

Peter Stein, Managing Director

The Lyme Timber Company LP

23 South Main St. | Hanover NH | 03755

www.lymetimber.com

Ph: (603) 643-3300

THE
LYME TIMBER
COMPANY



St. Croix Forest Company
Project Description

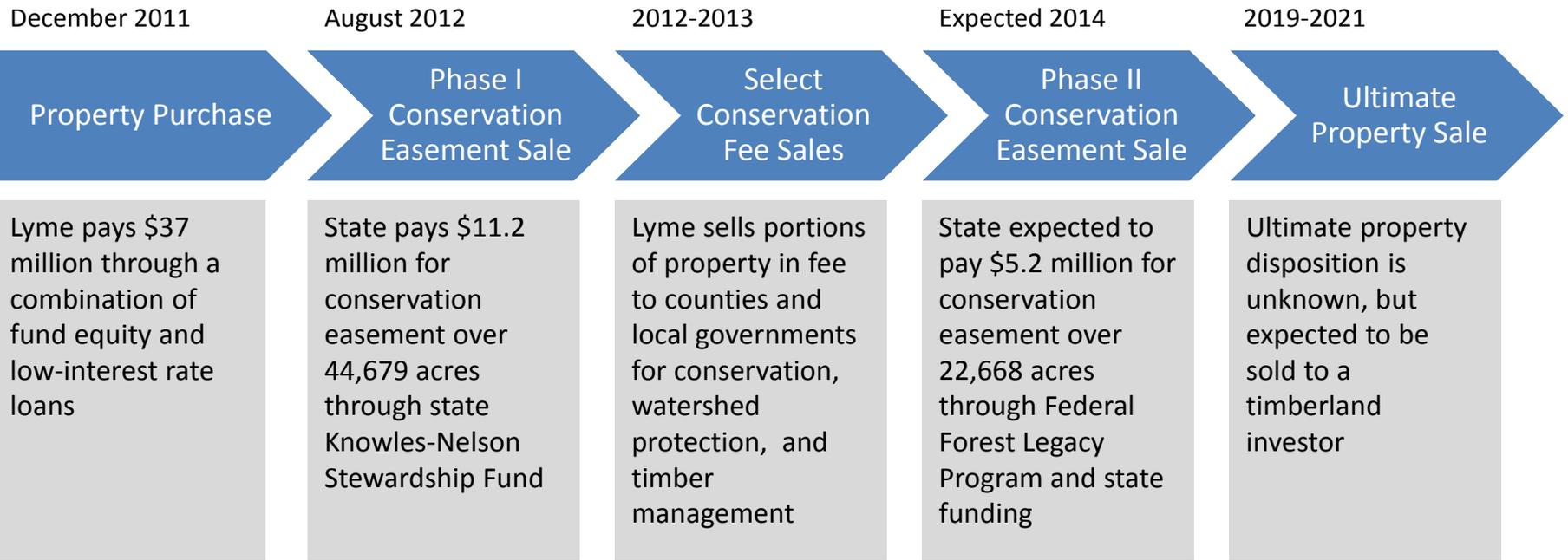
January 21, 2014





The Lyme St. Croix Forest Company investment was made possible through a combination of ready private capital, debt supplied by conservation partners, significant state support for the conservation project, in depth understanding of political environment, and strong relationships between all partners

Deal Overview:



Lyme conducts sustainable timber harvest activities in accordance with conservation easement requirements



The Lyme St. Croix Forest Company investment was made possible through a combination of ready private capital, debt supplied by conservation partners, significant state support for the conservation project, in depth understanding of political environment, and strong relationships between all partners

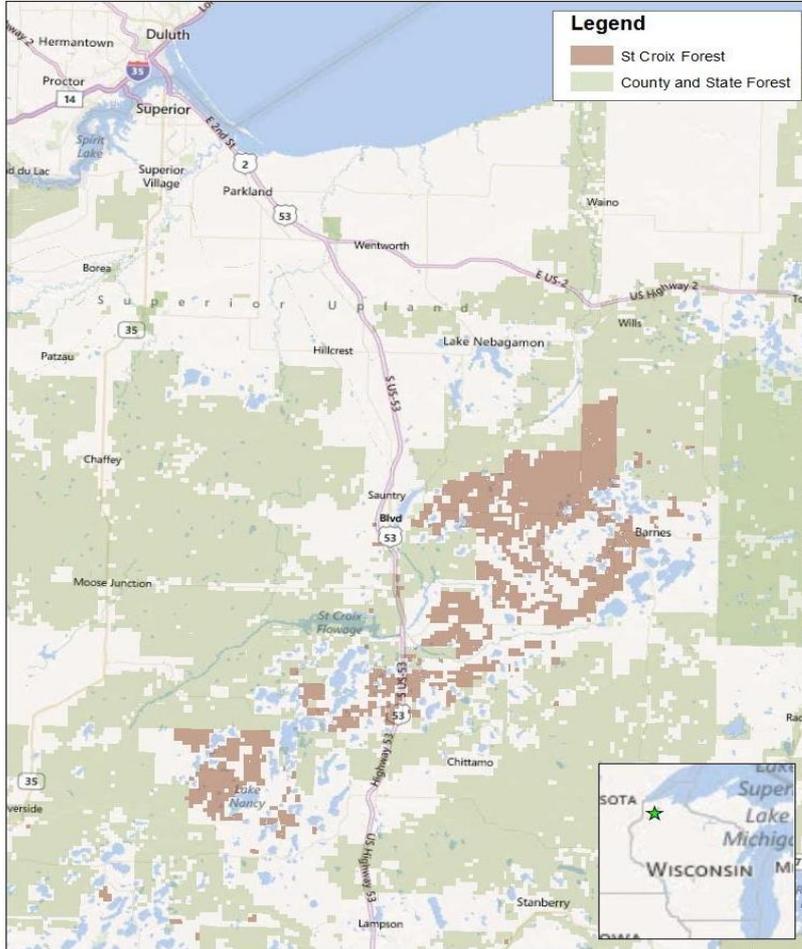
Deal Overview:



Lyme conducts sustainable timber harvest activities in accordance with conservation easement requirements



In September 2011, a large timberland property in northwestern Wisconsin was listed for sale



Seller: Wausau Paper Company

Size: 72,500 acres

Timing: Seller's goal to close by year end

Type of Bid: Competitive auction process; 20 bids expected

Recent History: Wausau Paper Company had negotiated a sale of a conservation easement in 2008 with Wisconsin DNR that never closed

Potential Buyer: The Lyme Timber Company had recently raised a \$160 M fund and believed this property to be a good fit for the fund, based on the conservation easement sale and sustainable timber cash flow potential



Based on prior conservation attempts and significant conservation attributes, The Conservation Fund (TCF) approached The Lyme Timber Company about a partnership to conserve the important property

Conservation Attributes

- Adjoins 950,000 acres of previously protected public lands
- Contains headwaters to both the Bois-Brule River and St. Croix River
- Contains globally rare pine barrens ecosystem
- Rare fauna include Sharp Tailed Grouse, Karner Blue Butterfly, Kirtland's Warbler, Clay Colored Sparrow, Blanding's Turtle and Grey Wolf
- 80 small lakes and 14 miles of streams
- Includes a segment of the North Country Scenic Trail



Kirtland's Warbler



Karner Blue Butterfly



The property also has significant community development attributes, making its conservation a priority for Wisconsin Department of Natural Resources and also attractive to conservative political officials

Community Development Attributes

- Sustainable timber harvesting creates jobs in the woods
- Timber from the property supplies 12 pulp, saw timber and telephone pole processing mills
- Contains significant public recreation opportunities (approx. 47 miles of snowmobile trails exist on the property)
- Supplies drinking water for towns in Bois-Brule and St. Croix River watersheds





Together, Lyme and The Conservation Fund developed strong relationships with decision makers at The Wisconsin Department of Natural Resources and the Governor's office to understand whether there was sufficient political support for the project in a changing political climate

Past Political Environment

- Prior to 2011, Wisconsin had a largely liberal government that was generally supportive of conservation projects
- History of significant funding available through Knowles-Nelson Stewardship Fund

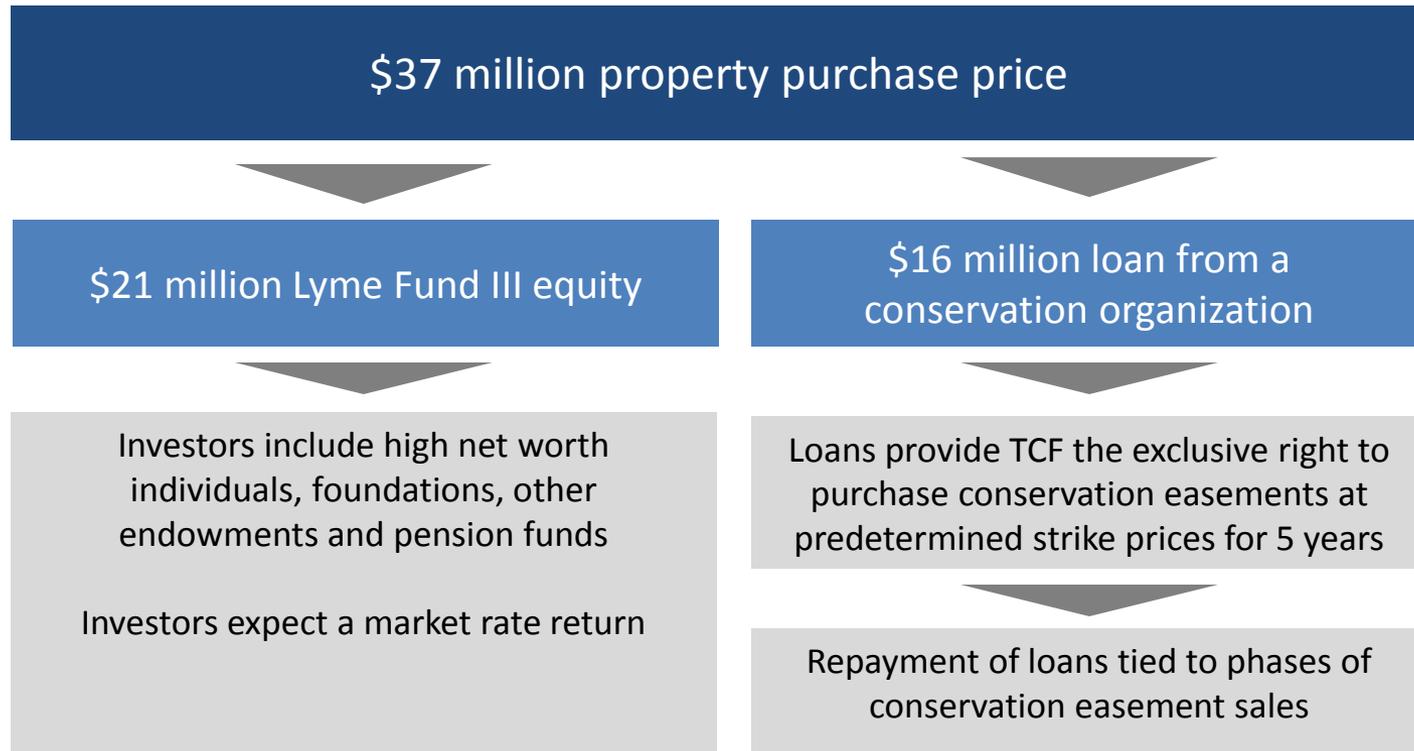
Current Political Environment

- Conservative, tea-party governor Scott Walker is concerned about job creation in Wisconsin, and ready to gut conservation funding sources at DNR
- Potential for election recall for Gov. Walker
- Lyme and TCF framed the project in terms of community development attributes (jobs, sustainable timber supply to support wood products industry)

Given the significant community development attributes of the project, Lyme and TCF found that Wisconsin DNR and the Governor's office was supportive of the project

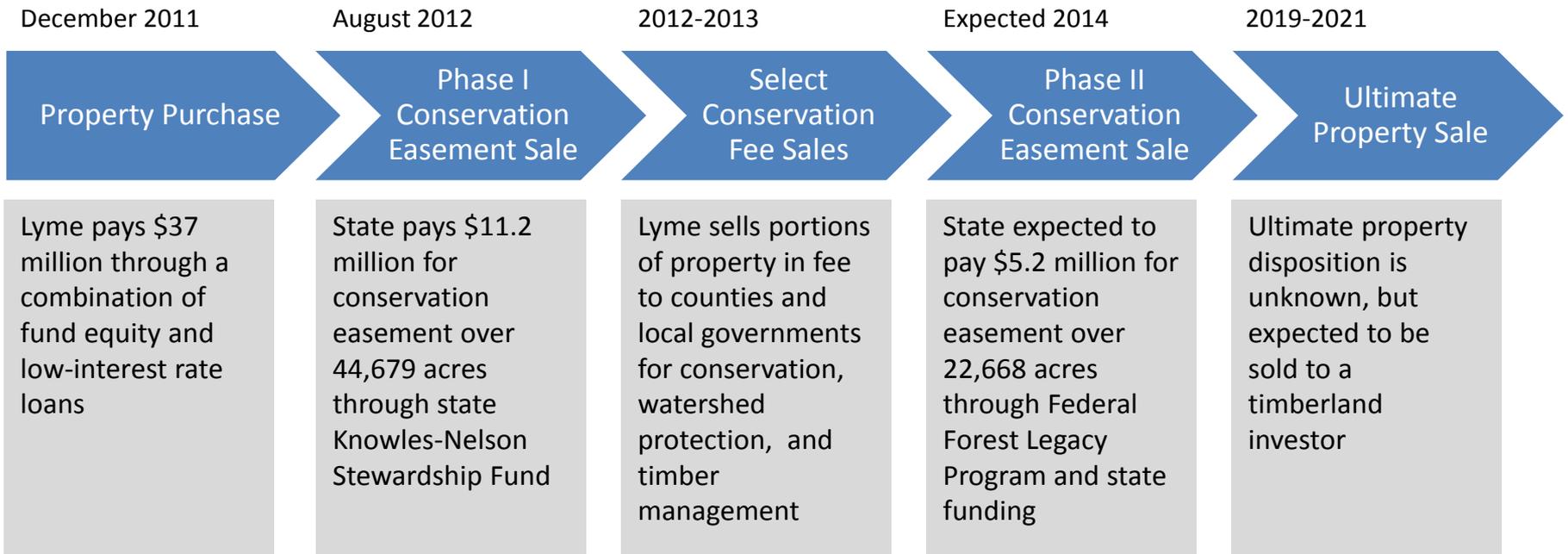


With confidence that the conservation easement would occur in a timely manner, Lyme offered \$37 million for the property and won the bid





The first phase of the conservation easement sale is complete and Lyme expects the second phase to occur later this year.



Lyme conducts sustainable timber harvest activities in accordance with conservation easement requirements