



# INVESTOR PRESENTATION

May 2016

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President & Chief Executive Officer

## 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 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 environmental issues affecting our properties; 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. 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.

# We create value for our investors and others by owning and managing land and its related resources.

- 100% geographic focus on the highest value timberland in North America
  - Pacific Northwest, west of the Cascades
- MLP tax-advantaged structure
  - No corporate level taxation on distributions
- Consistent growth in distributions
- Listed on NASDAQ; ticker: POPE

# Overview

- Spun out as MLP in 1985, located in Poulsbo, WA
- 4.35 million units outstanding
- Current market capitalization: \$289 million
- 2015 figures
  - Revenue: \$78.0 million
  - Cash flow from operations: \$20.2 million
  - Cash available for distribution: \$13.7 million
  - Net income: \$10.9 million, \$2.51 per unit
- Forward annual distribution rate: \$2.80 per unit
- Tax-efficient partnership structure




# Unique Blend of PNW Timber and Land Assets

Segments	Fee Timber	Timberland Management	Real Estate
<b>Strategy</b>	<ul style="list-style-type: none"> <li>Sustainably manage Partnership and Fund timberlands for long-term value maximization</li> </ul>	<ul style="list-style-type: none"> <li>Primary growth vehicle</li> <li>Leverage timberland management expertise to generate fee revenue and improve economies of scale</li> </ul>	<ul style="list-style-type: none"> <li>Obtain development entitlements and then sell to other developers</li> <li>Opportunistically harvest value of historic land base</li> </ul>
<b>Portfolio of Assets</b>	<ul style="list-style-type: none"> <li>205,000 acres of timberland in western WA, northwest OR and northern CA</li> <li>Includes 94,000 acres owned by funds</li> </ul>	<ul style="list-style-type: none"> <li>2 private equity timber funds</li> <li>\$364 MM in assets under management</li> <li>In process of raising Fund IV</li> </ul>	<ul style="list-style-type: none"> <li>2,400-acre portfolio of development, HBU &amp; commercial properties in west Puget Sound</li> <li>1,379 entitled lots</li> </ul>
<b>2015 Revenue</b> (internal)	\$52.5 MM	\$2.2 MM <sup>#</sup>	\$26.0 MM
<b>2015 Adjusted EBITDDA</b> (internal)	\$23.4 MM	(\$0.7) MM	\$19.7 MM
<b>Assets</b> (Book Value at 3/31/16)	<ul style="list-style-type: none"> <li>\$48.0 MM on Partnership's 111,000 acres</li> <li>\$269.4 MM on Funds' 94,000 acres</li> </ul>	NA	<ul style="list-style-type: none"> <li>\$31.9 MM on Partnership's 2,400-acre portfolio</li> </ul>



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

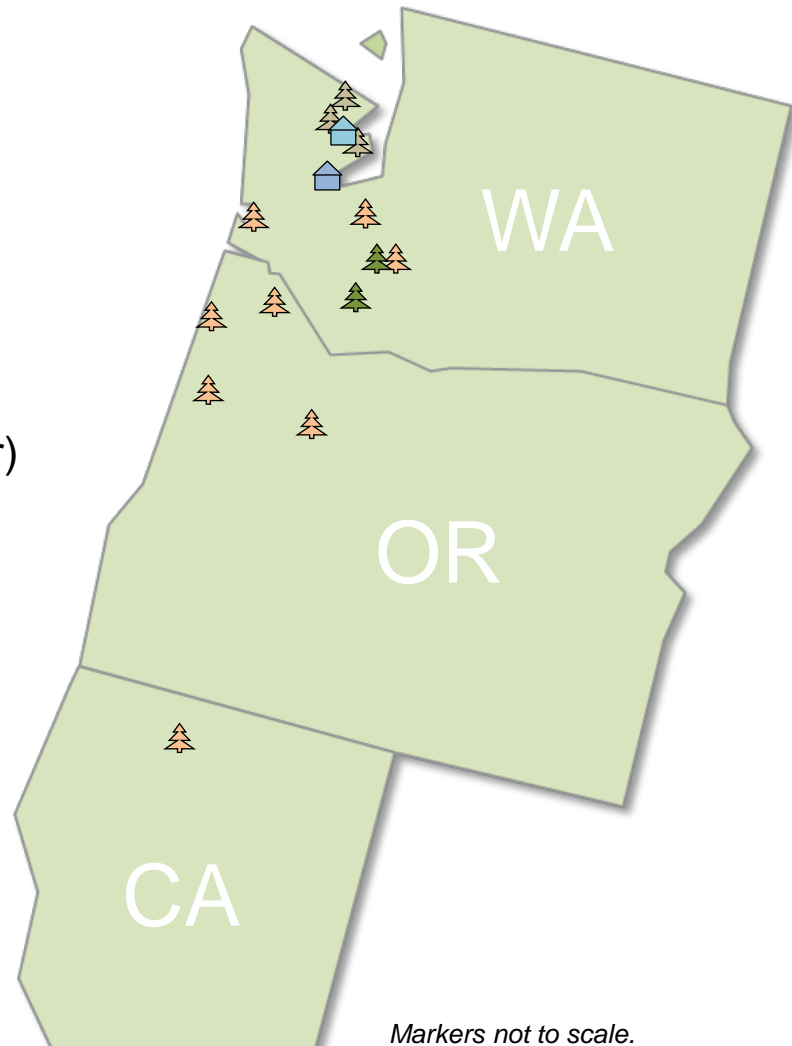
# Assets Located in PNW

## Timberland

-  Hood Canal Tree Farm
-  Columbia Tree Farm
-  Fund Tree Farms

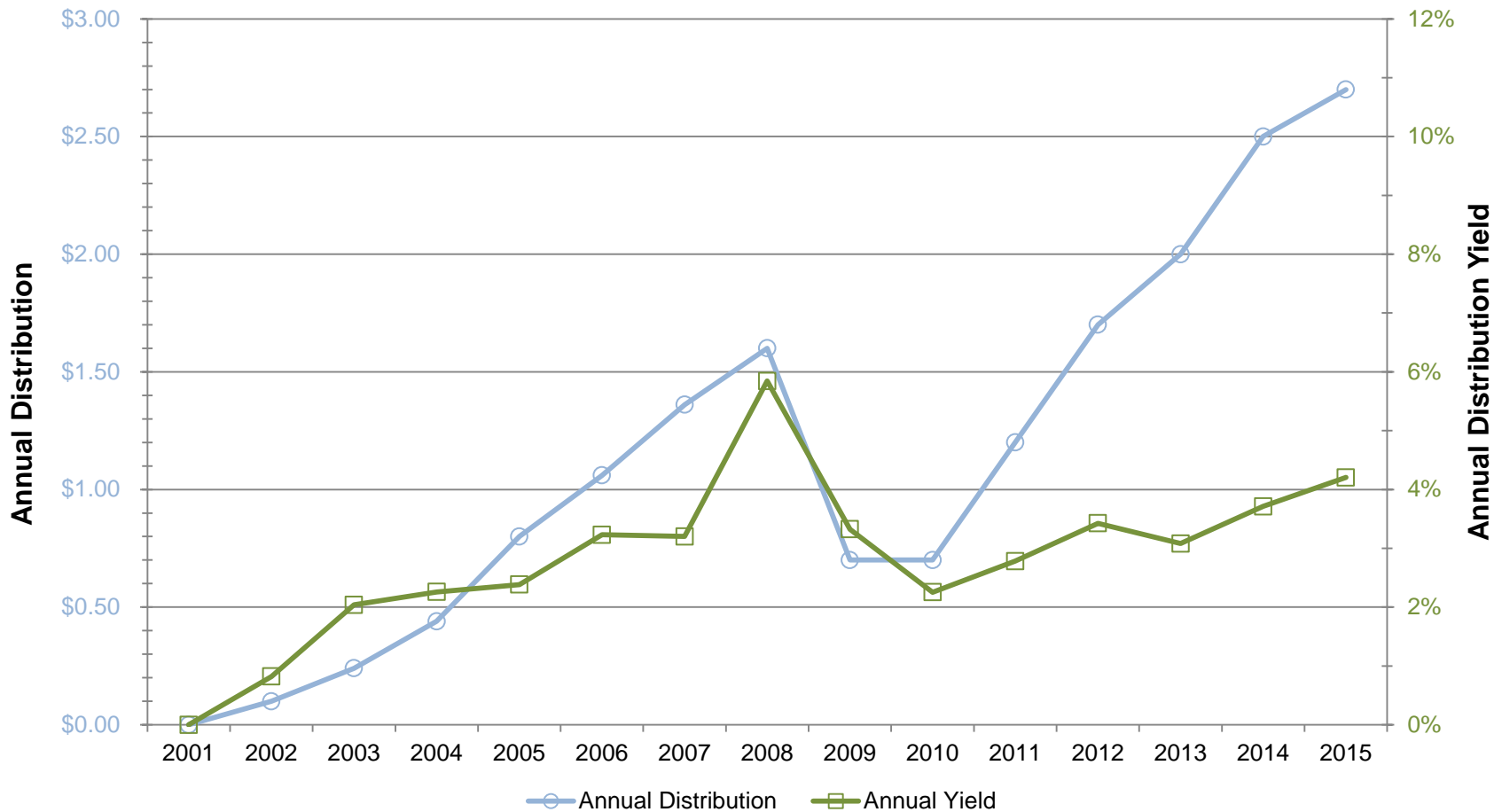
## Real Estate

-  Harbor Hill (Gig Harbor)
-  Port Gamble

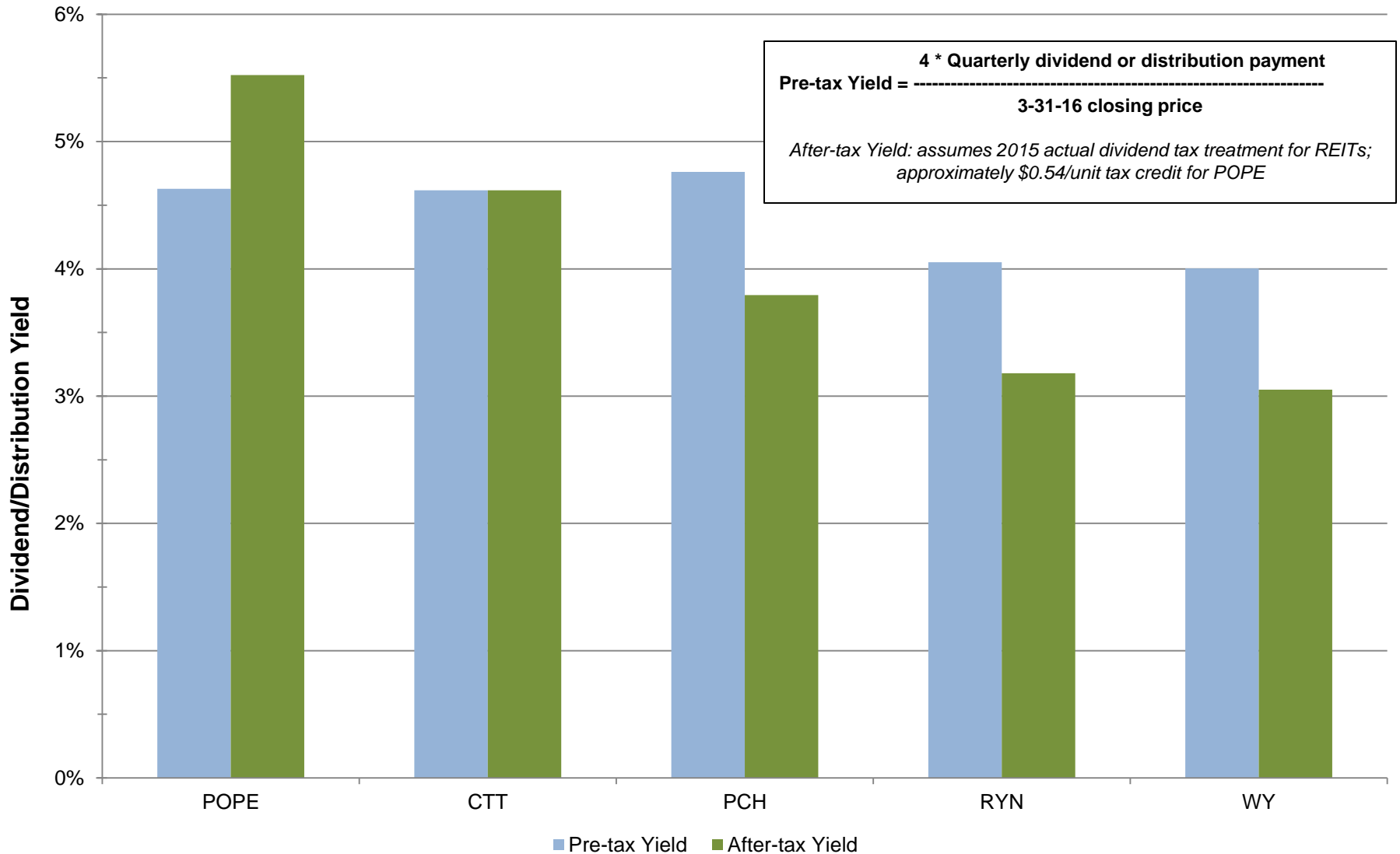


Markers not to scale.

# Unit Distributions Have Steadily Increased Since the End of the GFC



# Before and After Tax Yields





# 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

	Tax Impact to Individual of Pope Units			Proforma Tax Impact as a REIT		MLP Tax Savings Versus a REIT
	2015 Tax Year	Top Tax Rate	Tax (Cost)/Benefit	Top Tax Rate	Tax (Cost)/Benefit	
Pope Resources K-1s-per unit						
Ordinary loss	(\$4.50)	39.6%	\$1.78			
Capital gain-timber	4.20	23.8%	(1.00)			
Capital gain-land	1.00	23.8%	(0.24)			
Interest income	0.01	39.6%	(0.00)			
<b>Total</b>	<b>\$0.71</b>		<b>\$0.54</b>	<b>23.8%</b>	<b>(\$0.17)</b>	<b>\$0.71</b>

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



# Fee Timber

# Fee Timber Strategy and Market Dynamics

## Strategies

- Actively manage for long-term value maximization 111,000 acres of Partnership timberland with a sustained yield of 48 MMBF
- Employ value-adding silvicultural practices to maximize net present value at harvest
- Opportunistically acquire small tracts to replace land that has been sold as development property

## Log Market Dynamics

- Pacific Northwest log markets enjoy access to both competitive domestic and export markets
- Domestic market continues measured improvement
  - Stronger domestic log demand with growing U.S. housing starts >1 million, improvement in job market, low mortgage rates
- Export market diversification was key to log market recovery during GFC
  - Export market remains important source of demand
  - Canadian timber supply is contracting due to Mountain Pine Beetle infestation

# Biological Growth and Timber Optionality

## Biological growth

- Biological growth continues throughout the business cycle
- Accurately projecting forest growth over an entire rotation is prerequisite to successful timberland investing
- Level of timberland management activity will be one of the factors that must be taken into account when projecting forest growth

## Optionality

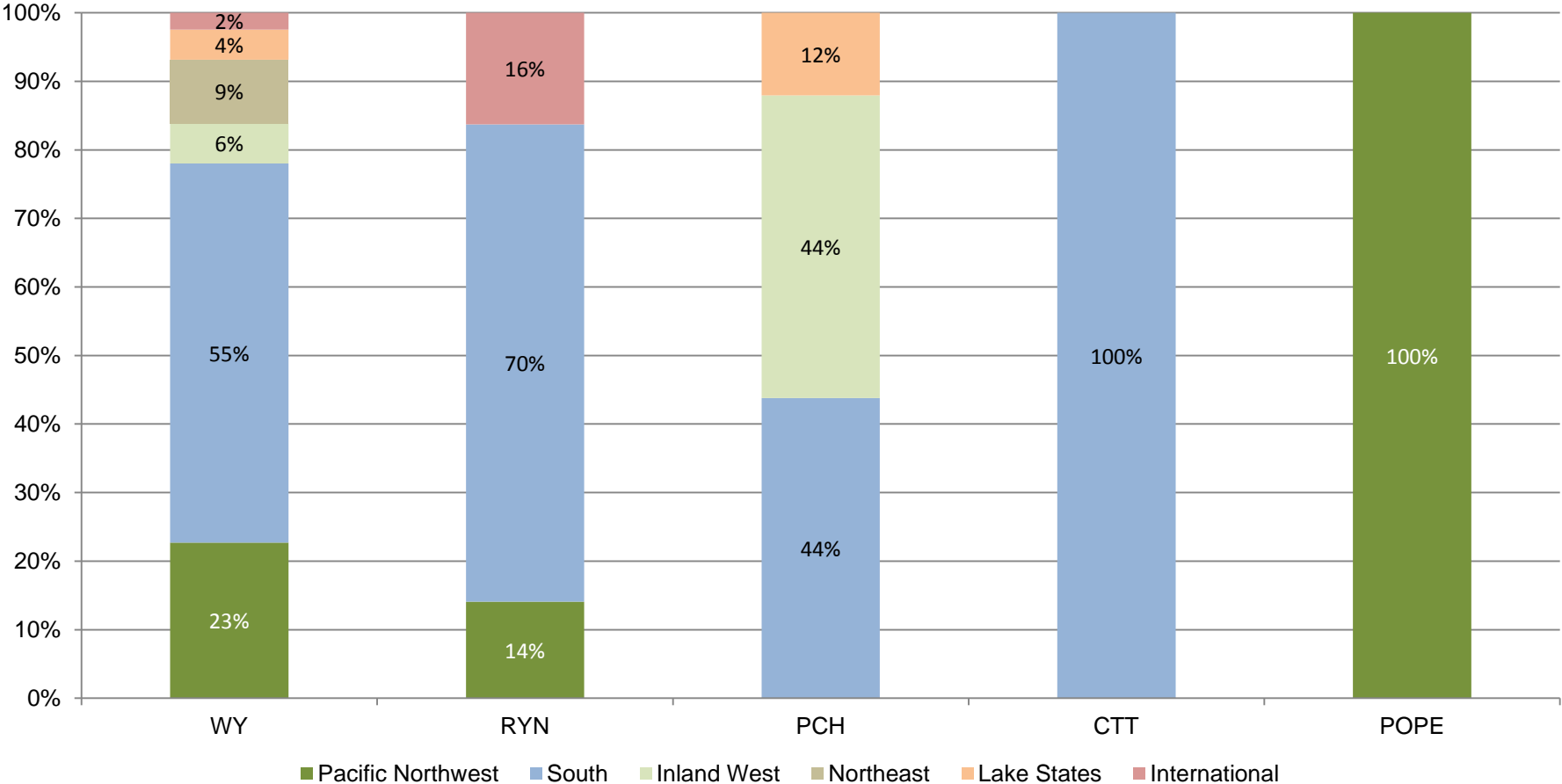
- Unique to timberland, the ability to allow timber to continue to grow past the planned rotation age during soft log markets
- Growth will help pay the cost of capital during the deferral period by increasing both the volume and the quality of timber at harvest (more sawlogs, less chip-n-saw and pulp)



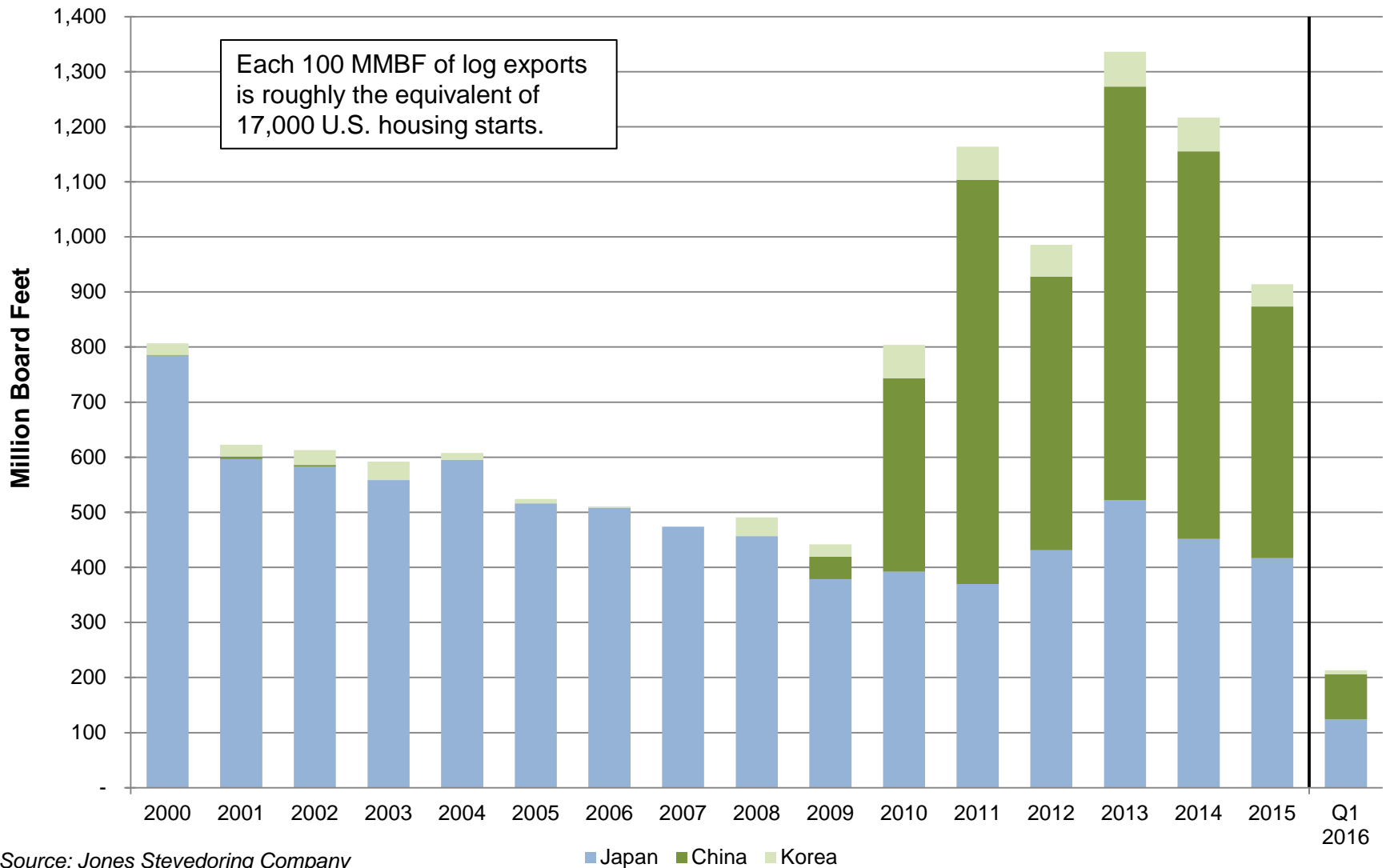
# PNW Focus

- Southern-focused companies heavily dependent on US housing market
- Pacific Northwest lands benefit from housing market as well as access to Asian log export market

### Acres by Geography



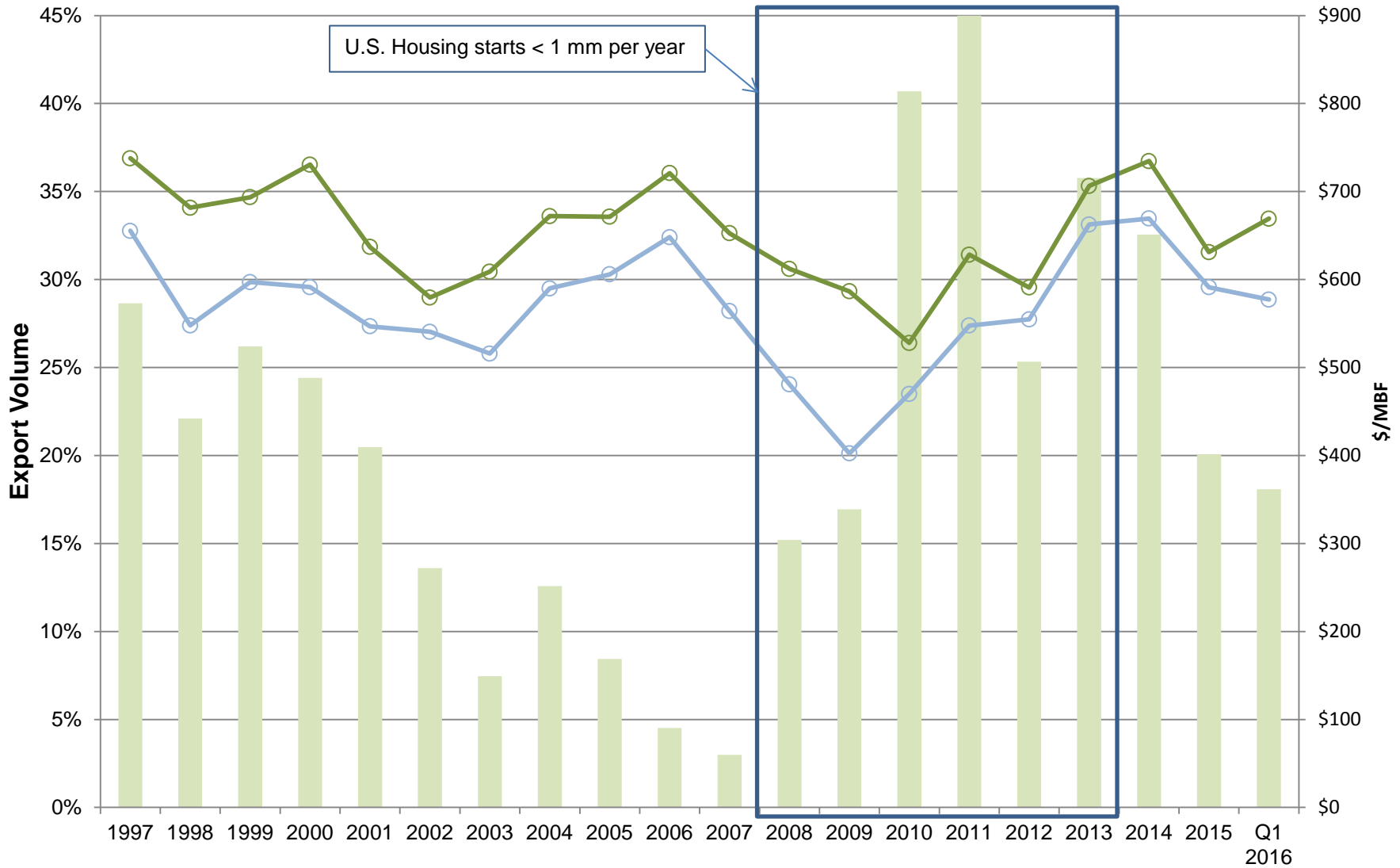
# Log Exports from PNW



Source: Jones Stevedoring Company

■ Japan ■ China ■ Korea

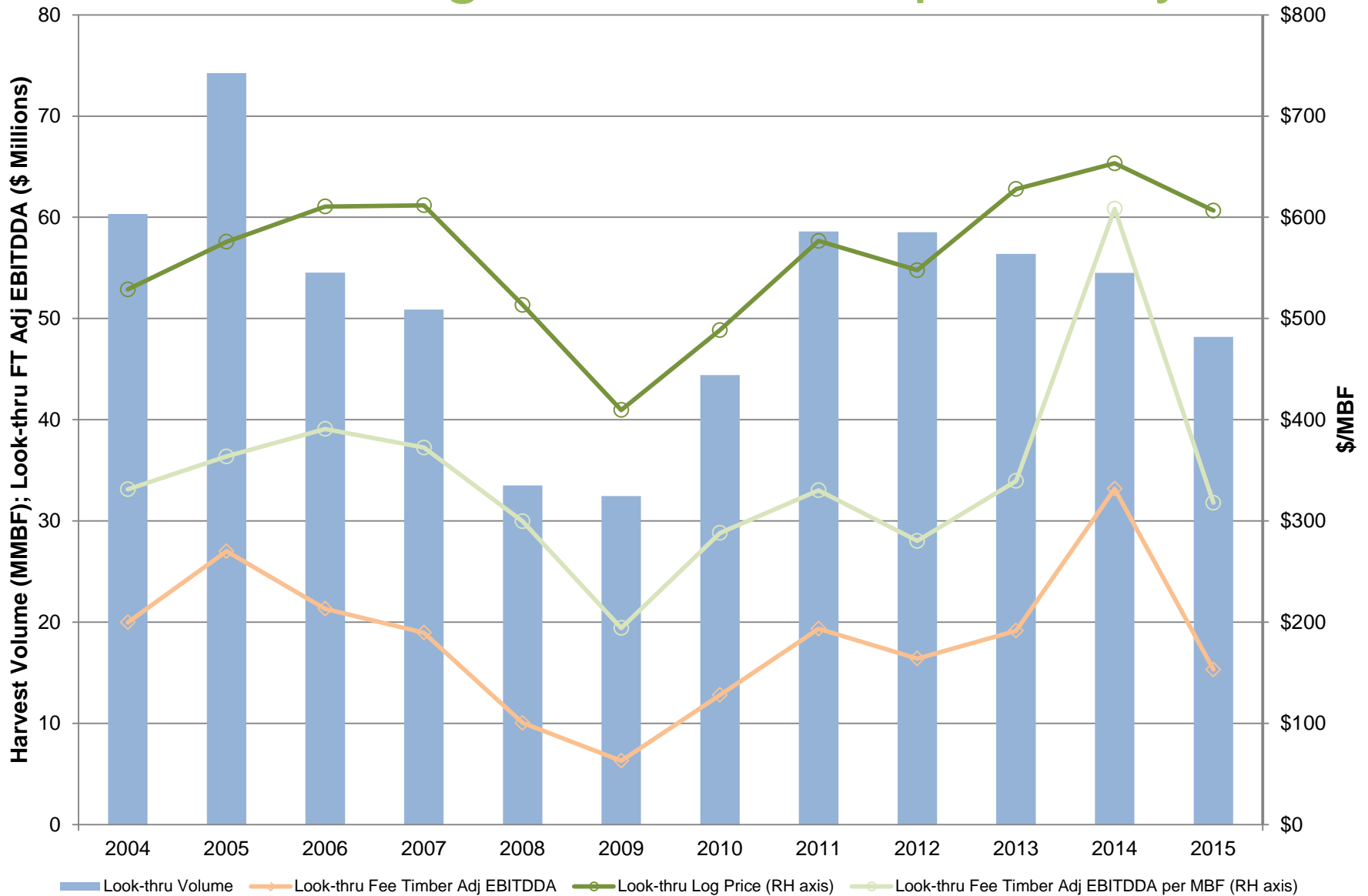
# Export Sales Provide Market Diversification



Source: US Census Bureau

■ POPE, Funds Exp %    
 —○— POPE, Funds Exp Price    
 —○— POPE, Funds Dom Price

# Executing on Harvest Optionality





# Optimize Value of Stands

- **Silviculture is the practice of establishing, growing, and managing trees**
  - Planting, vegetation control, fertilization, spacing
- **Regional expertise contributes to value-added silvicultural practices**
  - Value-added silviculture is achieved through ongoing monitoring and investments in specific treatments where appropriate
  - Decisions related to silvicultural investments are made on a stand-by-stand basis, not by following a checklist
- **Manage to a target stand of timber using NPV as a determining factor prior to making silvicultural investments**
- **Proper application of silvicultural prescription results in increased log revenue and reduced harvest & haul costs**



# Timberland Management



# Private Equity Timber Fund Business

## **Economies of scale**

- Co-investment by POPE in the funds enhances diversification of the Partnership's timberland holdings within the Pacific Northwest
- 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

## **Source of cash flow**

- Fund II & III current portfolios generate \$2 million of annual asset management fee (AMF) revenue from third-party investors
- These fees, combined with distributions from co-investments in funds, represent a meaningful source of POPE's distributable cash

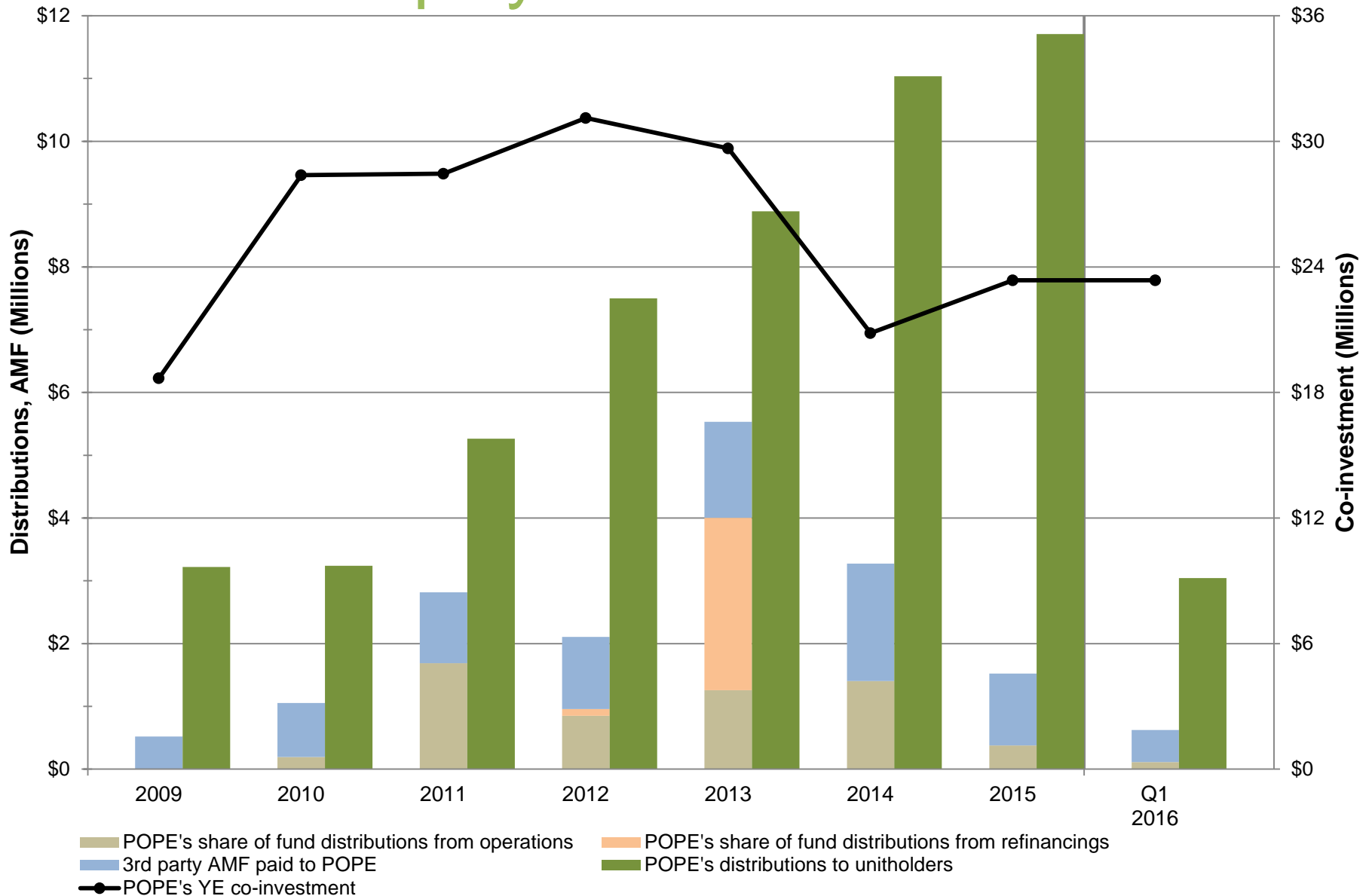
# Historical ORM Timber Fund Results

(Inception to March 31, 2016)

(in millions)	Third-party		Total
	POPE	investors	
Paid-in capital	\$37.8	\$283.9	\$321.8
Distributions from operations	6.2	30.4	36.6
Distributions from refinancings	2.9	11.7	14.5
Distributions from asset sales	13.7	54.9	68.6
Residual value	32.3	261.5	293.8
Carried interest*	7.8	0.0	7.8
IRR	9.6%	5.9%	6.6%

\* 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. \$7.8 million represents the carried interest that would have been due to POPE had the Fund II properties been sold on 3/31/16 at their appraised value. The Fund II term does not end until March 2021.

# Private Equity Timber Fund Business





# Real Estate

# Suburban Seattle Land Development Expertise

## Strategies

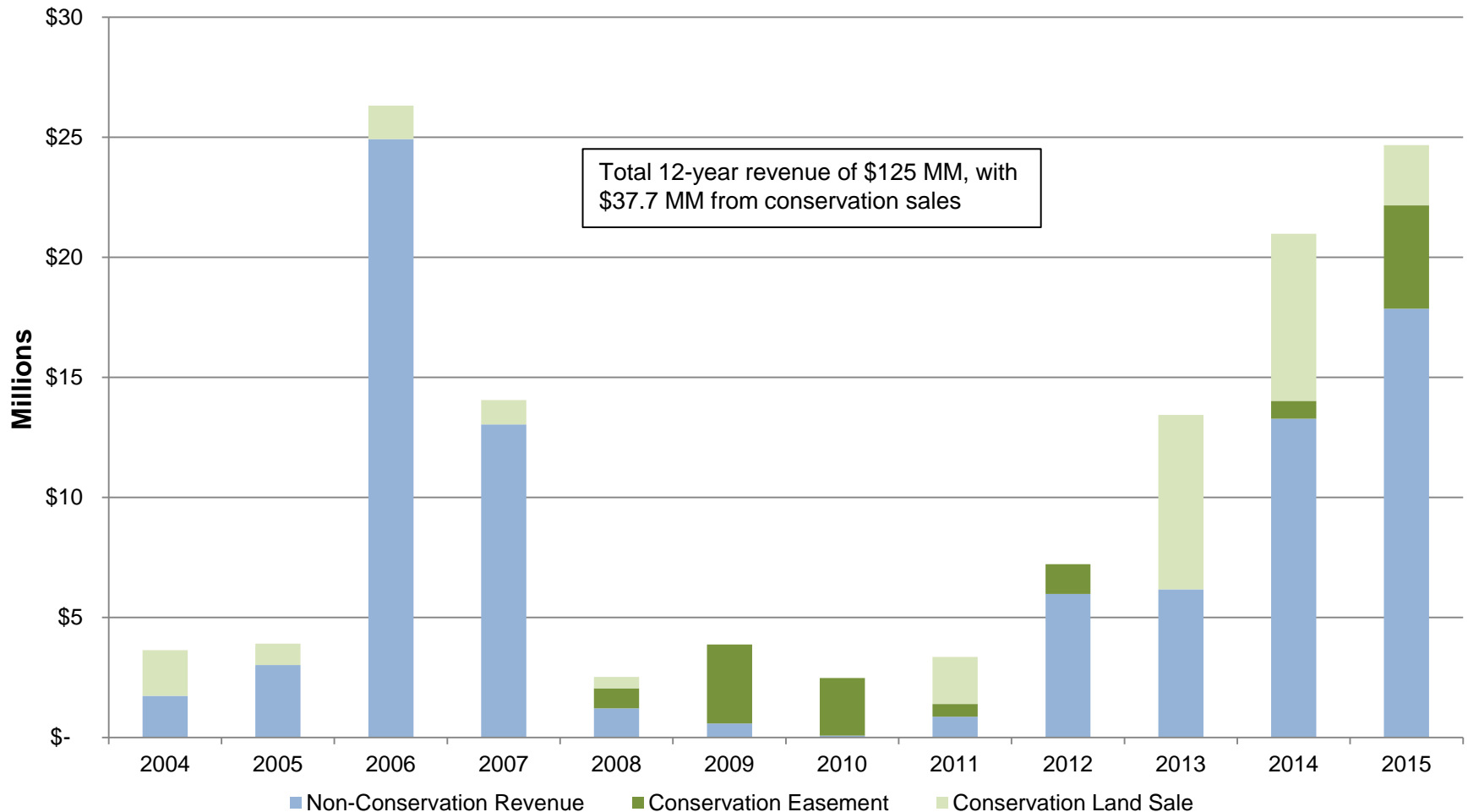
- We enhance land value through entitling and developing currently-owned land for sale to end users such as residential or commercial builders
- We sell conservation easements on properties where appropriate
  - \$5.9 million in conservation sales in 2015
  - \$40 million since 1998
- We acquire, entitle, and/or develop third-party properties

## Differentiating Advantages

- Seattle metropolitan area consistently near the top of U.S. markets for new jobs, wage growth, and real estate investment
- Pope Resources is the largest and best capitalized real estate developer in the West Puget Sound market
  - Creates opportunities to add value to our existing Partnership land portfolio
  - Our reputation often results in landowners seeking our expertise and capital for land development opportunities in the West Puget Sound market
- Skill at cultivating grassroots support for projects creates unique opportunities to generate value through entitlements

# Conservation-Based Sales

Sales of land and conservation easements to conservation-oriented buyers have been significant contributors to RE revenue





# Gig Harbor Project

## Residential

- Sold 128 single-family lots in 2015-16 for \$14.8 million, expect most of our remaining 284 lots to be sold through 2017
- Sold last 300 of our 470 multifamily units of land in 2015 for \$4.2 million

## Commercial

- Working with grocer anchor for 18-acre retail village site for possible sale in 2017 or 2018

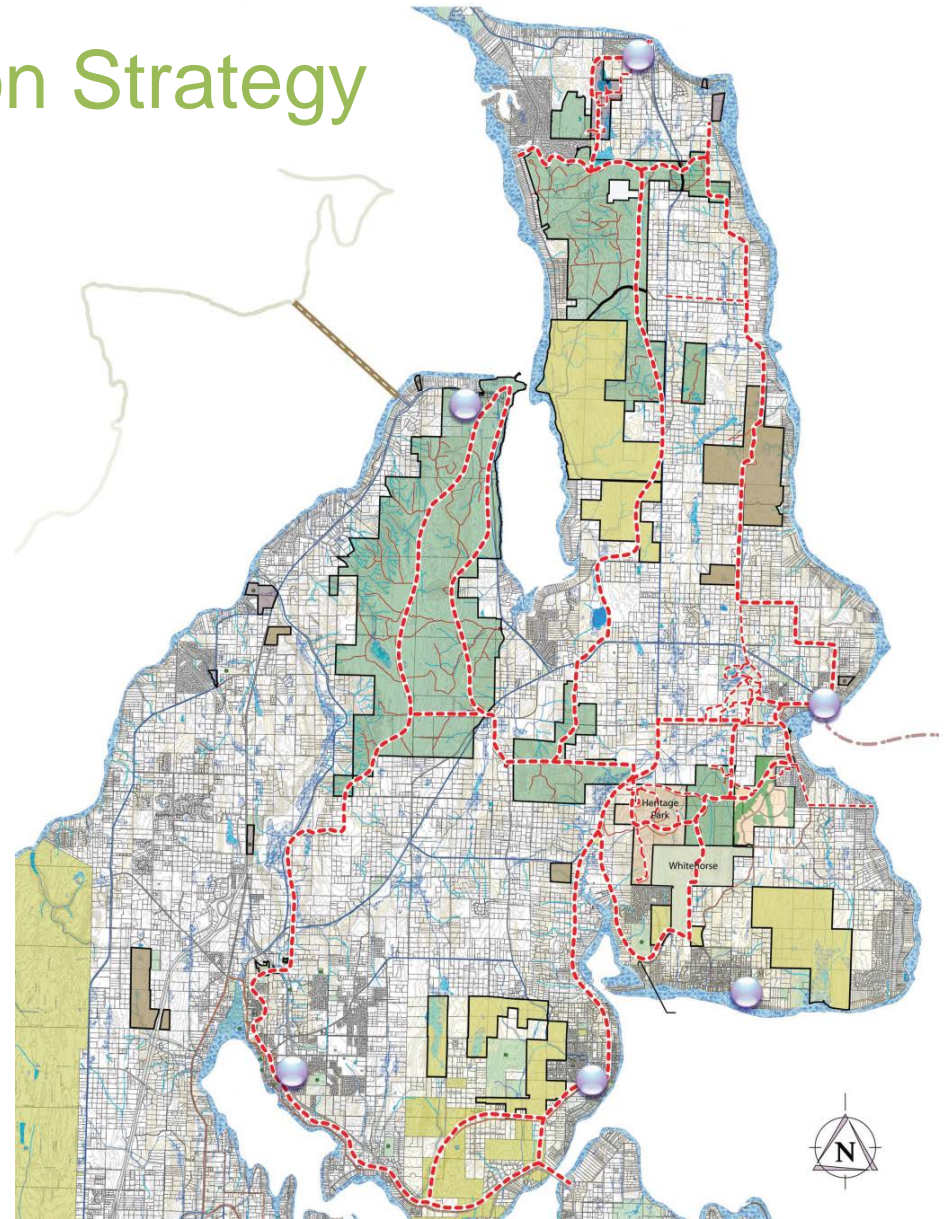
## Business Park

- Elementary school sale of 14 acres in Q4 2013 for \$4.4 million
- 11 acres remaining



# North Kitsap Monetization Strategy

- Plan set in 2011 to sell 6,700 acres of timberland in Kitsap County for conservation and public access
- First two closings for \$6.6 million (901 acres) in 2014
- In 2015 closed on 180 acres for \$920K
- Currently over \$6.0 million in public funding has been approved for additional acquisitions pending company approval of appraisals
- Kitsap County and conservation group Forterra will be launching fundraising effort to raise additional acquisition funding in 2017





# Port Gamble Redevelopment

- Significant progress made in the last year to launch the redevelopment of historic Port Gamble
- Kitsap County Public Utilities District obtained state grant and extended 3-mile water main which tied to town in 2015
- A new wastewater treatment plant will be constructed in 2016 utilizing \$2 million in state and \$3.3 million in Partnership capital
- Final clean-up actions began in 2015 with the hiring of a contractor to dredge sediments and pull creosote piles with 2017 as target for completing all clean-up activities
- The Port Gamble S'Klallam Tribe has secured a \$1.5 million state grant to purchase development rights on the former millsite
- An application to construct 200 new homes, hotel, and additional commercial buildings has been submitted to Kitsap County



# Q&A



APPENDIX A

# ADDITIONAL MATERIALS

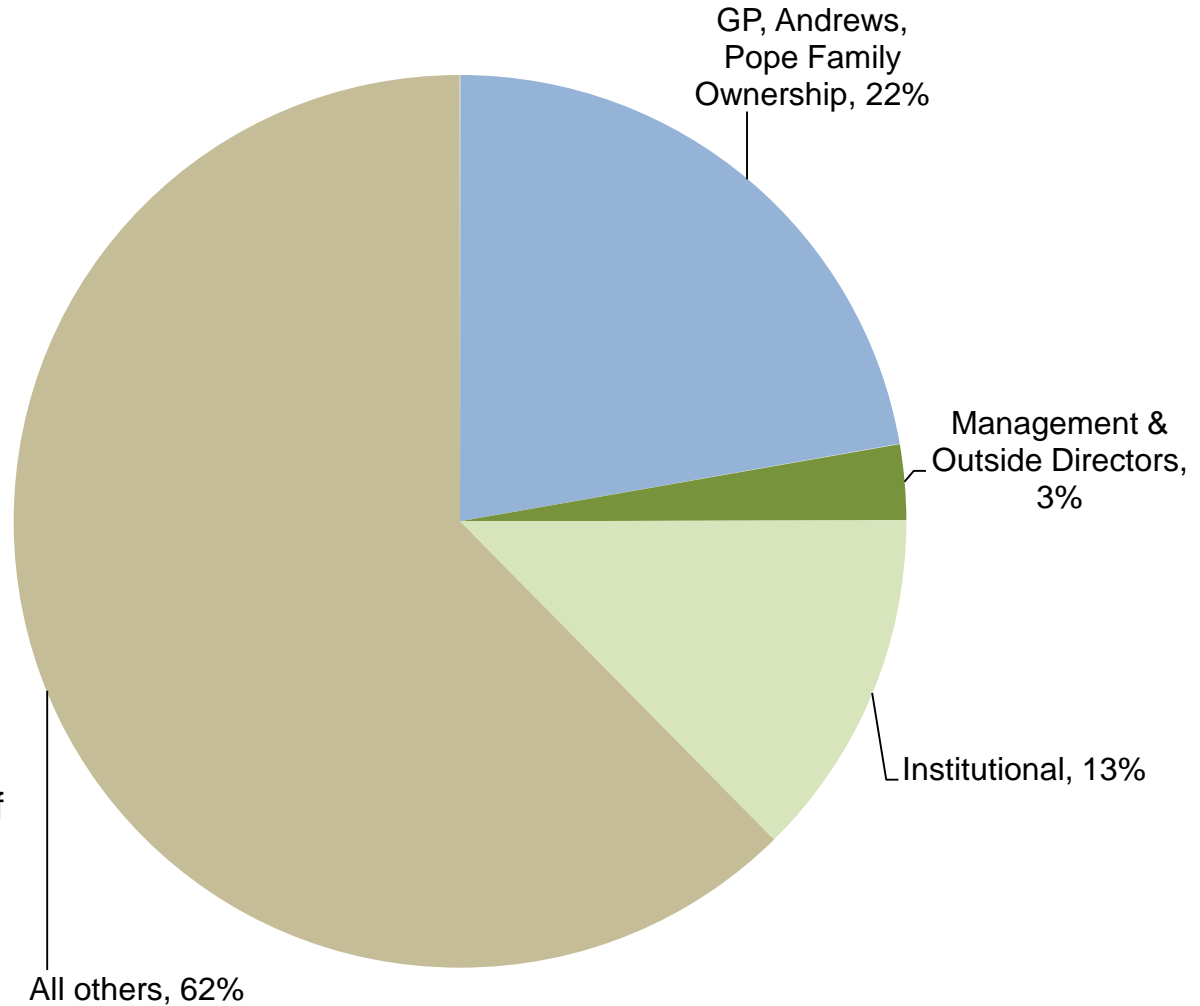
# Ownership Detail

## – 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 position at 22% (including GP interest)
- Management and outside directors at 3%
- Total institutional ownership of 13%
- 62% held by HNW and retail investors



# Capital Allocation Priorities and Growth Capital

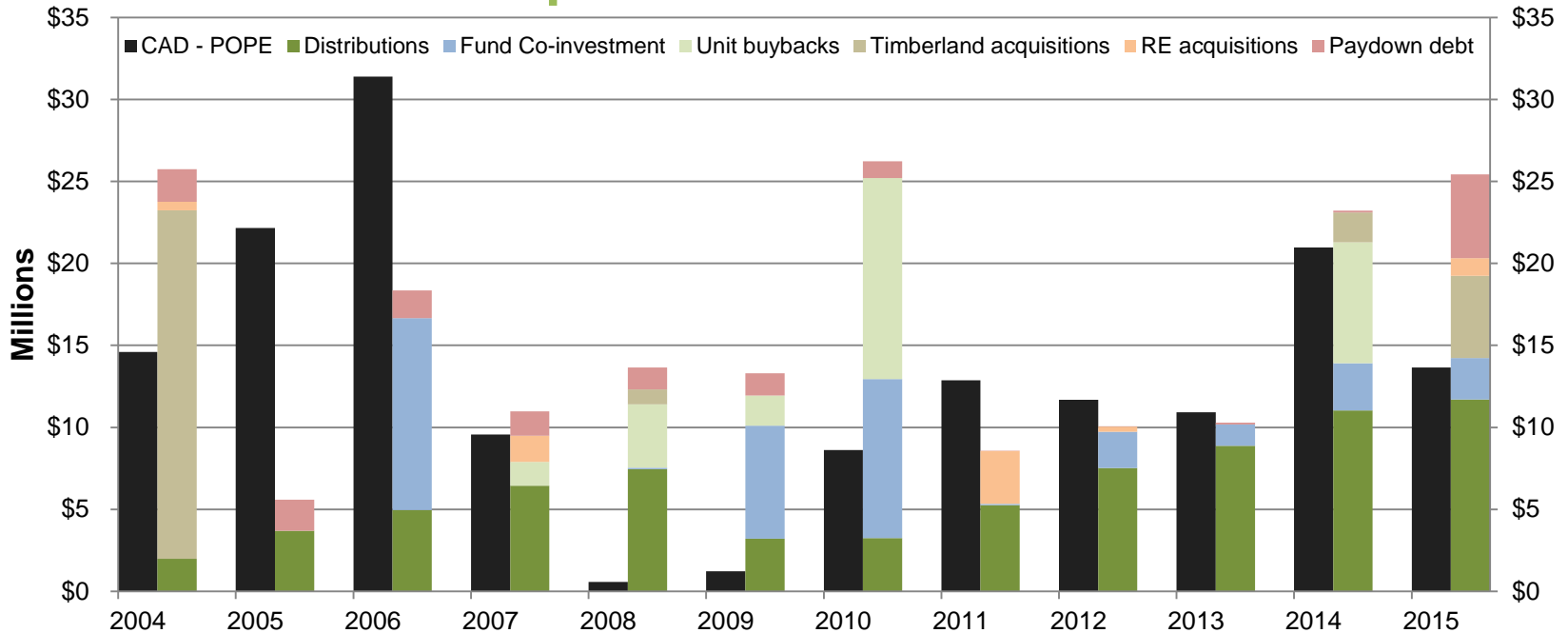
## Capital Allocation Priorities

- Q3 2015 8% increase in quarterly distribution to current rate of \$0.70 per quarter, \$2.80 per year
- Co-investment in private equity timber funds
- Small tract timberland acquisitions
- Real Estate project investments at Gig Harbor and Port Gamble
- Opportunistically repurchase units in private deals

## Sources of Growth Capital

- Organic cash flow generation from timber harvest, monetization of Real Estate portfolio, and private equity timber fund management fees
- Untapped line of credit
- 11% net debt to enterprise value, compared to T-REIT average of 24%

# Capital Allocation



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Cash Available for Distribution (CAD)*	\$14.6	\$22.2	\$31.4	\$9.6	\$0.6	\$1.2	\$8.6	\$12.9	\$11.7	\$10.9	\$21.0	\$13.7
Uses of CAD												
Distributions	2.0	3.7	5.0	6.4	7.4	3.2	3.2	5.3	7.5	8.9	11.0	11.7
Fund Co-investment	-	-	11.7	-	0.1	6.9	9.7	0.1	2.2	1.3	2.9	2.5
Unit buybacks	-	-	-	1.4	3.9	1.8	12.3	-	-	-	7.4	-
Timberland acquisitions	21.2	-	-	-	0.9	-	-	0.0	-	-	1.8	5.0
RE acquisitions	0.5	-	-	1.6	-	-	-	3.2	0.3	-	-	1.1
Paydown debt	2.0	1.9	1.7	1.5	1.3	1.4	1.0	0.0	0.0	0.1	0.1	5.1
Total use of CAD	\$25.7	\$5.6	\$18.3	\$11.0	\$13.7	\$13.3	\$26.2	\$8.6	\$10.1	\$10.3	\$23.2	\$25.4

\*See appendix for definition and reconciliation of non-GAAP measure CAD.



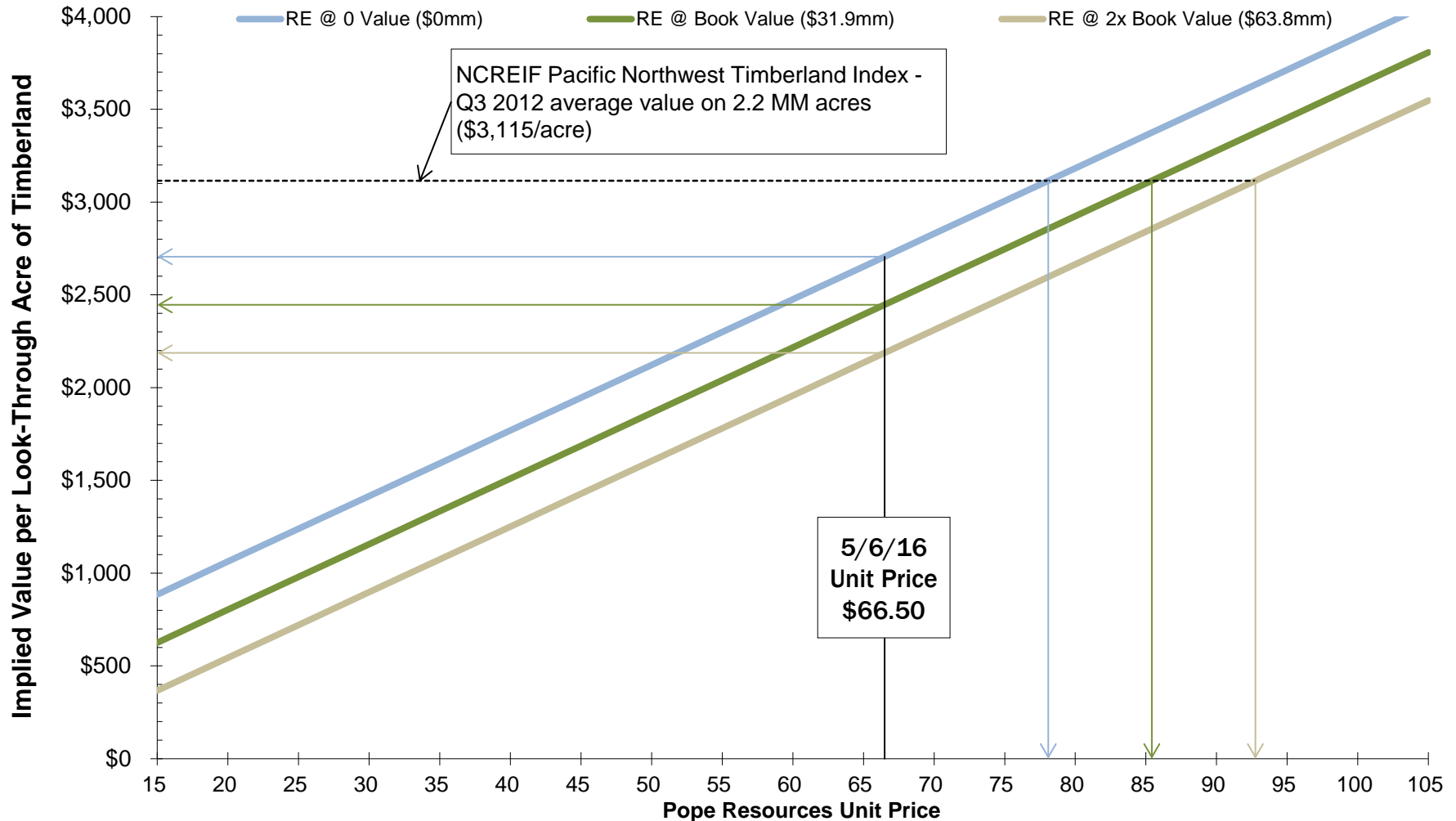
# PNW Westside Transactions 2013–Current

Property	Seller	Buyer	Acres (000's)	Value (\$MM)	\$/Acre
<b>2014</b>					
OR - North Umpqua	FIA	Lone Rock Timber	7	\$24	\$3,499
OR - Sixes	Plum Creek	Campbell Global	9	\$21	\$2,457
WA - Green River	ORM Timber Fund I	Conservation Forestry	15	\$39	\$2,552
OR - Deer Creek	HTRG	ORM Timber Fund III	13	\$72	\$5,588
WA - Mineral	ORM Timber Fund I	Sierra Pacific Industries	9	\$32	\$3,695
WA - Naselle	Conservation Forestry	Campbell Global	7	\$30	\$4,443
WA - Merrill Toutle	GMO	FIA	12	\$32	\$2,781
OR - Gravel Creek	Plum Creek	Campbell Global	8	\$29	\$3,749
OR - Salem	HTRG	Hampton Affiliates, Starker Forests	16	\$72	\$4,573
OR - Applegate	HTRG	Murphy	48	\$66	\$1,377
OR - Cow Creek	Fruit Growers	Umpqua Tribe	3	\$4	\$1,515
<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	\$302	\$4,269
WA - Coastal	Rayonier	FIA	55	\$130	\$2,364
<b>3-Year Total</b>			<b>530</b>	<b>\$1,894</b>	<b>\$3,591</b>

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

\*Estimate based on total closing price of \$565 million

# Gap Between Public and Private Timberland Value



\* In Q4 2012 and Q1 2013, NCREIF added 1.2 million acres of timberland east of the Cascades to the PNW index which significantly reduced the average value of the index and resulted in changing its name to the NW index. The Q3 2012 value, though dated, is a more accurate representation of the Partnership's look-through timberland holdings.

APPENDIX B  
**FINANCIALS**

# Pope Resources Balance Sheet

(in \$millions)

	March 2016	YE 2015
<b>Assets</b>		
POPE - Cash & cash equivalents	\$1.3	\$6.3
Funds - Cash & cash equivalents	2.7	3.4
Other current assets	6.8	7.7
POPE - Properties and equipment, net of depletion/depreciation	80.1	79.8
Funds - Properties and equipment, net of depletion/depreciation	269.5	271.9
Other assets	1.0	1.0
<b>Total assets</b>	<b>\$361.4</b>	<b>\$370.1</b>
<b>Liabilities &amp; Equity</b>		
Current liabilities (excl. current portion of long-term debt)	\$16.9	\$16.7
POPE - Total debt (current and long-term)	28.9	27.4
Funds - Total debt (current and long-term)	57.3	57.3
Other liabilities	1.7	5.7
<b>Total liabilities</b>	<b>104.8</b>	<b>107.1</b>
<b>Capital</b>	<b>60.7</b>	<b>64.5</b>
<b>Noncontrolling interests</b>	<b>195.9</b>	<b>198.5</b>
<b>Total liabilities &amp; partners' capital</b>	<b>\$361.4</b>	<b>\$370.1</b>

# Pope Resources Financial Metrics

(All amounts in \$ millions, except per unit data, and as reported externally)

	<u>Q1 2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Revenues:</b>												
Fee Timber	\$9.8	\$52.1	\$65.2	\$56.0	\$45.5	\$52.7	\$27.7	\$14.9	\$23.6	\$35.5	\$35.3	\$44.4
Timberland Management	-	-	-	-	-	-	-	0.6	0.9	1.4	3.7	7.8
Real Estate	1.3	25.9	22.3	14.7	8.5	4.5	3.5	5.0	3.7	15.0	27.3	4.8
<b>Total Revenues</b>	<b>\$11.1</b>	<b>\$78.0</b>	<b>\$87.5</b>	<b>\$70.7</b>	<b>\$54.0</b>	<b>\$57.3</b>	<b>\$31.2</b>	<b>\$20.5</b>	<b>\$28.2</b>	<b>\$51.9</b>	<b>\$66.3</b>	<b>\$57.0</b>
<b>Net Income/(Loss) Attributable to Unitholders</b>	<b>(\$1.0)</b>	<b>\$10.9</b>	<b>\$12.4</b>	<b>\$13.1</b>	<b>(\$4.7)</b>	<b>\$8.8</b>	<b>\$2.0</b>	<b>(\$0.3)</b>	<b>\$1.2</b>	<b>\$15.5</b>	<b>\$24.9</b>	<b>\$13.7</b>
<b>Net Income/(Loss) per Unit</b>	<b>(\$0.25)</b>	<b>\$2.51</b>	<b>\$2.82</b>	<b>\$2.96</b>	<b>(\$1.11)</b>	<b>\$1.94</b>	<b>\$0.43</b>	<b>(\$0.07)</b>	<b>\$0.23</b>	<b>\$3.22</b>	<b>\$5.22</b>	<b>\$2.88</b>
<b>Adjusted EBITDDA <sup>(1)</sup></b>	<b>\$3.1</b>	<b>\$37.4</b>	<b>\$102.7</b>	<b>\$29.8</b>	<b>\$7.8</b>	<b>\$23.6</b>	<b>\$7.6</b>	<b>\$2.8</b>	<b>\$7.6</b>	<b>\$24.1</b>	<b>\$40.6</b>	<b>\$29.2</b>
<b>Operating Cash Flow</b>	<b>(\$2.0)</b>	<b>\$20.2</b>	<b>\$30.8</b>	<b>\$17.9</b>	<b>\$16.2</b>	<b>\$21.7</b>	<b>\$9.0</b>	<b>\$0.7</b>	<b>\$4.0</b>	<b>\$12.1</b>	<b>\$33.1</b>	<b>\$24.0</b>
<b>Cash Available for Distribution <sup>(2)</sup></b>	<b>(\$3.4)</b>	<b>\$13.7</b>	<b>\$21.0</b>	<b>\$10.9</b>	<b>\$11.7</b>	<b>\$12.9</b>	<b>\$8.6</b>	<b>\$1.2</b>	<b>\$0.6</b>	<b>\$9.6</b>	<b>\$31.4</b>	<b>\$22.2</b>
<b>Timber Harvest (MMBF)</b>	<b>16</b>	<b>84</b>	<b>97</b>	<b>89</b>	<b>84</b>	<b>90</b>	<b>53</b>	<b>33</b>	<b>38</b>	<b>55</b>	<b>55</b>	<b>74</b>
<b>Unitholder Distributions per Unit</b>	<b>\$0.70</b>	<b>\$2.70</b>	<b>\$2.50</b>	<b>\$2.00</b>	<b>\$1.70</b>	<b>\$1.20</b>	<b>\$0.70</b>	<b>\$0.70</b>	<b>\$1.60</b>	<b>\$1.36</b>	<b>\$1.06</b>	<b>\$0.80</b>
<b>Unit Trading Prices:</b>												
<b>High</b>	<b>\$68.77</b>	<b>\$70.50</b>	<b>\$71.00</b>	<b>\$74.99</b>	<b>\$60.39</b>	<b>\$50.29</b>	<b>\$38.61</b>	<b>\$28.98</b>	<b>\$43.81</b>	<b>\$50.01</b>	<b>\$36.00</b>	<b>\$56.85</b>
<b>Low</b>	<b>\$51.50</b>	<b>\$58.15</b>	<b>\$62.35</b>	<b>\$56.15</b>	<b>\$41.19</b>	<b>\$35.02</b>	<b>\$23.32</b>	<b>\$15.61</b>	<b>\$15.00</b>	<b>\$34.25</b>	<b>\$30.00</b>	<b>\$19.35</b>

(1) Adjusted EBITDDA defined as earnings before interest, taxes, depreciation, depletion, amortization and the non-cash cost basis of land sold.

(2) Cash Available for Distribution = Cash flow from operations, less maintenance capex (excludes timberland and building acquisitions and development capex already reflected in cash from op's), plus financed debt extinguishment costs, less those portions attributable to noncontrolling interests in Timber Funds.

# Reconciliation of Non-GAAP Measures

## Adjusted EBITDDA

(All amounts in \$ millions)

	<u>Q1 2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Net income (loss)	(\$1.5)	\$7.5	\$31.9	\$11.7	(\$6.8)	\$8.9	\$0.8	(\$1.2)	\$0.1	\$15.1	\$24.8	\$14.0
Adjust for:												
Depreciation, depletion & amortization	2.5	10.6	12.9	11.9	11.2	12.7	5.9	2.9	4.8	5.5	7.1	11.3
Net interest expense (Income)	0.7	3.0	2.6	1.5	1.5	1.7	1.1	1.0	0.2	(0.3)	0.6	2.5
Income tax expense (benefit)	0.0	0.2	0.9	(0.3)	0.4	0.2	(0.3)	-	(0.1)	(0.1)	0.4	1.0
Non-cash cost of land sold	1.4	16.1	54.4	5.0	1.5	0.1	0.1	0.1	2.6	3.9	7.7	0.4
<b>Adjusted EBITDDA</b>	<b>\$3.1</b>	<b>\$37.4</b>	<b>\$102.7</b>	<b>\$29.8</b>	<b>\$7.8</b>	<b>\$23.6</b>	<b>\$7.6</b>	<b>\$2.8</b>	<b>\$7.6</b>	<b>\$24.1</b>	<b>\$40.6</b>	<b>\$29.2</b>

## Cash Available for Distribution (CAD)

(All amounts in \$ millions)

	<u>Q1 2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Cash provided by operations	(\$2.0)	\$20.2	\$30.8	\$17.9	\$16.2	\$21.7	\$9.0	\$0.7	\$4.0	\$12.1	\$33.1	\$24.0
Adjust for:												
Maintenance capital expenditures	(0.4)	(2.5)	(2.3)	(2.2)	(2.0)	(1.9)	(0.9)	(1.2)	(1.7)	(2.3)	(1.7)	(1.8)
Financed debt extinguishment costs							1.3	1.1				
Noncontrolling interest in Timber Funds	(1.0)	(4.0)	(7.5)	(4.8)	(2.5)	(6.9)	(0.8)	0.6	(1.7)	(0.2)	0.0	0.0
<b>Cash Available for Distribution</b>	<b>(\$3.4)</b>	<b>\$13.7</b>	<b>\$21.0</b>	<b>\$10.9</b>	<b>\$11.7</b>	<b>\$12.9</b>	<b>\$8.6</b>	<b>\$1.2</b>	<b>\$0.6</b>	<b>\$9.6</b>	<b>\$31.4</b>	<b>\$22.2</b>
Distribution	3.0	\$11.7	\$11.0	\$8.9	\$7.5	\$5.3	\$3.2	\$3.2	\$7.4	\$6.4	\$5.0	\$3.7
Distribution as a % of CAD	N/A	85%	53%	82%	64%	41%	38%	268%	1241%	67%	16%	17%

# Reconciliation of Non-GAAP Measures

## Adjusted EBITDDA by Segment

(in \$millions)

	Q1 2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Fee Timber</b>										
Operating Income - Internal	\$1.7	\$11.1	\$41.6	\$13.9	\$10.1	\$14.9	\$8.4	\$2.9	\$6.0	\$14.5
Depletion	2.3	9.9	12.2	10.8	10.0	11.8	5.1	2.1	3.4	4.8
Depreciation and amortization	0.0	0.3	0.3	0.3	0.3	0.3	0.2	0.4	0.3	0.3
Cost of land sold	0.5	2.1	45.2				0.1		2.2	
<b>Adjusted EBITDDA - Fee Timber</b>	<b>\$4.6</b>	<b>\$23.4</b>	<b>\$99.3</b>	<b>\$25.0</b>	<b>\$20.4</b>	<b>\$27.0</b>	<b>\$13.8</b>	<b>\$5.4</b>	<b>\$11.9</b>	<b>\$19.6</b>
<b>Timberland Management</b>										
Operating Income (loss) - Internal	\$0.1	(\$0.7)	\$0.4	\$0.3	\$0.2	\$0.4	\$0.1	\$0.4	\$0.2	(\$0.2)
Depreciation and amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1
<b>Adjusted EBITDDA - TM</b>	<b>\$0.1</b>	<b>(\$0.7)</b>	<b>\$0.4</b>	<b>\$0.3</b>	<b>\$0.2</b>	<b>\$0.4</b>	<b>\$0.1</b>	<b>\$0.4</b>	<b>\$0.3</b>	<b>(\$0.1)</b>
<b>Real Estate</b>										
Operating Income (loss) - Internal	(\$1.0)	\$5.4	(\$2.6)	\$3.4	(\$11.0)	(\$0.3)	(\$0.7)	\$1.7	(\$1.4)	\$5.2
Depletion				0.5		0.1			0.5	0.0
Depreciation and amortization	0.1	0.3	0.3	0.3	0.8	0.3	0.2	0.2	0.2	0.2
Cost of land sold	0.9	14.0	9.2	5.0	1.5	0.1		0.1	0.4	3.9
<b>Adjusted EBITDDA - Real Estate</b>	<b>\$0.0</b>	<b>\$19.7</b>	<b>\$6.9</b>	<b>\$9.2</b>	<b>(\$8.7)</b>	<b>\$0.2</b>	<b>(\$0.5)</b>	<b>\$2.0</b>	<b>(\$0.3)</b>	<b>\$9.3</b>
<b>General &amp; Administrative</b>										
Operating loss - Internal	(\$1.6)	(\$5.1)	(\$3.9)	(\$4.7)	(\$4.2)	(\$4.2)	(\$4.7)	(\$3.7)	(\$4.0)	(\$4.8)
Depreciation and amortization	0.0	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Debt extinguishment costs							(1.3)	(1.1)		
SLARS impairment							0.0	(0.3)	(0.4)	
<b>Adjusted EBITDDA - G&amp;A</b>	<b>(\$1.6)</b>	<b>(\$5.0)</b>	<b>(\$3.8)</b>	<b>(\$4.6)</b>	<b>(\$4.1)</b>	<b>(\$4.1)</b>	<b>(\$5.8)</b>	<b>(\$5.0)</b>	<b>(\$4.2)</b>	<b>(\$4.6)</b>

# Accounting for Timber Fund Business

- POPE earns asset and timberland management fees from the Funds
- POPE's "controlling" role as GP or managing member of the Funds triggers requirement to consolidate Funds into POPE financials
- Consolidation results in elimination of all fees paid by the Funds to POPE

(In \$ millions)

	Q1 2016	2015	2014	2013	2012	2011	2010	2009
Timber Fund acres under management at end of period (000's)	94	94	80	91	80	61	61	36
Management fees paid by Funds	\$0.8	\$2.2	\$3.3	\$2.8	\$2.2	\$2.4	\$1.5	\$0.9
Less: POPE's share of Fund management fees	(0.1)	(0.2)	(0.5)	(0.5)	(0.4)	(0.5)	(0.3)	(0.2)
Net management fee revenue	<u>\$0.7</u>	<u>\$2.0</u>	<u>\$2.8</u>	<u>\$2.3</u>	<u>\$1.8</u>	<u>\$1.9</u>	<u>\$1.2</u>	<u>\$0.7</u>
Externally reported TM segment operating income (loss)	-\$0.7	-\$2.6	-\$2.3	-\$2.0	-\$1.6	-\$1.5	-\$1.2	-\$0.4
Addback of eliminated management fees & operating exp <sup>(1)</sup>	0.8	1.9	2.7	2.3	1.7	1.9	1.3	0.7
TM segment operating income (internal reporting)	<u>\$0.1</u>	<u>-\$0.7</u>	<u>\$0.4</u>	<u>\$0.3</u>	<u>\$0.1</u>	<u>\$0.4</u>	<u>\$0.1</u>	<u>\$0.3</u>
<b>Impact of Funds on POPE cash flow</b>								
Fees	\$0.7	\$2.0	\$2.8	\$2.3	\$1.8	\$1.9	\$1.2	\$0.7
Distributions from operations	0.1	0.4	1.4	1.3	0.8	1.7	0.2	-
Distributions from property sales, refinancings	-	1.8	11.9	2.7	0.1	-	-	-
Total	<u>\$0.8</u>	<u>\$4.2</u>	<u>\$16.2</u>	<u>\$6.3</u>	<u>\$2.7</u>	<u>\$3.6</u>	<u>\$1.4</u>	<u>\$0.7</u>

(1) Eliminated for external reporting in consolidation



# Look-through Balance Sheet: Breaking out Funds

(in \$millions)

	March 31, 2016			Compare to:	
	Partnership	Look-Thru Funds	Look-Thru Bal Sht	Consol Bal Sht	YE 2015
<b>Assets</b>					
Cash & cash equivalents	\$1.3	\$0.3	\$1.6	\$3.9	\$9.7
Other current assets	5.8	0.2	6.0	6.8	7.7
Timber & roads, net	33.2	20.0	53.2	263.6	266.1
Timberlands	14.8	4.0	18.8	53.8	53.9
Land held for development	26.2	-	26.2	26.2	25.7
Buildings & equipment, net	6.0	-	6.0	6.0	6.0
Other assets	1.0	-	1.0	1.0	1.0
<b>Total assets</b>	<b>\$88.3</b>	<b>\$24.5</b>	<b>\$112.8</b>	<b>\$361.3</b>	<b>\$370.1</b>
<b>Liabilities &amp; Equity</b>					
Current liabilities (excl. current portion of long-term debt)	\$15.1	\$0.2	\$15.3	\$16.9	\$16.7
Total debt (current and long-term)	28.9	6.6	35.5	86.1	84.7
Other liabilities	1.8	-	1.8	1.7	5.7
<b>Total liabilities</b>	<b>45.8</b>	<b>6.8</b>	<b>52.6</b>	<b>104.7</b>	<b>107.1</b>
Partners' capital	42.5	17.7	60.2	60.7	64.5
Noncontrolling interests	-	-	-	195.9	198.5
<b>Total liabilities &amp; partners' capital</b>	<b>\$88.3</b>	<b>\$24.5</b>	<b>\$112.8</b>	<b>\$361.3</b>	<b>\$370.1</b>

# Look-through EBITDDA: Breaking out Funds

(in \$millions)

	Q1 2016				
	Partnership	Funds	Combined As Reported	Reverse: Funds' Non-Controlling	Look-Thru Inc Stmtnt
Net income	(\$1.0)	(\$0.5)	(\$1.5)	\$0.5	(\$1.0)
Adjustments to calculate EBITDDA:					
Depletion	0.3	2.0	2.3	(1.8)	0.5
Depreciation/amortization	0.2	-	0.2	-	0.2
Net interest expense	0.2	0.5	0.7	(0.4)	0.3
Income tax expense (benefit)	-	-	-	-	-
Cost basis of land and timber sold	0.9	0.5	1.4	(0.5)	0.9
Adjusted EBITDDA	\$0.6	\$2.5	\$3.1	(\$2.2)	\$0.9

	2015				
	Partnership	Funds	Combined As Reported	Reverse: Funds' Non-Controlling	Look-Thru Inc Stmtnt
Net income	\$11.2	(\$3.7)	\$7.5	\$3.4	\$10.9
Adjustments to calculate EBITDDA:					
Depletion	1.9	8.0	9.9	(7.1)	2.8
Depreciation/amortization	0.7	-	0.7	-	0.7
Net interest expense	0.6	2.4	3.0	(2.1)	0.9
Income tax expense (benefit)	(0.1)	0.3	0.2	(0.3)	(0.1)
Cost basis of land and timber sold	14.0	2.1	16.1	(2.0)	14.1
Adjusted EBITDDA	\$28.3	\$9.1	\$37.4	(\$8.1)	\$29.3