

# Pope Resources L.P.

*Rooted in the Past, Growing for the Future*  
(NASDAQ: POPE)

**Investor Presentation**  
**June 2013**

**POPE**



# 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 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.**

# Unique Blend of PNW Timber and Land Assets

Segments	Fee Timber	Timberland Management & Consulting	Real Estate
Strategy	<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>
Portfolio of assets	<ul style="list-style-type: none"> <li>191,000 acres of timberland in western WA, northwest OR and northern CA</li> <li>Includes 80,000 acres owned by funds</li> </ul>	<ul style="list-style-type: none"> <li>3 private equity timber funds</li> <li>\$231 MM in asset under management</li> <li>\$134 MM of committed capital</li> </ul>	<ul style="list-style-type: none"> <li>2,900-acre portfolio of development, HBU &amp; commercial properties in west Puget Sound</li> <li>1,600+ entitled lots</li> </ul>
2012 Revenue (internal)	\$46.0 MM	\$2.2 MM <sup>#</sup>	\$8.6 MM
2012 EBITDDA (internal)	\$20.4 MM	\$0.1 MM	(\$8.7) MM <sup>*</sup>
Assets (12/31/12)	<ul style="list-style-type: none"> <li>\$53.1 MM on Partnership's 113,000 acres</li> <li>\$177.5 MM on Funds' 80,000 acres</li> </ul>	NA	<ul style="list-style-type: none"> <li>\$32.9 MM on Partnership's 2,900-acre portfolio</li> </ul>

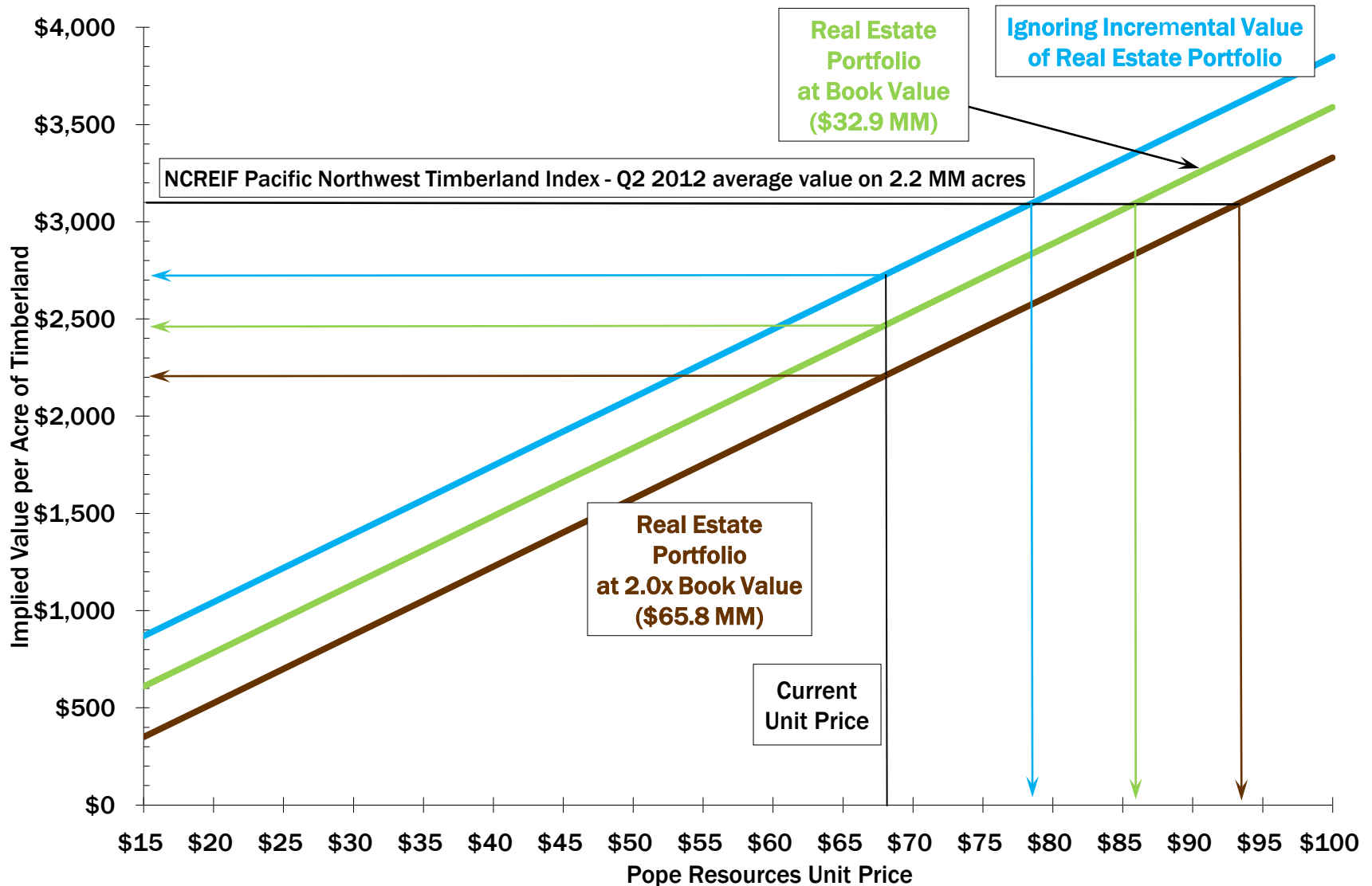
<sup>#</sup> Revenue eliminated in consolidated earnings

<sup>\*</sup> Includes environmental remediation accrual of \$12.5 MM

# POPE: Targeted PNW Investment Opportunity

- **Pure-play exposure to Pacific Northwest (PNW) timberlands**
  - Fee Timber segment contributed 88% of total revenues over past 3 years
  - 90% of POPE's timberlands tributary to 5 export log ports serving all 3 Asian markets
  - Strengthening U.S. housing starts accruing to higher PNW domestic and export log pricing
  - BC supply reduction due to mountain pine beetle (MPB) will benefit all PNW timberland owners
- **Deep discount to NAV**
  - Imputed value of timberlands (owned timber and co-investment in Funds), based on enterprise value, is approximately \$2,200 to \$2,450 per acre without placing any value on Timber Fund business
- **Adding value through Timber Fund business**
  - Generate fees managing funds: \$2.2 MM in 2012
  - Co-investment of \$29 MM in first two funds generated 3.0% cash-on-cash yield in 2012
  - Closed \$180 MM Fund III in Q3 2012 (5% POPE co-investment), with 25% of fund placed at year-end 2012 (\$2 MM co-investment)
- **Highly tax-efficient vehicle for investing in timberland asset class**
  - Distribution of \$1.80 per year (2.7% yield) not taxed as return of capital
  - Efficient flow-through treatment of taxable income creates tax credit in most years

# Implied Timberland Value Well Below Market Level



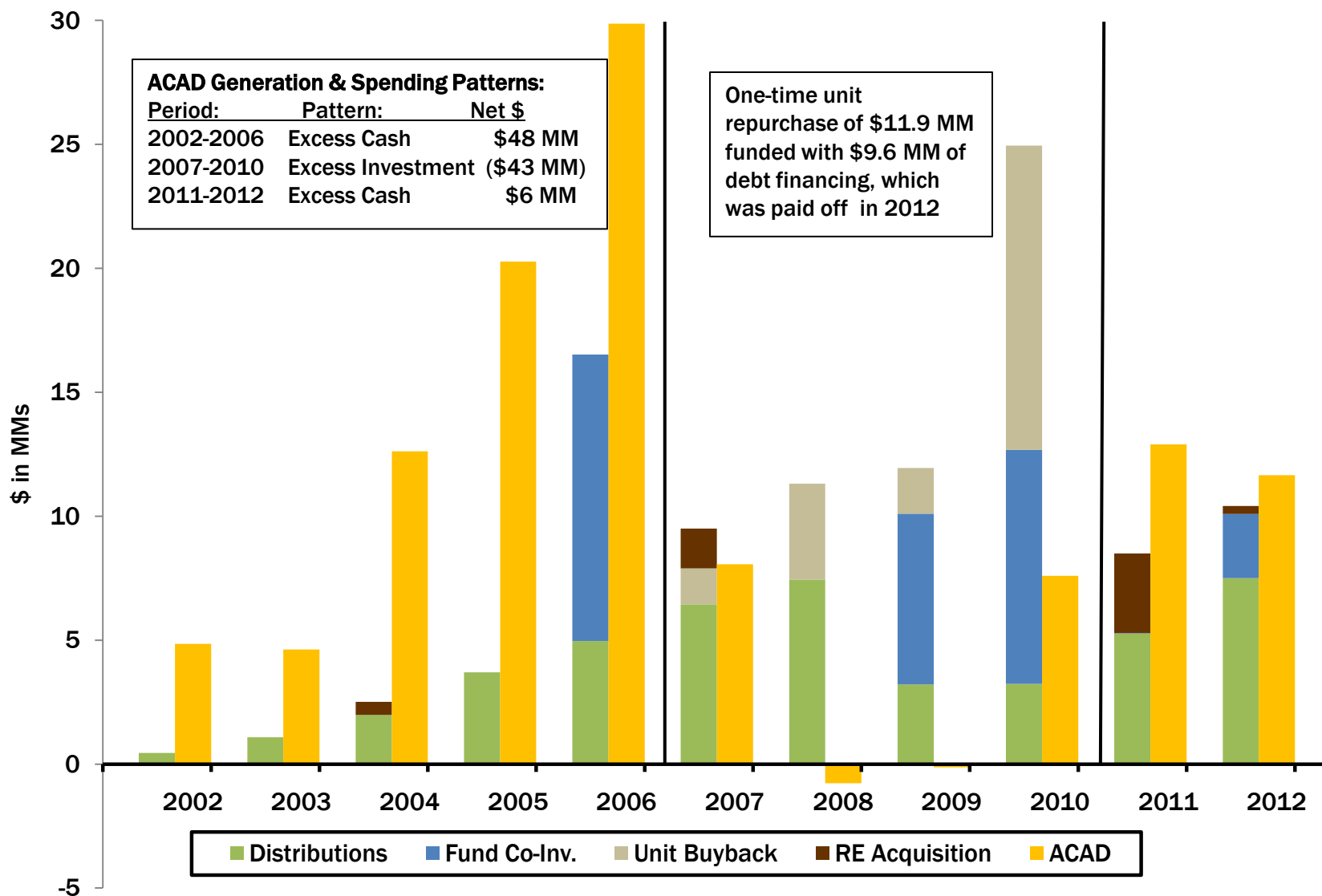
# Experience Driving Capital Allocation & Growth

- **Capital allocation of Adjusted Cash Available for Distribution (ACAD)\***
  - Quarterly distributions
    - 29% increase in quarterly distribution in Q2 2012 to current rate of \$0.45 per quarter
  - Co-investment in Funds, with POPE's share going down from 20% in Funds I and II to 5% in Fund III
  - Where appropriate, investing in real estate projects
  - Periodically repurchasing units in open market
- **Growth Capital**
  - Near-term growth expected to be fueled primarily by organic cash flow generation
    - Free cash flow generation from timber harvest
    - “Lumpy” monetization of Real Estate portfolio
  - \$20 MM untapped line of credit as well as incremental debt capacity enables Pope Resources to capitalize on investment opportunities
  - No current expectation for secondary or rights offering



\*ACAD: cash flow from operations plus financed debt extinguishment costs, less maintenance CapEx and required debt service

# Capital Allocation: Balancing Liquidity & Growth



# Growth Prospects for POPE Distribution

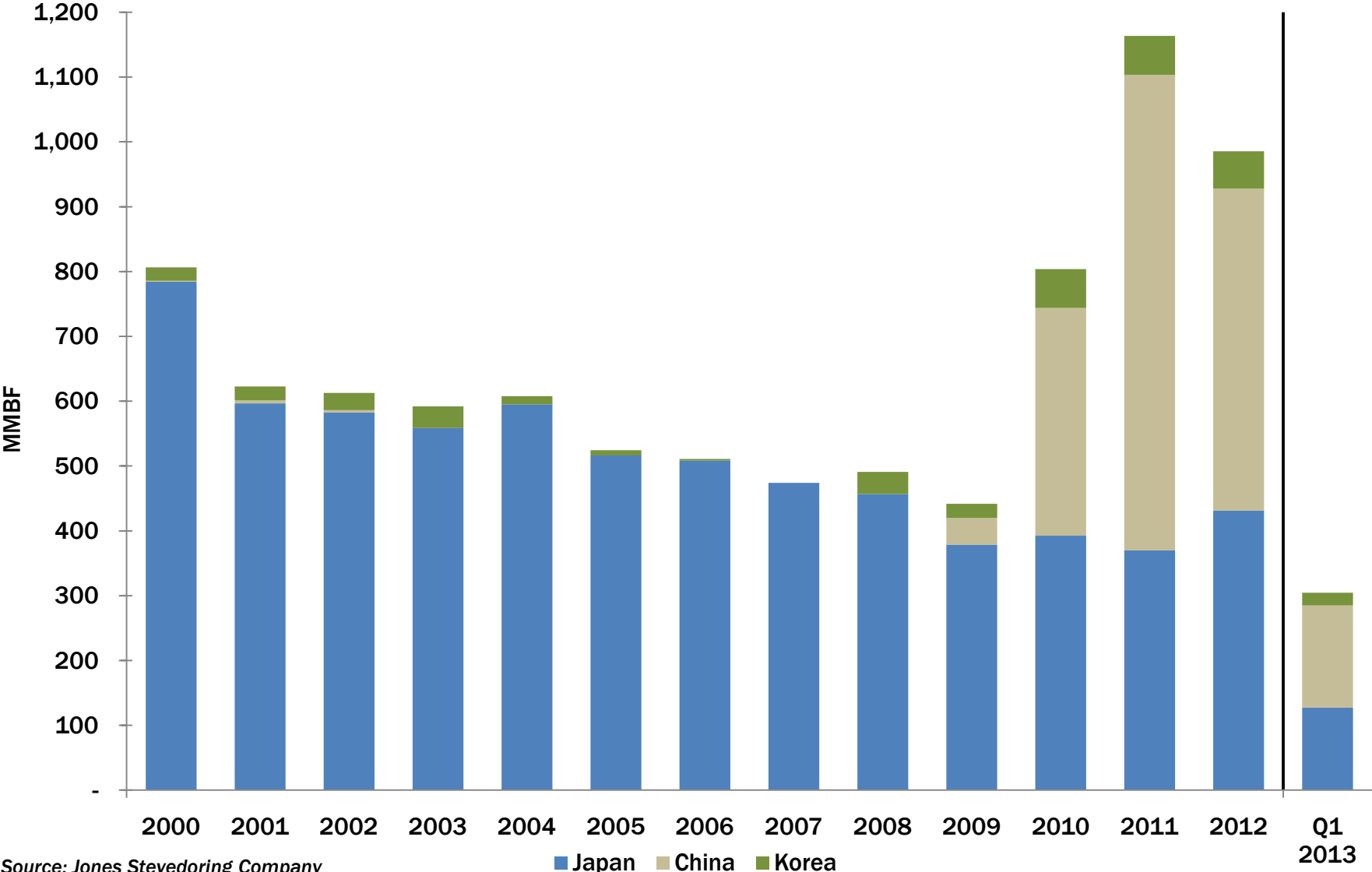
- No set formula for determining quarterly distribution level
- Historically, quarterly distribution has been set conservatively relative to underlying cash flow generation, allowing for room to grow distribution as markets improve
- Pattern of annual review, with mid-year adjustment
- Factors that influence distribution level include:
  - Payout as a percent of ACAD
  - Payout as a percent of Fee Timber segment free cash flow
  - Dividend yields from timber peers
  - Other potential needs for cash such as Fund co-investment, Real Estate projects, debt paydown, and unit repurchases
- With expectations for higher Real Estate sales over coming years, we anticipate the ability to distribute a higher proportion of our Fee Timber free cash flow



# Compelling Log Market Dynamics

- **Strong export demand and improved U.S. housing starts**
  - Asian export markets have surged on relative economic strength in China and increased cost of logs sourced from Russia
  - China is buying average quality whitewood and Douglas-fir sawlogs that otherwise would be used by domestic mills, resulting in compression of Douglas-fir premium
  - As U.S. housing market has improved (consensus forecast of 1.0 MM housing starts in 2013), western mills have ramped up production of lumber and panels
  - Canadian market share of U.S. lumber market down significantly from historical levels due to mountain pine beetle (MPB) impacts on wood quality
- **POPE's export mix reflects market impacts**
  - 15% in 2009
  - Surged to 45% in 2011 driven by demand from China
  - Moderates to 25% in 2012-2013 as domestic log market gains strength
- **POPE's Q1 2013 sawlog prices up dramatically since 2009 cyclic low**
  - Douglas-fir average realized sawlog price up 54% from 2009 annual average price
  - Whitewood average realized sawlog price up 90% from 2009 annual average price

# PNW Log Exports Buoyed by Strong China Market

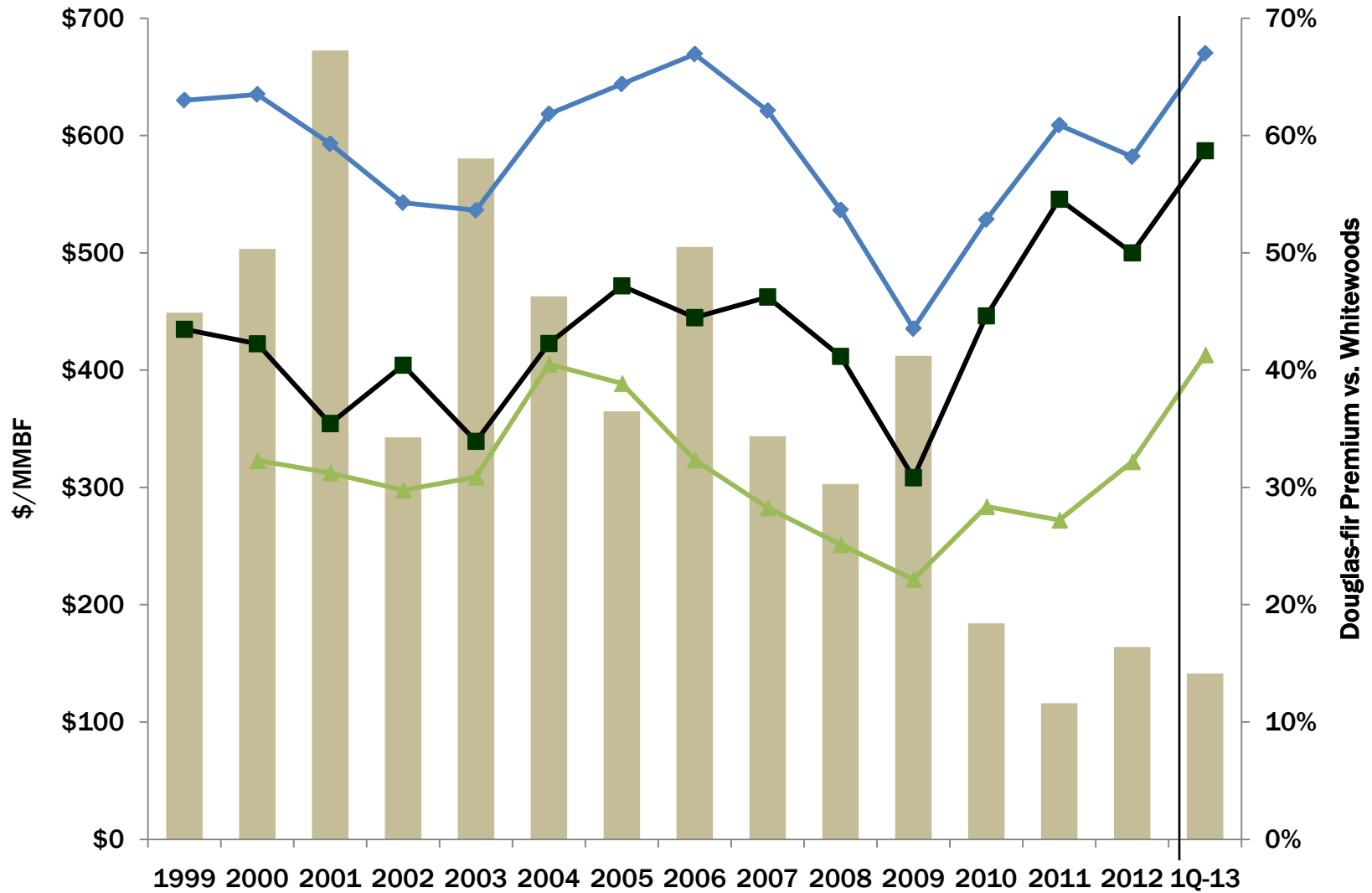


Source: Jones Stevedoring Company

■ Japan ■ China ■ Korea



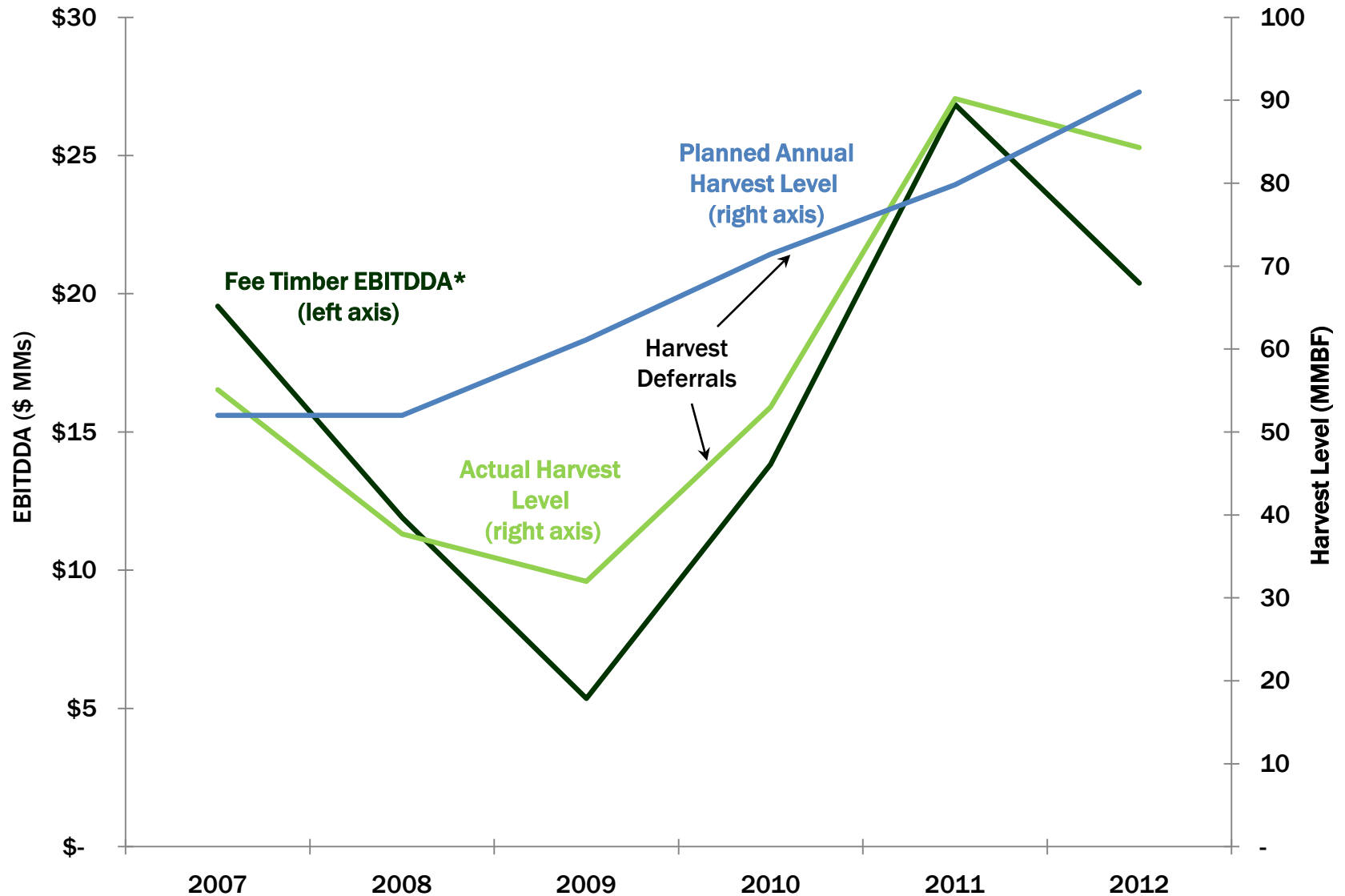
# China Market Compresses Douglas-fir Premium



Source: Pope Resources, Random Lengths

DF/WW Premium DF WW RL Avg Framing Lumber Composite Price

# Fee Timber EBITDDA vs. Harvest Level (2007-12)



\*EBITDDA based on internal segment reporting and adjusted for cost of land sales

# Real Estate Strategy

- Push Real Estate properties through entitlement and permitting pipeline to point where sale opportunity is optimal
- Develop future pipeline of higher-and-better-use (HBU) properties from current Fee Timber portfolio west of Seattle
  - Key approvals of development agreements and preliminary plats in 2010 and 2011
  - 824 residential units in Gig Harbor
  - 751 units in Kingston
- Recognize timing of sales will be “lumpy”
- Expect to realize meaningful “harvest” in 2013-2015



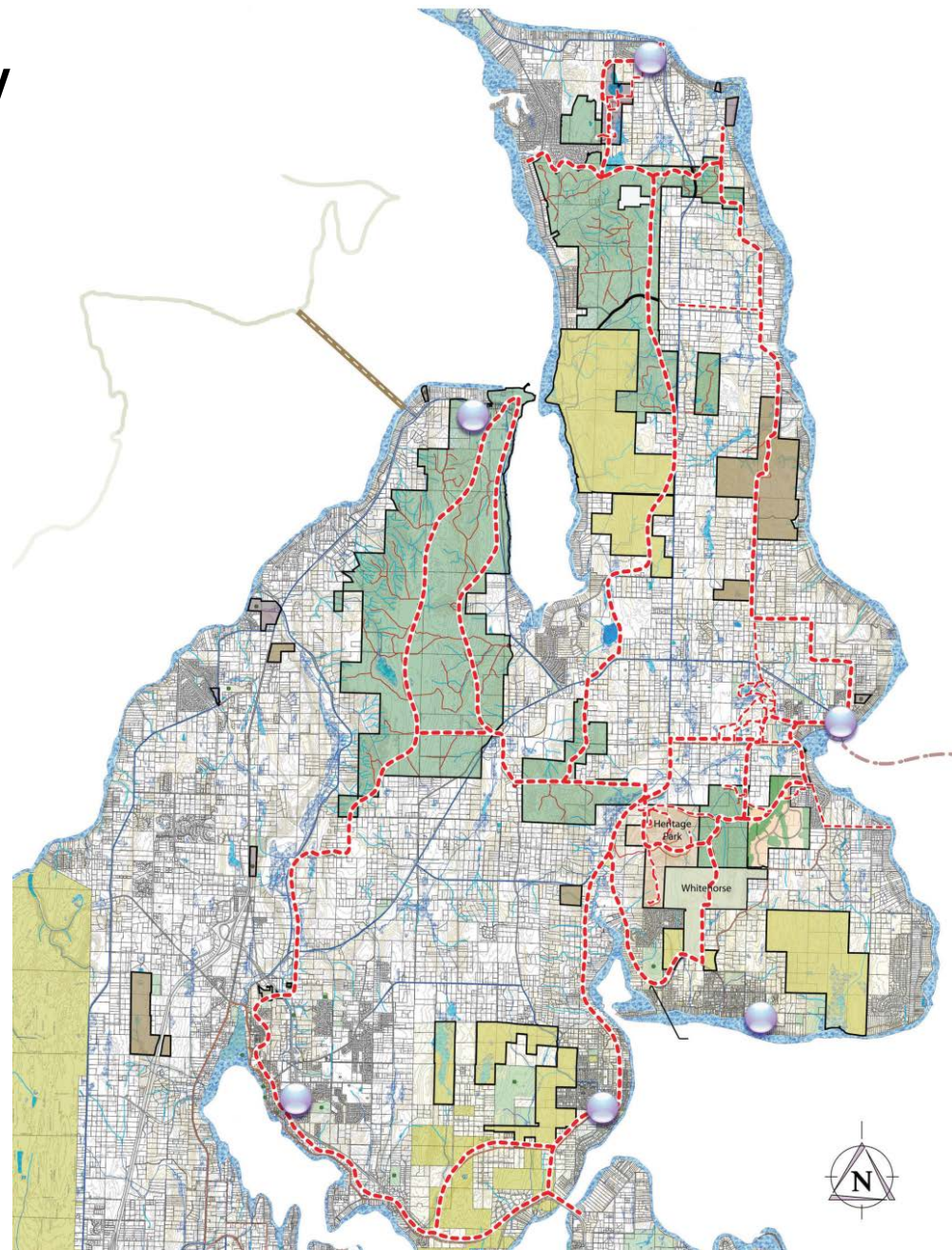
# Gig Harbor Project

- **Commercial zoning:**
  - Commercial sales in 2006 (\$15 MM) paid for road, water, and sewer infrastructure
  - 16 acres remaining
    - Working on grocery store site
- **Business park zoning:**
  - Sales in 2006 and 2007 (\$5 MM)
  - 28 acres remaining
    - Potential elementary school site
- **Residential zoning:**
  - 20-year development agreement approved in late-2010
  - Preliminary plat for 200-acre residential development approved in early 2011 (554 single-family lots and 270 multi-family units)
    - Sold 11.5 acres for \$3.3 MM in 2012 (170 multi-family units)
    - Under contract remaining multi-family land and 142 SF lots



# North Kitsap Exit Strategy

- Launched work on exit strategy for 7,000 acres of timberland in north Kitsap County in 2007
- Option with Forterra to sell lands for conservation
  - Option broken into 5 tracts
  - Includes 2 miles of shoreline
  - Project enjoys broad political, tribal, and community support
  - Expect first closing in 2013
- Secured \$9 MM under State budget for acquisition of shorelines and removal of sewer outfall, both of which tied to completion of clean-up effort
- Submitted master plan in 2013 for redevelopment of town and millsite



# Port Gamble Environmental Clean-up

- Nearing culmination of negotiations with Washington State Department of Ecology on completion of clean-up that began in 2002
- Scope of remaining work:
  - Removal of approximately 1,800 pilings and overwater structures
  - Intertidal dredging of wood waste
  - Extensive capping of soils following dredging
- Total estimated cost of \$17 MM will be shared with State Department of Natural Resources
  - Work to take place over period from 2014 to 2017





# Summary

- Pure-play exposure to Pacific Northwest timberlands
- Deep discount to NAV
- Adding value through Timber Fund business
- Highly tax-efficient vehicle for investing in timberland asset class

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# Pope Resources Appendix



# Pope Resources Balance Sheet (\$ in MM)

	YE 2012	YE 2011
<b>Assets</b>		
POPE - Cash & cash equivalents	2.5	0.2
Funds - Cash & cash equivalents	1.3	2.4
Other current assets	3.5	4.1
POPE - Properties and equipment, net of depletion/depreciation	84.3	86.5
Funds - Properties and equipment, net of depletion/depreciation	175.4	136.3
Other assets	0.5	0.9
<b>Total assets</b>	<b>267.5</b>	<b>230.4</b>
<b>Liabilities &amp; Equity</b>		
Current liabilities (excl. current portion of long-term debt)	7.6	5.3
POPE - Total debt (current and long-term)	32.8	34.8
Funds - Total debt (current and long-term)	11.0	11.1
Other liabilities	13.4	2.2
<b>Total liabilities</b>	<b>64.8</b>	<b>53.2</b>
<b>Capital</b>	<b>64.2</b>	<b>75.8</b>
Noncontrolling interests	138.4	101.4
<b>Total liabilities &amp; partners' capital</b>	<b>267.5</b>	<b>230.4</b>

# Pope Resources Financial Metrics (2002-2012)

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Revenues:</b>											
Fee Timber	23.3	22.9	33.5	44.4	35.3	35.5	23.6	14.9	27.7	52.7	45.5
Timberland Management & Consulting	7.3	2.4	1.6	7.8	3.7	1.4	0.9	0.6	0.0	-	0.0
Real Estate	1.6	1.7	4.5	4.8	27.3	15.0	3.7	5.0	3.5	4.5	8.5
<b>Total Revenues</b>	<b>32.2</b>	<b>27.0</b>	<b>39.6</b>	<b>57.0</b>	<b>66.3</b>	<b>51.9</b>	<b>28.2</b>	<b>20.5</b>	<b>31.2</b>	<b>57.3</b>	<b>54.0</b>
<b>Net Income/(Loss) Attributable to Unitholders</b>	<b>3.3</b>	<b>3.5</b>	<b>10.2</b>	<b>13.7</b>	<b>24.9</b>	<b>15.5</b>	<b>1.2</b>	<b>(0.3)</b>	<b>2.0</b>	<b>8.8</b>	<b>(4.7)</b>
<b>Net Income/(Loss) per Unit</b>	<b>\$0.74</b>	<b>\$0.78</b>	<b>\$2.22</b>	<b>\$2.88</b>	<b>\$5.22</b>	<b>\$3.22</b>	<b>\$0.23</b>	<b>(\$0.07)</b>	<b>\$0.43</b>	<b>\$1.94</b>	<b>(\$1.11)</b>
<b>Adjusted EBITDDA <sup>(1)</sup></b>	<b>9.5</b>	<b>10.3</b>	<b>19.1</b>	<b>29.2</b>	<b>40.6</b>	<b>24.1</b>	<b>7.6</b>	<b>2.8</b>	<b>7.6</b>	<b>23.6</b>	<b>7.8</b>
<b>Operating Cash Flow</b>	<b>8.9</b>	<b>8.0</b>	<b>16.5</b>	<b>24.0</b>	<b>33.1</b>	<b>12.1</b>	<b>4.0</b>	<b>0.7</b>	<b>9.0</b>	<b>21.7</b>	<b>16.2</b>
<b>Adjusted Cash Available for Distribution <sup>(2)</sup></b>	<b>4.8</b>	<b>4.6</b>	<b>12.6</b>	<b>20.3</b>	<b>29.9</b>	<b>8.1</b>	<b>(0.8)</b>	<b>(0.1)</b>	<b>7.6</b>	<b>12.9</b>	<b>11.7</b>
<b>Timberland Harvest (MMBF)</b>	<b>45.1</b>	<b>45.0</b>	<b>60.3</b>	<b>74.2</b>	<b>54.5</b>	<b>55.1</b>	<b>37.7</b>	<b>32.5</b>	<b>53.0</b>	<b>90.2</b>	<b>84.4</b>
<b>Unitholder Distributions per Unit</b>	<b>\$0.10</b>	<b>\$0.24</b>	<b>\$0.44</b>	<b>\$0.80</b>	<b>\$1.06</b>	<b>\$1.36</b>	<b>\$1.60</b>	<b>\$0.70</b>	<b>\$0.70</b>	<b>\$1.20</b>	<b>\$1.70</b>
<b>Unit Trading Prices:</b>											
High	\$15.50	\$15.99	\$25.25	\$56.85	\$36.00	\$50.01	\$43.81	\$28.98	\$38.61	\$50.29	\$60.39
Low	\$9.30	\$7.00	\$15.00	\$19.35	\$30.00	\$34.25	\$15.00	\$15.61	\$23.32	\$35.02	\$41.19

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

(2) Adjusted 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) less required debt service plus financed debt extinguishment costs. Includes only 20% of Timber Funds' cash from operations.

# Reconciliation of Non-GAAP Measures (\$ in MM)

## Adjusted EBITDDA

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Net income (loss)	3.3	3.5	10.2	14.0	24.8	15.1	0.1	(1.2)	0.8	8.9	(6.8)
Adjust for:											
Depreciation, depletion & amortization	3.9	3.5	5.8	11.3	7.0	5.5	4.7	2.8	5.8	12.6	11.3
Net interest expense (income)	2.9	2.8	3.0	2.5	0.6	(0.3)	0.2	1.0	1.1	1.7	1.5
Income tax expense (benefit)	(0.8)	0.2	0.0	1.0	0.4	(0.1)	(0.1)	0.0	(0.3)	0.2	0.4
Non-cash cost of land sold	0.2	0.2	0.2	0.4	7.7	3.9	2.6	0.1	0.1	0.1	1.5
Adjusted EBITDDA	9.5	10.3	19.1	29.2	40.6	24.1	7.6	2.8	7.6	23.6	7.8

## Adjusted Cash Available for Distribution (ACAD)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Cash provided (used) by operations	8.9	8.0	16.5	24.0	33.1	12.1	4.0	0.7	9.0	21.7	16.2
Adjust for:											
Noncontrolling interest in Timber Funds					0.1	(0.5)	(1.9)	0.5	(0.7)	(7.4)	(3.3)
Maintenance capital expenditures	(2.1)	(1.4)	(1.9)	(1.8)	(1.7)	(2.0)	(1.5)	(1.1)	(0.9)	(1.4)	(1.3)
Required principal payments	(2.0)	(2.0)	(2.0)	(1.9)	(1.7)	(1.5)	(1.3)	(1.4)	(1.0)	(0.0)	(0.0)
Financed debt extinguishment costs								1.1	1.3		
Adjusted Cash Available for Distribution	4.8	4.6	12.6	20.3	29.9	8.1	(0.8)	(0.1)	7.6	12.9	11.7
Distribution	0.5	1.1	2.0	3.7	5.0	6.4	7.4	3.2	3.2	5.3	7.5
Distribution as a % of positive ACAD	9%	23%	16%	18%	17%	80%	N/A	N/A	43%	41%	64%

# Reconciliation of Non-GAAP Measures (\$ in MM)

## Adjusted EBITDDA by Segment

	2007	2008	2009	2010	2011	2012
<b>Fee Timber</b>						
Operating income - internal	\$14.5	\$5.9	\$2.9	\$8.4	\$14.9	\$10.1
Depletion	4.8	3.4	2.0	5.2	11.8	10.0
Depreciation and amortization	0.3	0.3	0.4	0.2	0.3	0.3
Cost of land sold		2.2		0.1		
<b>Adjusted EBITDDA - Fee Timber</b>	<b>\$19.6</b>	<b>\$11.9</b>	<b>\$5.4</b>	<b>\$13.8</b>	<b>\$26.9</b>	<b>\$20.4</b>
<b>Timberland Management &amp; Consulting</b>						
Operating income (loss) - internal	(\$0.2)	\$0.1	\$0.4	\$0.1	\$0.4	\$0.1
Depreciation and amortization	0.1	0.1	0.0	\$0.0	\$0.0	\$0.0
<b>Adjusted EBITDDA - TM&amp;C</b>	<b>(\$0.1)</b>	<b>\$0.2</b>	<b>\$0.4</b>	<b>\$0.1</b>	<b>\$0.4</b>	<b>\$0.1</b>
<b>Real Estate</b>						
Operating income (loss) - internal	\$5.2	(\$1.4)	\$1.7	(\$0.8)	(\$0.3)	(\$11.0)
Depletion		0.5			\$0.2	
Depreciation and amortization	0.2	0.2	0.2	\$0.2	\$0.3	\$0.9
Cost of land sold	3.9	0.4	0.1		\$0.1	\$1.5
<b>Adjusted EBITDDA - Real Estate</b>	<b>\$9.2</b>	<b>(\$0.3)</b>	<b>\$2.0</b>	<b>(\$0.5)</b>	<b>\$0.2</b>	<b>(\$8.7)</b>

# Accounting for Timber Fund Business

- ORM earns timberland and asset 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
- TM&C segment results included non-Fund, third-party management fees up until mid-2009

(In \$millions)

	2007	2008	2009	2010	2011	2012
Timber Fund acres under management at end of period (000's)	24	24	36	61	61	80
Management fees paid by Funds	0.9	0.9	0.9	1.5	2.4	2.2
Less: POPE's share of Fund management fees	(0.2)	(0.2)	(0.2)	(0.3)	(0.5)	(0.4)
Net management fee revenue	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>1.2</u>	<u>1.9</u>	<u>1.8</u>
Externally reported TM&C segment operating income (loss)	(0.9)	(0.5)	(0.4)	(1.3)	(1.5)	(1.6)
Addback of eliminated management fees <sup>(1)</sup>	<u>0.9</u>	<u>0.7</u>	<u>0.7</u>	<u>1.3</u>	<u>1.9</u>	<u>1.7</u>
TM&C segment operating income (internal reporting)	<u>(0.0)</u>	<u>0.1</u>	<u>0.4</u>	<u>0.1</u>	<u>0.4</u>	<u>0.1</u>
Impact of Funds on POPE cash flow						
Fees	0.9	0.9	0.9	1.5	2.4	2.2
Distributions	<u>0.1</u>	<u>0.2</u>	-	<u>0.2</u>	<u>1.7</u>	<u>1.0</u>
Total	<u>1.0</u>	<u>1.1</u>	<u>0.9</u>	<u>1.7</u>	<u>4.1</u>	<u>3.2</u>

(1) Eliminated for external reporting in consolidation



# Look-through Balance Sheet: Breaking out Funds

(in \$millions)

	December 31, 2012			Compare to:	
	Partnership	Look-Thru Funds	Look-Thru Bal Sht	Consol Bal Sht	YE 2011
<b>Assets</b>					
Cash & cash equivalents	2.5	0.2	2.7	3.8	2.7
Other current assets	2.8	0.1	2.9	3.5	4.1
Timber & roads, net	34.2	24.2	58.4	183.3	154.2
Timberlands	14.9	4.1	19.0	41.2	34.1
Land held for development	29.0	-	29.0	29.0	28.4
Buildings & equipment, net	6.2	-	6.2	6.2	6.0
Other assets	0.4	0.0	0.4	0.5	0.9
<b>Total assets</b>	<b>90.0</b>	<b>28.7</b>	<b>118.7</b>	<b>267.5</b>	<b>230.4</b>
<b>Liabilities &amp; Equity</b>					
Current liabilities (excl. current portion of long-term debt)	6.2	0.3	6.5	7.6	5.3
Total debt (current and long-term)	32.8	2.2	35.0	43.8	45.8
Other liabilities	13.4	-	13.4	13.4	2.2
<b>Total liabilities</b>	<b>52.4</b>	<b>2.5</b>	<b>54.8</b>	<b>64.8</b>	<b>53.2</b>
Partners' capital	37.6	26.2	63.8	64.2	75.8
Noncontrolling interests	-	-	-	138.4	101.4
<b>Total liabilities &amp; partners' capital</b>	<b>90.0</b>	<b>28.7</b>	<b>118.7</b>	<b>267.5</b>	<b>230.4</b>

# Look-through EBITDDA: Breaking out Funds

(in \$millions)

	2011				
	Partnership	Funds	Combined As Reported	Reverse: Funds' Non-Controlling	Look-Thru Inc Stmt
Net income	8.7	0.3	8.9	0.2	9.1
Adjustments to calculate EBITDDA:					
Depletion	3.3	8.6	11.9	(6.9)	5.0
Depreciation/amortization	0.7	0.0	0.7	(0.0)	0.7
Net interest expense	1.1	0.5	1.7	(0.4)	1.3
Income tax expense (benefit)	0.1	0.2	0.2	(0.1)	0.1
Cost basis of land and timber sold	0.1	-	0.1	-	0.1
Adjusted EBITDDA	14.0	9.5	23.6	(7.3)	16.3

	2012				
	Partnership	Funds	Combined As Reported	Reverse: Funds' Non-Controlling	Look-Thru Inc Stmt
Net income	(4.2)	(2.6)	(6.8)	(2.1)	(8.9)
Adjustments to calculate EBITDDA:					
Depletion	3.1	6.9	10.0	(5.5)	4.5
Depreciation/amortization	1.3	0.0	1.3	(0.0)	1.3
Net interest expense	0.9	0.5	1.5	(0.4)	1.0
Income tax expense (benefit)	0.3	0.1	0.4	(0.1)	0.3
Cost basis of land and timber sold	1.5	-	1.5	-	1.5
Adjusted EBITDDA	2.8	5.0	7.8	(8.1)	(0.3)

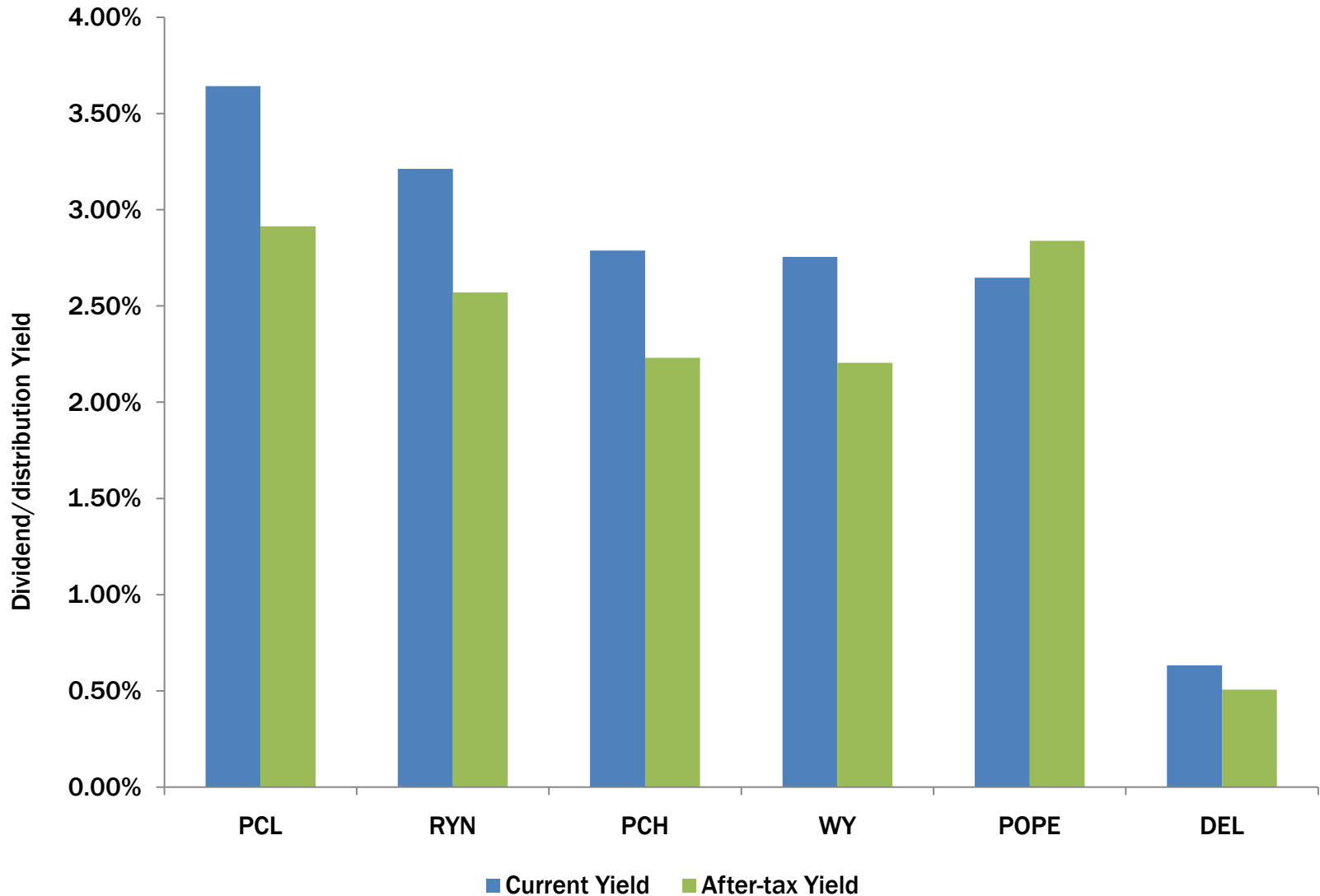
# MLP Structure Delivers Unique Tax Benefits

	A	B	C	
	Partnership Tax Return			Resultant
	Aggregate	Per	Applicable	Tax (Liability)/
	Amounts	Unit	Tax	Benefit per unit
	Reported	Amounts	Rate	(B times -C)
<b>Flow-through taxable income:</b>				
Taxable Income	<u>\$9,000,000</u>	<u>\$2.06</u>		
631(a) amount	\$21,500,000	\$4.92		
Depletion	(\$3,500,000)	(\$0.80)		
Section 1231 gain	<u>\$18,000,000</u>	<u>\$4.12</u>	20.0%	(\$0.82)
Long-term capital gain	3,000,000	0.69	20.0%	(0.14)
Interest income	50,000	0.01	39.6%	(0.00)
Ordinary loss	(12,050,000)	(2.76)	39.6%	1.09
	<u>\$9,000,000</u>	<u>\$2.06</u>		<u>\$0.13</u>

Unit Price	Effective Tax "Yield"	Distribution Yield at \$1.80/unit per year	Effective After-tax Yield
\$50	0.3%	3.6%	3.9%
\$55	0.2%	3.3%	3.5%
\$60	0.2%	3.0%	3.2%
\$65	0.2%	2.8%	3.0%

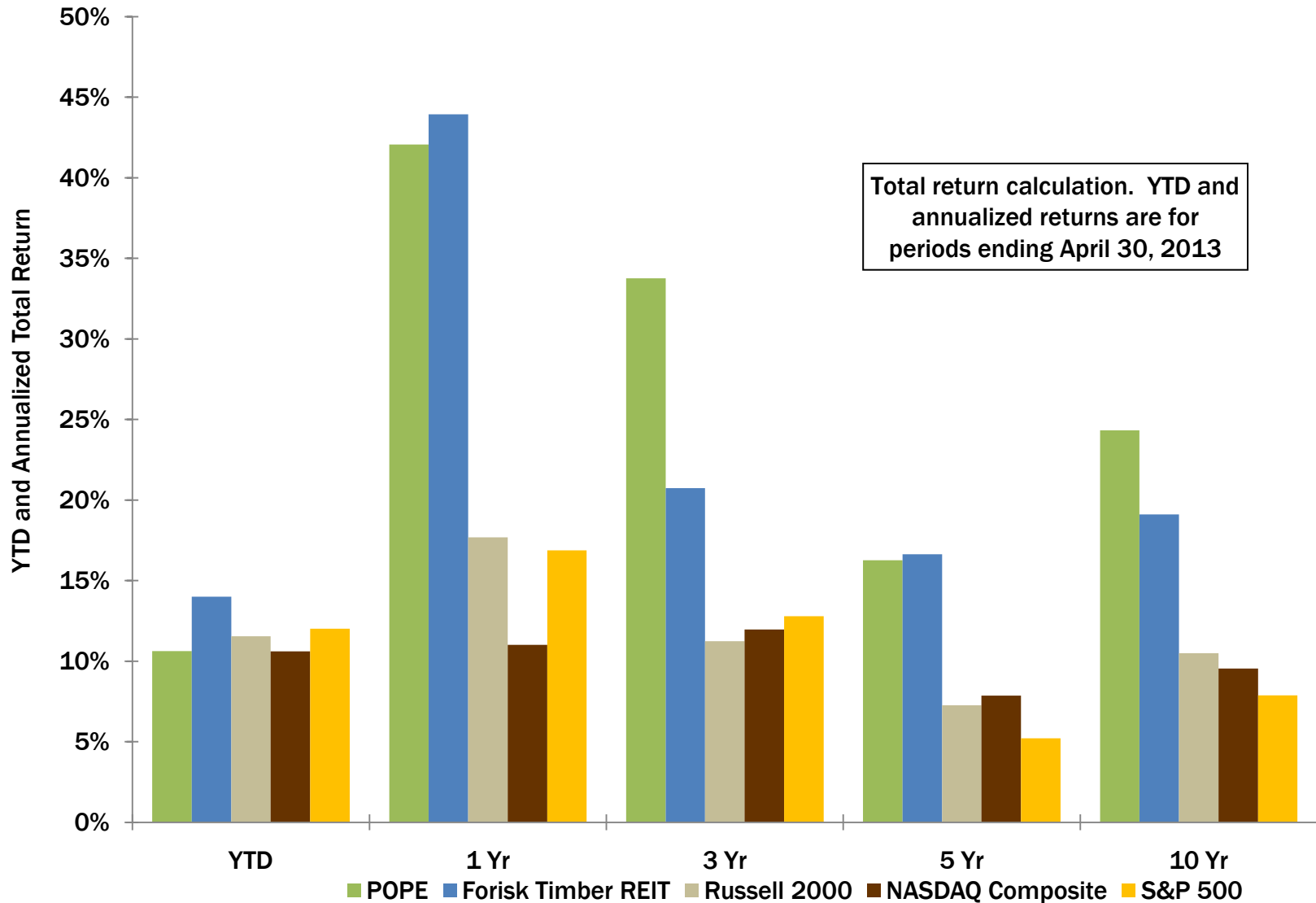
Note: Income amounts provided are representative examples only and should not be interpreted as pro forma results.

# After-Tax Yield Leading Timber Peers



Assumed 100% dividend tax treatment for REITs and 20% dividend tax rate; approximately \$0.13/unit tax credit for POPE at current unit price and 39.6% marginal tax rate

# Solid Long-term Investment Returns



Source: FactSet via NASDAQ, Forisk