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FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934

Date of report (Date of earliest event reported) - January 6, 2005

**Pope Resources, A Delaware Limited Partnership**

(Exact name of registrant as specified in charter)

<u>Delaware</u> (State or other jurisdiction of incorporation or organization)	<u>91-1313292</u> (I.R.S. Employer Identification No.)
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<u>19245 Tenth Avenue NE, Poulsbo, Washington</u> (Address of principal executive offices)	<u>98370</u> (Zip Code)
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Registrant's telephone number, including area code - (360) 697-6626

NOT APPLICABLE

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (SEE General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**INFORMATION TO BE INCLUDED IN THE REPORT**

**ITEM 2.02. RESULTS OF OPERATION AND FINANCIAL CONDITION**

On January 6, 2005 the registrant provided the attached presentation to certain parties interested in Pope Resources units. A copy of that presentation is attached hereto as Exhibit 99.1.

**ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Presentation dated January 6, 2005

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**SIGNATURES**

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

POPE RESOURCES, A DELAWARE LIMITED PARTNERSHIP

Date: January 6, 2005

By: /s/ Thomas M. Ringo

Thomas M. Ringo

Vice President and Chief Financial Officer, Pope Resources,

A Delaware Limited Partnership, and Pope MGP, Inc., General Partner

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# POPE RESOURCES

Poulsbo Investor Presentation  
January 2005

## Safe Harbor

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. Some of the forward-looking statements can be identified by the use of forward-looking words such as "believes", "expects", "may", "will", "should", "seeks", "approximately", "intends", "plans", "estimates", "projects", "strategy" or "anticipates" or the negative of those words or other comparable terminology. Forward-looking statements involve inherent risks and uncertainties. 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, but are not limited to: changes in forestry, land use, environmental, and other governmental regulations; risk of losses from fires, floods, windstorms, and other natural disasters; risk of loss from insect infestations or tree diseases; changes in economic conditions and competition in our domestic and export markets; an unanticipated reduction in the demand for timber products and/or an unanticipated increase in the supply of timber products; and other factors described from time to time in our filings with the Securities and Exchange Commission.

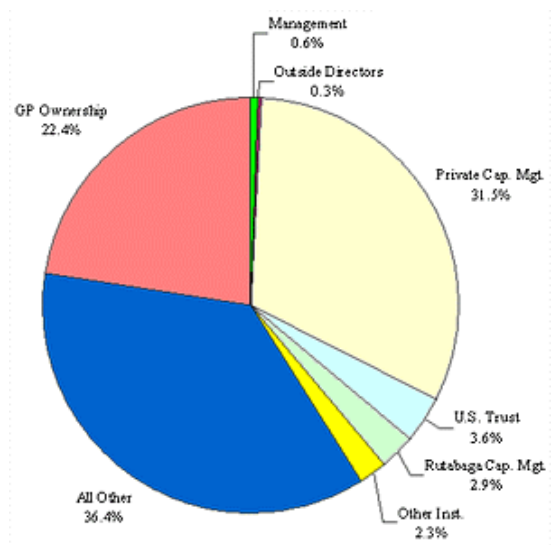
## Pope Resources Overview

- **Last remaining timber MLP**
- **Established in 1985 as a spin-off from Pope & Talbot**
- **4.5 million units outstanding, with limited public float**
  - 22% controlled by GP's and broader "family" ownership
  - - 32% controlled by Private Capital Management
  - - Limited institutional ownership
  - - Over one-third held by retail investors
- **Thinly traded**
- **Market capitalization of \$117 million**
- **Enterprise value of approximately \$150 million**
- **YTD 2004 (thru Q3) revenues of \$32 million**
- **YTD 2004 (thru Q3) net income of \$9.4 million or \$2.04/unit**
- **YTD 2004 (thru Q3) EBITDDA of \$15.8 million**
- **Unit distribution of \$0.15/quarter**

## Ownership

- **General Partners**
  - Two corporate GP's own collectively about 1.5% of Pope Resources
  - - Each of GP's owned 50/50 by Peter Pope and his cousin, Emily Andrews
  - - \$150,000/year management fee, unchanged since spin-off
  - - Sliding-scale profit-sharing interest in third-party service subsidiary
- **Limited Partners**
  - Private Capital Management at 32% (initial stake in 1993)

- "Family" position at 22% (including GP interest)
- Limited other institutional ownership
- Over one-third held by retail investors



## Pope Resources Business Segments

### • Fee Timber

- 116,000 acres of timberland in western Washington
- Producing 61 MMBF of annual log harvest volume in 2004
- 2004 log production includes 14 MMBF attributable to recent acquisitions
- Future growth will be primarily through co-investment with ORM Timber Funds

### • Timberland Management & Consulting

- Olympic Resource Management (ORM) subsidiary provides third-party timberland management services to other owners of timber, leveraging off our timberland management expertise and providing additional economies of scale
- New contract to manage 522,000 acres for Cascade Timberlands LLC
- Launch of \$50 million private equity fund, ORM Timber Fund I
- During past six years, ORM managed 1 million acres of industrial timberland in the Western U.S. for Hancock Timber Resource Group and Pioneer Resources

### • Real Estate

- 2,400 acres of higher and better use properties near population centers
- Seeking development entitlements to add value to land
- Primary role is as a master developer, selling lands to other developers following entitlement process
- Ownership and management of historic mill town of Port Gamble

## Pope Resources Growth Strategy

### • Free cash flow, after debt service and distributions, of \$3 to \$5 million per year, depending on log prices

- Used for co-investment in ORM Timber Funds
- Opportunistically pursue fee (owned) timberland acquisitions
- Where appropriate, invest in real estate projects
- Potential to increase unit distribution with excess cash

### • Growth Capital

- No current expectation for secondary offering of units
  - Currency too cheap to issue new units (currently at \$25/unit, down from high of \$35/unit in 1999)
- Debt capacity
  - Between \$50 and \$80 million of incremental debt capacity, depending upon the value of Units and cash flows
  - Debt to total capitalization covenant of 50% (currently 24% - market equity)
- Near-term growth fueled primarily by organic cash flow generation

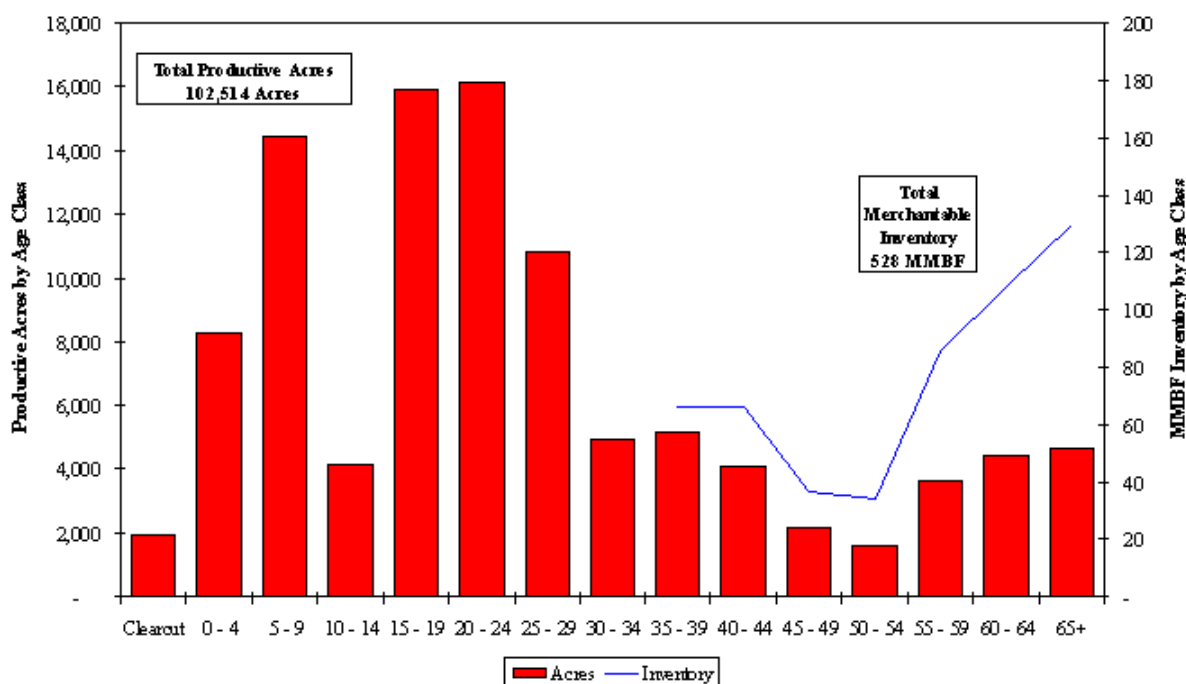
- **Maintain modest unit distribution**

- Current distribution is \$0.60/unit per year, or a yield of 2.4%

## Fee Timber Strategy

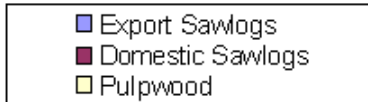
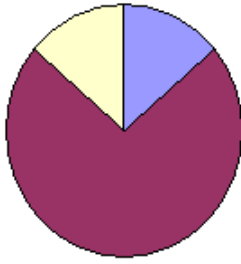
- **Acquisition of Columbia tree farm in 2001 from Plum Creek filled age-class gap and leveled off age classes older than 30 years**
- **Recent acquisitions will push 2005 harvest to 79 MMBF**
  - Addition of 12 MMBF in each of years 2004 and 2005 as result of January 2004 acquisition
  - - Addition of 21 MMBF in 2005 as result of November 2004 acquisition
- **Beginning in 2006, base non-declining harvest level of 53 MMBF for subsequent decade, before gradual increasing over ensuing decades (reaching 65 MMBF eventually)**
- **Look to add to fee (owned) timberland base**
  - Acquisitions involving debt likely to be dilutive to earnings initially
  - - Opportunistic/contrarian approach to timber acquisitions
- **Much of fee timber growth will come through co-investment in new ORM Timber Funds**
  - Will allow Pope Resources to participate in acquisition economies associated with larger transactions

## Productive Acres & Inventory by Age Class (1/1/05)

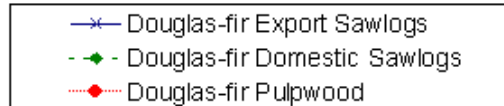
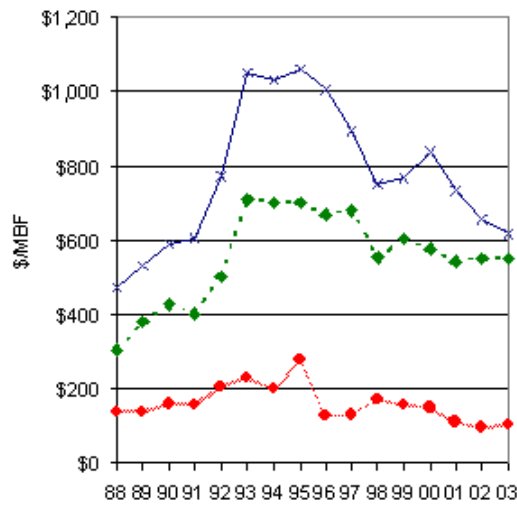


## Log Markets and Harvest Mix

## 2003 Harvest Mix



2003 Total Harvest  
45 Million Board Feet (MMBF)



Source: RISI, Log Lines

## Timberland Management & Consulting Strategy

- **Manage timberlands for third-party clients**
  - Full-service management, selected forestry consulting services, workout specialist
  - - Focus development of expert processes/tools, and market presence
  - - Ancillary benefits accrue to fee timber properties through management expertise and economies of scale
  - - Fit with broad ownership trends in industry
- **Raise capital for investing in timberlands: ORM Timber Fund I, L.P.**
  - \$50 million of equity capital
  - - 10% co-investment by Pope Resources and affiliates
  - - ORMLLC will serve as GP

## Real Estate Strategy

- **Push real estate properties through entitlement and permitting pipeline**
  - To point where sale opportunity is optimal
  - - May retain selected properties where management is passive and income stream is steady with upside
- **Major early-stage entitlement projects**
  - Gig Harbor - 320 acre mixed-use project within city limits
    - Commercial rezone effort enables future sale to Costco, Walgreen's, YMCA
    - New Tacoma Narrows bridge impact
  - Bremerton - 230 acre mixed-use project with 15 year development agreement
  - - Kingston - 710 acre project subject to urban growth boundary determination
- **Port Gamble historic mill town is a many-faceted, long-term project**
  - Rural historic town designation under State's Growth Management Act
  - - Water rights recently secured
  - - Environmental cleanup complete
  - - Sewer system expansion needed for build-out of town site
  - - Long term: development of former mill site and remaining portion of town site

## Financial Performance - Eleven-Year Summary

(All amounts in \$ millions, except per unit data)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Q3 2004
Revenues:											
Fee Timber	19.1	26.6	21.8	19.7	21.0	23.5	21.4	25.0	23.3	22.9	28.0
Timberland Mgmt & Consulting					8.9	11.7	11.0	9.7	7.3	2.4	1.0
Real Estate	11.0	9.6	11.2	10.4	13.1	15.7	18.2	13.1	1.6	1.7	2.7
Total Revenues	30.1	36.2	33.0	30.1	43.0	50.9	50.6	47.8	32.2	27.0	31.7
Net Income/(Loss)	8.9	13.1	8.3	3.5	8.8	5.1	(6.3)	(0.4)	3.3	3.5	9.4
Net Income/(Loss) per Unit	\$ 1.93	\$ 2.90	\$ 1.84	\$ 0.78	\$ 1.94	\$ 1.11	\$ (1.38)	\$ (0.10)	\$ 0.74	\$ 0.78	\$ 2.04
EBITDDA	11.7	16.0	10.9	6.2	11.9	9.0	(3.0)	10.6	9.3	10.1	15.8
Operating Cash Flow	7.4	17.0	12.3	5.8	9.2	8.3	10.0	11.2	9.0	8.6	14.3
Timberland Harvest (MMBF)	29.7	37.9	31.6	33.2	38.9	42.0	37.3	36.3	45.1	45.0	51.2
Unitholder Distributions per Unit	\$ 0.72	\$ 1.06	\$ 0.82	\$ 0.49	\$ 0.40	\$ 0.40	\$ 0.40	\$ -	\$ 0.10	\$ 0.24	\$ 0.29
Unit Trading Prices:											
High	\$ 18.80	\$ 21.80	\$ 23.40	\$ 31.00	\$ 32.50	\$ 35.00	\$ 29.25	\$ 24.50	\$ 15.50	\$ 15.99	\$ 24.00
Low	\$ 14.40	\$ 15.25	\$ 15.80	\$ 17.40	\$ 24.06	\$ 27.88	\$ 19.00	\$ 14.00	\$ 9.30	\$ 7.00	\$ 15.00

## Investment Grade Balance Sheet

(in \$millions)

	30-Sep-04	31-Dec-03
Assets		
Cash	10.1	10.4
Other Current Assets	2.7	2.4
Properties and Equipment	79.1	72.1
Other Assets	1.3	1.4
Total Assets	<u>93.2</u>	<u>86.3</u>
Liabilities & Equity		
Current Liabilities (excl. Current Debt)	3.2	2.2
Total Debt	35.7	37.7
Other Liabilities	0.2	0.4
Total Liabilities	<u>39.1</u>	<u>40.3</u>
Equity	<u>54.1</u>	<u>46.0</u>
Total Liabilities & Equity	<u>93.2</u>	<u>86.3</u>

## Pope Resources - Summary of Investment Opportunity

- **Still a deep discount to NAV in spite of 2004 rise in unit price**

- Imputed value of fee timberlands of between \$1,050 and \$1,200 per acre, depending on assumptions made for value of HBU lands (\$5-\$10K/acre)
- - Enterprise value to EBITDDA multiple of 7
- - Trading at 12 times trailing 12-month earnings

- **Highly tax-efficient vehicle for investing in timberland asset class**

- Positive tax yield
- - Modest distribution yield

- - Compelling diversification benefits of timberland asset class

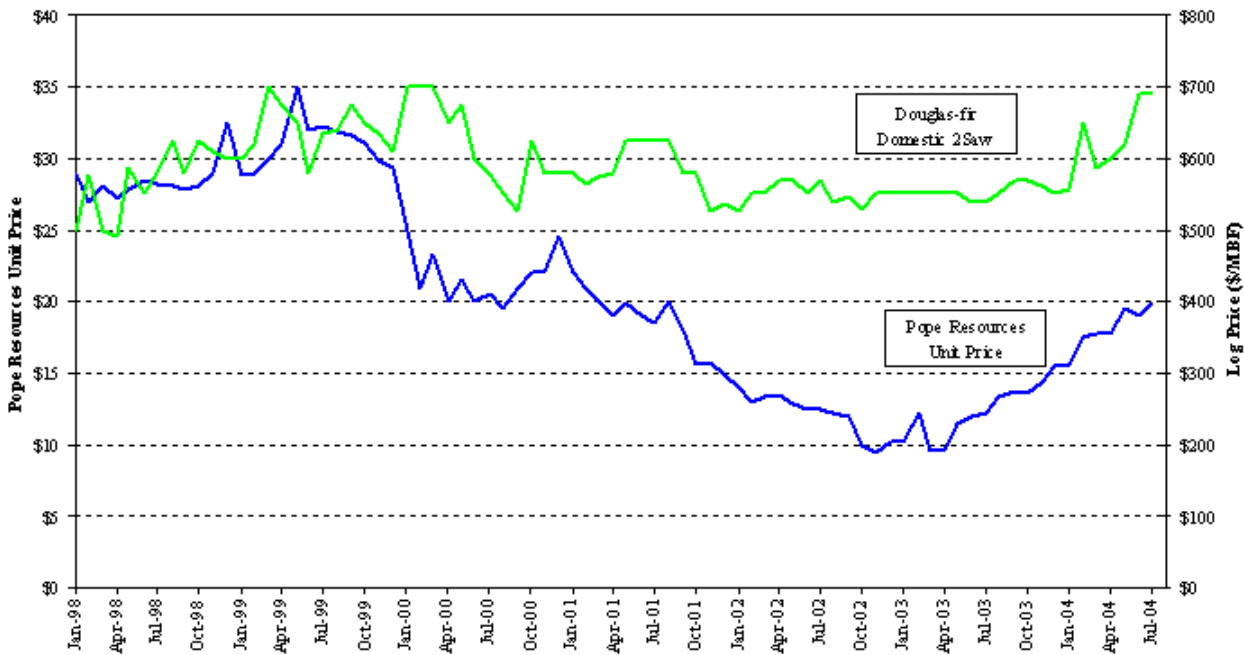
- **Adding value through use of free cash flow**

- Co-investment in ORM Timber Fund I, L.P.
- - Opportunistic acquisitions
- - Increases in distribution level

- **Improved alignment with insider buying in past few years**

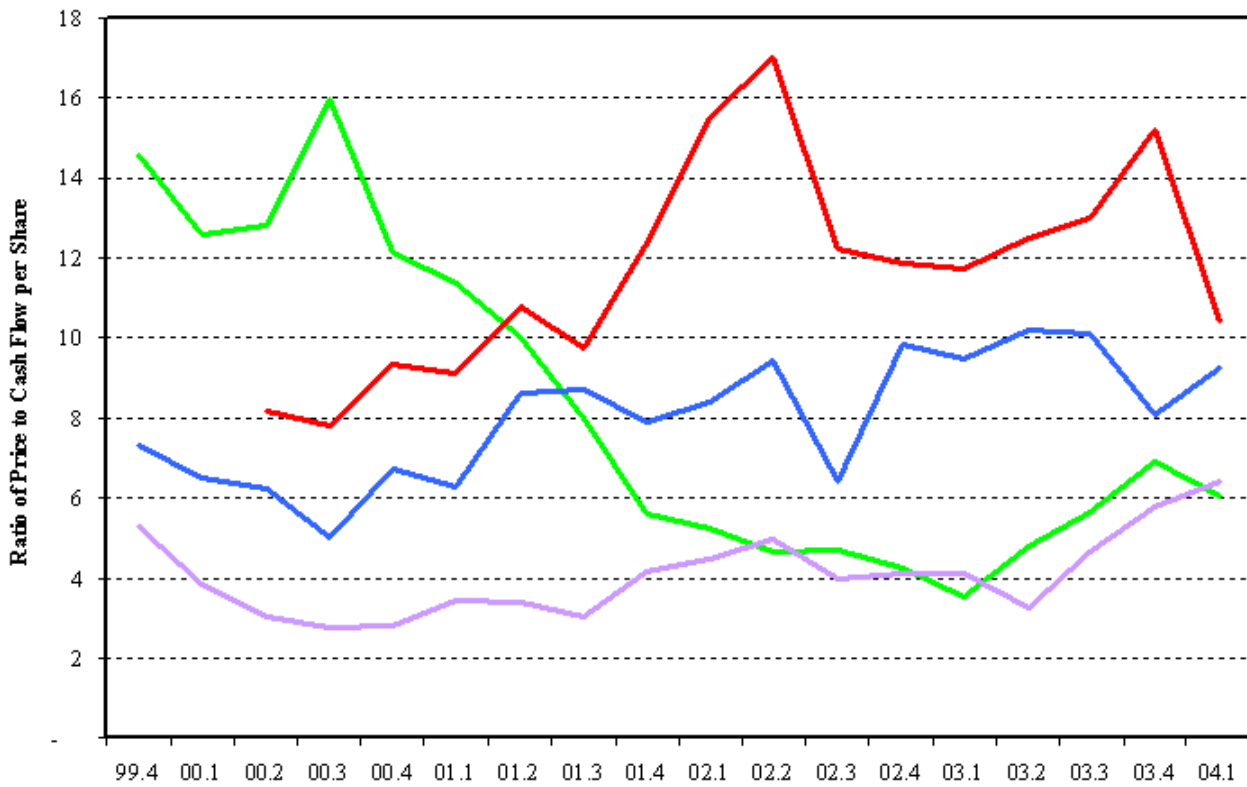
- **Favorable liquidity trends**

### Pope Resources Unit Price vs. Douglas-Fir Log Prices (98-03)

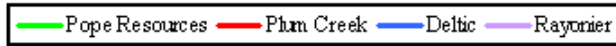


### Unit Price as Multiple of Trailing Cash Flows\*



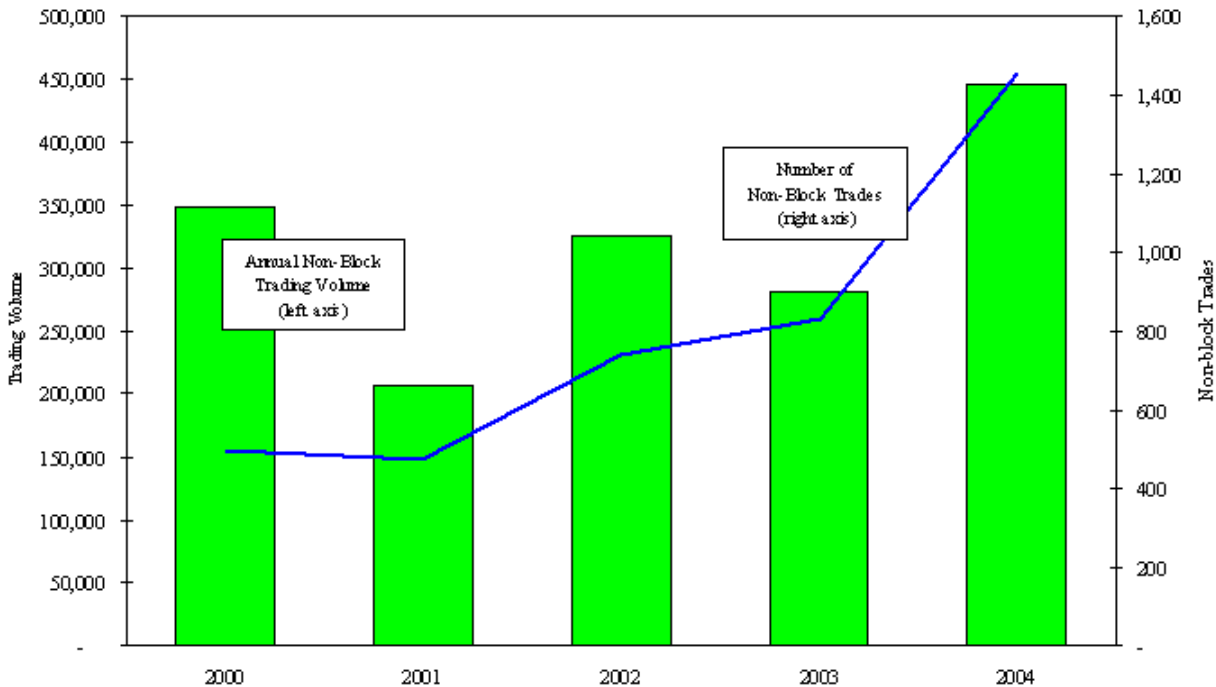


Pope Resources asset impairment charges reversed



\* "Trailing Cash Flow" defined as EBITDDA for POPEZ and as either EBITDDA or cash flow from operations for other 3 firms.

### Pope Resources Trading Volume



### Tax Advantages of Investing in Pope Resources Units

A	B	C	Resultant Tax (Liab)/ Benefit	Tax "Yield" at Various Unit Prices			
Pope Res 1065 Aggregate Amounts Reported	Per Unit Amounts	Applicable Tax Rate	(B times -C)	\$ 15.00	\$ 18.00	\$ 22.00	\$ 25.00

**New Tax Rates:**

K-1 Taxable Income	1,500,000	\$ 0.33							
1231 gain	11,700,000	\$ 2.59	15.0%	\$ (0.39)					
Int income	300,000	0.07	35.0%	(0.02)					
Ord loss	(10,500,000)	(2.32)	35.0%	0.81					
	<u>1,500,000</u>	<u>\$ 0.33</u>		<u>\$ 0.40</u>	2.7%	2.2%	1.8%	1.6%	

Note: Income amounts provided are representative examples only and should not be interpreted as pro forma results.

## Why Invest in POPEZ?

- **Pope Resources represents compelling value play**
  - Discount to liquidation value by any measure
  - - Tarred unfairly by problems faced by two former timber publicly traded partnerships
- **Great time to invest in timber asset class**
  - Portfolio diversification benefits
  - - Strong asset class track record
  - - Asset values have fallen substantially
- **Tax attributes meaningful to sophisticated individual investors**
  - Yield component associated with arbitrage between tax rate applicable to capital gains and ordinary income
- **Growing value, not necessarily near-term earnings**
  - Cash flow engine cranked up
  - - Best suited to long-term holder
  - - Ideal for long-term wealth accumulation or for passing wealth to future generations
- **Modest distribution yield**

# POPE RESOURCES

