

# Investor Presentation

August 15, 2019

# Safe Harbor Statement

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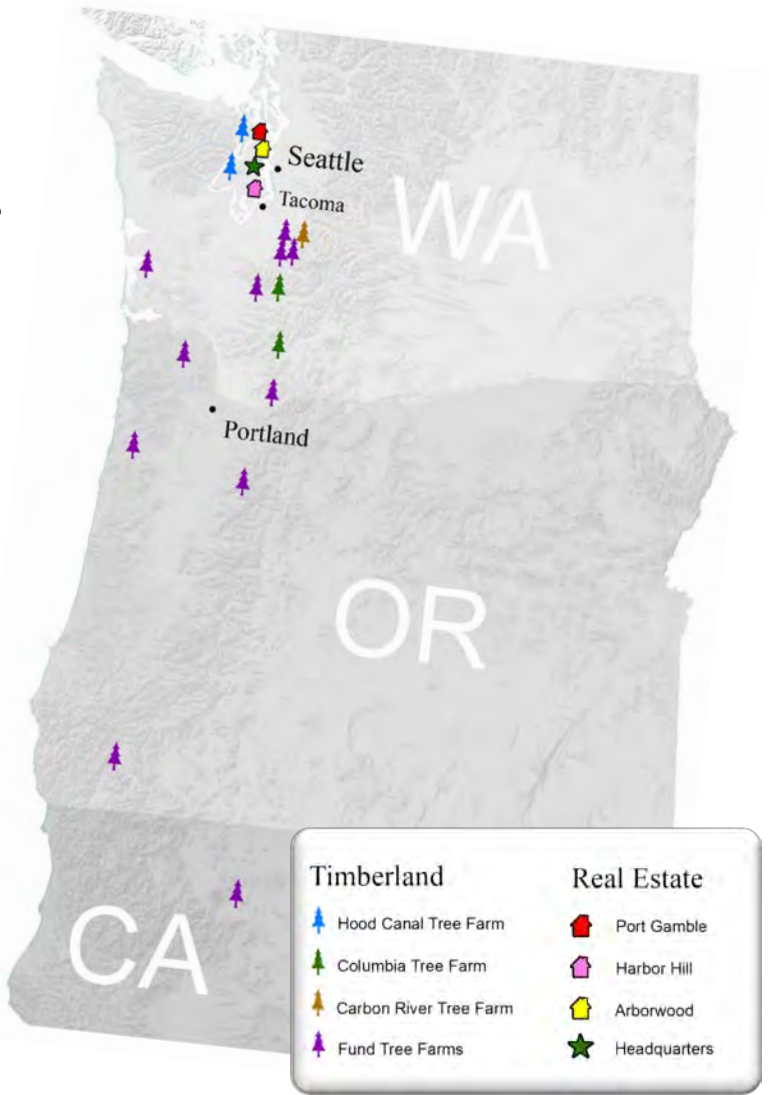
This presentation contains forward-looking statements, which are subject to various risks and should not be relied upon as predictions of future events or promises of a given course of action. Some of the forward-looking statements include statements about our future distribution yield and the related effects of federal tax law, our estimated sustainable harvest levels, our plans and intentions for future private equity fund activities, our estimates for future remediation costs and environmental liabilities at Port Gamble, shifting transportation patterns and other factors that affect our real estate values, and our expectations about the time and costs of 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 fires, insect infestations, or tree diseases; changes in economic conditions and competition in our domestic and export markets; the costs incurred and the level of management distraction associated with responses to activist investors; 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, 2018 and our Quarterly Report on Form 10-Q for the quarterly and year-to-date ended June 30, 2019. Forward-looking statements 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.

# Pope Resources: Long-term, Green, Sustainable

- Pure play publicly traded (NASDAQ: POPE) Pacific Northwest (PNW) timberland owner structured as a master limited partnership
- Emphasis on tax efficient distributions to unitholders (approximately 6%) with capital preservation
- Three decades of managing timberlands and real estate assets in the PNW
- Diversified log markets with access to Asia

### Four Complementary Business Segments

Partnership Timber	Funds Timber	Timberland Investment Management	Real Estate
Direct ownership and management of <b>120,000 acres of Partnership timberlands</b> in western Washington	Co-investment and on-the-ground management of <b>141,000 acres of Fund timberlands</b>	Investment management of three private equity timber funds with total assets under management <b>AUM of \$545 MM</b>	<b>2,000 acres of development &amp; commercial properties</b> (including 800 entitled lots) in west Puget Sound



# 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

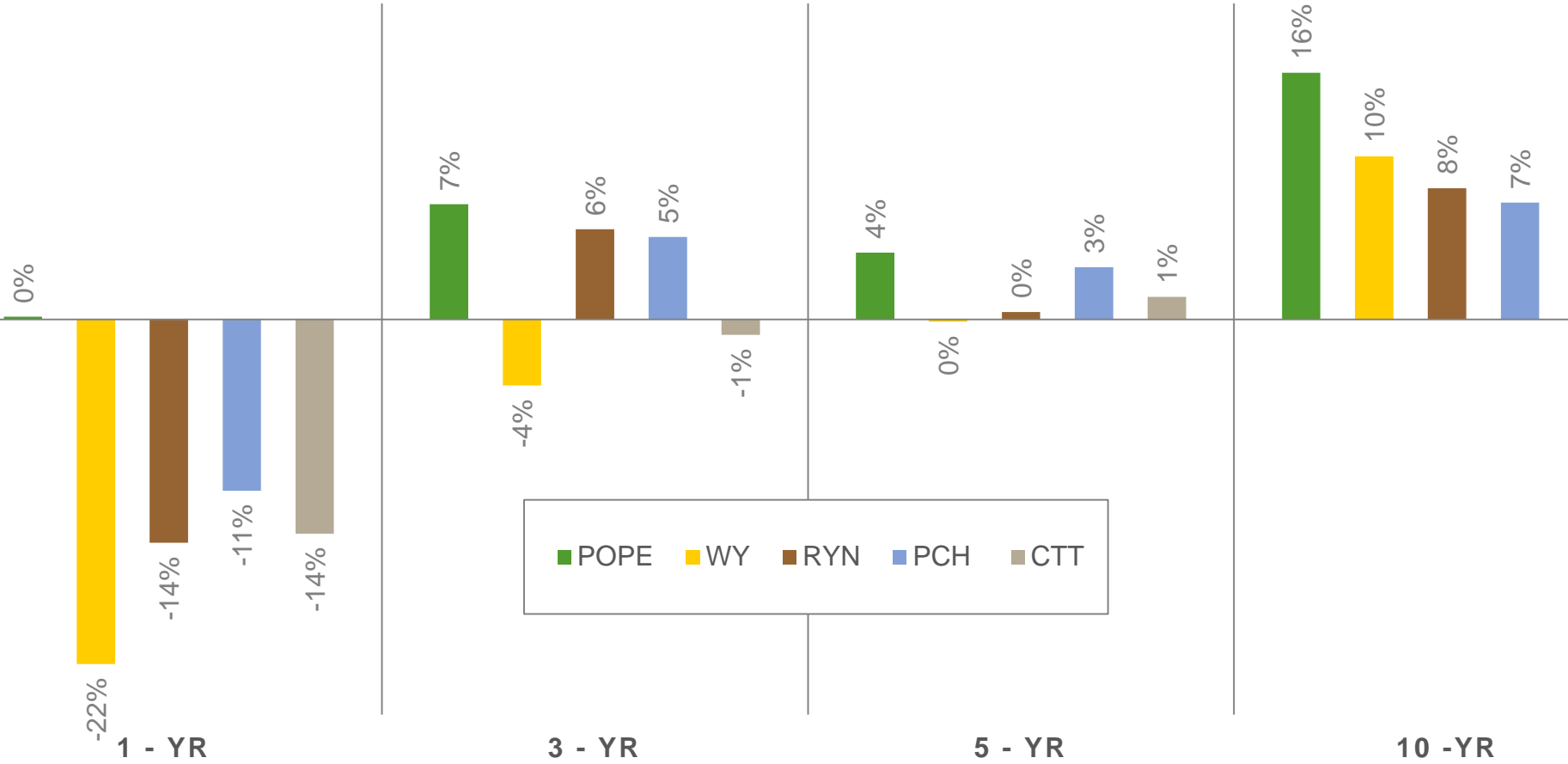
- Continues throughout a business cycle
- Actively managing and accurately projecting forest is prerequisite to successful timberland investing
- Level of timberland management activity is one of the factors that must be considered when projecting forest growth

## 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)

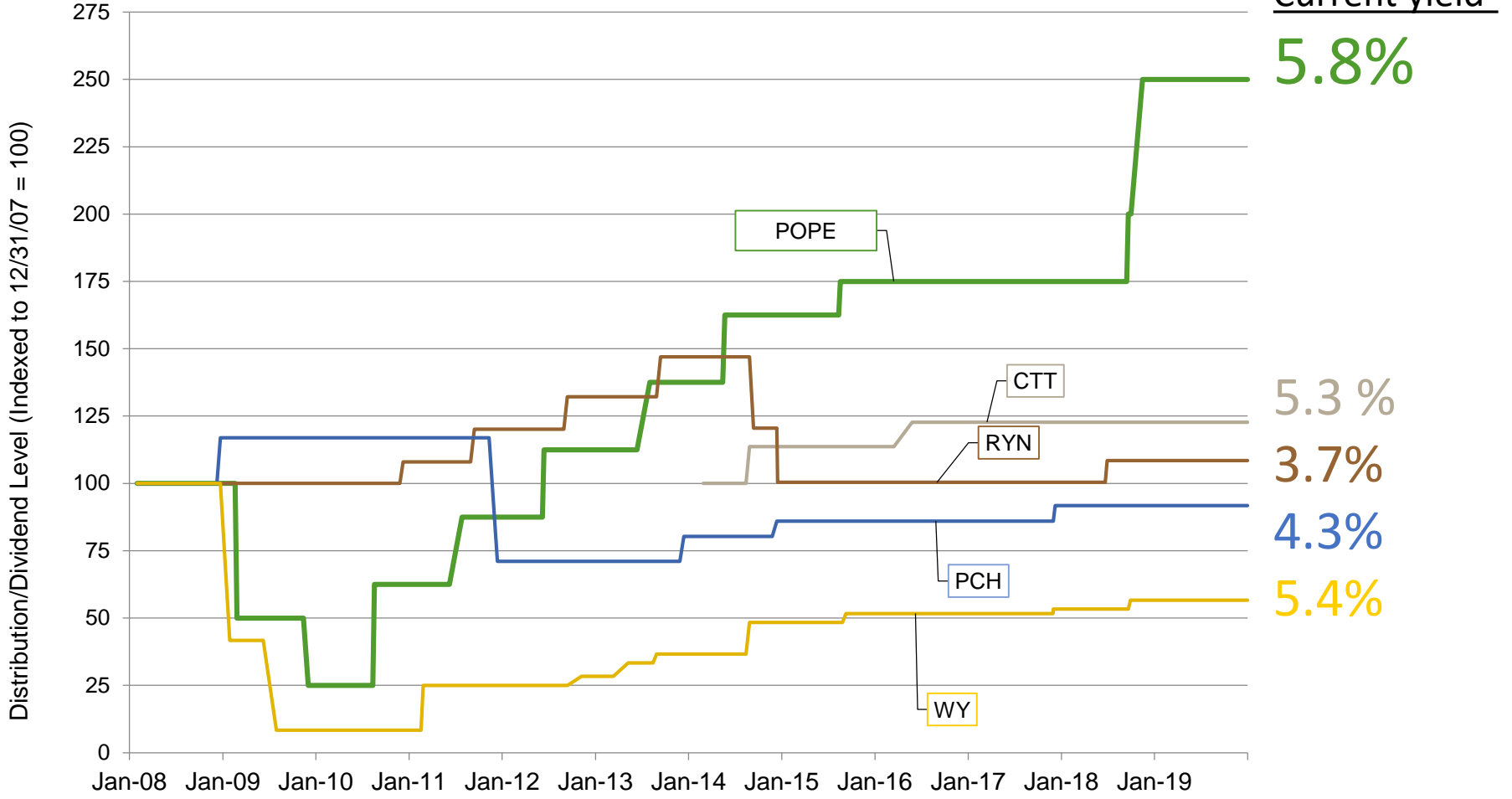
# Outperforming Timber REIT Peers

POPE ANNUALIZED TOTAL RETURN VS. TIMBER REIT PEERS AS OF 7/31/2019



# 10x Increase in Distribution Since GFC

Distribution/Dividend<sup>1</sup> Relative to Pre-Global Financial Crisis (GFC)



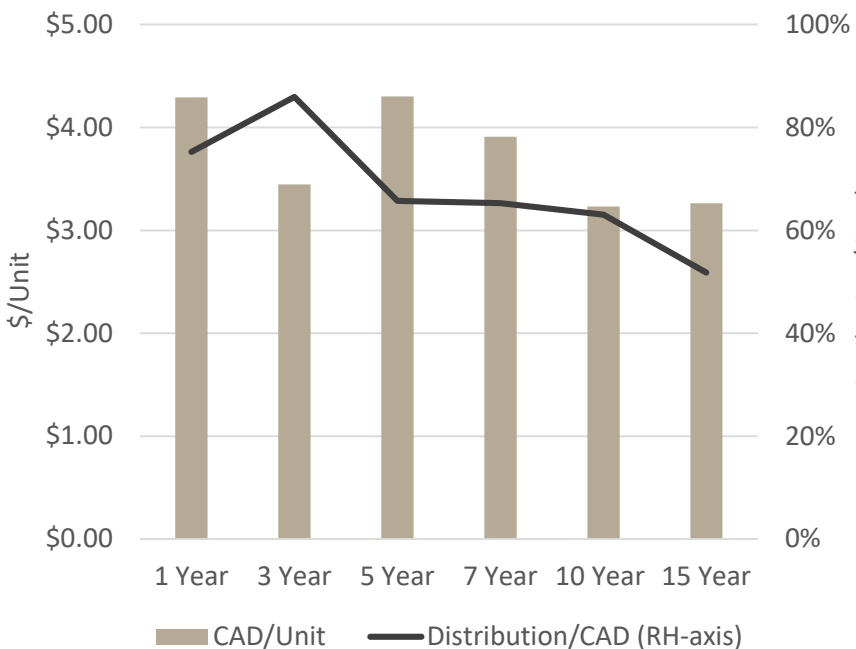
<sup>1</sup> Excludes: WY's special dividend of \$26.42 upon REIT conversion in July 2010, RYN's special dividend of \$0.50 upon RYAM spinoff in July 2014, and PCH's special dividend of \$3.54 in November 2018 following DEL merger.

<sup>2</sup> Based on 7/31/19 closing price.

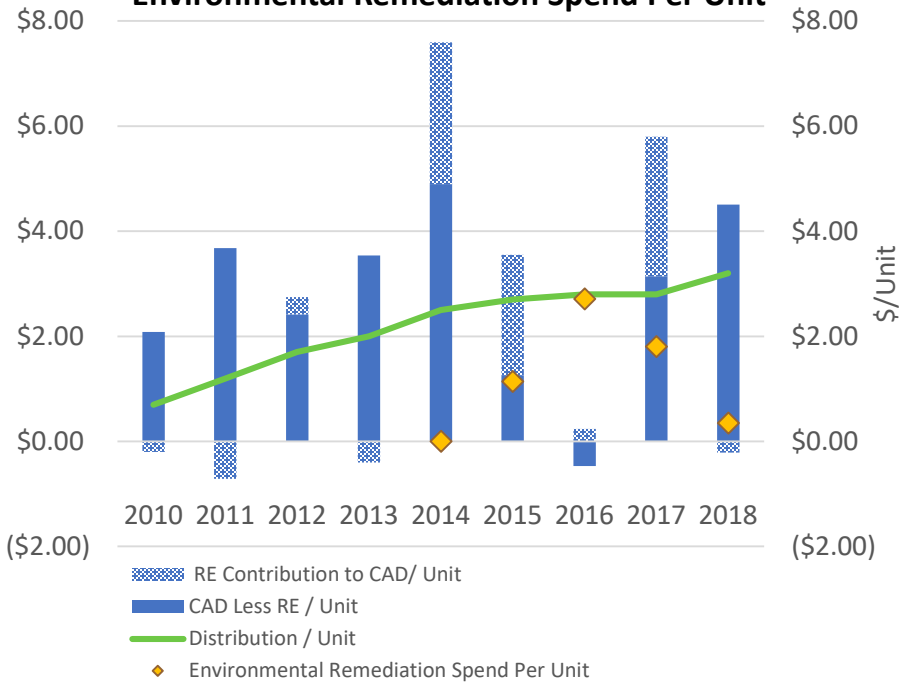
# Sustainable, Well-Covered Distribution

- Consistently covering the distribution over a cycle
- Monitoring coverage of the distribution from CAD<sup>1</sup> and CAD less real estate (RE) contribution
- RE contribution to CAD<sup>2</sup>, while variable, provides an important component of CAD
- CAD less RE contribution exceeds the distribution historically, except for 2015 & 2016 when the bulk of the environmental remediation spend was incurred

Average CAD and Payout Ratio



CAD, Distributions and Environmental Remediation Spend Per Unit



<sup>1</sup>See Glossary of terms in Appendix for definition of non-GAAP CAD  
<sup>2</sup>RE contribution to CAD is a non-GAAP measure that is reconciled in Appendix A. It does not include impact of environmental remediation accruals or cash payments.

# MLP Structure: Attractive After-Tax Yields

- Distributions to unitholders are tax free
- Capital gains and ordinary losses are passed through to an MLP owner and beneficially impact that owner's income at different tax rates
- The appreciated value of sold timber is reported as income that is taxed at capital gain rates; depending on the owner's tax situation, that capital gain rate will range from 0% to 20%
- Remainder of business activity generally reported as an ordinary loss, which can offset other forms of ordinary income (like W-2 wages) and result in an overall lower effective tax rate to a unitholder
- REITs do not enjoy the rate arbitrage provided by POPE via the passthrough of ordinary losses; instead REITs are only taxed on the characterization of their dividends

	Tax Impact to Individual of POPE Units			Proforma Tax Impact as a REIT		MLP Tax Savings Versus a REIT
	2018 Tax Year	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	(\$6.32)	37.0%	\$2.34			
Capital gain-timber	7.88	20.0%	(1.58)			
Capital gain-land	0.96	20.0%	(0.19)			
Interest income	0.03	37.0%	(0.01)			
<b>Total</b>	<b>\$2.55</b>		<b>\$0.56</b>	<b>20.0%</b>	<b>(\$0.51)</b>	<b>\$1.07</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 Federal income tax rates presented at the highest ordinary (37%) and long-term capital gain (20%) rates. Certain individuals may be subject to an additional 3.8% Net Investment Income Tax, which is not shown above. Taxpayers should seek independent advice from a tax professional, as these materials are provided for general informational purposes only.

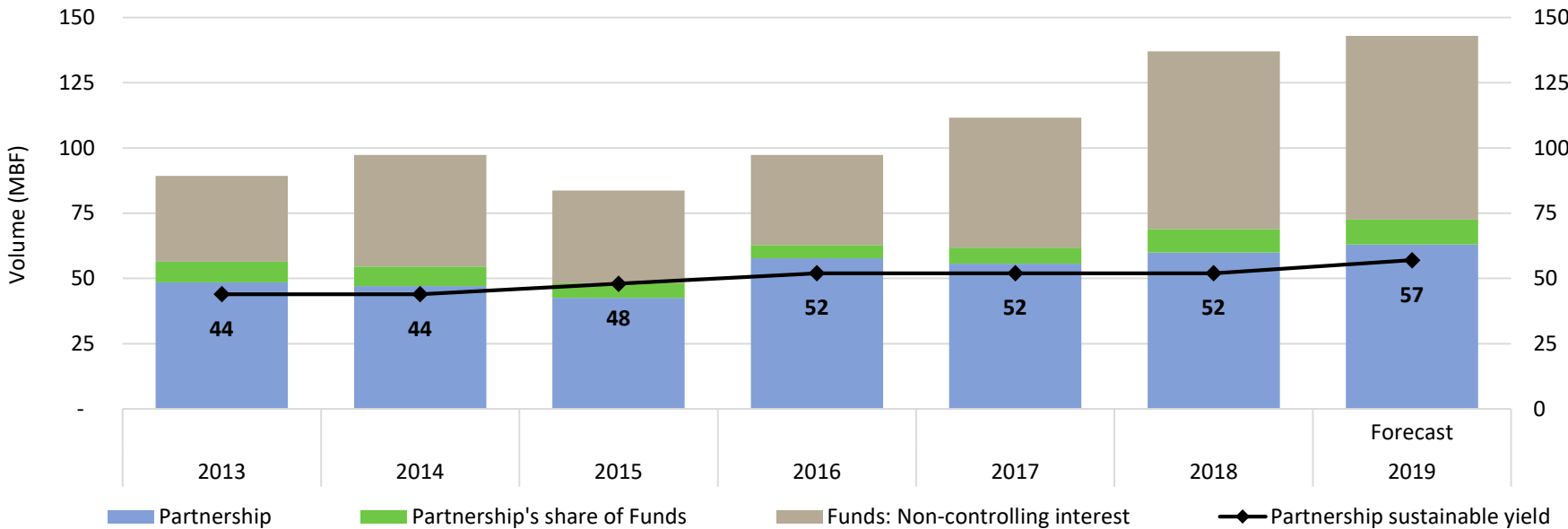




# Timber – Partnership and Funds

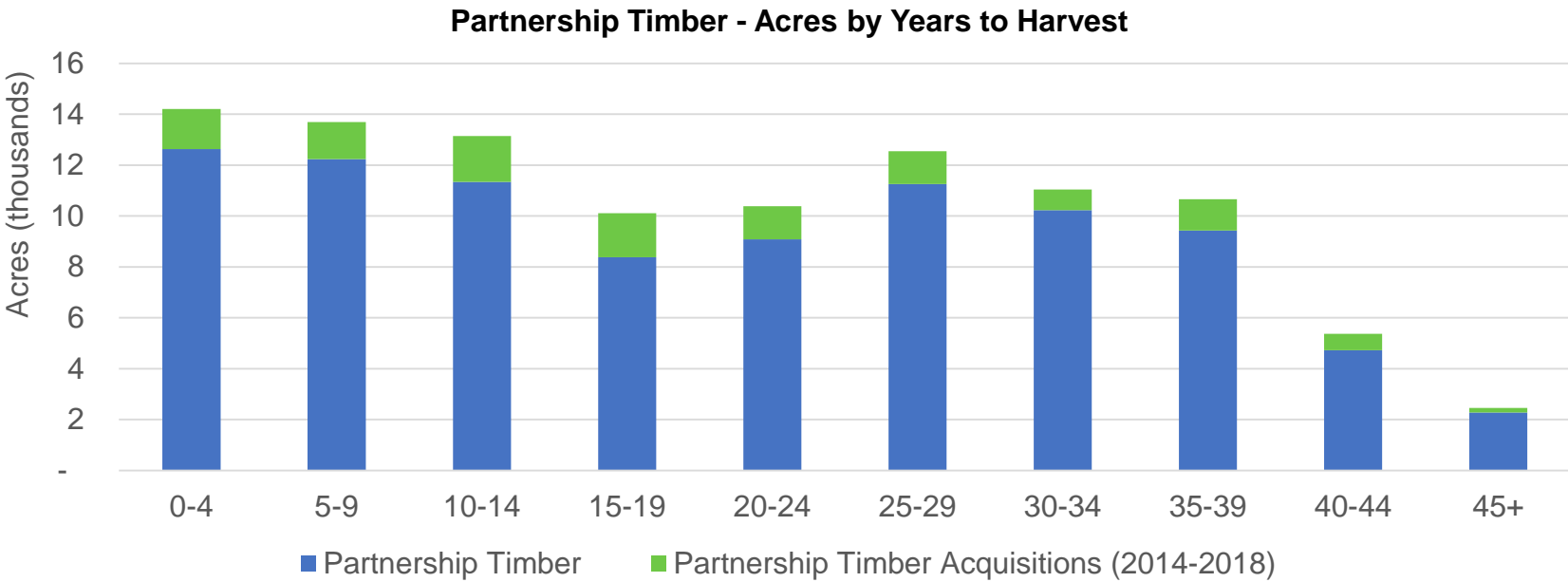
# Partnership Harvest Levels

- Sustainable harvest level for the Partnership increased 10% to 57 MMBF in 2019 primarily due to the addition of small tract acquisition acres to the long-term plan
- Additional volume from small tract acquisitions and Real Estate portfolio (4 MMBF in 2017, 8 MMBF in 2018, and 6 MMBF projected in 2019) allow us to respond to market conditions without impacting long-term harvest levels
- Continued growth in Partnership's share of harvest from Funds' timberlands contributes significant volume (6 MMBF in 2017, 9 MMBF in 2018, and 10 MMBF projected in 2019)

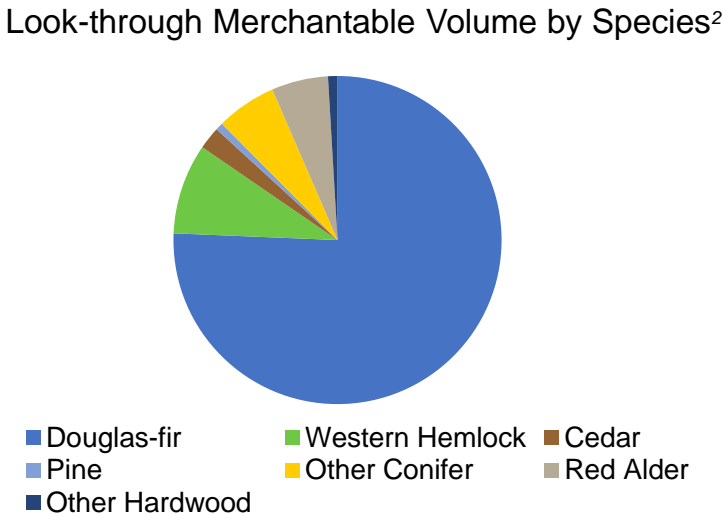
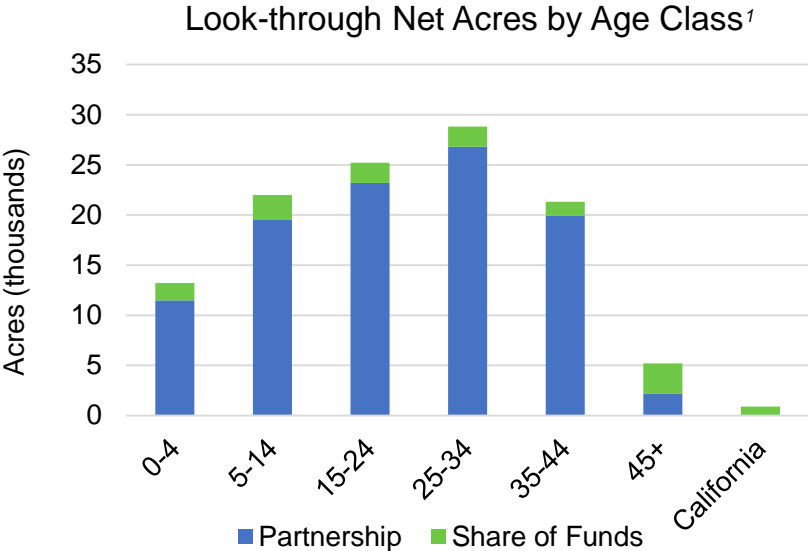


# Optimize Partnership Timber Portfolio

- Focus of acquisitions:
  - Fill in age class gaps to improve efficiency of consistent annual harvest levels by reducing the need to defer volume to fill age class gaps
  - Add value through improving access to existing properties
  - Acquire in-holdings to reduce management cost
  - Recycle capital with immediate harvest of merchantable timber
- Acquired 14,850 acres, resulting in a net 9% increase in acres owned and 30% increase in sustainable harvest level since 2014



# Age Class Supports Long-term Distributions



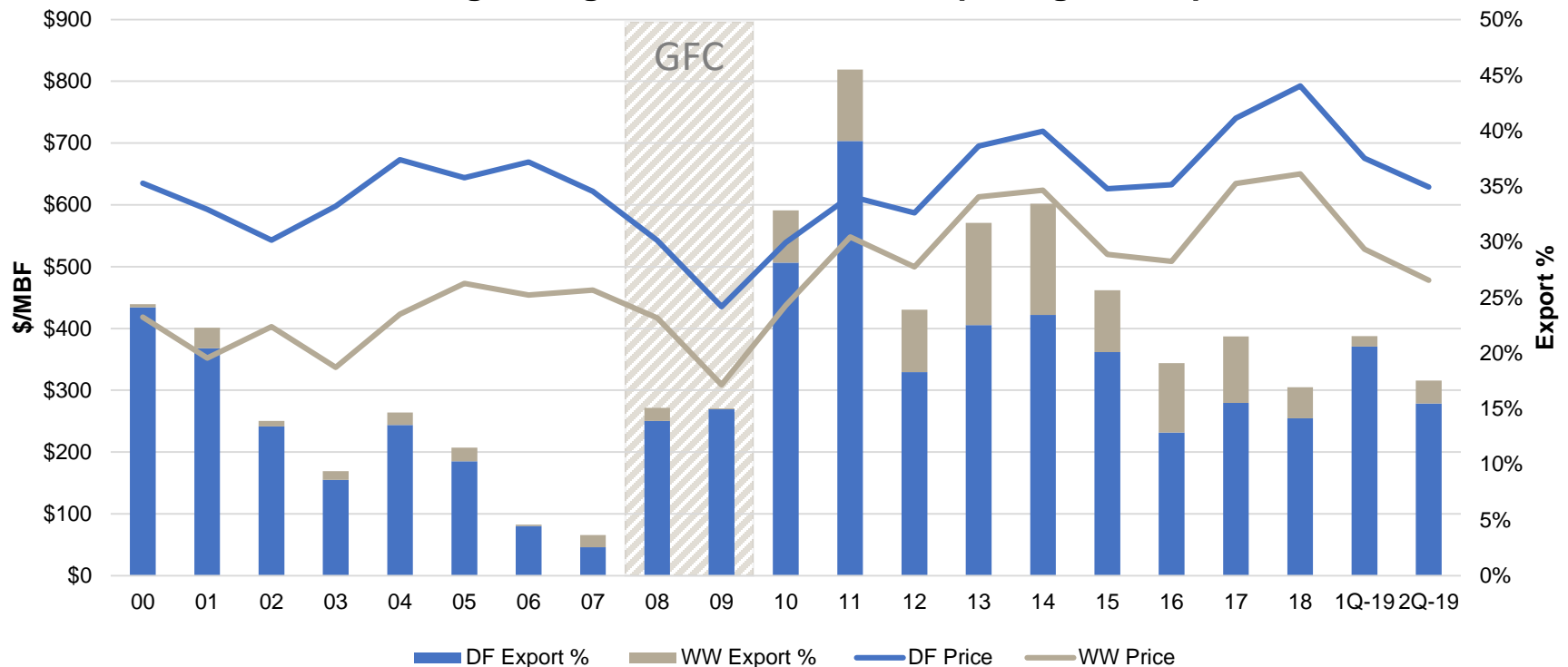
	Partnership Timber	Funds Timber	Look-through <sup>1</sup>
<b>Gross Acres</b>	120,000	141,000	137,000
<b>Average Site Index (DF 50)</b>	116'	109'	116'
<b>2018 Adjusted EBITDDA<sup>1</sup></b>	\$25.4 MM	\$26.9 MM	\$28.5 MM
<b>6/30/2019 YTD Adjusted EBITDDA</b>	\$16.1 MM	\$6.9 MM	\$16.8 MM
<b>2019 Sustainable Harvest Level</b>	57 MMBF	93 MMBF	69 MMBF

<sup>1</sup>See Glossary of Terms in Appendix for definition of non-GAAP “Adjusted EBITDDA” and “Look-through”.  
<sup>2</sup>As of 12/31/18. Does not include 2019 Fund IV acquisition which added, on a look-through basis, 852 net acres and 3 MMBF of merchantable volume.

# Access to Asia Provides Log Market Diversification

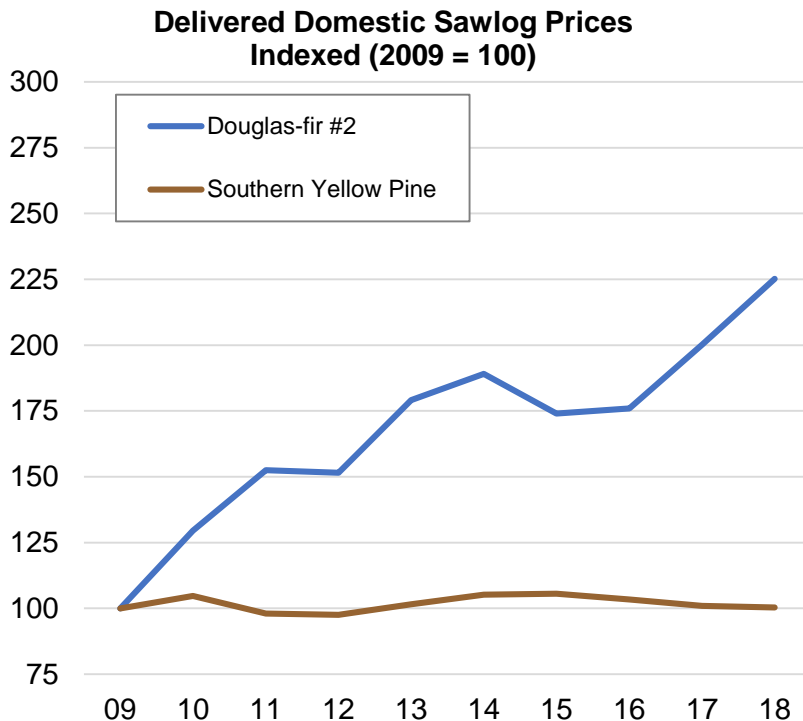
- Export markets provide market tension within Douglas-fir and Whitewood markets
- Extended period of weak domestic housing starts had little effect on PNW log prices due to access to Asian export markets

Look-through Douglas-fir and whitewood pricing and Export %

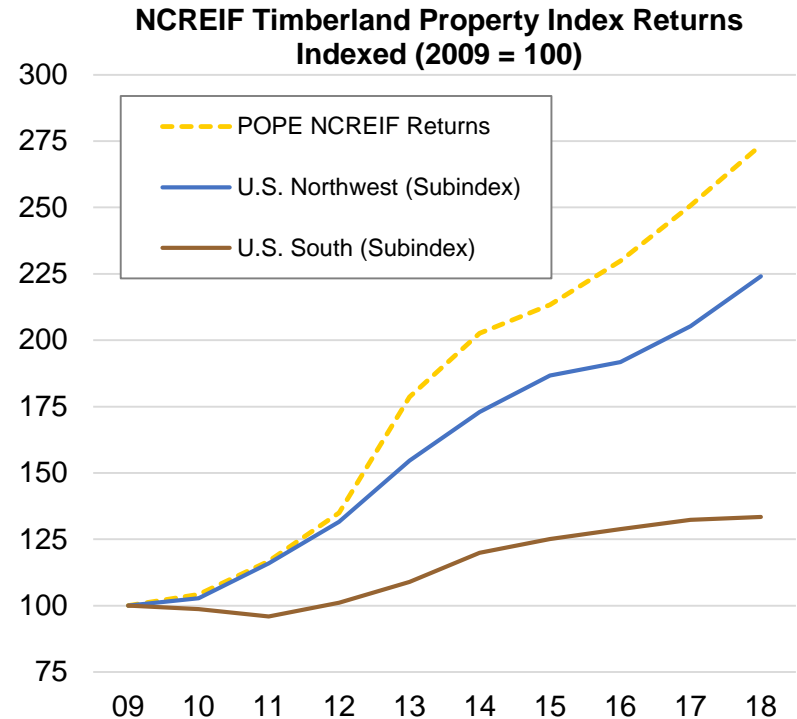


# Post-GFC Recovery: PNW vs South

- Primary driver of log prices in the PNW has transitioned from export to domestic demand over the last couple years
- Tight timber inventory in the PNW provides support for log prices as opposed to the South, which has an accumulation of deferred volume
- Log price strength has translated into outperformance of PNW timberland returns relative to the South



Source: Forest Economic Advisors



Source: NCREIF

# Timberland Investment Management

# Private Equity Timber Funds

Aligning like-minded timberland investors to leverage our expertise in the PNW to:

- Diversify the Partnership land base across PNW geographies, log markets, and time periods
- Create economies of scale in management of the Partnership assets
- Dramatically improve our underwriting processes and retention of top talent

**\$3.4 MM of annual asset management fee (AMF) revenue generated by Funds II, III, and IV portfolios on \$545 MM of assets under management (AUM)**

(in \$MM)	Timber Funds	Partnership Share of Funds
Current acres	141,000	17,000
Location	Washington, Oregon, California	Washington, Oregon, California
Cumulative invested capital <sup>1</sup>	\$430	\$51
Cumulative distributions <sup>1</sup>	\$110	\$17
Current net asset value <sup>2</sup>	\$485	\$69
Current Fund debt	\$57	\$7
Carried interest <sup>3</sup>	(\$12)	\$12
Remaining committed capital	\$221	\$33
IRR <sup>4</sup>	6.6%	9.2%

<sup>1</sup>Of current Funds (II, III, IV) as of 6/30/2019

<sup>2</sup>Based on appraised value. Partnership Share of Funds column includes \$11.8 million of carried interest.

<sup>3</sup>Carried interest is not paid to POPE until the investors have received, in cash, all of their paid-in capital plus a preferred return annualized. This is unlikely to happen until a timber fund's properties are sold and the proceeds are distributed to investors. \$11.8 million represents the carried interest that would have been due to POPE had the Fund II properties been sold on 6/30/2019 at their appraised value. The Fund II term does not end until March 2021.

<sup>4</sup>As of 6/30/2019, includes Fund I which sold its assets in 2014



# Growth of Private Equity Fund Business

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## 2018 and early 2019 success

\$167 MM of capital placed in four PNW timberland properties

- 20,000 acres of timberland in southern Oregon, which is expected to generate strong cash flow over the next five years
- 33,400 acres (in three separate transactions) of timberland in western Washington with great access to domestic and export markets

## Looking forward

Actively working to place remaining \$221 MM of committed capital, including Pope Resources' \$33 MM co-investment, in PNW timberland

- Capital will only be placed judiciously in quality assets
- Transaction markets in the PNW are tight, with strong demand and relatively light supply of high-quality timberland on the market
- Disappointing returns in other U.S. regions exacerbates this issue with investors and managers actively searching for opportunities to acquire timberland in the PNW (as opposed to mill owners which are often looking to expand in the South to take advantage of attractive log prices)

# Real Estate



**Seattle**

**Harbor Hill**

SEATTLE/BREMERTON

SEATTLE/BAINBRIDGE

**Bainbridge Island**

★ **BLIS (Bainbridge Landing)**

KINGSTON/SEATTLE (FAST FERRY)

**Edmonds**

EDMONDS/KINGSTON

**Arborwood**



HERITAGE PARK  
800 ACRES

**Kingston**

■ **Divide Block**

307

**Poulsbo**

305

■ **PG South**

104

COUNTY PARK  
3600 ACRES

3

★ **Port Gamble**

WATER TRAILS

104

# Use of Private Equity to Conserve Partnership Capital

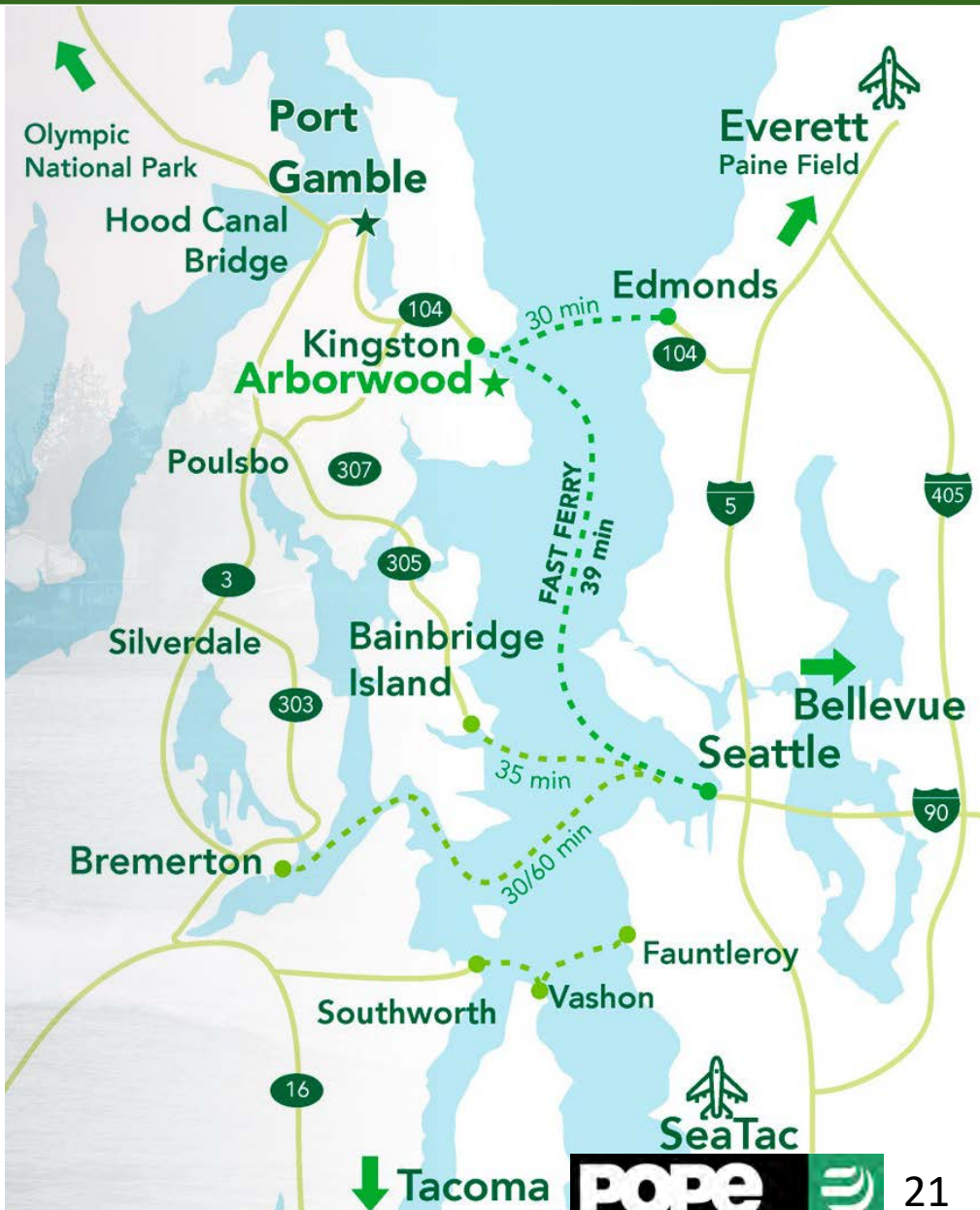
Project	Harbor Hill	BLIS (formerly Bainbridge Landing)
Location	Gig Harbor, Washington	Bainbridge Island, WA Walking distance to Bainbridge Island ferry, (35 minutes to downtown Seattle)
Description	330-acre mixed-use, multi-phased master planned community, development of 310 acres complete	107 apartments and 25 townhomes
Capital Structure	Partnership land and capital	Joint venture (JV) project on non-Partnership land
Status	Final residential phase of 65 lots sold in Aug 2019; sale and/or development of Village Center in process	Apartment construction complete 2Q-19; townhome construction to begin 3Q-19

- Real Estate is now using a combination of JV and private equity structures to reduce the Partnership’s capital commitment to these developments and increase returns
- We have formed a JV for development of the Village Center at the Harbor Hill project
- BLIS, formerly Bainbridge Landing, has also been structured as a JV
- Both projects are using private equity to help fund the Partnership’s portion of the required capital and both JV partners are guaranteeing the necessary debt

# New Fast Ferry: Increases Real Estate Project Values

- Seattle, which enjoys one of the strongest job and housing markets in the country, is now accessible via a 39-minute fast ferry from Kingston, Washington
- Increased development potential of Partnership timberland holdings in west Puget Sound including Arborwood, Port Gamble, and the other 2,700 acres of legacy Partnership lands in North Kitsap County

Project	Arborwood	Port Gamble
Description	360-acre master planned community 2 miles from planned Kingston fast ferry	Historic company town in a 350-acre redevelopment site in close proximity to Kingston fast ferry
Zoning/Uses	750 residential units; 20,000 sf commercial	293 residential units; 100,000 sf commercial
Status	Master approval obtained; Phase 1 engineering to be completed in 2019 with Phase 1 lot construction expected in 2020	Master plan submitted; plan revisions in process



# Significant Cash Flow from Conservation Transactions

- \$43 MM of net cash flow generated from conservation sales and easements since 2009
- Two significant conservation easements in process and expected to close in 2019

**Conservation Transactions Past 10 Years (2009-2018)**

Type of Sale	Net Cash Flow (in \$MM)	Acres	\$/Acre
Conservation sale	\$20.3	5,320	\$3,818
Conservation sale with timber reservation	\$5.7	2,863	\$1,993
Conservation easement	\$16.9	27,544	\$615
<b>TOTAL</b>	<b>\$42.9</b>	<b>35,727</b>	<b>\$1,200</b>

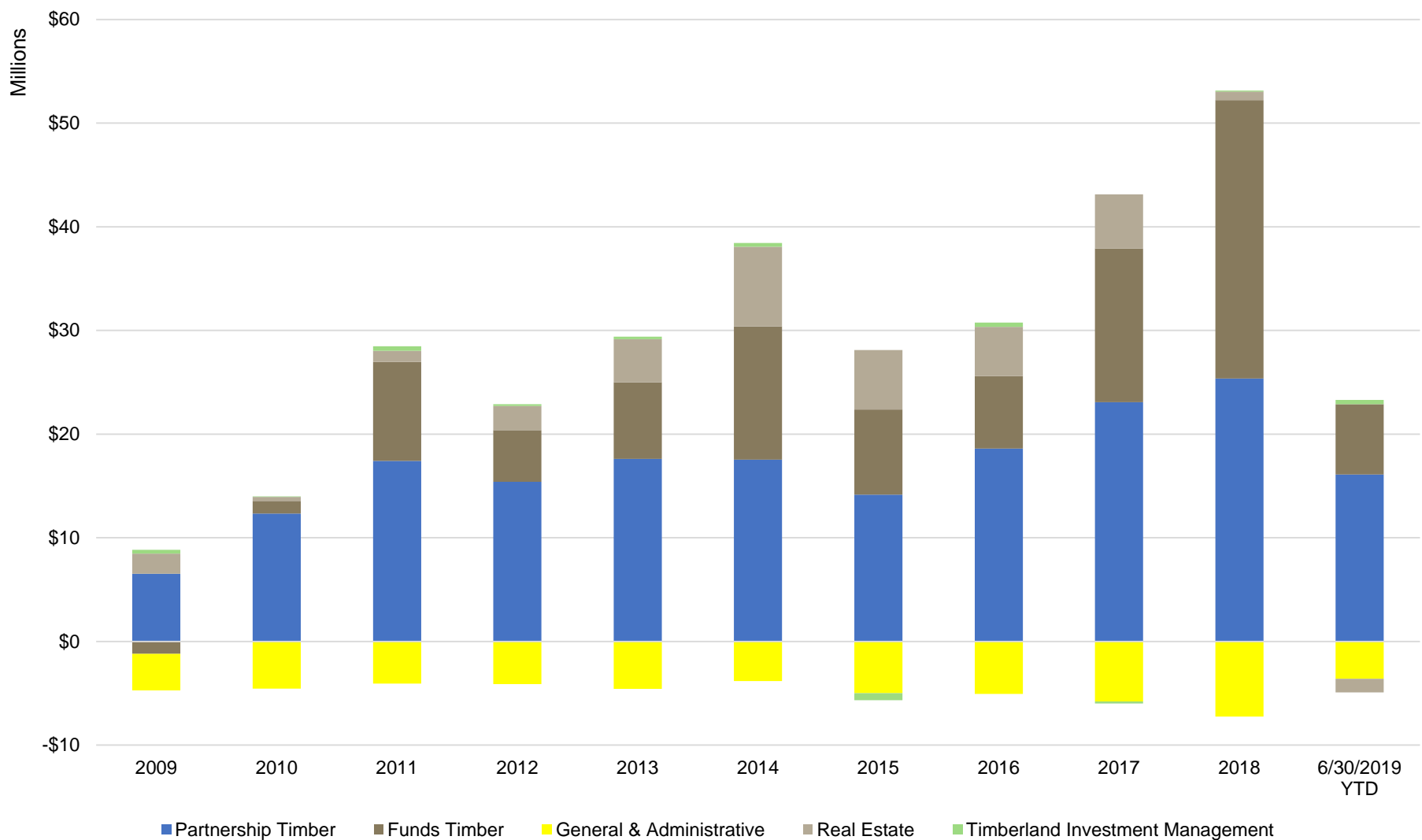
**Conservation Sale:** Monetization of real estate development potential without capital outlay

**Conservation Sale with Timber Reservation:** Opportunity to harvest real estate value while retaining future right to harvest timber through an additional rotation

**Conservation Easement:** Retain full ownership of land and timber and extinguish real estate development rights

# Other Items

# Consolidated Adjusted EBITDDA<sup>1</sup> by Segment



<sup>1</sup>See Glossary of Terms in Appendix A for definition of non-GAAP "Adjusted EBITDDA".



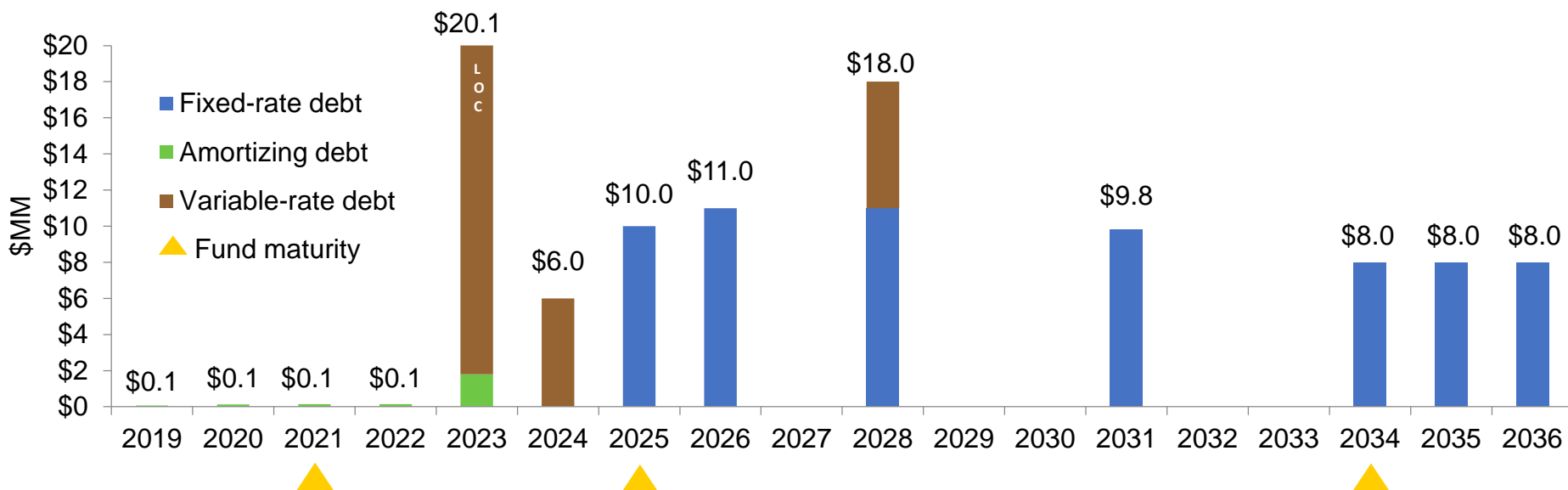
# Financial Highlights

(\$ in millions)	Six months ended June 30, 2019			2018		
	Partnership <sup>1</sup>	Consolidated <sup>1</sup>	Look-through <sup>1</sup>	Partnership	Consolidated	Look-through
Volume (MMBF)	45.6	79.9	49.5	59.7 <sup>2</sup>	136.7	68.7
Revenue	\$34.3	\$53.0	\$35.8	\$59.3	\$103.6	\$63.6
Net income	\$6.2	\$(0.4)	\$5.5	\$6.3	\$7.6	\$6.8
Cash flow from ops	\$8.1	\$15.0	\$8.8	\$19.0	\$39.8	\$21.2
Adjusted EBITDDA <sup>1</sup>	\$11.7	\$18.5	\$12.4	\$19.2	\$46.0	\$22.3
CAD <sup>1</sup>	\$7.7	n/a	n/a	\$18.5	n/a	n/a

<sup>1</sup>See Glossary of Terms in Appendix A for definition of “Partnership”, “Consolidated”, “Look-through”, “Adjusted EBITDDA, and “CAD”.

<sup>2</sup>The Partnership’s sustainable annual harvest volume was 52 MMBF in 2018. The additional volume during 2018 was partly 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. In 4Q-18, the latest update to the Partnership’s long-term harvest plan resulted in an increase in the sustainable annual harvest level to 57 MMBF beginning in 2019.

# Financial Items



- In April, Partnership refinanced \$9.8 MM, September 2019 maturity with NWFCs; matures April 2031
  - Resulted in a 21 bps decrease in weighted average net cost of debt; saving \$205,000 of annual interest expense, net of expected patronage payments from NWFCs
- Partnership share of Fund NAV (appraised value):
  - Fund II (2021): \$34.2 MM
  - Fund III (2025): \$9.8 MM
  - Fund IV (2034): \$24.7 MM
- LOC, Acquisition Facility, and Accordion provide \$94.7 MM of undrawn capacity

(\$'s in MM)

Market capitalization <sup>1</sup>	\$300.8
Net debt <sup>2</sup>	97.7
Enterprise value	\$398.5
Cash <sup>2</sup>	\$1.7
Net debt to enterprise value	24.5%
Net debt to Adj EBITDDA (LTM) <sup>2 3</sup>	5.00
Weighted average cost of debt <sup>2</sup>	3.55%
Fixed / float mix <sup>2</sup>	69% / 31%
Distribution yield <sup>1</sup>	5.8%

<sup>1</sup> Based on 7/31/19 closing price of \$69.07

<sup>2</sup> Partnership-only

<sup>3</sup> See Appendix for definition of non-GAAP Adjusted EBITDDA. LTM = Last Twelve Months

# Takeaways

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- 100% PNW geographic focus; highest value timberland in North America; **diverse log markets**
- 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 Consolidating Balance Sheet

(in millions)

June 30, 2019

	A	B	C	B + C	D	A + B + C + D	- C	A + B + D
		Funds, RE JV						Look-
<b>Assets</b>	Partnership	Partnership	NCI	Total	Eliminations	Consolidated	NCI	through
Cash & restricted cash	\$1.7	\$0.6	\$3.7	\$4.3	\$—	\$6.0	(3.7)	\$2.3
Land held for sale	7.9	—	—	—	—	7.9	—	7.9
Other current assets	4.6	0.6	4.3	4.9	(1.2)	8.3	(4.3)	3.9
Timber & roads	69.9	35.4	275.9	311.4	—	381.3	(275.9)	105.4
Timberlands	19.6	6.9	50.6	57.4	—	77.1	(50.6)	26.5
Land held for development	20.7	—	—	—	—	20.7	—	20.7
Buildings & equipment, net	5.6	—	—	—	—	5.6	—	5.6
Other assets	38.4	1.6	5.2	6.8	(37.5)	7.6	(5.2)	2.4
<b>Total assets</b>	<b>\$168.3</b>	<b>\$45.1</b>	<b>\$339.7</b>	<b>\$384.8</b>	<b>(\$38.7)</b>	<b>\$514.4</b>	<b>(\$339.7)</b>	<b>\$174.8</b>
<b>Liabilities &amp; Equity</b>								
Current liabilities (excl. current portion of long-term debt)	\$7.1	\$0.5	\$3.5	\$3.9	(\$1.2)	\$9.8	(\$3.5)	\$6.3
Total debt (current and long-term)	98.9	7.1	50.2	57.3	—	156.2	(50.2)	106.0
Other liabilities	8.1	—	—	—	—	8.1	—	8.1
<b>Total liabilities</b>	<b>114.1</b>	<b>7.6</b>	<b>53.7</b>	<b>61.2</b>	<b>(1.2)</b>	<b>174.0</b>	<b>(53.7)</b>	<b>120.4</b>
Partners' capital	54.3	37.5	286.0	323.5	(37.5)	340.4	(286.0)	54.4
<b>Total liabilities &amp; partners' capital</b>	<b>\$168.3</b>	<b>\$45.1</b>	<b>\$339.7</b>	<b>\$384.8</b>	<b>(\$38.7)</b>	<b>\$514.4</b>	<b>(\$339.7)</b>	<b>\$174.8</b>

# Pope Resources Consolidating Income Statement

(in millions)

Six Months Ended June 30, 2019

	A	B		C	B+C	D	A+B+C+ D	- C	E	A+B+D+E
	Partnership	Funds		NCI	Total	Eliminations	Consolidated	NCI Reclass*	3rd Party Fees**	Look- through
Revenue	\$34.3	\$2.6	\$19.6		\$22.2	(3.5)	\$53.0	(\$19.6)	\$2.4	\$35.8
Cost of sales	(15.1)	(2.5)	(19.9)		(22.4)	—	(37.4)	19.9	—	(17.5)
Operating expenses	(11.2)	(0.7)	(4.6)		(5.3)	3.5	(13.0)	4.6	(2.4)	(10.8)
Operating income	8.0	(0.6)	(4.9)		(5.5)	—	2.6	4.9	—	7.5
Net interest expense	(1.8)	(0.1)	(1.0)		(1.1)	—	(3.0)	1.0	—	(2.0)
Income tax expense	—	—	—		—	—	—	—	—	—
Net income	\$6.2	(\$0.7)	(\$5.9)		(\$6.6)	—	(\$0.4)	\$5.9	—	\$5.5
Net (income) loss attributable to noncontrolling interests (NCI)							6.0	(5.9)		----
Net income attributable to unitholders							\$5.5	\$—		\$5.5
Basic and diluted weighted average units outstanding							4.324			
Basic and diluted earnings per unit							\$1.25			

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

\*\* Represents 80% of Fund II, 95% of Fund III, and 85% of Fund IV fees paid by third party investors

# Pope Resources Consolidating Statement of Cash Flows

(in \$millions)

	Six Months Ended June 30, 2019						
	A	B	C	B + C	A + B + C	- C	A + B
	Partnership	Funds, RE JV			Consolidated	NCI	Look-through
	Partnership	Partnership	NCI	Total			
<b>Cash flows from operating activities:</b>							
Net income (loss)	\$6.2	(\$0.7)	(\$6.0)	(\$6.6)	(\$0.4)	\$6.0	\$5.5
Depletion	3.3	1.3	11.0	12.3	15.6	(11.0)	4.6
Depreciation and amortization	0.4	—	—	—	0.4	—	0.4
Equity-based compensation	0.8	—	—	—	0.8	—	0.8
Basis of land sold	0.4	---	---	---	0.4	---	0.4
Capitalized development activities	(2.3)	—	—	—	(2.3)	—	(2.3)
Environmental remediation cash spend	(0.4)	—	—	—	(0.4)	—	(0.4)
Changes in working capital	(0.3)	0.2	1.1	1.3	1.0	(1.1)	(0.1)
Net cash provided by (used in) operating activities	\$8.1	\$0.7	\$6.2	\$6.9	\$15.0	(\$6.2)	\$8.8
<b>Cash flows from investing activities:</b>							
Capital expenditures	(\$1.2)	(\$0.1)	(\$0.8)	(\$0.9)	(\$2.1)	0.8	(\$1.3)
Proceeds from sale of property and equipment	0.1	—	—	—	0.1	—	0.1
Proceeds from insurance recovery	—	0.1	0.3	0.4	0.4	(0.3)	0.1
Acquisition of timberland	(0.2)	(2.9)	(16.5)	(19.3)	(19.6)	16.5	(3.1)
Net cash provided by (used in) investing activities	(\$1.3)	(\$3.0)	(\$16.9)	(\$19.9)	(\$21.2)	\$16.9	(\$4.2)
<b>Cash flows from financing activities:</b>							
Line of credit borrowings	\$8.9	\$—	\$—	\$—	\$8.9	\$—	\$8.9
Line of credit repayments	(7.0)	—	—	—	(7.0)	—	(7.0)
Proceeds from issuance of long-term debt	3.0	—	—	—	3.0	—	3.0
Unit repurchases	(0.7)	—	—	—	(0.7)	—	(0.7)
Distributions paid	(8.7)	(0.9)	(6.5)	(7.4)	(16.1)	6.5	(9.6)
Distributions received	0.9	—	—	—	0.9	—	0.9
Proceeds from capital call	(3.0)	3.0	17.3	20.3	17.3	(17.3)	—
Other financing cash flows	(0.2)	—	0.1	0.1	(0.1)	(0.1)	(0.2)
Net cash provided by (used in) financing activities	(\$6.9)	\$2.2	\$10.8	\$13.0	\$6.1	(\$10.8)	(\$4.7)
Net increase (decrease) in cash and restricted cash	(0.1)	—	0.1	—	(0.1)	(0.1)	(0.1)
Cash and restricted cash, beginning of period	1.8	0.7	3.5	4.3	6.1	(3.5)	2.5
Cash and restricted cash, end of period	\$1.7	\$0.6	\$3.7	\$4.3	\$6.0	(\$3.7)	\$2.3

# Reconciliation of Non-GAAP Measures

(in \$millions)

	Six Months Ended June 30, 2019						
	A	B	C	B + C	A + B + C	- C	A + B
	Partnership	Funds			Consolidated	NCI	Look-through
		Partnership	NCI	Total			
<b>Net income (loss)</b>	<b>\$6.2</b>	<b>(\$0.7)</b>	<b>(\$6.0)</b>	<b>(\$6.6)</b>	<b>(\$0.4)</b>	<b>\$6.0</b>	<b>\$5.5</b>
Depletion	3.3	1.3	11.0	12.3	15.6	(11.0)	4.6
Depreciation and amortization	0.3	—	—	—	0.3	—	0.3
Interest expense, net	1.8	0.1	1.0	1.1	3.0	(1.0)	2.0
Income tax expense	—	—	—	—	—	—	—
<b>Adjusted EBITDDA</b>	<b>\$11.7</b>	<b>\$0.7</b>	<b>\$6.1</b>	<b>\$6.8</b>	<b>\$18.5</b>	<b>(\$6.1)</b>	<b>\$12.4</b>
<b>Net income (loss)</b>	<b>\$6.2</b>	<b>(\$0.7)</b>	<b>(\$6.0)</b>	<b>(\$6.6)</b>	<b>(\$0.4)</b>	<b>\$6.0</b>	<b>\$5.5</b>
Depletion	3.3	1.3	11.0	12.3	15.6	(11.0)	4.6
Depreciation and amortization	0.3	—	—	—	0.3	—	0.4
Capitalized development activities	(2.3)	—	—	—	(2.3)	—	(2.3)
Equity based compensation	0.8	—	—	—	0.8	—	0.8
Basis of land sold	0.4	---	---	---	0.4	---	0.4
Environmental remediation cash spend	(0.4)	—	—	—	(0.4)	—	(0.4)
Changes in working capital	(0.3)	0.2	1.1	1.3	1.0	(1.1)	(0.1)
<b>Net cash provided by operating activities</b>	<b>\$8.1</b>	<b>\$0.7</b>	<b>\$6.2</b>	<b>\$6.9</b>	<b>\$15.0</b>	<b>(\$6.2)</b>	<b>\$8.8</b>
Capital expenditures	(1.2)						
Distributions received from the Funds	0.9						
<b>Cash available for distribution (CAD)</b>	<b>\$7.7</b>						



# Reconciliation of Non-GAAP Measures

## Adjusted EBITDDA\* by Segment

(in \$millions)

	6/30/ 2019 YTD	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Partnership Timber</b>										
Operating income - internal	\$12.7	\$21.1	\$19.0	\$15.6	\$12.0	\$15.0	\$14.6	\$12.1	\$14.0	\$9.7
Depletion, depreciation, and amortization	3.4	4.2	4.1	3.8	2.2	2.6	3.0	3.3	3.5	\$2.9
(Gain) loss on timberland sold	-	-	-	(0.8)	-	-	-	-	-	-
Adjusted EBITDDA	\$16.1	\$25.4	\$23.1	\$18.6	\$14.2	\$17.5	\$17.6	\$15.4	\$17.4	\$12.5
<b>Funds Timber</b>										
Operating income (loss) - internal	(\$5.4)	\$3.8	\$12.2	(\$1.9)	(\$0.9)	\$26.6	(\$0.7)	(\$2.0)	\$0.9	(\$1.3)
Depletion, depreciation, and amortization	12.3	23.0	15.2	9.1	8.0	10.0	8.1	7.0	8.6	\$2.5
(Gain) loss on timberland sold	-	-	(12.5)	(0.2)	1.1	(23.8)	-	-	-	(0.2)
Adjusted EBITDDA	\$6.9	\$26.9	\$14.8	\$7.0	\$8.2	\$12.9	\$7.4	\$5.0	\$9.5	\$1.0
<b>Timberland Investment Management</b>										
Operating income (loss) - internal	\$0.3	\$0.0	(\$0.2)	\$0.4	(\$0.7)	\$0.4	\$0.3	\$0.2	\$0.4	\$0.1
Depreciation and amortization	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDDA	\$0.4	\$0.1	(\$0.2)	\$0.4	(\$0.7)	\$0.4	\$0.3	\$0.2	\$0.4	\$0.1
<b>Real Estate</b>										
Operating income (loss) - internal	(\$1.4)	(\$5.0)	\$4.9	(\$3.4)	\$5.4	(\$2.6)	\$3.4	(\$11.0)	(\$0.3)	(\$0.7)
Depletion, depreciation, and amortization	0.1	0.3	0.3	0.4	0.3	0.4	0.7	0.8	0.4	0.2
Environmental remediation expense	-	5.6	-	7.7	-	10.0	-	12.5	1.0	0.9
Adjusted EBITDDA	(\$1.3)	\$0.8	\$5.2	\$4.7	\$5.7	\$7.8	\$4.2	\$2.3	\$1.1	\$0.4
Plus: basis of land sold	0.4	1.7	13.9	12.4	14.0	9.1	5.0	1.6	0.1	0.0
Less: RE capital expenditures	(2.3)	(3.4)	(7.6)	(14.1)	(9.9)	(5.2)	(10.9)	(2.5)	(4.3)	(1.3)
RE contribution to CAD	(\$3.2)	(\$0.9)	\$11.5	\$3.1	\$9.8	\$11.8	(\$1.7)	\$1.4	(\$3.1)	(\$0.9)
<b>General &amp; Administrative</b>										
Operating loss - internal	(\$3.6)	(\$7.3)	(\$5.8)	(\$5.1)	(\$5.1)	(\$3.9)	(\$4.7)	(\$4.2)	(\$4.2)	(\$4.7)
Depreciation and amortization	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2
Adjusted EBITDDA	(\$3.6)	(\$7.3)	(\$5.8)	(\$5.1)	(\$5.0)	(\$3.8)	(\$4.6)	(\$4.1)	(\$4.1)	(\$4.5)

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

<sup>1</sup>See Glossary of Terms in Appendix for definition of non-GAAP "Adjusted EBITDDA".

# Historical Harvest Volume, Financial Metrics

(in \$millions)	6/30/2019 YTD	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Volume (MMBF)</b>										
Partnership	45.6	59.7	55.6	57.8	42.6	47.1	48.5	52.1	50.7	42.3
Consolidated	79.9	136.7	111.6	97.3	83.7	97.3	89.3	84.4	90.2	53
Look-through	49.5	68.7	61.8	62.8	48.2	54.5	56.4	58.5	58.6	44.4
<b>Revenue</b>										
Partnership	\$34.3	\$59.3	\$70.1	\$63.2	\$57.5	\$60.1	\$50.4	\$42.1	\$38.4	\$27.5
Consolidated	\$53.0	\$103.6	\$99.8	\$80.4	\$78	\$87.5	\$70.7	\$54	\$57.3	\$31.2
Look-through	\$35.8	\$63.6	\$72.9	\$65.5	\$60.4	\$64.5	\$54.6	\$45.1	\$42.3	\$28.3
<b>Net income</b>										
Partnership	\$6.2	\$6.3	\$15.4	\$6.2	\$11.2	\$7.5	\$13.3	(\$4.2)	\$8.7	\$2.3
Consolidated	(\$0.4)	\$7.6	\$24.4	\$2	\$7.5	\$31.9	\$11.7	(\$6.8)	\$8.9	\$0.8
Look-through	\$5.5	\$6.8	\$17.9	\$5.9	\$10.9	\$12.4	\$13.1	(\$4.7)	\$8.8	\$2.0
<b>EBITDDA</b>										
Partnership	\$11.7	\$13.6	\$22.3	\$11.8	\$14.2	\$11.8	\$17.4	\$1.3	\$13.9	\$6.3
Consolidated	\$18.5	\$40.4	\$49.7	\$19.0	\$21.3	\$48.4	\$24.8	\$6.3	\$23.5	\$7.5
Look-through	\$12.4	\$16.7	\$26.4	\$12.7	\$15.3	\$18.4	\$19.0	\$2.3	\$15.9	\$6.5
<b>Adj EBITDDA*</b>										
Partnership	\$11.7	\$19.2	\$22.4	\$18.7	\$14.2	\$21.8	\$17.4	\$13.8	\$14.9	\$7.2
Consolidated	\$18.5	\$46.0	\$37.2	\$25.7	\$22.4	\$34.6	\$24.8	\$18.8	\$24.4	\$8.2
Look-through	\$12.4	\$22.3	\$24.0	\$19.6	\$15.3	\$23.6	\$19.0	\$14.8	\$16.8	\$7.4

\*See Glossary of Terms in Appendix A for definition of non-GAAP "Adjusted EBITDDA".

# Historical Financial Metrics

(in \$millions)	6/30/2019 YTD	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>CF from ops</b>										
Partnership	\$8.1	\$19.0	\$20.0	\$1.6	\$14.3	\$20.8	\$10.8	\$12.1	\$12.4	\$8.0
Consolidated	\$15.0	\$39.8	\$32.0	\$5.1	\$20.2	\$30.8	\$17.9	\$16.2	\$21.7	\$9.0
Look-through	\$8.8	\$21.2	\$21.3	\$2.1	\$15.1	\$22.2	\$12.3	\$13.0	\$14.2	\$8.2
<b>CAD*</b>	\$7.7	\$18.5	\$25.1	\$1.0	\$15.3	\$33.1	\$13.7	\$11.9	\$12.8	\$8.6
<b>Cash &amp; Restricted Cash</b>										
Partnership	\$1.7	\$1.8	\$1.8	\$1.9	\$6.3	\$14.5	\$5.7	\$2.5	\$0.2	\$0.2
Consolidated	\$6.0	\$6.1	\$5.3	\$2.9	\$9.7	\$24.0	\$7.0	\$3.8	\$2.7	\$2.4
Look-through	\$2.1	\$2.5	\$2.0	\$2.0	\$6.6	\$16.4	\$5.9	\$2.7	\$0.7	\$0.7
<b>Debt</b>										
Partnership	\$98.9	\$94.1	\$70.2	\$73.1	\$27.4	\$32.4	\$32.7	\$32.8	\$34.8	\$50.4
Consolidated	\$156.2	\$151.4	\$127.5	\$130.4	\$84.7	\$89.7	\$75.7	\$43.8	\$45.8	\$50.5
Look-through	\$106.0	\$101.2	\$76.8	\$79.7	\$34.0	\$39.0	\$38.6	\$35.0	\$37.0	\$50.4
<b>Distributions</b>										
Dollars	\$8.7	\$13.9	\$12.2	\$12.2	\$11.7	\$11.0	\$8.9	\$7.5	\$5.3	\$3.2
\$ / unit	\$2.00	\$3.20	\$2.80	\$2.80	\$2.70	\$2.50	\$2.00	\$1.70	\$1.20	\$0.70

\*See Glossary of Terms in Appendix A for definition of non-GAAP "CAD".

# Glossary of Terms

- **Partnership** represents the Partnership on a stand-alone basis, which consists of the 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. It further requires the elimination of the fee revenue earned by our Timberland Investment Management segment for managing the Funds and a corresponding elimination of the fee expense incurred in our Funds Timber segment. Consolidation also results in the elimination of the distributions the Partnership receives from the Funds, but these distributions are very real and serve to add to the Partnership's cash balance and/or reduce the Partnership's debt balance.
- **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.
- **Non-controlling interests** represent the portions of the Funds owned by outside investors (i.e., not owned by the Partnership); 80% of Fund II, 95% of Fund III, 85% of Fund IV.
- **Internal** pertains to segment reporting and represents results prior to eliminations that occur in consolidation; the biggest elimination is the fee revenue in Timberland Investment Management and the corresponding fee expense in Funds Timber.
- **Adjusted EBITDDA** is a non-GAAP measure and is reconciled to GAAP in Appendix. 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 Partnership Timber and Funds Timber segments, 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.
- **Cash available for distribution (CAD)** is a non-GAAP measure calculated for the Partnership only that is reconciled to GAAP in Appendix. CAD is a measure of cash generated by the Partnership that starts with consolidated cash provided by operating activities and subtracts cash provided by operating activities for the Funds and maintenance capital expenditures for the Partnership only, excluding the Funds, and adds distributions received by the Partnership from the Funds. As such, CAD represents cash generated that is available for capital allocation by the Partnership to alternatives such as distributions to unitholders, co-investing in the Funds, acquisition of timberland and real estate, buying back units, or paying down debt.

# Appendix B

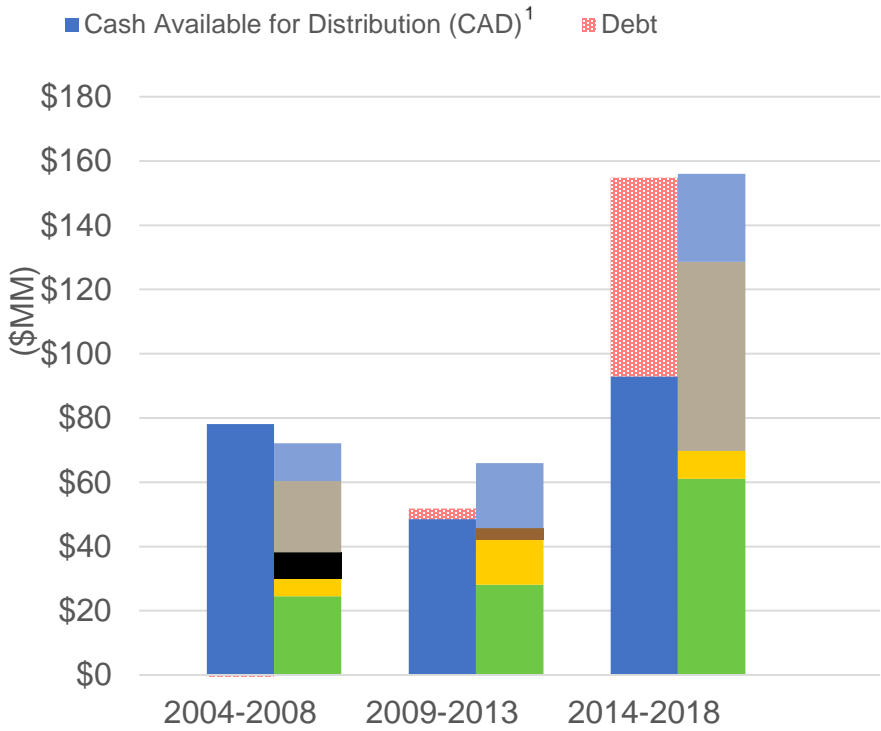
## Additional Materials

# Capital Allocation Reflects Growth Strategies

Three primary growth strategies dovetail to support long-term sustainable value for unitholders which prioritizes delivery of a highly tax efficient distribution to unitholders

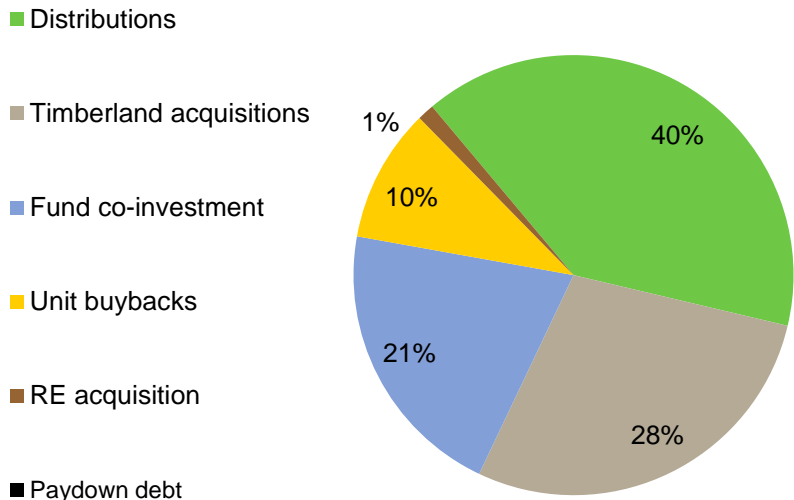
### Sources and uses of Capital

#### Sources of Capital



### Priority of capital allocation over past 15 years (2004-2018)

#### Uses of Capital



<sup>1</sup>See Glossary of terms in Appendix for definition of non-GAAP CAD

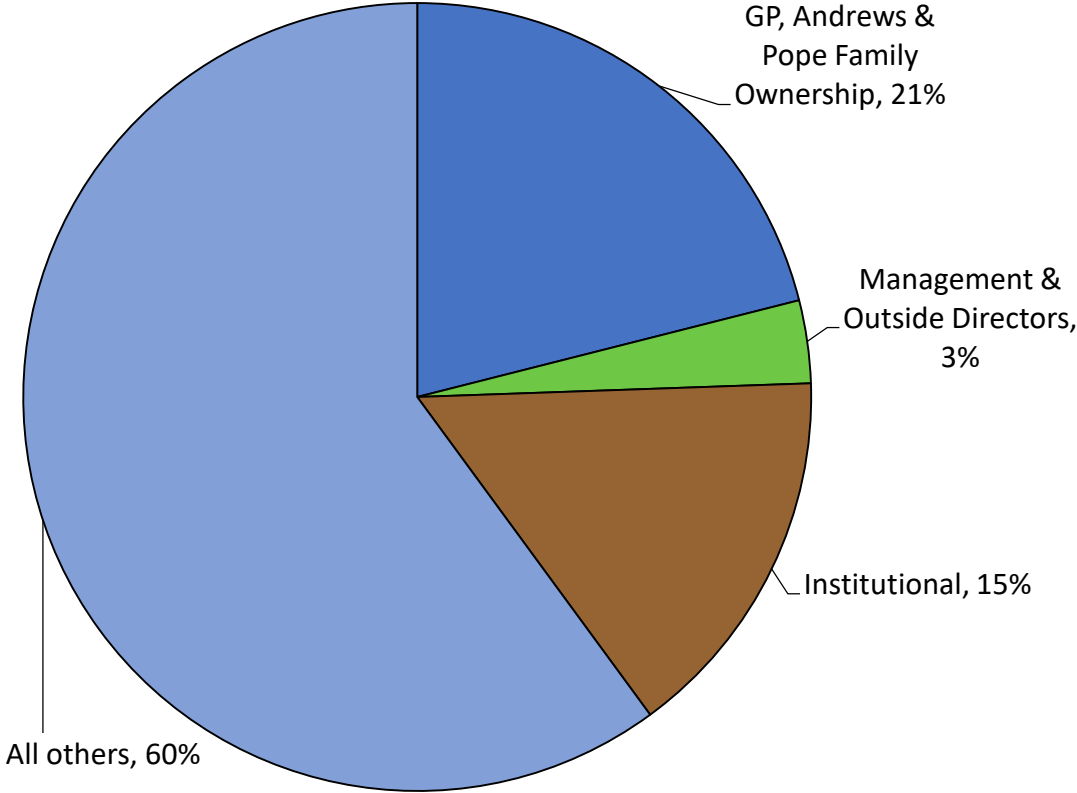
# Ownership Detail

## General Partners

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

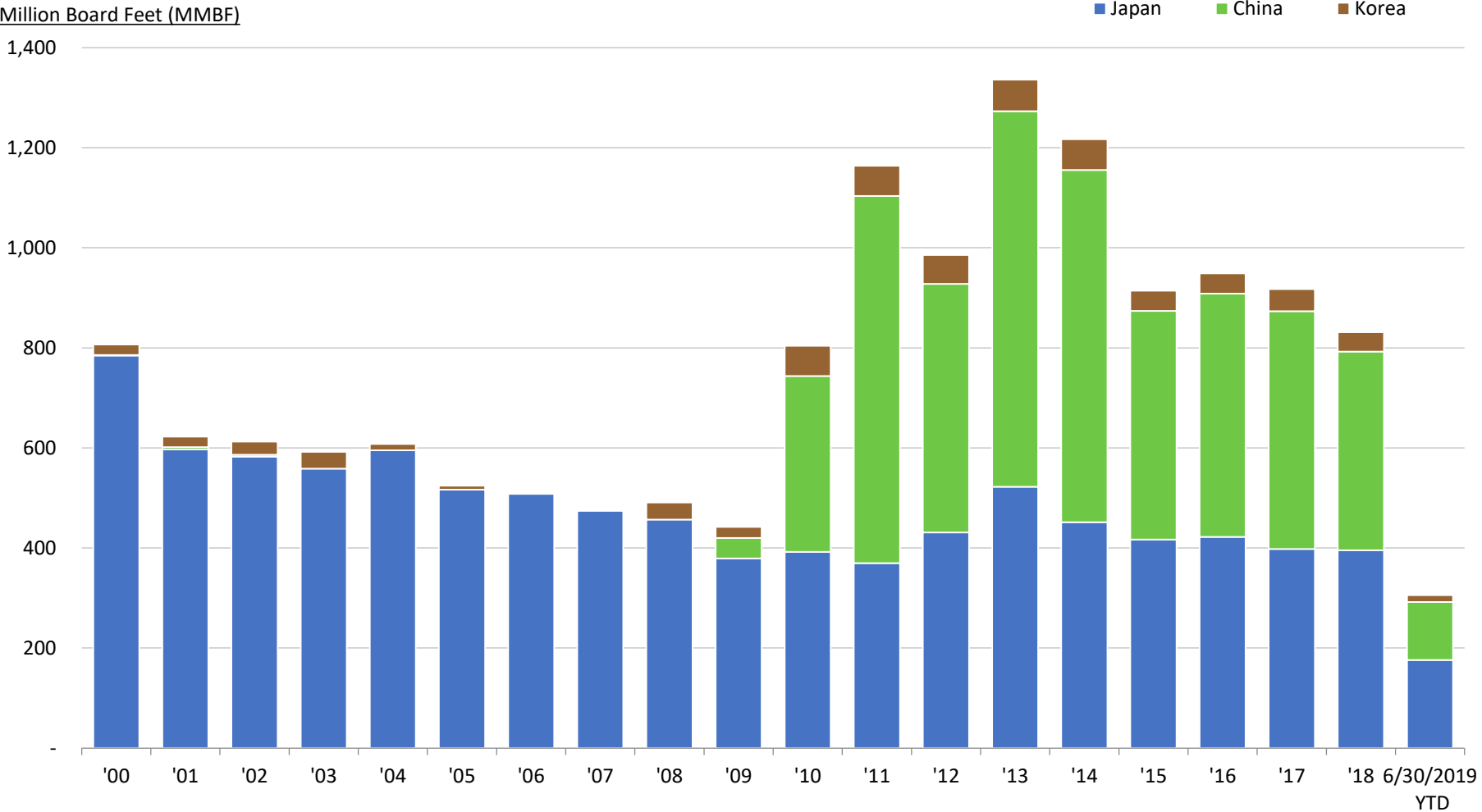
## Limited Partners

- Family, GP, Management, and outside Director ownership of 24% demonstrates alignment of interest
- Institutional ownership of 15%
- 60% held by retail investors



# Log Exports from Pacific Northwest

WA, OR, CA Breakbulk Log Exports to Asia\*

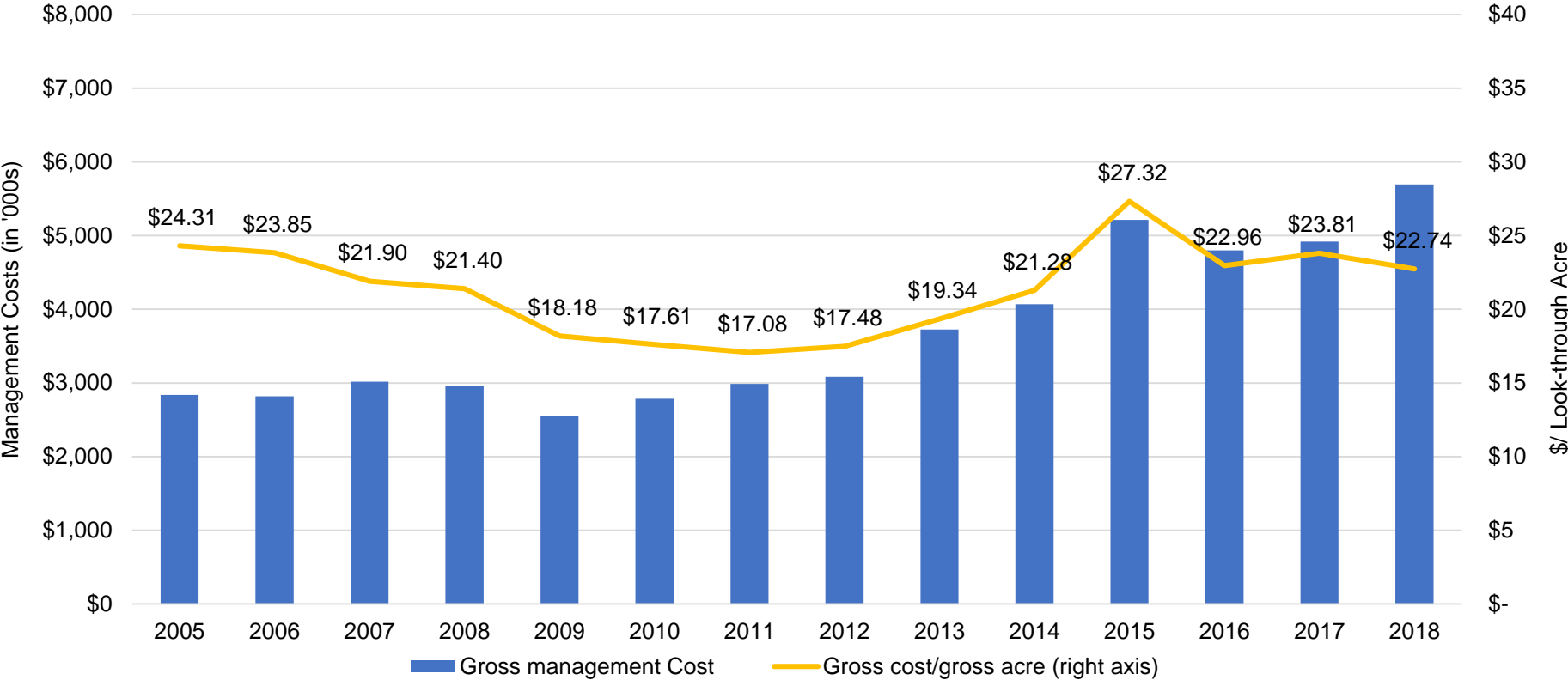


Source: Jones Stevedoring Company \* CA was 0 until 2Q-11



# 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



# Pacific Northwest Transactions 2016-Current

Property	Seller	Buyer	Acres (000's)	Value (\$MM)	\$/Acre
<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
OR - Bandon	FIA	Catchmark	18	\$88	\$4,894
OR - Scappoose II	BTG Pactual	Weyerhaeuser	2	\$19	\$8,003
WA - Issaquah	HTRG	ORM Timber Fund IV	9	\$32	\$3,443
WA - Green River	Conservation Forestry	BTG Pactual	15	\$45	\$2,943
OR - North Nestucca	HNRG	Greenwood Resources	12	\$58	\$4,787
OR - Trask	HNRG	Weyerhaeuser	8	\$36	\$4,650
<b>2019</b>					
WA - Beacon Rock	Weyerhaeuser	ORM Timber Fund IV	7	\$20	\$2,844
OR - God's Valley	Weyerhaeuser	Giustina Land and Timber Co.	4	\$17	\$4,349
OR - Rogue River	HNRG	Chinook Forest Partners	40	\$60	\$1,522
<b>4-Year Total</b>			<b>595</b>	<b>\$2,041</b>	<b>\$3,425</b>

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