

FORTERRA SECURES PLACES— URBAN, RURAL & WILD—THAT ARE KEYSTONES TO A SUSTAINABLE FUTURE FOR ALL

FORTERRA

2017 PROGRESS REPORT WITH 2016 FINANCIALS

It's been a year of big progress.

Together, we secured some of the last unprotected stands of towering, mossy old growth in King County. We're working to secure the massive 3,000-acre Port Gamble forest on the Kitsap Peninsula to preserve public access to over 60 miles of trails. We expanded the South Sound's largest protected marine park to 100 acres on Jacobs Point on beautiful Anderson Island. Most recently, we also secured land in the heart of Seattle's historically-black Central District for affordable housing and community-owned small businesses.

Land is the stage upon which all life plays out. With your help, we're securing keystone lands—the patches essential to a sustainable future for all. Thank you to our supporters who make this essential work possible with their generosity.

Patch by patch, we're securing the keystone places needed to keep our home livable, sustainable and equitable.

Thank you.



Gene Duvernoy
Gene Duvernoy
President, Forterra

THIS PLACE IS SPECIAL—BEAUTY, STRONG COMMUNITIES, PROSPERITY AND OPPORTUNITY.

BUT IT FACES CHALLENGES. Rapidly growing population is putting pressure on housing and traffic. Social inequality continues to widen. Climate change is stressing our region's ecosystems, and may deliver to our doorstep climate refugees from spots harder hit around the globe.

Forterra is making sure this place we all live stays a place we all love. We do that by securing places—urban, rural and wild—that are keystones of a sustainable future for all. Places with a vital role in our region's long-run livability, sustainability and equity. These include wildlands, working farms and forests, as well as places in the city for affordable housing, parks and the arts. We work simultaneously across these landscapes because they, and the people who rely on them, are ever and always interdependent.

RECENT KEYSTONE PROJECTS



GREEN CITY PARTNERSHIPS bring people together on volunteer projects at parks all over Puget Sound to remove invasive species, repair trails, restore streambanks and more. Over the last year, volunteers completed more than 1,000 projects and logged over 100,000 volunteer hours in the partnership cities of Seattle, Tacoma, Everett, Redmond, Kirkland, Puyallup, Snoqualmie, Tukwila and Kent.

Working alongside community organizations and developers, we reached an agreement to purchase a portion of the block at **23RD & UNION** in the heart of Seattle's historically-black Central District. Now affordable housing and space for community-owned businesses will create an anchor in this rapidly changing neighborhood.



Forterra purchased the 89-acre **WAYNE GOLF COURSE** near the north shore of Lake Washington, so that the people of Bothell can turn it into their Central Park—including a salmon-spawning stretch of the Sammamish River.

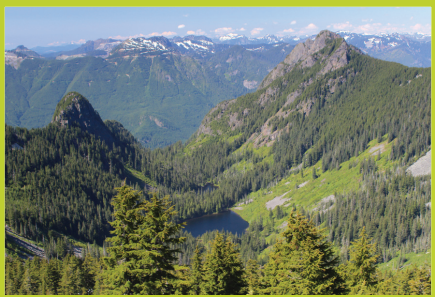


BLETHEN LAKE AND TITICAED CREEK: 376 acres of old growth forest saved. Some of the last remaining old growth in King County, home to endangered species like the marbled murrelet and the spotted owl.

The 3,000-acre **PORT GAMBLE FOREST** on the Kitsap Peninsula can become a park for the people, offering over 60 miles of hiking trails, a 200-acre mountain bike park, and recreation for bird watchers, equestrians, cyclists and runners—all a short ferry ride from Seattle.



Twenty acres of uninterrupted views atop **ZORRO RIDGE** in the Middle Fork Snoqualmie Valley offer public recreation among old growth forests and alpine meadows with habitat for mountain goats, spotted owls, bears and pikas.



By restoring the **CEDAR RIVER**, we're increasing habitat and water quality in a watershed that provides drinking water for 1.4 million people in the greater Seattle area and about two-thirds of King County.



DEAD MAN'S POND: Five acres of urban wildlife habitat including a refuge for the endangered western pond turtle, preserved in Puyallup in Pierce County. Conservation biologists at the Woodland Park Zoo are helping the turtles recover and ultimately be reintroduced at the site.

Now the South Sound's largest protected marine park, the 100 acres at **JACOBS POINT** on Pierce County's Anderson Island offer recreation along a mile of pristine shoreline by Oro Bay, Chinook salmon habitat, wetlands and lush forest.



SECURING KEYSTONE LANDS IN THREE WAYS

ACQUIRING LAND with special ecological, social or aesthetic value is our longest-standing area of expertise. With over 400 land deals since 1989, our work stretches across all landscapes: urban, rural, and wild. The map shows a few recent accomplishments.

Over time we've learned that truly securing a place means looking after it. With the help of partners and volunteers we're **CARING FOR LAND** to keep it healthy and thriving—and in the process getting people out in nature and nurturing an ethic of service to planet and community.

Our third strategy for securing keystone lands is recognizing that sometimes they must support jobs. That way people have an incentive to look after them, and protect them from development.

So we're **HELPING LAND SUPPORT SUSTAINABLE LIVELIHOODS**. Keeping farmlands in farming is one way.

Helping create a new industry that can profitably use the kinds of small-diameter trees in today's working forests is another.

That's what's behind our leadership on Cross-Laminated Timber, a state-of-the-art timber product that can be made from sustainably-sourced trees harvested and milled in Washington's historic timber towns, many of which have fallen on hard times.

Urban areas find a lot to like about CLT, too. It can be used to construct beautiful buildings—from houses to skyscrapers—less carbon-intensively.

In Mt. Vernon, work was recently finished on a classroom constructed from CLT, one of five school districts in Washington chosen to demonstrate the material's potential. Architects are now actively planning bigger and more ambitious projects throughout the region.



FINANCIALS

BASED ON FORTERRA'S AUDITED 2016 FINANCIAL STATEMENTS

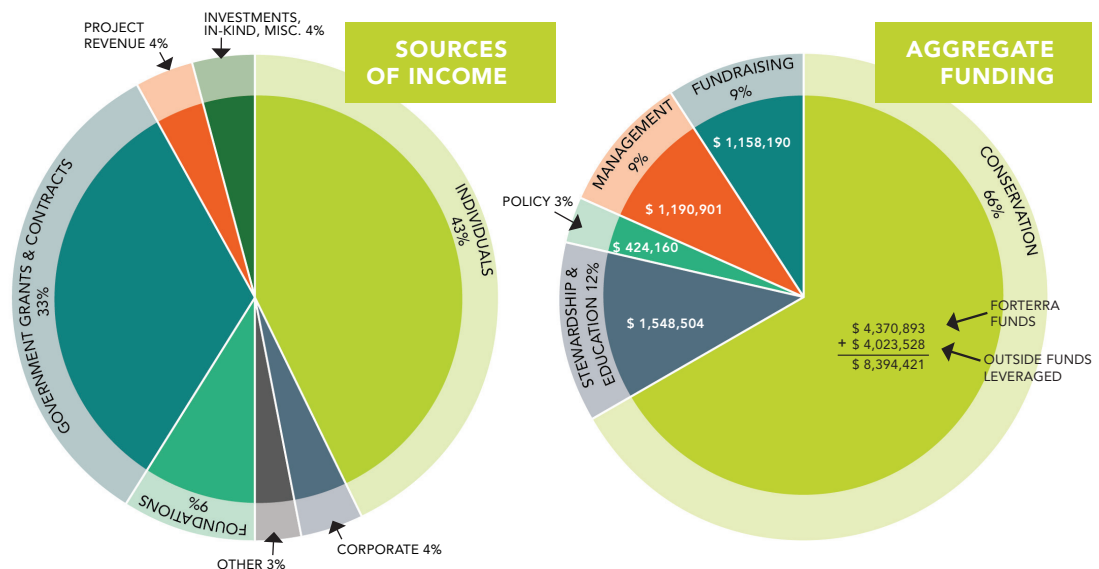
MUCH OF OUR WORK INVOLVES TARGETED REAL ESTATE TRANSACTIONS and the associated relationship-building, due diligence, deal-making and fundraising. Sometimes we buy property and steward it permanently. In other cases, we buy land to save it from imminent loss and later transfer it to a permanent steward — such as a parks department or farmer. In a third scenario, we empower a partner to make a direct purchase by negotiating the terms, securing the funding, and managing the acquisition on their behalf.

One implication is that our finances can look very different from year to year.

In 2016 we both purchased land outright and facilitated purchases by others. The graphs at right show, in part, our direct outlay on the lands we bought and the funds we leveraged when facilitating acquisitions by others.

BALANCE SHEET

| | 12/31/2016 AUDITED | 12/31/2015 AUDITED |
|--|-----------------------|-----------------------|
| CURRENT ASSETS | \$8,006,018 | \$6,340,565 |
| CONSERVED LAND & EASEMENTS | \$30,265,325 | \$22,146,548 |
| OTHER ASSETS | \$1,180,760 | \$1,395,180 |
| TOTAL ASSETS | \$39,452,103 | \$29,882,293 |
| CURRENT LIABILITIES | \$887,171 | \$663,886 |
| LONG TERM LIABILITIES | \$10,708,118 | \$669,139 |
| TOTAL LIABILITIES | \$11,595,289 | \$1,333,025 |
| UNRESTRICTED NET ASSETS | \$20,733,177 | \$22,626,367 |
| BOARD DESIGNATED NET ASSETS | \$2,488,009 | \$2,289,087 |
| TEMPORARILY RESTRICTED NET ASSETS | \$3,616,545 | \$2,614,731 |
| PERMANENTLY RESTRICTED NET ASSETS | \$1,019,083 | \$1,019,083 |
| TOTAL NET ASSETS | \$27,856,814 | \$28,549,268 |
| TOTAL LIABILITIES AND EQUITY | \$39,452,103 | \$29,882,293 |



PARTNERS

FORTERRA IS PROFOUNDLY GRATEFUL FOR OUR CORPORATE, FOUNDATION AND ORGANIZATION PARTNERS FOR THEIR GENEROUS SUPPORT OF OUR WORK.

Alaska Airlines | Amazon | American Forest Lands Company, LLC | Beneficial State Bank | Boeing Employees Credit Union | Ceis Bayne East Strategic | City of Issaquah | Cocker Fennessy Inc. | Dan Dixon | Darigold | Davis Wright Tremaine LLP | Enwave Seattle | Green Diamond Resource Company | Hancock Timber Resource Group | Hermanson Company | HomeStreet Bank | Iron Springs Resort | Karr Tuttle Campbell | Lease Crutcher Lewis | Legacy Partners Residential, Inc. | Maul Foster & Alongi, Inc. | Merrill & Ring | Microsoft Corporation | NBBJ | Newland Communities | Nube Green LLC | Oakepointe Communities | Olson Kundig Architects | Olympic Resource Management | Pacific Portfolio Consulting | Pacifica Law Group | Perkins Coie | Port Blakely Companies Inc. | Port Gamble S'Klallam Tribe | Port of Seattle |

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