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NEWS RELEASE

**FOR IMMEDIATE RELEASE**

Nasdaq:POPEZ

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**POPE RESOURCES REPORTS THIRD QUARTER EARNINGS OF \$4.1 MILLION**

Pope Resources (Nasdaq: POPEZ) reported net income of \$4.1 million, or 87 cents per diluted ownership unit, on revenues of \$15.3 million for the third quarter ended September 30, 2005. This compares to net income of \$1.4 million, or 30 cents per diluted ownership unit, on revenues of \$8.1 million, for the same period in 2004.

Net income for the nine months ended September 30, 2005 totaled \$12.8 million, or \$2.70 per diluted ownership unit, on revenues of \$48.1 million. Net income for the corresponding period in 2004 totaled \$9.4 million, or \$2.04 per diluted ownership unit, on revenues of \$31.7 million.

Earnings before interest, income tax, depreciation, depletion, and amortization (EBITDDA) for the quarter ended September 30, 2005 was \$7.6 million, compared to \$3.2 million for the third quarter of 2004. For the nine months ended September 30, 2005, EBITDDA was \$25.5 million, compared to \$15.8 million for year-to-date 2004 results.

“On the continued strength in our core log markets, rural residential real estate land sales, and a major third-party timberland management contract, we enjoyed outstanding third quarter results,” said David L. Nunes, President and CEO. “On top of already strong first and second quarter results, this year is shaping up to be one of the best years in the partnership’s 20-year history.”

In the current quarter our Fee Timber segment has benefited from a 12% increase in average log prices from the corresponding quarter in 2004. On a year-to-date basis, average log prices are up 10% over last year. In addition, a timberland acquisition that closed in late 2004 contributed 7 million board feet (MMBF) of additional harvest in the third quarter relative to the prior year’s third quarter and 15 MMBF on a year-to-date basis as compared to 2004. While this incremental volume carries a higher depletion expense due to having a separate depletion pool, the Fee Timber segment nevertheless generated \$1.7 million of higher operating income in the current quarter as compared to the prior year. On a year-to-date basis, the Fee Timber segment generated \$1.2 million more operating income as compared to 2004.

Throughout 2005, the Real Estate segment has enjoyed a surge of buyer interest in rural residential lots. The Real Estate segment has worked diligently over the past year to first identify and then bring to market a pipeline of such properties. Sales of these rural residential lots, which consist of a mix of properties in the historic Real Estate land portfolio and properties recently transferred from the Fee Timber portfolio, totaled \$1.1 million in the current quarter and \$3.1 million year-to-date. These sales propelled Real Estate operating income to \$0.5 million in the current quarter and \$1.3 million year-to-date. This

compares to an operating loss of \$0.3 million in the third quarter of 2004 and operating income of \$0.7 million for the prior year-to-date.

The Timberland Management & Consulting segment, which began serving a new timberland management customer in January 2005, generated operating income of \$0.4 million in the current quarter compared to breakeven results for the prior year. On a year-to-date basis, this segment has generated \$2.1 million of operating income compared to an operating loss of \$0.6 million in the prior year.

The primary driver behind the improvement in year-to-date EBITDDA is an increase in timber harvested as a result of a timberland acquisition in late 2004. Year-to-date harvest volumes have increased almost 15 million board feet (MMBF), or 29%, from a year ago. However, because the volume from this acquisition has its own separate depletion pool, the increased harvest related to this acquisition has less of an impact to earnings as compared to the impact on EBITDDA.

Results for 2005's fourth quarter will not approach those of the first three quarters since we have harvested 83% of the target volume for 2005 in the first nine months.

The financial and statistical schedules attached to this earnings release provide selected detail on individual segment results and operating statistics.

### **About Pope Resources**

Pope Resources, a publicly traded limited partnership, and its subsidiaries Olympic Resource Management and Olympic Property Group, own or manage over 640,000 acres of timberland and development property in Washington and Oregon. In addition, we provide forestry consulting and timberland investment management services to third-party owners and managers of timberland in Washington, Oregon, and California. The company and its predecessor companies have owned and managed timberlands and development properties for more than 150 years. Additional information on the company can be found at [www.orm.com](http://www.orm.com). The contents of our website are not incorporated into this release or into our filings with the Securities and Exchange Commission.

This press release contains a number of projections and statements about our expected financial condition, operating results, business plans and objectives. These statements reflect management's estimates based on current goals and its expectations about future developments. Because these statements describe our goals, objectives, and anticipated performance, they are inherently uncertain, and some or all of these statements may not come to pass. Accordingly, they should not be interpreted as promises of future management actions or financial performance. Our future actions and actual performance will vary from current expectations and under various circumstances the results of these variations may be material and adverse. Some of the factors that may cause actual operating results and financial condition to fall short of expectations include factors that affect our ability to anticipate and respond adequately to fluctuations in the market prices for our products; environmental and land use regulations that limit our ability to harvest timber and develop property; labor, equipment and transportation costs that affect our net income; and economic conditions that affect consumer demand for our products and the prices we receive for them. Other factors are set forth in that part of our Annual Report on Form 10-K entitled "Management's Discussion & Analysis of Financial Condition and Results of Operation - Risks and Uncertainties." Other issues that may have an adverse and material impact on our business, operating results, and financial condition include those risks and uncertainties discussed in our other filings with the Securities and Exchange Commission. Forward-looking statements in this release are made only as of the date shown above, and we cannot undertake to update these statements.

Management considers earnings (net income or loss) before interest expense, income taxes, depreciation, depletion and amortization (EBITDDA) to be a relevant and meaningful indicator of liquidity and earnings performance commonly used by investors, financial analysts and others in evaluating companies in its industry and, as such, has provided this information in addition to the generally accepted accounting principle-based presentation of net income or loss and cash from operations. In that context, “depletion” refers to a measure of the cost of timber harvested.

Pope Resources, A Delaware Limited Partnership  
Unaudited

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(all amounts in \$000's except income per unit)

	Three months ended Sept.30,		Nine months ended Sept. 30,	
	2005	2004	2005	2004
Revenues	\$ 15,312	\$ 8,051	\$ 48,099	\$ 31,671
Costs and expenses:				
Cost of sales	(6,631)	(3,269)	(21,845)	(11,885)
Operating expenses	<u>(3,860)</u>	<u>(2,723)</u>	<u>(10,667)</u>	<u>(8,206)</u>
Operating income	4,821	2,059	15,587	11,580
Interest, net	<u>(586)</u>	<u>(698)</u>	<u>(1,938)</u>	<u>(2,224)</u>
Income before income taxes and minority interest	4,235	1,361	13,649	9,356
Income tax benefit/(provision)	<u>(52)</u>	<u>-</u>	<u>(562)</u>	<u>-</u>
Income before minority interest	4,183	1,361	13,087	9,356
Minority interest	<u>(46)</u>	<u>-</u>	<u>(275)</u>	<u>-</u>
Net income	<u>\$ 4,137</u>	<u>\$ 1,361</u>	<u>\$ 12,812</u>	<u>\$ 9,356</u>
Average units outstanding - Basic (000's)	4,621	4,522	4,593	4,520
Average units outstanding - Diluted (000's)	4,773	4,608	4,742	4,588
Basic net income per unit	\$ 0.90	\$ 0.30	\$ 2.79	\$ 2.07
Diluted net income per unit	\$ 0.87	\$ 0.30	\$ 2.70	\$ 2.04

CONDENSED CONSOLIDATED BALANCE SHEETS  
(all amounts in \$000's)

	September 30,	December 31,
	2005	2004
Assets:		
Cash	\$ 3,009	\$ 757
Short term investments	14,000	-
Other current assets	6,772	2,073
Roads and timber	53,779	62,684
Properties and equipment	25,735	27,999
Other assets	877	1,355
Total	<u>\$ 104,172</u>	<u>\$ 94,868</u>
Liabilities and partners' capital:		
Current liabilities	\$ 5,045	\$ 5,935
Long-term debt, excluding current portion	32,308	34,164
Other long-term liabilities	211	236
Total liabilities	<u>37,564</u>	<u>40,335</u>
Partners' capital	66,608	54,533
Total	<u>\$ 104,172</u>	<u>\$ 94,868</u>

RECONCILIATION BETWEEN NET INCOME AND EBITDDA  
(all amounts in \$000's)

	Three months ended		Nine months ended	
	30-Sep-05	30-Sep-04	30-Sep-05	30-Sep-04
Net income	\$ 4,137	\$ 1,361	\$ 12,812	\$ 9,356
Added back:				
Interest, net	586	698	1,938	2,224
Income tax provision	52	-	562	-
Depletion	2,623	975	9,689	3,740
Depreciation and amortization	163	165	482	507
EBITDDA	<u>\$ 7,561</u>	<u>\$ 3,199</u>	<u>\$ 25,483</u>	<u>\$ 15,827</u>

RECONCILIATION BETWEEN CASH FROM OPERATIONS AND EBITDDA  
(all amounts in \$000's)

	Three months ended		Nine months ended	
	30-Sep-05	30-Sep-04	30-Sep-05	30-Sep-04
Cash from operations	\$ 9,439	\$ 2,763	\$ 22,253	\$ 15,510
Added back:				
Change in working capital	-	237	1,249	
Interest, net	586	698	1,938	2,224
Deferred profit	10	-	695	
Income tax expense	52	-	562	-
Other	-	-	-	1
Less:				
Change in working capital	(2,217)	-	-	(1,328)
Deferred profit	-	(465)	-	(540)
Deferred taxes	(84)		(594)	
Minority interest	(46)		(275)	
Cost of land sold	(178)	(36)	(344)	(40)
Other	(1)	2	(1)	-
EBITDDA	<u>\$ 7,561</u>	<u>\$ 3,199</u>	<u>\$ 25,483</u>	<u>\$ 15,827</u>

SEGMENT INFORMATION  
(all amounts in \$000's)

	Three months ended Sept.30,		Nine months ended Sept. 30,	
	2005	2004	2005	2004
Revenues:				
Fee Timber	\$ 12,347	\$ 7,215	\$ 39,230	\$ 27,995
Timberland Management & Consulting (TM&C)	1,666	477	5,123	999
Real Estate	1,299	359	3,746	2,677
Total	<u>\$ 15,312</u>	<u>\$ 8,051</u>	<u>\$ 48,099</u>	<u>\$ 31,671</u>
EBITDDA:				
Fee Timber	\$ 7,489	\$ 4,055	\$ 24,490	\$ 17,359
TM&C	419	(41)	2,129	(500)
Real Estate	457	(246)	1,458	815
General & administrative and minority interest	(804)	(569)	(2,594)	(1,847)
Total	<u>\$ 7,561</u>	<u>\$ 3,199</u>	<u>\$ 25,483</u>	<u>\$ 15,827</u>
Depreciation, depletion and amortization:				
Fee Timber	\$ 2,735	\$ 997	\$ 9,764	\$ 3,798
TM&C	26	22	74	66
Real Estate	(39)	30	135	114
General & administrative	64	91	198	269
Total	<u>\$ 2,786</u>	<u>\$ 1,140</u>	<u>\$ 10,171</u>	<u>\$ 4,247</u>
Operating income/(loss):				
Fee Timber	\$ 4,754	\$ 3,058	\$ 14,726	\$ 13,561
TM&C	393	(63)	2,055	(566)
Real Estate	496	(276)	1,323	701
General & administrative	(822)	(660)	(2,517)	(2,116)
Total	<u>\$ 4,821</u>	<u>\$ 2,059</u>	<u>\$ 15,587</u>	<u>\$ 11,580</u>

SELECTED STATISTICS

	Three months ended		Nine months ended	
	30-Sep-05	30-Sep-04	30-Sep-05	30-Sep-04
Log sale volumes (thousand board feet):				
Export conifer	2,123	550	7,596	7,732
Domestic conifer	14,115	9,236	45,253	33,455
Pulp conifer	2,655	2,807	8,590	8,226
Hardwoods	1,649	716	4,466	1,803
Total	<u>20,542</u>	<u>13,309</u>	<u>65,905</u>	<u>51,216</u>
Average price realizations (per thousand board feet):				
Export conifer	\$ 683	\$ 695	\$ 675	\$ 655
Domestic conifer	626	591	629	568
Pulp conifer	211	226	211	227
Hardwoods	643	564	612	570
Overall	580	517	579	526
Owned acres	117,585	112,240	117,585	112,240
Acres under management	527,316	5,316	527,316	5,316
Capital expenditures (\$000's)	932	395	2,624	2,311
Depletion (\$000's)	2,623	975	9,689	3,740
Depreciation (\$000's)	163	165	482	507
Debt to total capitalization	34%	40%	34%	40%

QUARTER TO QUARTER COMPARISONS  
(Amounts in \$000's except per unit data)

	Q3 2005 vs. Q3 2004		Q3 2005 vs. Q2 2005	
	Total	Per Diluted Unit	Total	Per Diluted Unit
Net income:				
3rd Quarter 2005	\$ 4,137	\$ 0.87	\$ 4,137	\$ 0.87
2nd Quarter 2005			4,069	0.86
3rd Quarter 2004	<u>1,361</u>	<u>0.30</u>		
Variance	\$ <u>2,776</u>	\$ <u>0.57</u>	\$ 68	\$ 0.01
Detail of earnings variance:				
Fee Timber				
Log price realizations (A)	\$ 838	\$ 0.17	\$ 67	\$ 0.01
Log volumes (B)	4,188	0.83	(1,059)	(0.18)
Production costs	(1,630)	(0.32)	123	0.02
Depletion	(1,648)	(0.33)	600	0.10
Other Fee Timber	(52)	(0.01)	93	0.02
Timberland Management & Consulting				
Management fee changes	176	0.04	(279)	(0.05)
Other Timberland Mgmt & Consulting	280	0.06	(148)	(0.03)
Real Estate				
Land sales	829	0.16	273	0.05
Environmental remediation liability	63	0.01	-	-
Other Real Estate	(120)	(0.02)	31	0.01
General & administrative costs	(162)	(0.03)	25	-
Interest expense	29	0.01	(1)	-
Other (taxes, minority int., interest inc.)	(15)	-	343	0.06
Total change in earnings	<u>\$ 2,776</u>	<u>\$ 0.57</u>	<u>\$ 68</u>	<u>\$ 0.01</u>

(A) Price variance calculated by multiplying change in average price by prior period volume.

(B) Volume variance calculated by multiplying change in volume by current average price.