



# Investor Presentation

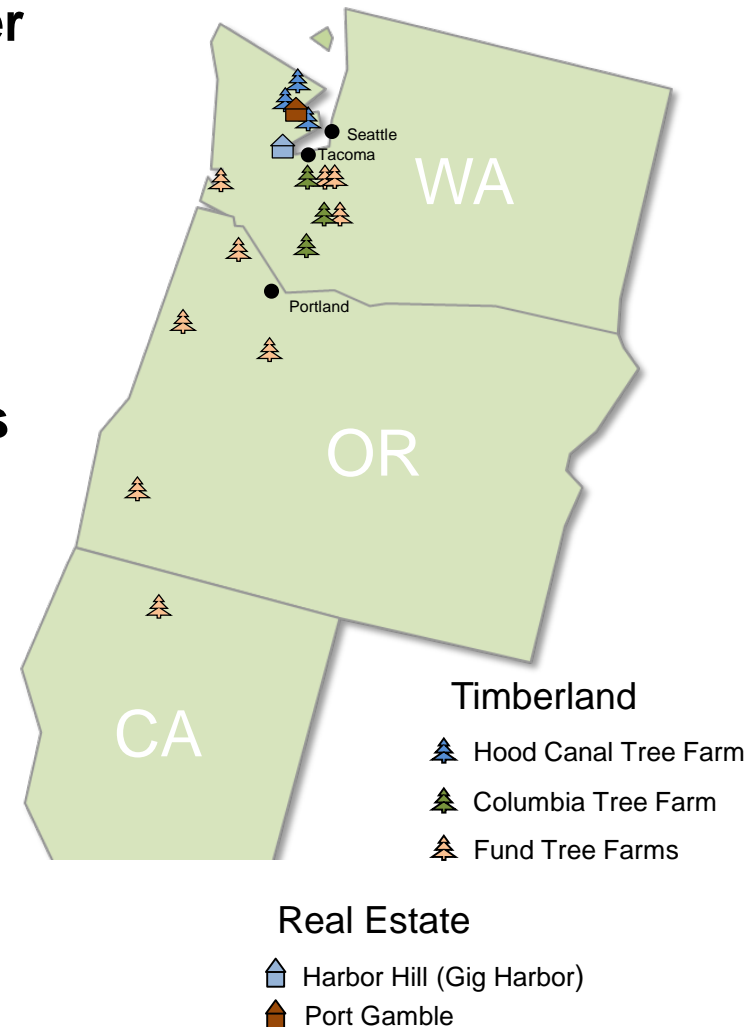
March 2, 2018

# Safe Harbor Statement

This presentation contains forward-looking statements. These forward-looking statements are subject to a number of risks and should not be relied upon as predictions of future events or promises of a given course of action. Some of the forward-looking statements include statements about our future distribution yield and the related effects of federal tax law, our sustainable harvest levels, our future private equity fund activities, our estimates for future remediation costs and environmental liabilities at Port Gamble, transportation and other factors that affect our real estate values, and our expectations for completing real estate sales. A number of important factors could cause actual results to differ materially from those described in the forward-looking statements. Some of these factors include environmental issues affecting our properties and our ability to anticipate the actions of regulators, environmental groups, and other parties that might affect our remediation efforts; changes in forestry, land use, environmental, and other governmental regulations; risk of loss from insect infestations or tree diseases; changes in economic conditions and competition in our domestic and export markets; and other factors described from time to time in our filings with the Securities and Exchange Commission. In particular, readers should consider those risk factors that are detailed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. Forward-looking statements are not guarantees of performance, and speak only as of the date made, and neither Pope Resources nor its management undertakes any obligation to update or revise any forward-looking statements.

# Investment Rationale

- **Pure-play Pacific Northwest (PNW) timber company**
  - Highest value North American timberland
  - Log export access provides market diversification
- **Units offer opportunity to own real assets that generate attractive 4% distribution yield** (currently at \$2.80 annual rate)
- **Master Limited Partnership (MLP) structure produces favorable after-tax returns**



# Pope Resources: Unique Blend of PNW Timber and Land Assets

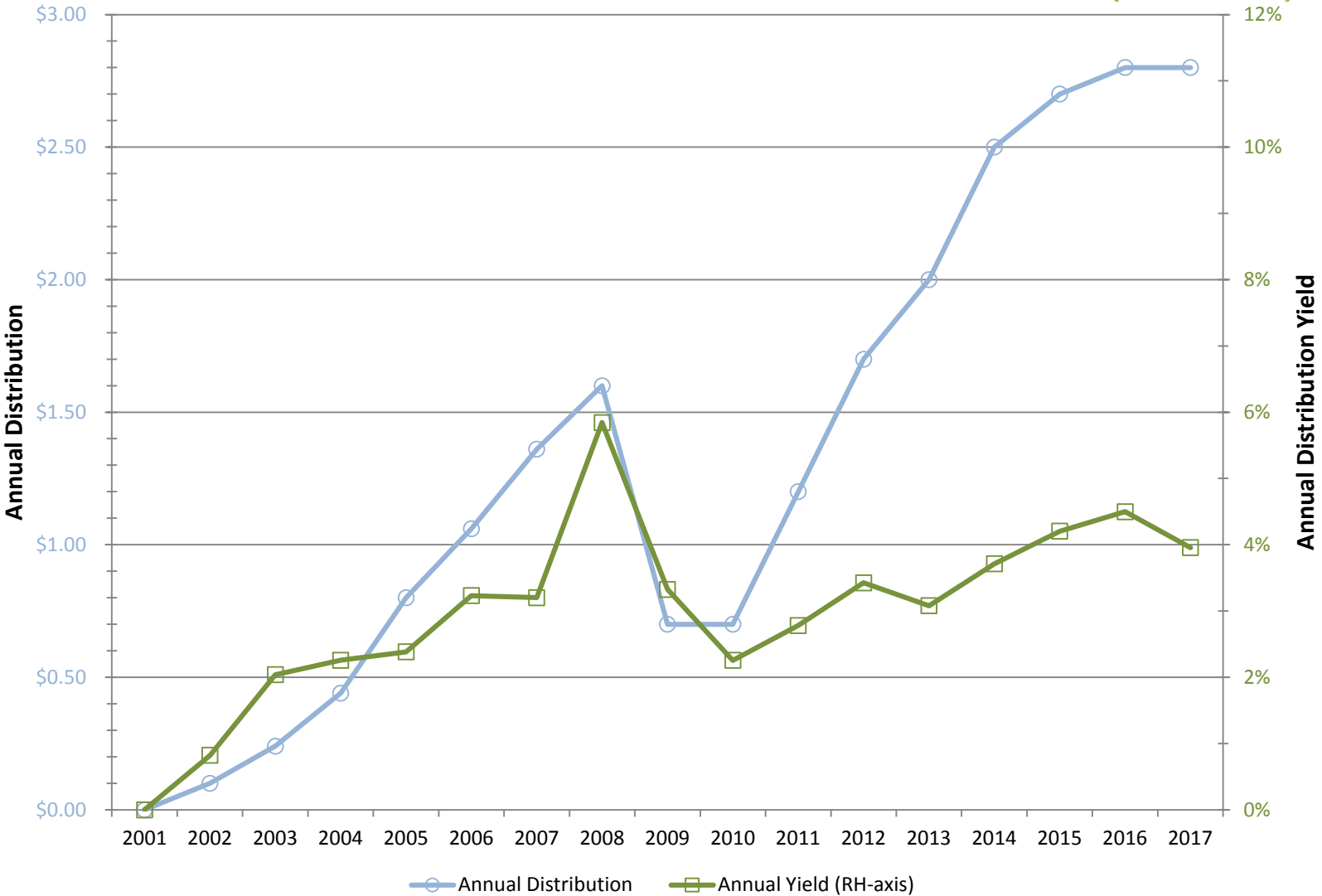
Segments	Fee Timber	Timberland Investment Management	Real Estate
<b>Strategy</b>	<ul style="list-style-type: none"> <li>Actively manage Partnership and Fund timberlands in PNW</li> <li>Maximize long-term value</li> <li>Acquire small tracts to optimize timberland portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Leverage timberland management expertise to generate fee revenue and improve economies of scale</li> <li>Co-invest in funds to grow and diversify Partnership's indirect timberland holdings in region</li> </ul>	<ul style="list-style-type: none"> <li>Realize value of asset portfolio while minimizing capital risk to Partnership</li> <li>Monetize conservation values on Partnership timberlands as appropriate</li> </ul>
<b>Portfolio</b> (at 12/31/17)	<ul style="list-style-type: none"> <li>118,000 acres in Partnership</li> <li>88,000** acres owned by Funds</li> </ul>	<ul style="list-style-type: none"> <li>3 private equity timber funds</li> <li>\$361** MM under management</li> <li>\$388** MM of committed capital</li> </ul>	<ul style="list-style-type: none"> <li>2,100 acres of development, highest and best use (HBU) &amp; commercial properties in West Puget Sound, which includes over 1,100 entitled lots</li> <li>Total book value \$27.8 MM</li> </ul>
<b>2017 Revenue</b> (internal)	\$40.0 MM Partnership \$33.8 MM Funds	\$3.4 MM <sup>#</sup>	\$26.7 MM
<b>2017 Adjusted EBITDDA*</b> (internal)	\$23.1 MM Partnership \$14.9 MM Funds	\$(0.2) MM	\$5.2 MM

<sup>#</sup> Revenue eliminated in consolidated earnings

\* See Appendix A for definition reconciliation of non-GAAP Adjusted EBITDDA

\*\* In January 2018, Fund IV acquired 37,000 acres for \$114 MM, leaving \$273 MM of committed capital

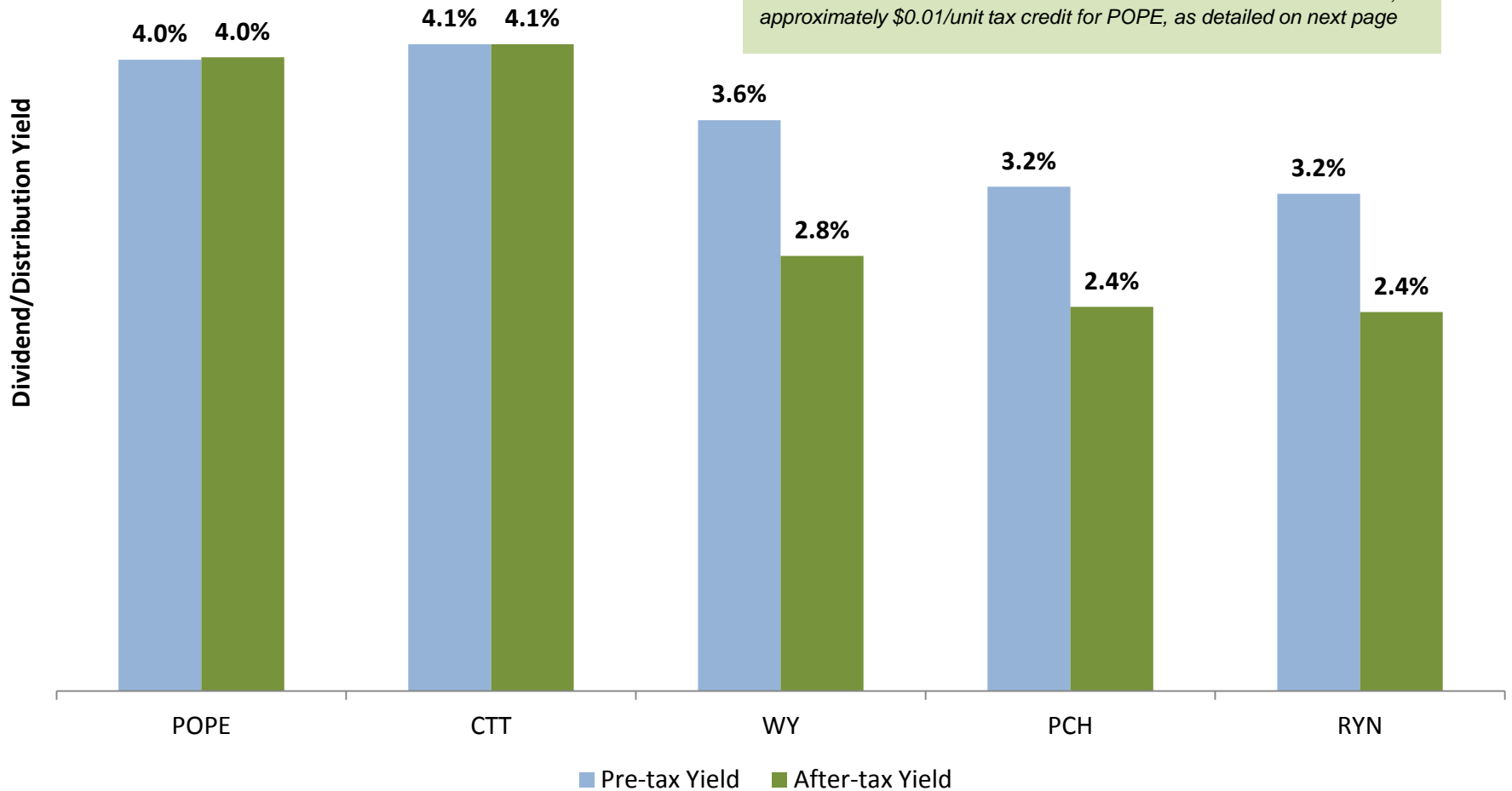
# Unit Distributions Have Increased Since the Global Financial Crisis (GFC)



# Attractive After-Tax Yields

$$\text{Pre-tax Yield} = \frac{4 * \text{Quarterly dividend or distribution payment}}{\text{12-31-17 closing price}}$$

*After-tax Yield: assumes 2017 actual dividend tax treatment for REITs; approximately \$0.01/unit tax credit for POPE, as detailed on next page*



# MLP Structure: Favorable Tax Treatment

- Taxable income and losses pass through MLP at different tax rates to holders of POPE units
- Sale of timber is treated as capital gain, taxed at lower capital gains tax rate
- Remainder of business activity generally results in an ordinary loss, taxed at marginal ordinary income rate, generating a tax benefit
- A REIT does not enjoy segregation of the capital gain and ordinary loss

	2017 Tax Year	Tax Impact to Individual of POPE Units		Proforma Tax Impact as a REIT		MLP Tax Savings Versus a REIT
		Top Tax Rate <sup>2</sup>	Tax (Cost)/Benefit	Top Tax Rate	Tax (Cost)/Benefit	
Pope Resources K-1 (per unit) <sup>1</sup>						
Ordinary loss	(\$4.26)	37.0%	\$1.58			
Capital gain-timber	4.71	23.8%	(1.12)			
Capital gain-land	1.86	23.8%	(0.44)			
Interest income	-	37.0%	-			
<b>Total</b>	<b>\$2.31</b>		<b>\$0.01</b>	<b>23.8%</b>	<b>(\$0.55)</b>	<b>\$0.56</b>

<sup>1</sup> Income components provided above are at an aggregate level. Each unitholder's allocation of income will be different depending on the date and price at which POPE units were purchased.

<sup>2</sup> Rates in this column reflect our current understanding of the interplay between revised 2018 tax rates and pass-through entity deductions.





# Fee Timber



# Fee Timber Strategy and Market Dynamics

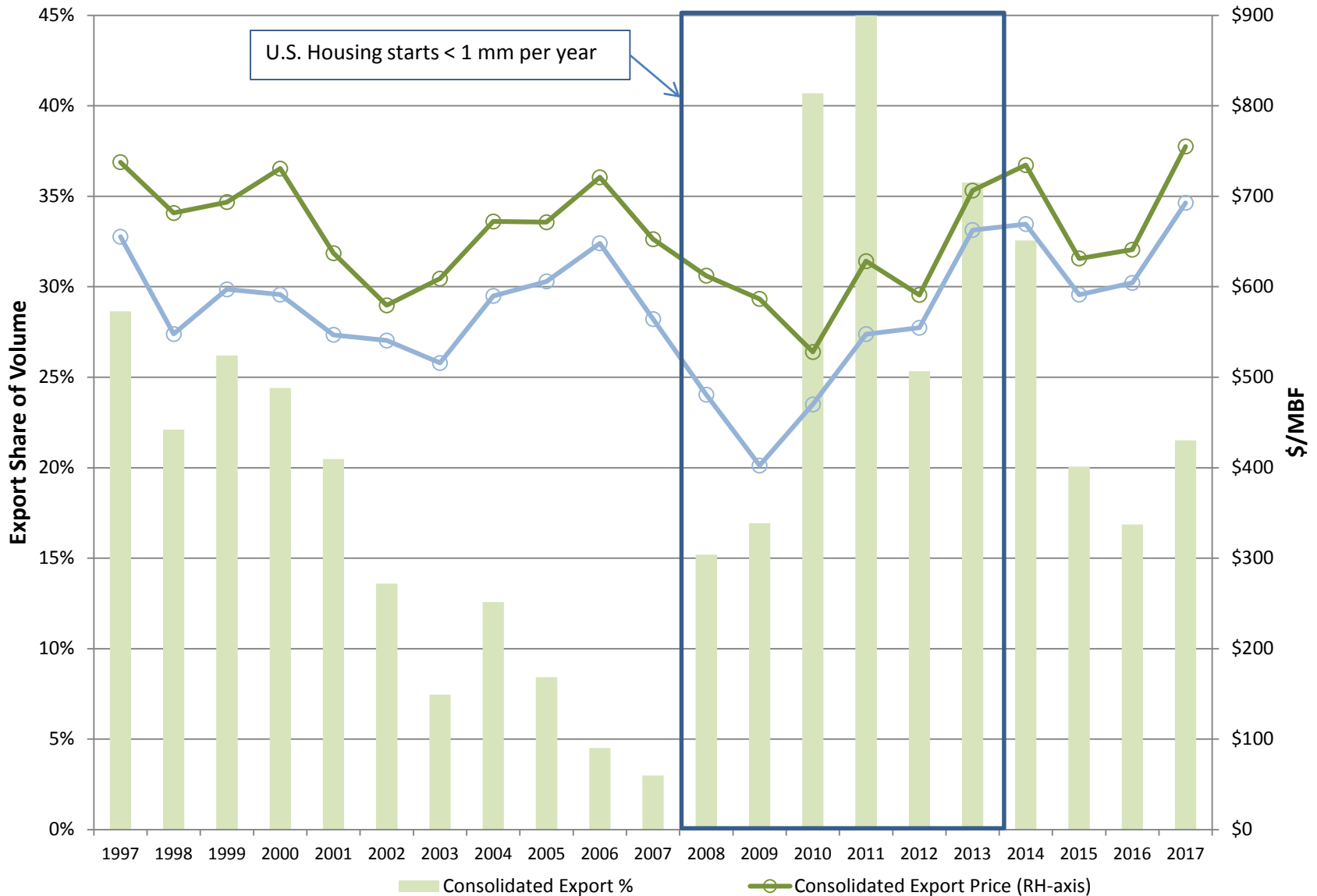
## Strategies

- Actively manage for long-term value maximization 118,000 acres of Partnership timberland with a sustainable harvest of 52 million board feet (MMBF)
- Maximize total return on 125,000 acres of Fund timberland
- Employ value-adding silvicultural practices
- Opportunistically acquire small tracts to replace land that has been sold as development property or conservation sales and optimize portfolio

## Log Market Dynamics

- PNW log markets enjoy access to competitive domestic and export markets
- Domestic market continues measured improvement
  - Stronger domestic log demand with growing U.S. housing starts, repair & remodel market
  - New Sierra Pacific mill in Shelton, WA adding upward pressure to our local log prices
- Export market diversification was key to log market recovery during the GFC
  - Export market remains important source of demand
  - Canadian timber supply is contracting due to Mountain Pine Beetle infestation

# Export Sales Provide Market Diversification



Source: US Census Bureau, POPE

# Distinctive Attributes of Timber Asset Class

## **Renewability**

- Sustainably managed timberland provides a renewable resource which is recyclable, energy-efficient to produce, and acts as a carbon store
- Forests are regrown following harvest and actively managed for perpetual timber production

## **Biological growth**

- Continues throughout a business cycle
- Actively managing and accurately projecting forest is prerequisite to successful timberland investing
- Level of timberland management activity will be one of the factors that must be considered when projecting forest growth

## **Timber optionality**

- Ability to allow trees to continue growing on-the-stump during soft log markets distinguishes timber from other inventoried commodity products
- Growth will help pay the cost of capital during the deferral period by increasing both the volume and the quality of timber at harvest (more sawlogs, less chip-n-saw and pulp)

# Small Tracts

## Small tracts acquisition program launched in 2014

- Goal is to grow Partnership's timberland footprint by offsetting HBU and conservation sales of past years
- Where possible, seek properties that fill in age-class gaps
- Properties with merchantable timber result in near-term harvest and return of cash, with acres eventually rolling into long-term harvest plan

## Results

- To date, 13,215 acres have been acquired for \$52.2 MM in 18 separate transactions: \$3,953/acre
- Includes July 2016 Carbon River acquisition (7,324 acres for \$31.9 MM), which led to an 8% increase in annual sustainable harvest volume to 52 MMBF
- In addition, 3,975 acres have been sold for \$10.8 million: \$2,719/acre



# Timberland Investment Management



# Private Equity (PE) Timberland Business

## Source of cash flow

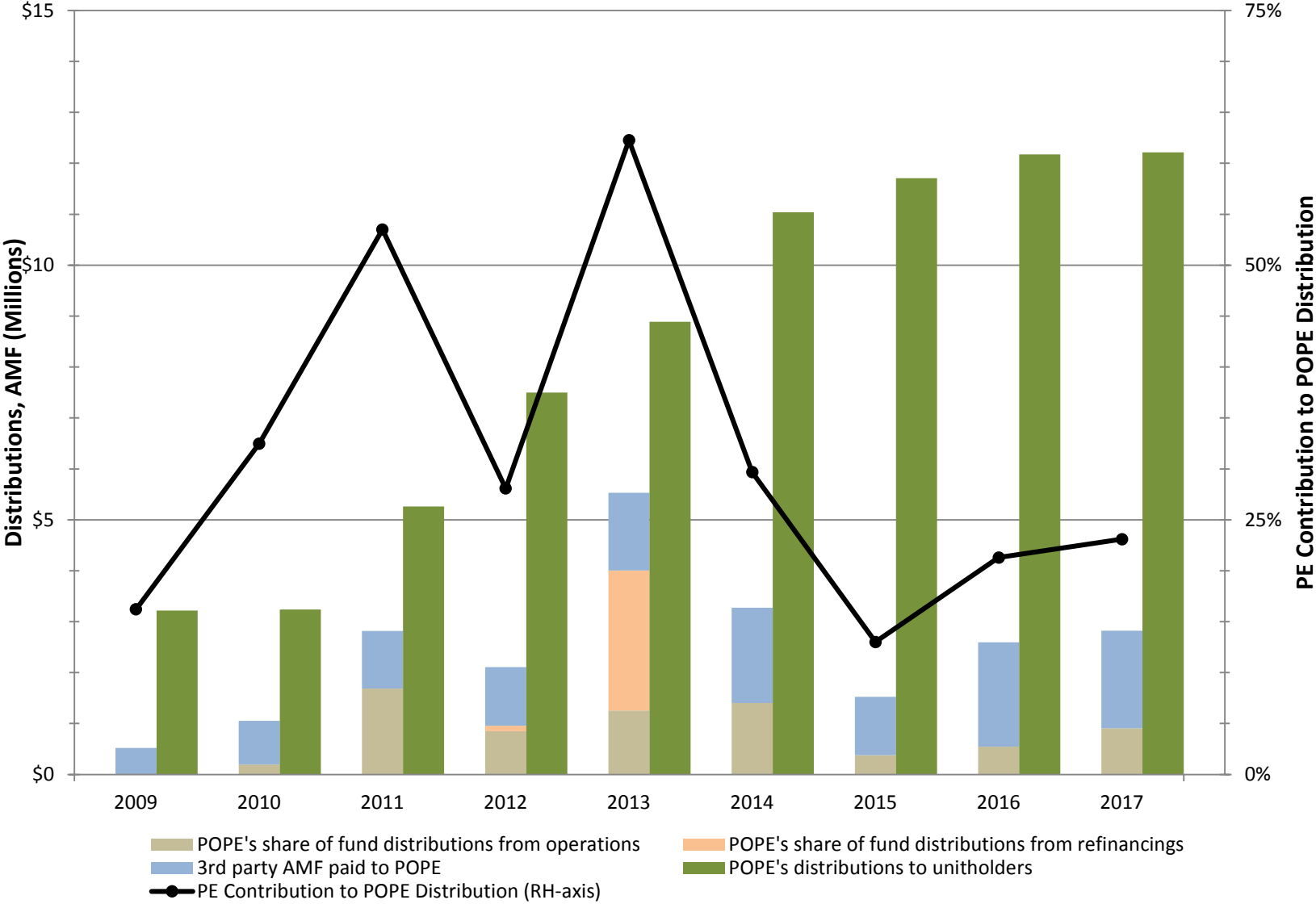
- Current portfolios for Funds II, III, and IV generate \$3.0 MM of annual asset management fee (AMF) revenue on \$475.0 MM of assets under management (AUM); \$2.7 MM of AMF from third-party investors, \$0.3 MM from Partnership
- These fees, combined with distributions from co-investments in Funds, represent a meaningful source of POPE's distributable cash

## Economies of scale

- Co-investment by POPE in the Funds enhances diversification of the Partnership's timberland holdings within the PNW
- Increased acres and harvest volume provide additional scale in log markets
- Active participation in timberland markets throughout the business cycle improves management understanding of timberland values
- Enables the Partnership to attract better talent to the management team



# PE Timberland Business Supports Partnership Distributions



# ORM Timber Fund IV

## **Placed \$115 million of committed capital in two PNW timberland properties in early 2018**

- 20,000 acres of timberland in southern Oregon are expected to generate strong cash flow over next five years
- 17,000 acres of timberland in western Washington with great access to domestic and export markets will also produce strong cash flows in the near-term
- Collectively, these two acquisitions represent a solid start towards our goal of developing a high-quality portfolio of PNW timberlands with this \$388 million of committed capital (\$273 million remaining to place)

## **Our long term presence in the PNW helps us gain access to opportunities others may miss**

- Discount rates have bottomed out and are starting to increase modestly
- Investments made prior to the GFC are now coming to market

A stylized map of a residential development. The map features a central pond, several winding roads, and numerous rectangular lots. The color palette is primarily green and blue, with brown outlines for roads and lot boundaries. The text "Real Estate" is centered over the map.

# Real Estate

# Land Development Expertise

## Our Focus

- Enhancing value through entitling and developing 2,100-acre land and development portfolio for sale to residential or commercial builders
  - Urban infill and master plan communities
  - Conservation land and easement sales: \$30.3 MM in net proceeds from 2013-17
  - Rural land sales (5 - 40-acre parcels) for primary and secondary home market

## Underlying Fundamentals

- Seattle is one of the nation's leading job and housing markets
- Portland is experiencing similar growth that will lead to an increase in rural and recreational properties for our southwest Washington holdings
- Washington and Oregon both have strict growth laws and strong environmental lobbies that have created a shortage of buildable lots

# Land Development Expertise

## Our Execution

- We are a “big fish in a small pond” in our real estate markets
- We create a healthy political environment that promotes acceptance and approval through grass-roots organizing (bottoms-up political structure)

## Results

- We gain approval for relatively large projects in a growth-constrained environment
- Low incidence of appeals and trips to court
- Strong reputation leads to more opportunity for development projects

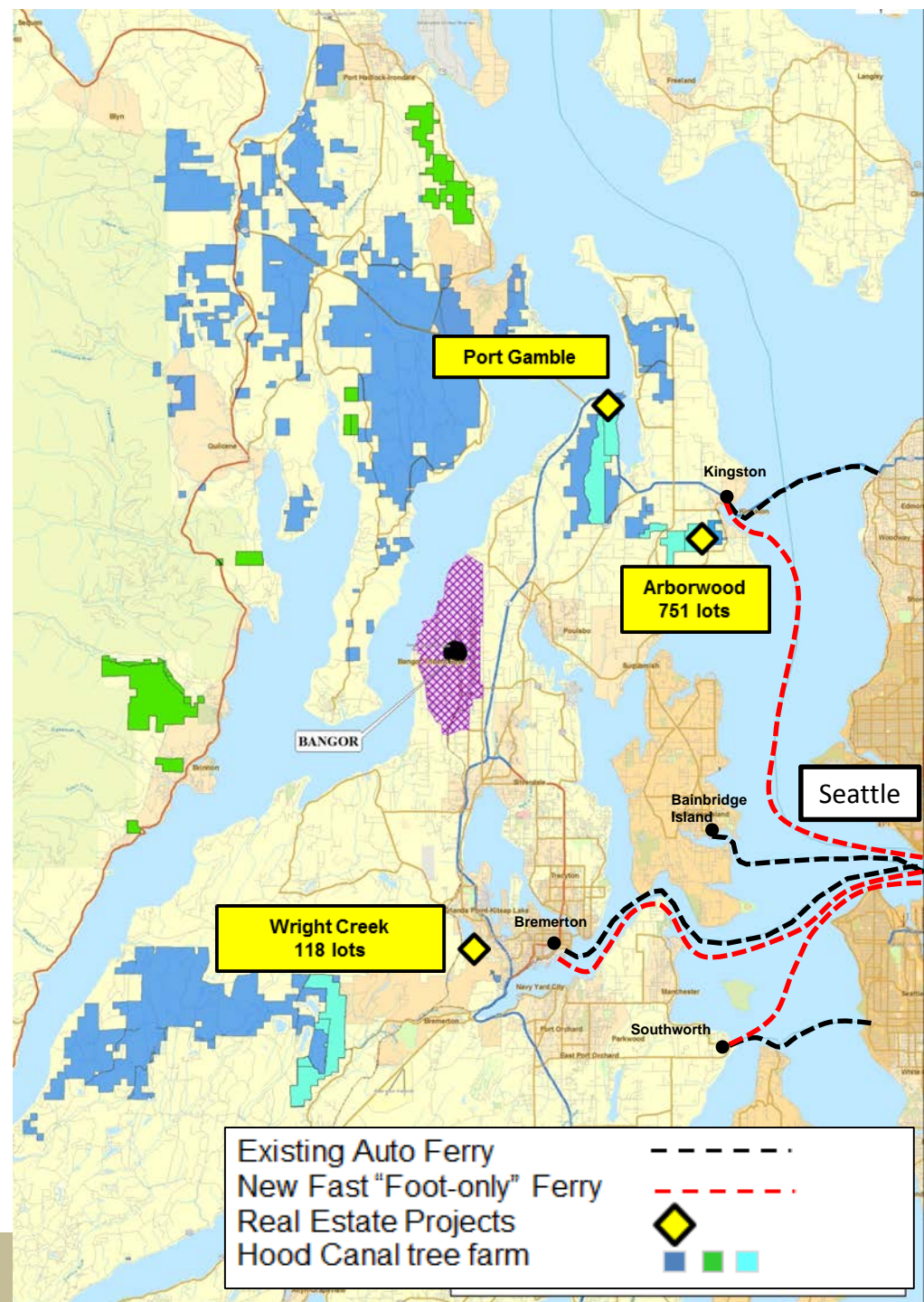






# New Ferry Connections

- 2016 ballot initiative created three new 30-minute commuter runs
- Bremerton route is running; Kingston expected to start in 2018; Southworth in 2020
- Significant impact to three projects, putting over 800 lots within a 30-minute ferry ride from downtown Seattle
- Increases development potential of Partnership timberland holdings in western Puget Sound



# Port Gamble

## Redevelopment

- Kitsap County Public Utilities District obtained state grant and extended 3-mile water main in 2015
- Completed new wastewater treatment plant in 2017, including removal of existing outfall
- Will submit application to construct up to 200+ new homes, and additional commercial buildings by mid-2018

## Environmental Remediation Update

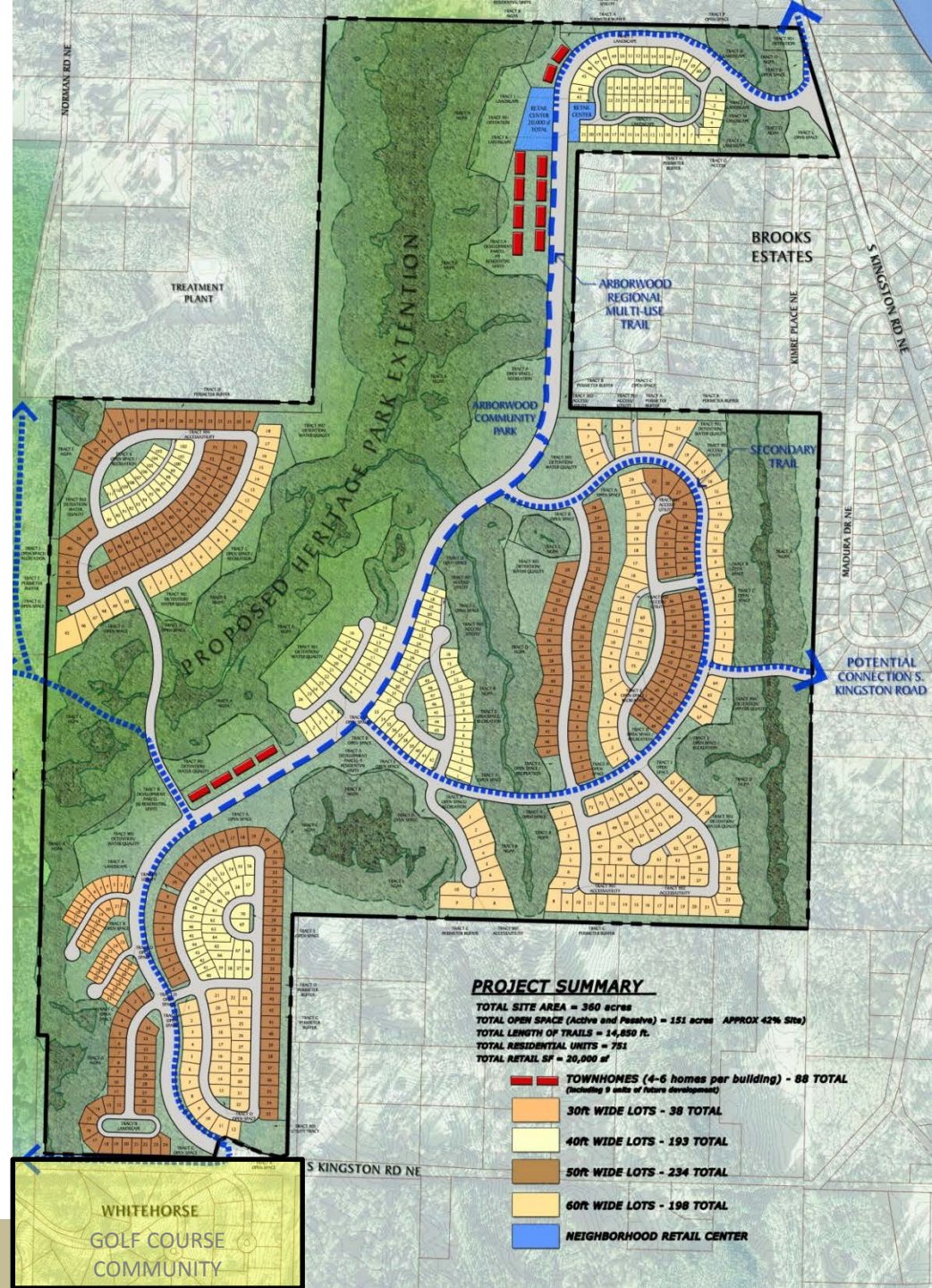
- Spent \$7.7 MM in 2016, primarily on in-water work, which was completed in January 2017
- Spent \$7.8 MM in 2017, the majority of which included transporting dredge materials to permanent landfill
- Begin long-term monitoring in 2018





# Arborwood

- Approved in 2006
- 751 residential units
- Trail connection to Port Gamble
- 1 – 2 miles from Kingston ferry
- Phase I engineering to be completed in 2018
- Phase I lot construction expected to start in 2019



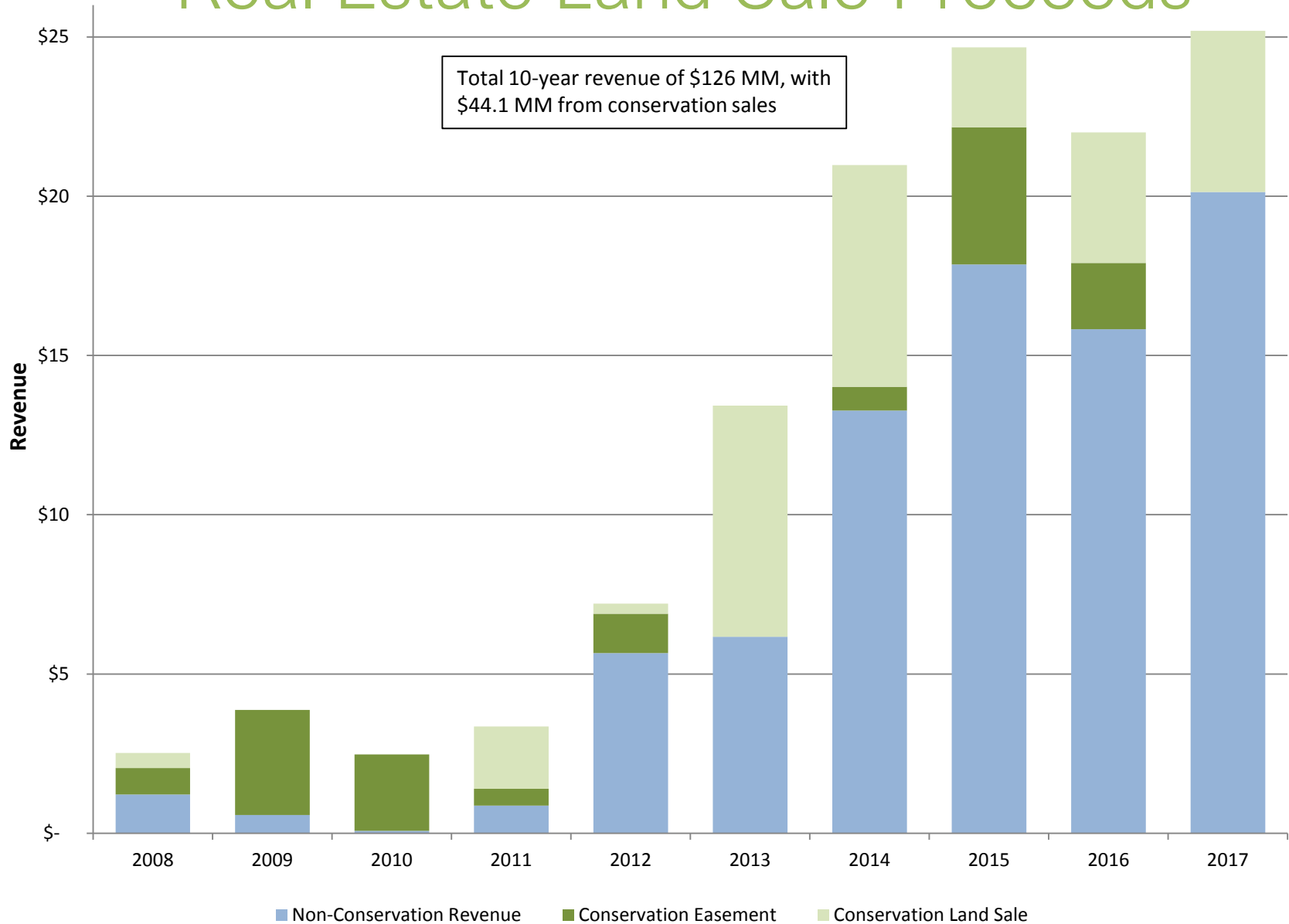


# Bainbridge Landing

- Joint venture project consists of 107 apartments and 25 townhomes
- Walking distance to Bainbridge Island ferry, which takes 35 minutes to reach downtown Seattle
- Project capitalization (\$40.9 MM)
  - \$1.8 MM: Partnership equity
  - \$5.9 MM: 3<sup>rd</sup> party equity
  - \$7.7 MM: JV partner equity
  - \$25.5 MM: construction loan
- JV partner providing debt guarantee
- Construction loan closed December 2017
- Construction expected to be completed in 2019



# Real Estate Land Sale Proceeds



# Financial Results



# Financial Highlights

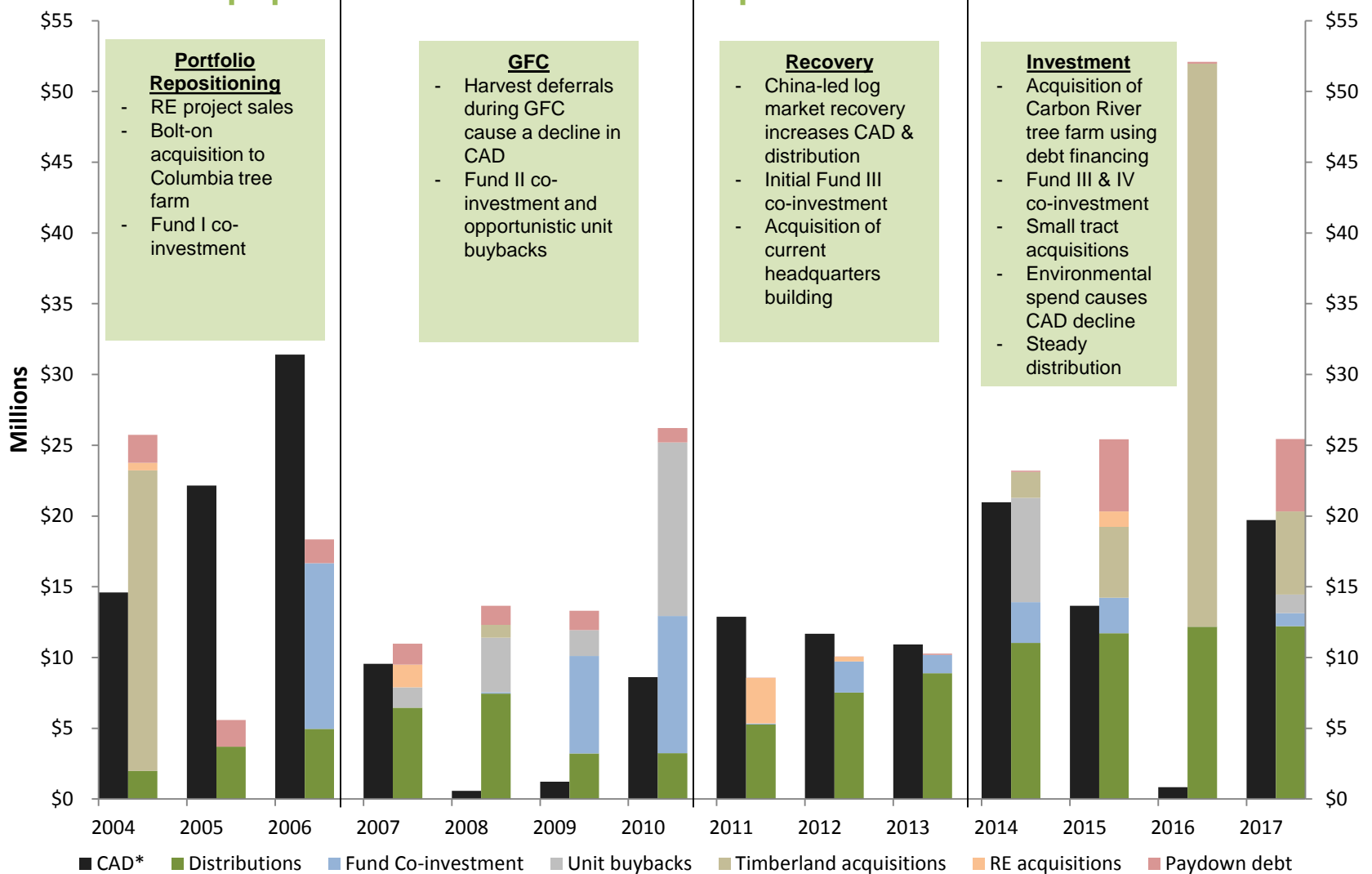
\$ in millions	2017			2016		
	Partnership*	Consolidated*	Look-through*	Partnership*	Consolidated*	Look-through*
Volume (MMBF)	55.6**	111.6	61.8	57.8**	97.3	62.8
Revenue	\$70.1	\$99.8	\$73.7	\$63.2	\$80.4	\$65.5
Net income	\$15.4	\$24.3	\$17.9	\$6.2	\$2.0	\$5.9
Cash flow from ops	\$20.0	\$32.0	\$21.0	\$1.6	\$5.1	\$2.1
Adjusted EBITDDA***	\$22.3	\$37.2	\$23.9	\$18.7	\$25.7	\$19.6
CAD***	\$18.6	\$29.5	\$19.7	\$0.5	\$3.2	\$0.8

\* "Partnership" represents the Partnership on a stand-alone basis, which consists of ownership and operation of the Hood Canal and Columbia tree farms, the management of the Funds (but not the ownership or operation thereof), and the ownership and operation of the real estate assets. "Consolidated" results are what GAAP require us to report, and represent the ownership and operation of everything owned by the Partnership and the Funds. Consolidated results also require the elimination of the fee revenue earned by our Timberland Investment Management segment for managing the Funds, with an offsetting elimination of the expenses incurred in our Fee Timber segment. Finally, "Look-through" represents the Partnership on a stand-alone basis plus the Partnership's 20% share of Fund II, 5% share of Fund III, and 15% share of Fund IV.

\*\* The Partnership's sustainable annual harvest volume is 52 MMBF. The additional volume during 2017 and 2016 was the result of recently purchased small tract acquisitions. Merchantable volume on these small tract acquisitions (or an equal amount of volume on existing ownership) is harvested shortly after acquisition, and then the acres from the small tract acquisitions are rolled into the next iteration of our long-term harvest plan where we calculate sustainable annual harvest volume.

\*\*\* See Appendix A for definition and reconciliation of non-GAAP Adjusted EBITDDA and CAD (cash available for distribution).

# Opportunistic Capital Allocation



\*See Appendix A for definition and reconciliation of non-GAAP measure CAD (cash available for distribution)

# Takeaways

- 100% geographic focus on the PNW, the highest value timberland and **most diverse log markets** in North America
- **Units offer opportunity to own real assets that generate** attractive distribution yield
- MLP structure **produces favorable after-tax returns for unitholders**

APPENDIX A  
FINANCIALS

# Pope Resources Balance Sheet

December 31, 2017

	A	B	C	B + C	D	A + B + C + D	- C	A + B + D
	Partnership	Funds, RE JV		Total	Eliminations	Consolidated	NCI	Look-through
		Partnership	NCI					
<b>Assets</b>								
Cash & restricted cash	\$1.8	\$0.2	\$3.3	\$3.5		\$5.3	(\$3.3)	\$2.0
Land held for sale	5.9	-	-	-		5.9	-	5.9
Other current assets	5.2	0.3	2.2	2.5	(\$0.7)	7.0	(2.2)	4.8
Timber & roads, net	68.7	16.9	182.0	198.9		267.6	(182.0)	85.6
Timberlands	19.0	3.6	32.5	36.1		55.1	(32.5)	22.6
Land held for development	19.1	-	-	-		19.1	-	19.1
Buildings & equipment, net	5.3	-	-	-		5.3	-	5.3
Other assets	18.2	0.9	10.8	11.7	(14.5)	15.4	(10.8)	4.6
<b>Total assets</b>	<b>\$143.2</b>	<b>\$21.9</b>	<b>\$230.8</b>	<b>\$252.7</b>	<b>(\$15.2)</b>	<b>\$380.7</b>	<b>(\$230.8)</b>	<b>\$149.9</b>
<b>Liabilities &amp; Equity</b>								
Current liabilities (excl. current portion of long-term debt)	\$7.4	\$0.3	\$2.6	\$2.9	(\$0.7)	\$9.6	(\$2.6)	\$7.0
Total debt (current and long-term)	70.2	7.1	50.2	57.3		127.5	(50.2)	77.3
Other liabilities	3.0	-	-	-		3.0	-	3.0
<b>Total liabilities</b>	<b>80.6</b>	<b>7.4</b>	<b>52.8</b>	<b>60.2</b>	<b>(0.7)</b>	<b>140.1</b>	<b>(52.8)</b>	<b>87.3</b>
Partners' capital	62.6	14.5	178.0	192.5	(14.5)	240.6	(178.0)	62.6
<b>Total liabilities &amp; partners' capital</b>	<b>\$143.2</b>	<b>\$21.9</b>	<b>\$230.8</b>	<b>\$252.7</b>	<b>(\$15.2)</b>	<b>\$380.7</b>	<b>(\$230.8)</b>	<b>\$149.9</b>



# Pope Resources Income Statement

	Year Ended December 31, 2017								
	A	B	C	B + C	D	A + B + C + D	- C	E	A + B + D + E
	Partnership	Funds			Eliminations	Consolidated	- C NCI Reclass*	E 3rd Party Fees**	A + B + D + E Look- through
		Partnership	NCI	Total					
Revenue	\$70.1	\$3.9	\$29.9	\$33.8	(\$4.1)	\$99.8	(\$29.9)	\$3.8	\$73.7
Cost of sales	(31.1)	(2.7)	(24.2)	(26.9)		(58.0)	24.2		(33.8)
Operating expenses	(21.2)	(0.8)	(6.4)	(7.2)	4.1	(24.3)	6.4	(\$3.8)	(21.7)
Gain (loss) on timberland sale	-	2.5	10.0	12.5		12.5	(10.0)		2.5
Operating income	17.8	2.9	9.3	12.2	-	30.0	(9.3)	-	20.7
Net interest expense	(2.1)	(0.3)	(2.0)	(2.3)		(4.4)	2.0		(2.4)
Income tax expense	(0.3)	(0.1)	(0.8)	(0.9)		(1.2)	0.8		(0.4)
Net income	\$15.4	\$2.5	\$6.5	\$9.0	\$0.0	\$24.4	(\$6.5)	\$0.0	\$17.9
Net (income) loss attributable to noncontrolling interests (NCI)						(6.5)	6.5		-
Net income attributable to unitholders						\$17.9	\$0.0		\$17.9
Basic and diluted weighted average units outstanding									4.323
Basic and diluted earnings per unit									\$4.10

\* Reclassifying the NCI portion of operations from the Funds to the appropriate income statement lines

\*\* Represents 80% of Fund II and 95% of Fund III fees paid by third party investors

# Pope Resources Statement of Cash Flows

(in \$millions)

	Year Ended December 31, 2017						
	A	B	C	B + C	A + B + C	- C	A + B
	Partnership	Funds, RE JV			Consolidated	NCI	Look-through
Partnership		NCI	Total				
<b>Cash flows from operating activities:</b>							
Net income (loss)	\$15.4	\$2.5	\$6.5	\$9.0	\$24.4	(\$6.5)	\$17.9
Depletion	4.0	1.2	14.0	15.2	19.2	(14.0)	5.2
Depreciation and amortization	0.5	-	-	-	0.5	-	0.5
Basis of land sold	13.9	-	-	-	13.9	-	13.9
Capitalized development activities	(7.6)	-	-	-	(7.6)	-	(7.6)
(Gain) loss on sale of timberland	-	(2.5)	(10.0)	(12.5)	(12.5)	10.0	(2.5)
Equity based compensation, net of tax benefit	1.1	-	-	-	1.1	-	1.1
Environmental remediation cash spend	(7.8)	-	-	-	(7.8)	-	(7.8)
Changes in working capital	0.6	-	0.2	0.2	0.8	(0.2)	0.6
Net cash provided by (used in) operating activities	\$20.1	\$1.2	\$10.7	\$11.9	\$32.0	(\$10.7)	\$21.3
<b>Cash flows from investing activities:</b>							
Capital expenditures	(\$1.4)	(\$0.2)	(\$0.9)	(\$1.1)	(\$2.5)	\$0.9	(\$1.6)
Proceeds from sale of timberland	-	5.3	21.3	26.6	26.6	(21.3)	5.3
Investment in unconsolidated RE JV	-	(1.8)	(4.0)	(5.8)	(5.8)	4.0	(1.8)
Deposit for acquisition of timberland	-	(0.8)	(4.9)	(5.7)	(5.7)	4.9	(0.8)
Acquisition of timberland	(5.9)	-	-	-	(5.9)	-	(5.9)
Net cash provided by (used in) investing activities	(\$7.3)	\$2.5	\$11.5	\$14.0	\$6.7	(\$11.5)	(\$4.8)
<b>Cash flows from financing activities:</b>							
Line of credit borrowings	\$28.0	\$0.0	\$0.0	\$0.0	\$28.0	\$0.0	\$28.0
Line of credit repayment	(25.8)	-	-	-	(25.8)	-	(25.8)
Repayment of long-term debt	(5.1)	-	-	-	(5.1)	-	(5.1)
Unit repurchases	(1.3)	-	-	-	(1.3)	-	(1.3)
Distributions paid	(12.2)	(6.4)	(30.9)	(37.3)	(49.5)	30.9	(18.6)
Distributions received	6.4	-	-	-	6.4	-	6.4
Proceeds from capital call	-	2.7	11.1	13.8	13.8	(11.1)	2.7
Investment in timber fund, real estate JV	(2.7)	-	-	-	(2.7)	-	(2.7)
Preferred stock distribution	-	-	-	-	-	-	-
Other financing cash flows	(0.2)	-	-	-	(0.2)	-	(0.2)
Net cash provided by (used in) financing activities	(\$12.9)	(\$3.7)	(\$19.8)	(\$23.5)	(\$36.4)	\$19.8	(\$16.6)
Net increase (decrease) in cash and cash equivalents	(\$0.2)	\$0.0	\$2.4	\$2.4	\$2.3	(\$2.4)	(\$0.1)
Cash, beginning of period	1.9	0.2	0.9	1.1	3.0	(0.9)	2.1
Cash, end of period	\$1.8	\$0.2	\$3.3	\$3.5	\$5.3	(\$3.3)	\$2.0

# Reconciliation of Non-GAAP Measures

(in \$millions)

	Year Ended December 31, 2017						
	A	B	C	B + C	A + B + C	- C	A + B
	Partnership	Funds		Total	Consolidated	NCI	Look-through
		Partnership	NCI				
<b>Net income (loss)</b>	<b>\$15.4</b>	<b>\$2.5</b>	<b>\$6.5</b>	<b>\$9.0</b>	<b>\$24.4</b>	<b>(\$6.5)</b>	<b>\$17.9</b>
Depletion	4.0	1.2	14.0	15.2	19.2	(14.0)	5.2
Depreciation and amortization	0.5	-	-	-	0.5	-	0.5
Interest expense, net	2.1	0.3	2.0	2.3	4.4	(2.0)	2.4
Income tax expense	0.3	0.1	0.8	0.9	1.2	(0.8)	0.4
<b>EBITDDA</b>	<b>\$22.3</b>	<b>\$4.1</b>	<b>\$23.3</b>	<b>\$27.4</b>	<b>\$49.7</b>	<b>(\$23.3)</b>	<b>\$26.4</b>
(Gain) loss on timberland sale	-	(2.5)	(10.0)	(12.5)	(12.5)	10.0	(2.5)
<b>Adjusted EBITDDA</b>	<b>\$22.3</b>	<b>\$1.6</b>	<b>\$13.3</b>	<b>\$14.9</b>	<b>\$37.2</b>	<b>(\$13.3)</b>	<b>\$23.9</b>
<b>Net income (loss)</b>	<b>\$15.4</b>	<b>\$2.5</b>	<b>\$6.5</b>	<b>\$9.0</b>	<b>\$24.4</b>	<b>(\$6.5)</b>	<b>\$17.9</b>
Depletion	4.0	1.2	14.0	15.2	19.2	(14.0)	5.2
Depreciation and amortization	0.5	-	-	-	0.5	-	0.5
Basis of land sold	13.9	-	-	-	13.9	-	13.9
Capitalized development activities	(7.6)	-	-	-	(7.6)	-	(7.6)
(Gain) loss on sale of timberland	-	(2.5)	(10.0)	(12.5)	(12.5)	10.0	(2.5)
Equity based compensation, net of tax benefit	1.1	-	-	-	1.1	-	1.1
Environmental remediation cash spend	(7.8)	-	-	-	(7.8)	-	(7.8)
Changes in working capital	0.5	-	0.3	0.3	0.8	(0.3)	0.5
<b>Net cash provided by operating activities</b>	<b>\$20.0</b>	<b>\$1.2</b>	<b>\$10.8</b>	<b>\$12.0</b>	<b>\$32.0</b>	<b>(\$10.8)</b>	<b>\$21.2</b>
Capital expenditures	(1.4)	(0.2)	(0.9)	(1.1)	(2.5)	0.9	(1.6)
<b>Cash available for distribution (CAD)</b>	<b>\$18.6</b>	<b>\$1.0</b>	<b>\$9.9</b>	<b>\$10.9</b>	<b>\$29.5</b>	<b>(\$9.9)</b>	<b>\$19.6</b>

# Reconciliation of Non-GAAP Measures

## Consolidated Adjusted EBITDDA\* by Segment

(in \$millions)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Fee Timber</b>										
Operating income - internal	\$31.2	\$13.7	\$11.1	\$41.6	\$13.9	\$10.1	\$14.9	\$8.4	\$2.9	\$6.0
Depletion	19.2	12.6	9.9	12.2	10.8	10.0	11.8	5.1	2.1	3.4
Depreciation and amortization	0.1	0.2	0.3	0.3	0.3	0.3	0.3	0.2	0.4	0.3
(Gain) loss on timberland sold	(12.5)	(1.0)	1.1	(23.8)				(0.2)		(0.1)
Adjusted EBITDDA - Fee Timber	\$37.9	\$25.6	\$22.4	\$30.4	\$25.0	\$20.4	\$27.0	\$13.5	\$5.4	\$9.6
<b>Timberland Investment Management</b>										
Operating income (loss) - internal	(\$0.2)	\$0.4	(\$0.7)	\$0.4	\$0.3	\$0.2	\$0.4	\$0.1	\$0.4	\$0.2
Depreciation and amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Adjusted EBITDDA - TIM	(\$0.2)	\$0.4	(\$0.7)	\$0.4	\$0.3	\$0.2	\$0.4	\$0.1	\$0.4	\$0.3
<b>Real Estate</b>										
Operating income (loss) - internal	\$4.9	(\$3.4)	\$5.4	(\$2.6)	\$3.4	(\$11.0)	(\$0.3)	(\$0.7)	\$1.7	(\$1.4)
Depletion					0.5		0.1			0.5
Depreciation and amortization	0.3	0.4	0.3	0.3	0.3	0.8	0.3	0.2	0.2	0.2
Environmental remediation expense	0.0	7.7	0.0	10.0	0.0	12.5	1.0	0.9	0.0	
Adjusted EBITDDA - Real Estate	\$5.2	\$4.7	\$5.7	\$7.7	\$4.2	\$2.3	\$1.1	\$0.4	\$1.9	(\$0.8)
<b>General &amp; Administrative</b>										
Operating loss - internal	(\$5.8)	(\$5.1)	(\$5.1)	(\$3.9)	(\$4.7)	(\$4.2)	(\$4.2)	(\$4.7)	(\$3.7)	(\$4.0)
Depreciation and amortization	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Adjusted EBITDDA - G&A	(\$5.8)	(\$5.1)	(\$5.0)	(\$3.8)	(\$4.6)	(\$4.1)	(\$4.1)	(\$4.5)	(\$3.5)	(\$3.8)

Note: Due to rounding, components may not foot or sum to total Adjusted EBITDDA presented elsewhere.

\*Adjusted EBITDDA is a non-GAAP measure. We define Adjusted EBITDDA as earnings before interest, taxes, depletion, depreciation, and amortization (EBITDDA), with additional adjustments that eliminate the gain or loss on timberland sold in the Fee Timber segment, and add back environmental remediation expense in the Real Estate segment. We believe Adjusted EBITDDA captures the ongoing operations of each of our segments and is effective in assessing each segment's financial performance.



# Historical Harvest Volume, Financial Metrics

(in \$millions)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Volume (MMBF)</b>										
Partnership	55.6	57.8	42.6	47.1	48.5	52.1	50.7	42.3	32.5	32.5
Consolidated	111.6	97.3	83.7	97.3	89.3	84.4	90.2	53.0	32.5	37.7
Attrib. to unitholders	61.8	62.8	48.2	54.5	56.4	58.5	58.6	44.4	32.5	33.5
<b>Revenue</b>										
Partnership	\$70.1	\$63.2	\$57.5	\$60.1	\$50.4	\$42.1	\$38.4	\$27.5	\$21.6	\$25.0
Consolidated	\$99.8	\$80.4	\$78.0	\$87.5	\$70.7	\$54.0	\$57.3	\$31.2	\$20.5	\$28.2
Attrib. to unitholders	\$73.7	\$65.5	\$60.4	\$64.5	\$54.6	\$45.1	\$42.3	\$28.3	\$21.4	\$25.8
<b>Net income</b>										
Partnership	\$15.4	\$6.2	\$11.2	\$7.5	\$13.3	(\$4.2)	\$8.7	\$2.3	(\$0.0)	\$1.4
Consolidated	\$24.4	\$2.0	\$7.5	\$31.9	\$11.7	(\$6.8)	\$8.9	\$0.8	(\$1.2)	\$0.1
Attrib. to unitholders	\$17.9	\$5.9	\$10.9	\$12.4	\$13.1	(\$4.7)	\$8.8	\$2.0	(\$0.3)	\$1.2
<b>EBITDDA</b>										
Partnership	\$22.4	\$11.8	\$14.2	\$11.8	\$17.4	\$1.3	\$13.9	\$6.3	\$3.8	\$4.9
Consolidated	\$49.8	\$19.0	\$21.3	\$48.4	\$24.8	\$6.3	\$23.5	\$7.5	\$2.6	\$5.0
Attrib. to unitholders	\$26.5	\$12.7	\$15.3	\$18.4	\$19.0	\$2.3	\$15.9	\$6.5	\$3.6	\$4.9
<b>Adj EBITDDA*</b>										
Partnership	\$22.4	\$18.7	\$14.2	\$21.8	\$17.4	\$13.8	\$14.9	\$7.2	\$3.9	\$5.0
Consolidated	\$37.2	\$25.7	\$22.4	\$34.6	\$24.8	\$18.8	\$24.4	\$8.2	\$2.7	\$5.0
Attrib. to unitholders	\$24.0	\$19.6	\$15.3	\$23.6	\$19.0	\$14.8	\$16.8	\$7.4	\$3.6	\$5.0

\*Adjusted EBITDDA is a non-GAAP measure. We define Adjusted EBITDDA as earnings before interest, taxes, depletion, depreciation, and amortization (EBITDDA), with additional adjustments that eliminate the gain or loss on timberland sold in the Fee Timber segment, and add back environmental remediation expense in the Real Estate segment.

# Historical Financial Metrics

(in \$millions)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>CF from ops</b>										
Partnership	\$20.0	\$1.6	\$14.3	\$20.8	\$10.8	\$12.1	\$12.4	\$8.0	\$1.3	\$1.6
Consolidated	\$32.0	\$5.1	\$20.2	\$30.8	\$17.9	\$16.2	\$21.7	\$9.0	\$0.7	\$4.0
Attrib. to unitholders	\$21.3	\$2.1	\$15.1	\$22.2	\$12.3	\$13.0	\$14.2	\$8.2	\$1.2	\$2.1
<b>CAD*</b>										
Partnership	\$18.6	\$0.5	\$13.1	\$19.7	\$9.7	\$11.0	\$11.2	\$8.5	\$1.4	\$0.2
Consolidated	\$29.5	\$3.2	\$17.6	\$28.5	\$15.7	\$14.2	\$19.7	\$9.3	\$0.6	\$2.2
Attrib. to unitholders	\$19.7	\$0.8	\$13.7	\$21.0	\$10.9	\$11.7	\$12.9	\$8.6	\$1.2	\$0.6
<b>Cash</b>										
Partnership	\$1.8	\$1.9	\$6.3	\$14.5	\$5.7	\$2.5	\$0.2	\$0.2	\$6.0	\$15.9
Consolidated	\$3.4	\$2.9	\$9.7	\$24.0	\$7.0	\$3.8	\$2.7	\$2.4	\$7.2	\$18.0
Attrib. to unitholders	\$2.0	\$2.0	\$6.6	\$16.4	\$5.9	\$2.7	\$0.7	\$0.7	\$6.3	\$16.3
<b>Debt</b>										
Partnership	\$70.2	\$73.1	\$27.4	\$32.4	\$32.7	\$32.8	\$34.8	\$50.4	\$29.4	\$29.4
Consolidated	\$127.5	\$130.4	\$84.7	\$89.7	\$75.7	\$43.8	\$45.8	\$50.5	\$29.5	\$29.6
Attrib. to unitholders	\$76.8	\$79.7	\$34.0	\$39.0	\$38.6	\$35.0	\$37.0	\$50.4	\$29.4	\$29.4
<b>Distributions</b>										
Dollars	\$12.2	\$12.2	\$11.7	\$11.0	\$8.9	\$7.5	\$5.3	\$3.2	\$3.2	\$7.4
\$ / unit	\$2.80	\$2.80	\$2.70	\$2.50	\$2.00	\$1.70	\$1.20	\$0.70	\$0.70	\$1.60

\*Cash available for distribution (CAD) is a non-GAAP measure. CAD is a measure of cash generated that starts with cash provided by operating activities and subtracts expenditures for maintenance capital. As such, CAD represents cash generated that is available to fund capital allocation alternatives such as distributions to unitholders, buying back units, paying down debt, co-investing in the Funds, or acquisition of timberland and real estate.

APPENDIX B

# ADDITIONAL MATERIALS

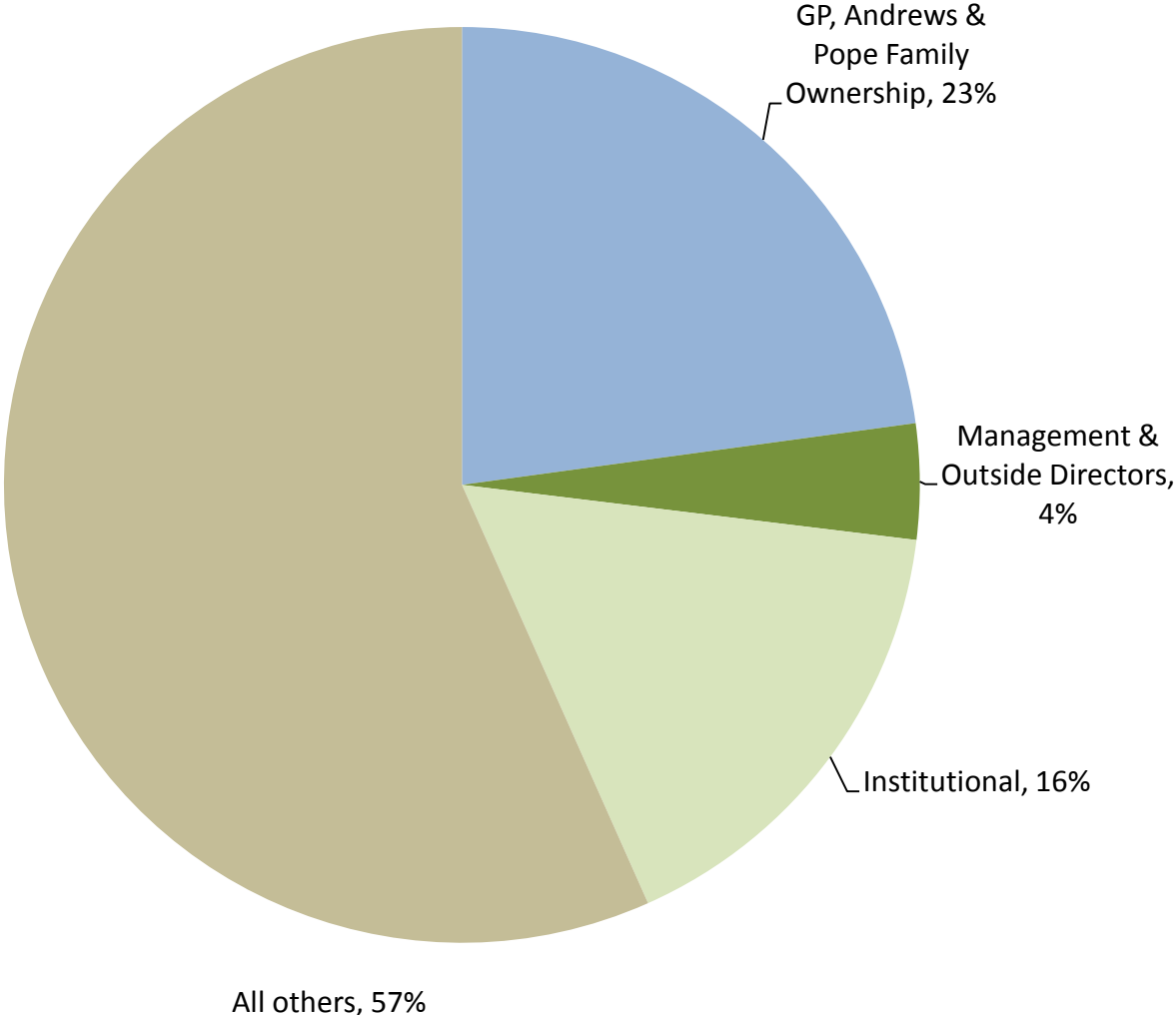
# Ownership Detail

## General Partners

- Two corporate GP's collectively own 1.4% of Pope Resources
- Each of the GP's are owned 50/50 by Pope and Andrews families
- \$150,000/year management fee, unchanged since spinoff

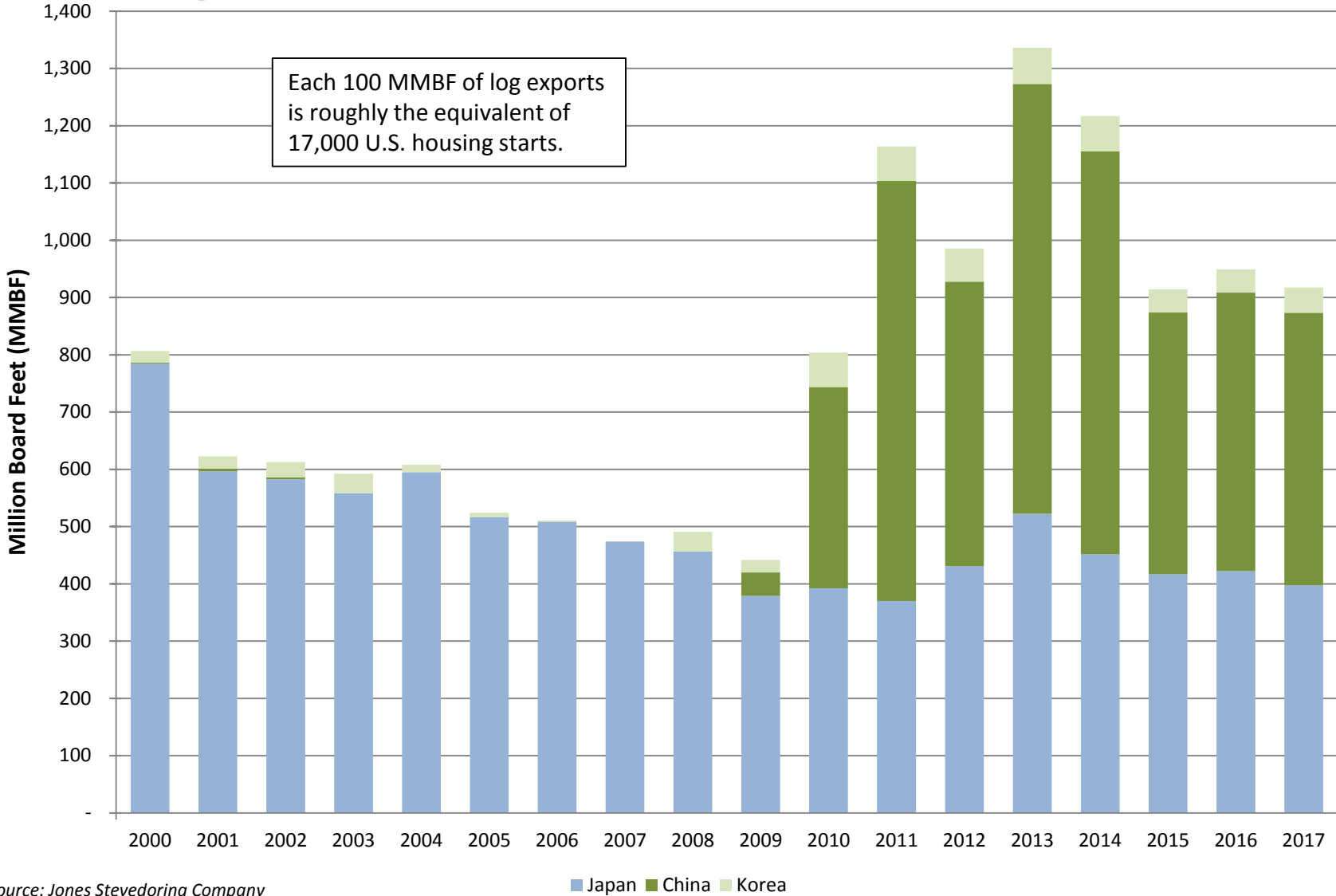
## Limited Partners

- Family, GP, Management, and Outside Director ownership of 27% demonstrates alignment of interest
- Institutional ownership of 16%
- 57% held by high net worth and retail investors





# Log Exports from Pacific Northwest

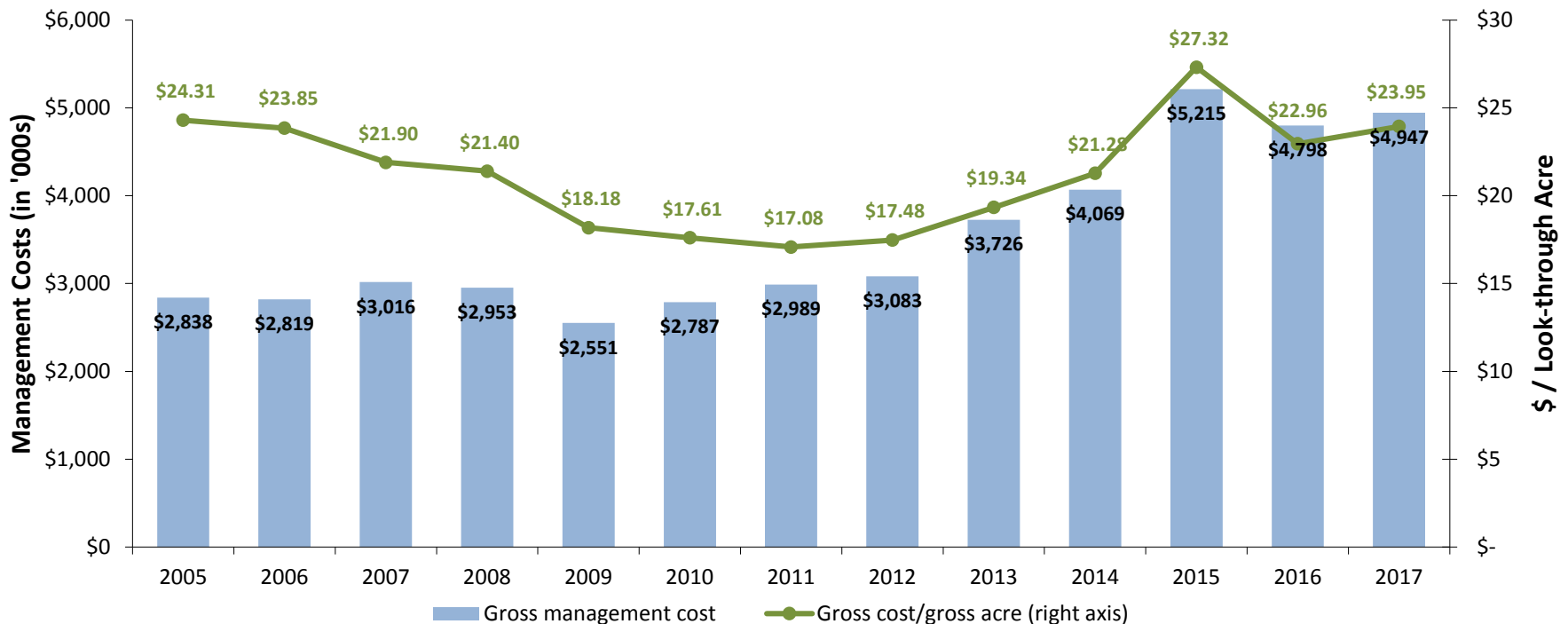


Source: Jones Stevedoring Company

■ Japan ■ China ■ Korea

# Economies of Scale: Nominal Management Costs

- Placement of Fund I and II capital (2006-10) reduced per acre management costs
- Investments in processes and systems outpaced acres acquired with Fund III capital (2012-15)
- Following Mashel (4Q-15) and Carbon River (3Q-16) acquisitions, per acre management cost is now below level prior to launch of PE Timber business



# Historical ORM Timber Fund Results

(Inception to December 31, 2017)

(in millions)	POPE	Third-party investors	Total
	Paid-in capital	\$38.7	\$289.2
Distributions from operations	7.5	43.6	51.2
Distributions from refinancings	2.9	11.7	14.5
Distributions from asset sales	19.3	75.8	95.1
Residual value	30.6	253.0	283.7
Carried interest*	10.2	0.0	10.2
IRR	9.6%	6.0%	6.7%

\* Carried interest is not paid to POPE until the investors have received, in cash, all of their paid-in capital plus a preferred return of 8.0% annualized. This is unlikely to happen until a timber fund's properties are sold and the proceeds are distributed to investors. \$10.2 million represents the carried interest that would have been due to POPE had the Fund II properties been sold on 12/31/17 at their appraised value. The Fund II term does not end until March 2021.

# PNW Westside Transactions 2015–Current

Property	Seller	Buyer	Acres (000's)	Value (\$MM)	\$/Acre
<b>2015</b>					
WA - Olympic Peninsula	Rayonier	Hoh River Trust	3	\$7	\$2,200
OR - Scappoose	BTG Pactual	Rayonier	6	\$34	\$6,103
WA - Murray Pacific	Murray Pacific	Sierra Pacific	54	\$189	\$3,500
WA - Nisqually	Conservation Forestry	Hampton Affiliates	13	\$52	\$4,105
WA - Mashel TWR	Conservation Forestry	Hampton Affiliates	5	\$25	\$4,967
WA - Snoqualmie	HTRG	Campbell Global	100	\$420	\$4,189
WA - Mashel	HTRG	ORM Timber Fund III	15	\$51	\$3,337
<b>2016</b>					
OR/WA - Menasha	Campbell Global	Rayonier	61	\$263	\$4,311
OR/WA - Menasha	Campbell Global	FIA	71	\$296	\$4,180
WA - Coastal	Rayonier	FIA	55	\$130	\$2,364
WA - Carbon River	HTRG	Pope Resources	7	\$32	\$4,356
WA - Willapa	HTRG	Greenwood Resources	8	\$31	\$3,735
WA - Wallace Falls	Campbell Global	Sierra Pacific Industries	12	\$52	\$4,493
WA - Cedar River	Green Diamond Resource Company	Conservation Forestry	18	\$53	\$3,003
OR - Rosboro	Rosboro	Campbell Global	93	\$341	\$3,656
<b>2017</b>					
OR - Rockaway	ORM Timber Fund II	Greenwood Resources	6	\$27	\$4,108
WA - Elkhorn	HTRG	Greenwood Resources	9	\$26	\$2,940
OR - Indian Hills	Indian Hills	HTRG	53	\$108	\$2,038
WA - Stewart Mountain	Non-industry	Conservation Forestry	15	\$41	\$2,712
WA - Tahoma	HTRG	Hampton Affiliates	7	\$36	\$5,229
WA - Tilton	FIA	BTG	12	\$43	\$3,626
<b>2018</b>					
OR - Perpetua	Perpetua Forests	ORM Timber Fund IV	20	\$34	\$1,680
WA - Pinchot North	HTRG	ORM Timber Fund IV	17	\$80	\$4,763
WA - Pinchot South	HTRG	Hampton Affiliates	16	\$73	\$4,497
<b>4-Year Total</b>			<b>676</b>	<b>\$2,444</b>	<b>\$3,613</b>

Source: ORM, Timberland Markets Report, ForestWeb, Public Announcements



# Gap Between Public and Private Timberland Value

