

PARTNERS
John P. Johnston
William F. Serres
CONSULTANTS
E. P. Bancroft
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Certified Public
Accountants
Since 1954

March 16, 2019

Walter A. Starr III, Trustee U/A 6/15/92 by Walter A. Starr III 1992 Trust

Unitholder No.: 62

Year 2018 Federal and State Tax Information

FEDERAL INCOME TAX INFORMATION

On behalf of Port Blakely Tree Farms (Limited Partnership), Bancroft Buckley Johnston & Serres LLP has prepared the Partnership's 2018 Form 1065 and related Schedules K-1. Enclosed is your Schedule K-1 which provides information relating to your share of partnership income or loss and other items necessary for filing your 2018 federal and state income tax returns. We encourage you to seek the assistance of a qualified tax preparer as you review and use the information on your Schedule K-1 and attachments.

There was no foreign tax paid in New Zealand in 2018. However, there are items of foreign source gross income and applicable deductions which may have an effect on the use of foreign tax credits from other sources of income you may have.

REDEMPTIONS DURING 2018

For those Unitholders that tendered units in the Redemption Program during 2018, the Partnership's records indicate the following:

Units redeemed	1,000
Redemption amount	<u>\$ 239,000</u>
Cash recovery in excess of basis (reportable gain)	<u>\$ 0</u>

UNITHOLDER BASIS AT DECEMBER 31, 2018

The Partnership's records indicate the following:

Partnership units held by you at December 31, 2018	<u>34,457</u>
Basis of units held by you at December 31, 2018	<u>\$ 729,082</u>

U/A 6/15/92 by Walter A. Starr III 1992 Trust

Unitholder No.: 062

March 16, 2019

The Partnership intends to make estimated tax deposits on your behalf for the year 2019 if the partnership anticipates taxable income will be generated from Oregon, Alabama, or North Carolina operations. The estimated tax deposits paid by the Partnership eliminates the requirement for Unitholders who join a multiple filing for 2019 to make their own Oregon, Alabama, or North Carolina estimated tax payments. If you do not wish to continue in the multiple filings, or if you have other sources of Oregon, Alabama, or North Carolina income and are therefore, ineligible, please notify Bancroft Buckley Johnston & Serres LLP immediately.

If you and your tax practitioner have any questions, please contact Bill Serres at (206) 682-4840 or you may email him at wfserres@bbjsllp.com.

Very truly yours,

Bancroft Buckley Johnston + Serres LLP

BANCROFT BUCKLEY JOHNSTON & SERRES LLP

WS
Enclosures

Schedule K-1
(Form 1065)
Department of the Treasury
Internal Revenue Service

2018

For calendar year 2018, or tax year

Final K-1 Amended K-1 OMB No. 1545-0123

Partner's Share of Income, Deductions, Credits, etc.

▶ See separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
91-1289012

B Partnership's name, address, city, state, and ZIP code
**PORT BLAKELY TREE FARMS
(LIMITED PARTNERSHIP)
1501 FOURTH AVE. STE. 2150
SEATTLE, WA 98101**

C IRS Center where partnership filed return
OGDEN, UT

D Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
719-16-9280

F Partner's name, address, city, state, and ZIP code
**WALTER A. STARR III, TRUSTEE U/A
6/15/92 BY WALTER A. STARR III 1992
P.O. BOX 3367
FREMONT, CA 94539**

G General partner or LLC member-manager Limited partner or other LLC member

H Domestic partner Foreign partner

I1 What type of entity is this partner? **INDIVIDUAL**

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here

J Partner's share of profit, loss, and capital:

	Beginning	Ending
Profit	2.4156669%	2.4156669%
Loss	2.4156669%	2.4156669%
Capital	2.3972588%	2.3972588%

K Partner's share of liabilities: **SEE STATEMENT**

	Beginning	Ending
Nonrecourse	\$	\$
Qualified nonrecourse financing	\$	\$
Recourse	\$	0. \$

L Partner's capital account analysis:

Beginning capital account	\$	601,678.
Capital contributed during the year	\$	
Current year increase (decrease)	\$	792,886.
Withdrawals & distributions	\$(665,482.)
Ending capital account	\$	729,082.

Tax basis GAAP Section 704(b) book

Other (explain)

M Did the partner contribute property with a built-in gain or loss?
 Yes No

If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1 Ordinary business income (loss)	-614,900.	15 Credits
2 Net rental real estate income (loss)	6,563.	16 Foreign transactions
3 Other net rental income (loss)		A NEW ZEALAND
4 Guaranteed payments		B 1,729,640.
5 Interest income	6,142.	G 693,274.
6a Ordinary dividends		N 205,633.
6b Qualified dividends		
6c Dividend equivalents		17 Alternative min tax (AMT) items
7 Royalties		A 53.
8 Net short-term capital gain (loss)		18 Tax-exempt income and nondeductible expenses
9a Net long-term capital gain (loss)		C 9,376.
9b Collectibles (28%) gain (loss)		19 Distributions
9c Unrecaptured sec 1250 gain		A 665,482.
10 Net section 1231 gain (loss)	1,410,747.	20 Other information
11 Other income (loss)		A 6,142.
		Z -690,555.
		AA 298,542.
		AB 705,443.
		AC 0.
		AD 0.
		AE * 148,189.
12 Section 179 deduction		
13 Other deductions	A 6,291.	
14 Self-employment earnings (loss)	A 0.	

*See attached statement for additional information.

For IRS Use Only

SCHEDULE K-1 SECTION 199A ADDITIONAL INFORMATION

THE SECTION 199A AMOUNTS TO BE USED IN THE CALCULATION OF QUALIFIED BUSINESS INCOME DEDUCTION ON YOUR 1040/1041 RETURN ARE REPORTED ON LINE 20, UNDER CODES Z, AA, AB, AC AND AD. PLEASE CONSULT YOUR TAX ADVISOR REGARDING THE CALCULATION OF QUALIFIED BUSINESS INCOME DEDUCTION, INCLUDING THE POSSIBLE AGGREGATIONS AND LIMITATIONS THAT MAY APPLY AND THE FILING OF THE 1.199A-4(C)(2)(I) ANNUAL DISCLOSURE STATEMENT.

SCHEDULE K-1 EXCESS TAXABLE INCOME, BOX 20, CODE AE

DESCRIPTION	PARTNER FILING INSTRUCTIONS	AMOUNT
EXCESS TAXABLE INCOME	SEE IRS SCH. K-1 INSTRUCTIONS	148,189.
TOTAL TO SCHEDULE K-1, LINE 20 AE		148,189.

SCHEDULE K-1 FOOTNOTES

PARTNER'S UNITS LISTED BELOW ARE WEIGHTED AVERAGE UNITS FOR THE TAXABLE YEAR.

SCHEDULE K-1 PARTNER'S UNITS

UNITS: 34901 OUT OF 1444777

This list identifies the codes used on Schedule K-1 for all partners and provides summarized reporting information for partners who file Form 1040. For detailed reporting and filing information, see the separate Partner's Instructions for Schedule K-1 and the instructions for your income tax return.

Table with columns for item number, description, report on instructions, code, and report on forms. Includes categories like Ordinary business income, Foreign transactions, Deductions, and Credits.

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Partner Basis Worksheet

Partner Number: 62	Partner ID Number: 719-16-9280
Partner Name: WALTER A. STARR III, TRUSTEE U/A 6/15/92 BY WALTER A. STARR III 1992	Ownership Percentage: 2.3973%
Partnership Name: PORT BLAKELY TREE FARMS (LIMITED PARTNERSHIP)	Partnership ID Number: 91-1289012
	Year Ended: DECEMBER 31, 2018

Increases:			
1. Adjusted basis at the end of the prior year (not less than zero)	1.	601,679.	
2. Money and your adjusted basis in property contributed to the partnership less the associated liabilities (not less than zero)	2.		
3. Partner's share of partnership liabilities (current year Item K, Schedule K-1 and increased share)	3.		
a. Less: Liabilities included in line 1 above (prior year Item K)	3a.		
4. Items of income or gain this year including tax-exempt income			
a. Ordinary business income	a.		
b. Net rental real estate income	b.	6,563.	
c. Other net rental income	c.		
d. Interest income	d.	6,142.	
e. Ordinary dividends	e.		
f. Royalties	f.		
g. Net short-term capital gain	g.		
h. Net long-term capital gain	h.		
i. Net gain under Section 1231	i.	1,410,747.	
j. Other income	j.		
k. Tax-exempt income	k.		
l. Other increases:	l.		
Total income and gain (Add 4(a) through 4(l))	4.	1,423,452.	
5. Gain (if any) recognized this year on contribution of property to partnership (other than gain from transfer of liabilities)	5.		
6. Depletion (other than oil and gas) in excess of basis	6.		
Total increases (Add lines 2 through 6)		1,423,452.	
Decreases:			
7. Withdrawals and distributions during the year	7.	665,482.	
8. Partner's share of partnership liabilities (current year Item K, Sch K-1 and decreased share)	8.		
a. Less: Liabilities included in line 1 above (prior year Item K)	8a.		
9. Nondeductible expenses	9.	9,376.	
10. Partnership losses and deductions:			
a. Ordinary business (loss)	a.	614,900.	
b. Net rental real estate (loss)	b.		
c. Other net rental (loss)	c.		
d. Net short-term capital (loss)	d.		
e. Net long-term capital (loss)	e.		
f. Net loss under Section 1231	f.		
g. Other deductions	g.		
h. Charitable contributions	h.	6,291.	
i. Section 179 deduction	i.		
j. Foreign taxes paid or accrued	j.		
k. Other decreases:	k.		
l. Disallowed prior year's losses and deductions	l.		
11. Oil and gas depletion (not to exceed your allocable share of the adjusted basis of the property)	11.		
Total decreases (Add 10(a) through 10(k) and line 11)		621,191.	
12. Adjusted Basis of partnership interest (If less than zero, enter zero)	12.	729,082.	
Gain on Distributions:			
13. a. Cash distributions	a.	665,482.	
b. Less: basis before distributions and allocable loss	b.	2,025,131.	
c. Gain on distribution	c.	0.	
Carryover:			
14. a. Prior year loss	a.		
b. Add: Losses and deductions this year	b.	630,567.	
c. Less: Applied this year	c.	1,359,649.	
d. End of year (not less than 0)	d.	0.	

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