsylvania's Department of Conservation and Natural Resources to conserve the acres under conservation option with The Conservation Fund.



We established Three Rivers Forest Management in 2017 to manage the initial ownership. Upon the Seneca acquisition, we grew this local business to eight people. At the end of 2020, we owned significant minority interests in the Emporium Hardwoods sawmill and the North Appalachian Log and Forestry log marketing business. In 2021, we expect to grow our interests in the regional forest products supply chain to complement the expanded land base. Together, our regional businesses employ more than 200 people. Our forest operations support hundreds of additional local jobs in forestry, logging, trucking and manufacturing.

We will maintain third-party certification on the combined land base. Since our initial acquisitions in Pennsylvania, we've developed a diverse, highly capable, and committed group of logging contractors to harvest timber. As the map to the left illustrates, the property extends across the region and includes several smaller, scattered parcels. Our land sales program has attracted significant local interest, and it allows us to return capital and focus our forest management on the core large tracts adjacent to our markets.

THE LYME FOREST FUND V: IMPACT METRICS

In 2020, The Lyme Forest Fund V sustainably managed more than 883,000 acres of forestland adjacent to 3.2 million acres of already conserved land, sold more than 758,000 metric tons of sustainably harvested wood, and sequestered 1.3 million tons of CO₂e on carbon-enrolled land

Metric	IRIS ID	Unit	2020	Cumulative
Land area directly controlled: sustainably managed	OI6912	Acres	883,952	-
Operational certification	OI1120	Acres	883,952	-
Protected land area: permanent	PI3924	Acres	-	3,998
Area of adjacent protected land	PI5750	Acres	3,173,925	-
Units/ volume of sustainably harvested wood products sold	PI1263	Metric tons	758,842	879,551
Greenhouse gas emissions sequestered	PI9878	Metrics tons of CO ₂ e	1,353,213	1,014,263
Area of freshwater bodies present	PI7170	Acres	32,110	-
Length of streams present	PI3239	Kilometers	3,332	-
Native trees planted	PI3848	Acres	4,747	4,747
Ecological restoration management area	PI9556	Acres	-	-
Jobs maintained at directly supported/ financed enterprises	PI5691	FTEs	153	-
Ecosystem services provided by land	PD8494	Biological raw materials, freshwater, maintenance of air quality, habitat, nutrient cycling, water cycling, recreation and ecotourism		



Lyme Great Lakes is managed by an experienced forestry team. It produced more than 630,000 metric tons of sustainable wood products in 2020.

See notes on page 29.

THE LYME CONSERVATION OPPORTUNITIES FUND: OVERVIEW

The Lyme Conservation Opportunities Fund, which held its final close in 2020 with total capital commitments of \$50.4 million, has made five mitigation bank and one forest carbon sequestration investment totaling more than 19,000 acres

Portfolio Summary

- 25% of total capital invested
- 67% of invested capital in our mitigation bank investment strategy, including the already permitted, conserved, and cash-flowing wetland Crooked River mitigation bank and four degraded properties for “ground up” projects in which we will restore ecological function and establish them as stream and/or wetland mitigation banks
- 33% of invested capital in one forest carbon sequestration investment in central Oregon

Property	State	Strategy	Begin Acres*	Purchase Date	Sale Date
Crooked River	FL	Mitigation Bank	323	2019	
Swanwick Creek	IL	Mitigation Bank	158	2019	
Boone Creek	AL	Mitigation Bank	193	2020	
Opal Mountain Ranch	OR	Forest Carbon Sequestration	17,000	2020	
Call Junction	TX	Mitigation Bank	242	2020	
Mustang Creek	TX	Mitigation Bank	1,568	2020	

Impact Summary

- The Crooked River mitigation bank is adjacent to the Hilochee Wildlife Management Area, is designated by the State of Florida as a Green Swamp Area of Critical State Concern
- The Swanwick Creek property’s restoration plans include converting degraded streams into naturally meandering channels with defined bed features (e.g. riffles and pools) and large wood debris cover and substrate for aquatic organisms as well as reconnecting the restored streams to their historic floodplains to improve the ecological and hydrological functioning of wetlands
- The Boone Creek property is in the Upper Black Warrior watershed, one of the most ecologically valuable and biologically diverse freshwater habitats in the US
- A forest carbon sequestration project is underway at Opal Mountain Ranch, acquired in 2020
- Call Junction, acquired in 2020 to establish as a mitigation bank, features 40 acres of loblolly pine plantation and 202 acres of pastureland
- The establishment of a stream mitigation bank at Mustang Creek, acquired in 2020, will serve the rapidly developing Dallas-Fort Worth metro area

THE LYME CONSERVATION OPPORTUNITIES FUND: CASE STUDY

In 2020, the Lyme Conservation Opportunities Fund acquired Opal Mountain Ranch in central Oregon as its first forest carbon sequestration investment

The 17,000-acre contiguous forestland property lies within more than 150 million acres of already protected public land with the Ochoco National Forest to the south, the Mount Hood, Willamette, and Deschutes National Forests to the west, and conserved land stretching east to Idaho and south to California. At an elevation of 3,600 to 5,700 feet, the topography ranges from timber covered slopes, grassy hillsides, steep canyons and meadows. Opal Mountain Ranch's diverse wildlife habitat and more than 17 miles of fish-bearing streams that form portions of headwaters of Trout Creek/Deschutes River and the John Day River contribute to its conservation value.

The property, previously managed for timber and recreation, is well-stocked with timber relative to the regional average. This makes it an attractive candidate for enrollment in the improved forest management ("IFM") protocol for forest carbon sequestration administered by the California Air Resources Board ("ARB"). Prior to closing on the acquisition, we undertook a full inventory and began the process of listing a carbon project on the property. Our investment strategy centers on selling the initial issuance offsets to regulated entities in California's compliance market and selling the carbon-encumbered property.



Our exit strategy centers on Opal Mountain Ranch's recreational, aesthetic, conservation, and carbon values that make it an attractive forestland ownership. We have identified potential conservation opportunities including a working forest conservation easement and a long-term cash-flowing riparian conservation agreement. We've also modeled the cash flows of annual carbon offset sales, recreational interests, and timber cash flows to enable an integrated forest management plan that accounts for water, wildlife, carbon, timber, and recreational values.

Left: The property features views of the Cascade Mountains, including Mount Hood, Mount Jefferson, Broken Top, and Three Sisters.

THE LYME CONSERVATION OPPORTUNITIES FUND: IMPACT METRICS

The Lyme Conservation Opportunities Fund’s mitigation banks have an ecological restoration management area of nearly 850 acres, and its forestland sequestered nearly 385,000 metric tons of CO2e in 2020

Metric	IRIS ID	Unit	2020	Cumulative
Land area directly controlled: sustainably managed	OI6912	Acres	19,457	-
Operational certification	OI1120	Acres	-	-
Protected land area: permanent	PI3924	Acres	-	-
Area of adjacent protected land	PI5750	Acres	152,167,759	-
Units/ volume of sustainably harvested wood products sold	PI1263	Metric tons	-	-
Greenhouse gas emissions sequestered	PI9878	Metrics tons of CO2e	384,535	384,535
Area of freshwater bodies present	PI7170	Acres	246	-
Length of streams present	PI3239	Kilometers	60	-
Native trees planted	PI3848	Acres	-	-
Ecological restoration management area	PI9556	Acres	847	-
Jobs maintained at directly supported/ financed enterprises	PI5691	FTEs	-	-
Ecosystem services provided by land	PD8494	Biological raw materials, freshwater, maintenance of air quality, habitat, nutrient cycling, water cycling, recreation and ecotourism		



Call Junction (top) and Mustang Creek (bottom) are degraded agricultural properties in Texas acquired in 2020 to establish stream mitigation banks.

See notes on page 29.

APPENDICES



Log yard operations at Lyme Great Lakes

APPENDIX: HISTORICAL IMPACT DATA

The Lyme Forest Fund III

Impact Metric	IRIS ID	Unit	2012	2013	2014	2015	2016	2017	2018	2019	2020	Cumulative
Land area directly controlled: sustainably managed	OI6912	Acres	72,783	169,709	223,580	170,502	169,604	102,119	101,131	99,572	97,899	-
Operational certification	OI1120	Acres	72,783	69,060	192,945	139,867	139,794	72,253	71,265	69,864	69,463	-
Protected land area: permanent	PI3924	Acres	51,258	15,355	1,927	45,966	8,138	-	1,027	19,225	5,835	148,731
Area of adjacent protected land	PI5750	Acres	2,929,116	2,942,484	2,944,270	3,027,813	3,051,832	3,051,832	3,301,724	3,500,915	3,500,915	-
Units/ volume of sustainably harvested wood products sold	PI1263	Metric tons	57,200	91,098	160,224	158,033	125,842	98,999	126,209	139,301	168,518	1,125,424
Greenhouse gas emissions sequestered	PI9878	Metrics tons of CO2e	-	-	-	-	-	-	-	-	-	-
Area of fresh water bodies present	PI7170	Acres	405	31,546	42,397	37,521	37,521	37,116	36,727	35,169	34,567	-
Length of streams present	PI3239	Kilometers	34	352	508	219	218	184	184	170	169	-
Native trees planted	PI3848	Acres	1,201	1,250	4,686	2,245	2,825	1,299	707	2,261	1,112	17,586
Ecological restoration management	PI9556	Acres	-	150	164	781	967	1,296	1,708	1,709	1,649	-
Jobs maintained at directly supported/ financed enterprises	PI5691	FTEs	-	-	1	1	2	2	2	2	2	-
Ecosystem services provided by land	PD8494	Biological raw materials, freshwater, maintenance of air quality, habitat, nutrient cycling, water cycling, recreation and ecotourism										

The Lyme Forest Fund IV

Impact Metric	IRIS ID	Unit	2015	2016	2017	2018	2019	2020	Cumulative	
Land area directly controlled: sustainably managed	OI6912	Acres	136,695	169,591	372,773	368,715	368,421	367,491	-	
Operational certification	OI1120	Acres	22,779	55,627	318,409	318,409	356,791	355,807	-	
Protected land area: permanent	PI3924	Acres	314	7,090	-	5,364	382	-	13,150	
Area of adjacent protected land	PI5750	Acres	-	3,132,566	3,132,566	3,132,566	3,948,836	3,948,836	-	
Units/ volume of sustainably harvested wood products sold	PI1263	Metric tons	-	164,421	193,659	288,396	401,082	387,887	1,435,445	
Greenhouse gas emissions sequestered	PI9878	Metrics tons of CO2e	-	-	-	3,065,006	245,841	152,990	3,463,837	
Area of fresh water bodies present	PI7170	Acres	13,258	13,860	13,476	18,089	17,906	17,907	-	
Length of streams present	PI3239	Kilometers	1,872	1,994	3,024	2,831	2,988	2,993	-	
Native trees planted	PI3848	Acres	-	1,642	964	938	-	734	4,278	
Ecological restoration management	PI9556	Acres	20	63	184	2,298	2,298	2,332	-	
Jobs maintained at directly supported/ financed enterprises	PI5691	FTEs	15	15	23	135	166	172	-	
Ecosystem services provided by land	PD8494	Biological raw materials, freshwater, maintenance of air quality, habitat, nutrient cycling, water cycling, recreation and ecotourism								

APPENDIX: HISTORICAL IMPACT DATA

The Lyme Forest Fund V

Impact Metric	IRIS ID	Unit	2018	2019	2020	Cumulative
Land area directly controlled: sustainably managed	OI6912	Acres	71,205	794,967	883,952	-
Operational certification	OI1120	Acres	-	794,967	883,952	-
Protected land area: permanent	PI3924	Acres	3,998	-	-	3,998
Area of adjacent protected land	PI5750	Acres	716,881	1,900,313	3,173,925	-
Units/ volume of sustainably harvested wood products sold	PI1263	Metric tons	17,411	103,298	758,842	879,551
Greenhouse gas emissions sequestered	PI9878	Metrics tons of CO2e	371	768,746	1,353,213	1,014,263
Area of fresh water bodies present	PI7170	Acres	48	32,102	32,110	-
Length of streams present	PI3239	Kilometers	368	3,057	3,332	-
Native trees planted	PI3848	Acres	-	-	4,747	4,747
Ecological restoration management	PI9556	Acres	-	-	-	-
Jobs maintained at directly supported/ financed enterprises	PI5691	FTEs	99	146	153	-
Ecosystem services provided by land	PD8494	Biological raw materials, freshwater, maintenance of air quality, habitat, nutrient cycling, water cycling, recreation and ecotourism				

The Lyme Conservation Opportunities Fund

Impact Metric	IRIS ID	Unit	2019	2020	Cumulative
Land area directly controlled: sustainably managed	OI6912	Acres	477	19,457	-
Operational certification	OI1120	Acres	-	-	-
Protected land area: permanent	PI3924	Acres	-	-	-
Area of adjacent protected land	PI5750	Acres	6,714	152,167,759	-
Units/ volume of sustainably harvested wood products sold	PI1263	Metric tons	-	-	-
Greenhouse gas emissions sequestered	PI9878	Metrics tons of CO2e	-	384,535	384,535
Area of fresh water bodies present	PI7170	Acres	246	246	-
Length of streams present	PI3239	Kilometers	3	60	-
Native trees planted	PI3848	Acres	-	-	-
Ecological restoration management	PI9556	Acres	280	847	-
Jobs maintained at directly supported/ financed enterprises	PI5691	FTEs	-	-	-
Ecosystem services provided by land	PD8494	Biological raw materials, freshwater, maintenance of air quality, habitat, nutrient cycling, water cycling, recreation and ecotourism			

NOTES

Notes on 2020, cumulative, and historical impact data provided

- 1) IRIS (Impact Reporting and Investment Standards) metrics were developed by the Global Impact Investing Network
- 2) Area of adjacent protected land includes properties that the Fund owned, conserved, and has since sold.
- 3) Jobs maintained includes all jobs at Fund-owned operating companies, including businesses where Lyme has made minority, non-controlling investments and businesses jointly owned with joint venture partners, including other Lyme funds. Cross City Forest Management is jointly owned by Fund III and Fund IV. Straight Fork Forest Management is jointly owned by Fund IV and Fund V. Three Rivers Forest Management, Northern Appalachian Log and Forestry, and the Emporium Hardwoods sawmill are jointly owned by Fund IV and Fund V.
- 4) Jobs maintained data does not include logging, road, and trucking contractors that our forest management activities consistently support.
- 5) Fund IV owns a 57.3% undivided interest and Fund V owns a 42.7% undivided interest in Lyme Allegheny Timberlands. Acreage and metric tons data for Lyme Allegheny Timberlands reflects the Funds' pro-rata share.
- 6) Greenhouse gas sequestration data reflects gross forest carbon offsets attributable to Lyme's calendar year reporting period generated by forest carbon offset projects in the Lyme portfolio enrolled or in the process of enrollment with the California Air Resources Board (ARB) in California's compliance carbon program.