



# Rayonier Investor Presentation

September 2016



# Safe Harbor Statement

**Forward-Looking Statements** - Certain statements in this presentation regarding anticipated financial outcomes including Rayonier's earnings guidance, if any, business and market conditions, outlook, expected dividend rate, Rayonier's business strategies, including expected harvest schedules, timberland acquisitions, sales of non-strategic timberlands, the anticipated benefits of Rayonier's business strategies, and other similar statements relating to Rayonier's future events, developments or financial or operational performance or results, are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements are identified by the use of words such as "may," "will," "should," "expect," "estimate," "believe," "intend," "project," "anticipate" and other similar language. However, the absence of these or similar words or expressions does not mean that a statement is not forward-looking. While management believes that these forward-looking statements are reasonable when made, forward-looking statements are not guarantees of future performance or events and undue reliance should not be placed on these statements.

The following important factors, among others, could cause actual results or events to differ materially from those expressed in forward-looking statements that may have been made in this document: the cyclical and competitive nature of the industries in which we operate; fluctuations in demand for, or supply of, our forest products and real estate offerings; entry of new competitors into our markets; changes in global economic conditions and world events; fluctuations in demand for our products in Asia, and especially China; various lawsuits relating to matters arising out of our previously announced internal review and restatement of our consolidated financial statements; the uncertainties of potential impacts of climate-related initiatives; the cost and availability of third party logging and trucking services; the geographic concentration of a significant portion of our timberland; our ability to identify, finance and complete timberland acquisitions; changes in environmental laws and regulations regarding timber harvesting, delineation of wetlands, and endangered species, that may restrict or adversely impact our ability to conduct our business, or increase the cost of doing so; adverse weather conditions, natural disasters and other catastrophic events such as hurricanes, wind storms and wildfires, which can adversely affect our timberlands and the production, distribution and availability of our products; interest rate and currency movements; our capacity to incur additional debt; changes in tariffs, taxes or treaties relating to the import and export of our products or those of our competitors; changes in key management and personnel; our ability to meet all necessary legal requirements to continue to qualify as a real estate investment trust ("REIT") and changes in tax laws that could adversely affect beneficial tax treatment; the cyclical nature of the real estate business generally; a delayed or weak recovery in the housing market; the lengthy, uncertain and costly process associated with the ownership, entitlement and development of real estate, especially in Florida, which also may be affected by changes in law, policy and political factors beyond our control; unexpected delays in the entry into or closing of real estate transactions; changes in environmental laws and regulations that may restrict or adversely impact our ability to sell or develop properties; the timing of construction and availability of public infrastructure; and the availability of financing for real estate development and mortgage loans.

For additional factors that could impact future results, please see Item 1A - Risk Factors in the Company's most recent Annual Report on Form 10-K and similar discussion included in other reports that we subsequently file with the Securities and Exchange Commission (the "SEC"). Forward-looking statements are only as of the date they are made, and the Company undertakes no duty to update its forward-looking statements except as required by law. You are advised, however, to review any further disclosures we make on related subjects in our subsequent reports filed with the SEC.

**Non-GAAP Financial Measures** - To supplement Rayonier's financial statements presented in accordance with generally accepted accounting principles in the United States ("GAAP"), Rayonier uses certain non-GAAP measures, including "cash available for distribution," "pro forma sales", "pro forma operating income," "pro forma net income," and "Adjusted EBITDA," which are defined and further explained in this communication. Reconciliation of such measures to the nearest GAAP measures can also be found in this communication. Rayonier's definitions of these non-GAAP measures may differ from similarly titled measures used by others. These non-GAAP measures should be considered supplemental to, and not a substitute for, financial information prepared in accordance with GAAP.

# Rayonier Highlights

# Rayonier – Best-in-Class, Pure-Play Timber REIT

## Leading Pure-Play Timberland REIT

- Second-largest timber REIT with 2.7 million acres of high-quality timberland
- Geographic diversity – U.S. South, Pacific Northwest, New Zealand
- Timberlands strategically positioned in competitive fiber baskets
- Focus on recurring cash flow generation from timber harvest operations

## Growing Timberland Base

- Profitably growing timberland base through disciplined acquisition process
- Over \$1.3 billion invested in high-quality timberlands since January 2011
- Investing in advanced genetics to yield long-term volume growth

## Attractive Real Estate Platform

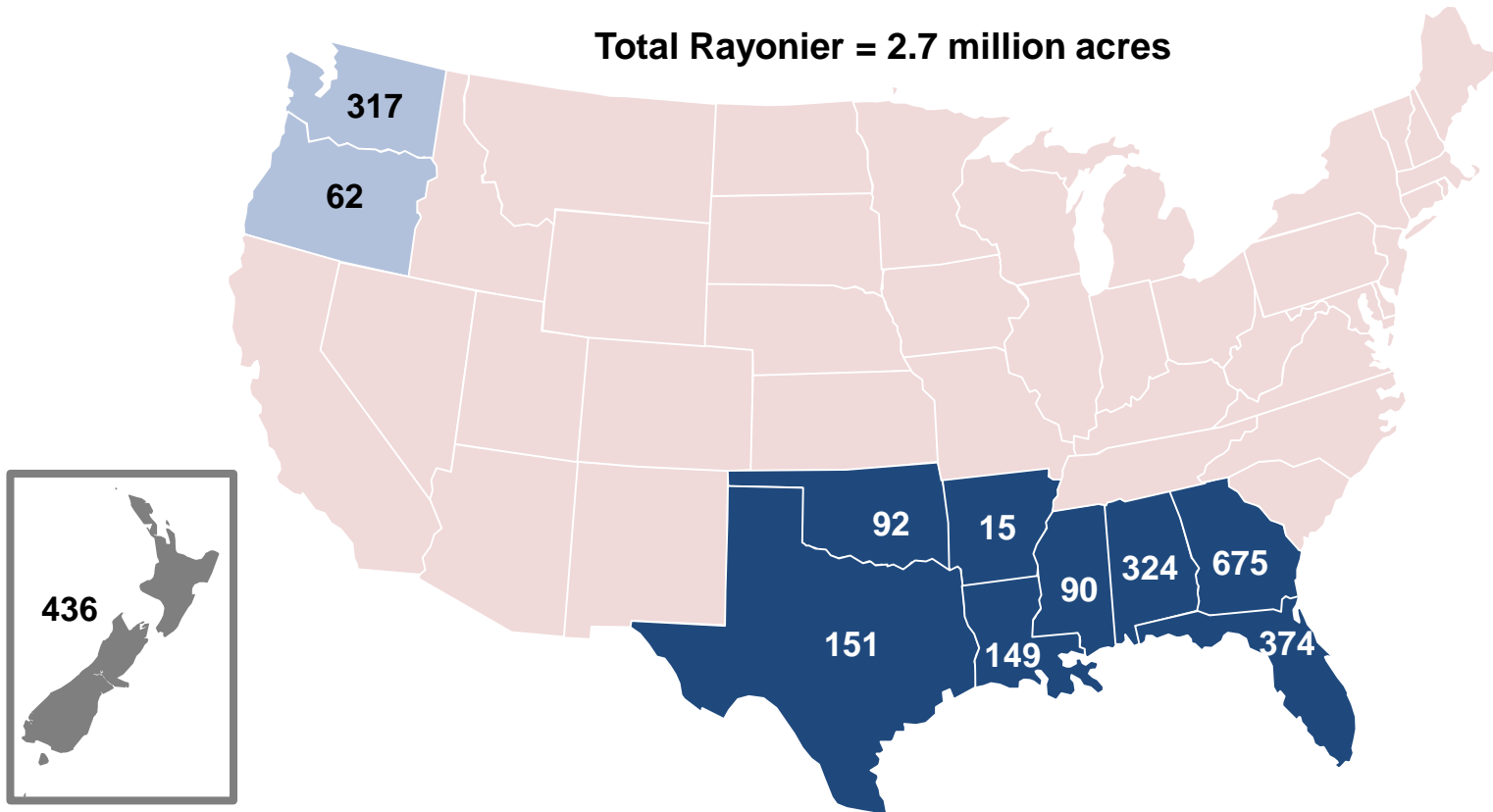
- Attractive HBU opportunities across U.S. South, including Florida and Georgia coastal corridor
- Stable and recurring base of annual rural land sales
- Two active development projects under way (Wildlight and Belfast Commerce)

## Strong Capital Structure

- Net debt to enterprise value of 22% at end of Q2 2016
- Favorable financing facilities and access to capital
- Active portfolio management and nimble capital allocation strategy

# Highly Productive, Geographically Diversified Timberlands

Total Rayonier = 2.7 million acres



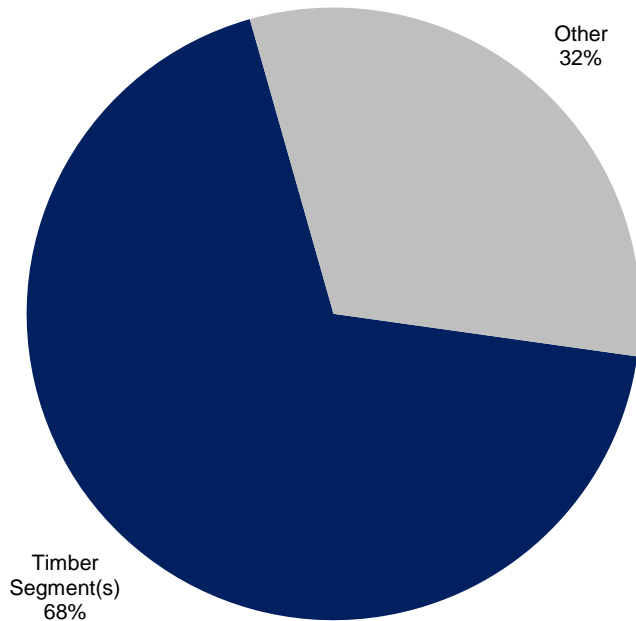
**Pacific Northwest** 379,000 acres in WA and OR; access to export markets

**U.S. South** 1.9 million acres – sawlog and pulpwood; Florida & Georgia coastal corridor HBU

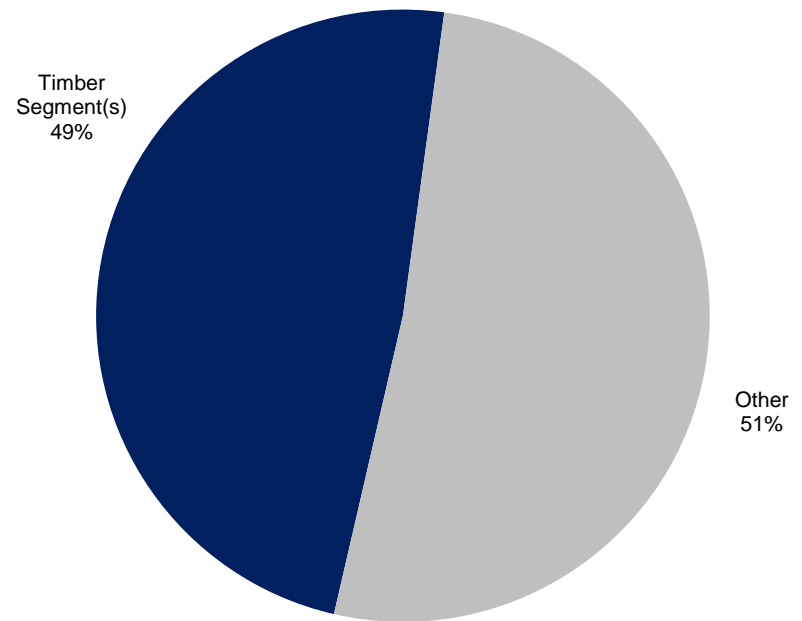
**New Zealand** 436,000 acres – manage and own ~77% of joint venture

# Leading “Pure-Play” Timberland REIT

2015 Adjusted EBITDA – Rayonier



2015 Adjusted EBITDA – Peer Group

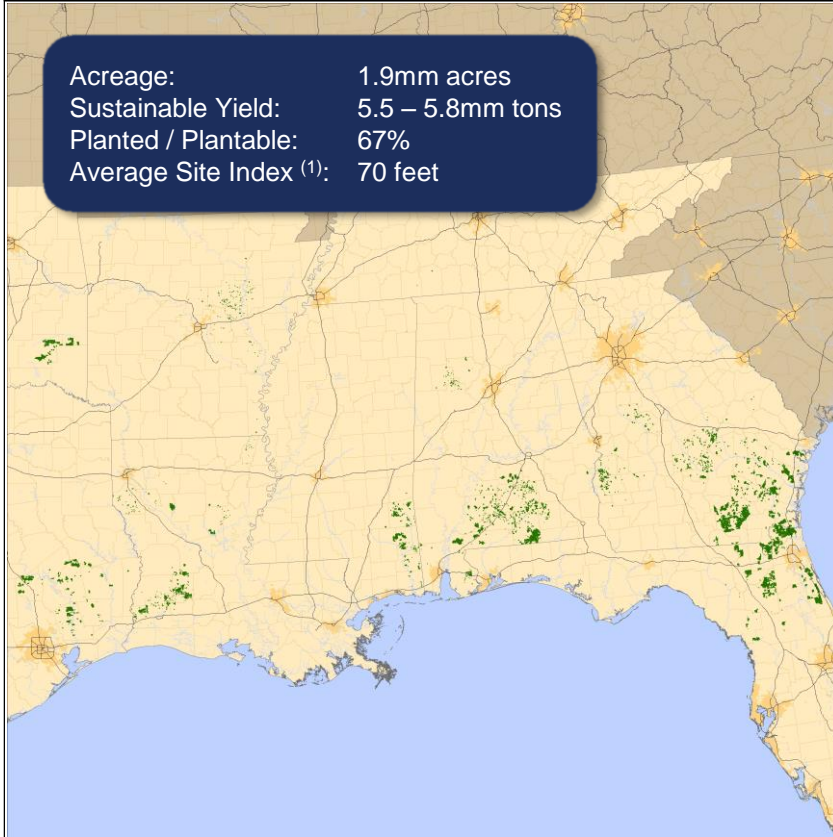


Note: Timberland REIT Peer Group comprised of WY, PCL, PCH and CTT. Figures reflect aggregate Timberland REIT Peer Group 2015 Adjusted EBITDA excluding corporate expenses. Other includes real estate, manufacturing and other reported segments.

**Rayonier is a leading “pure-play” timberland REIT that generates the significant majority of its Adjusted EBITDA from recurring timber harvest operations.**

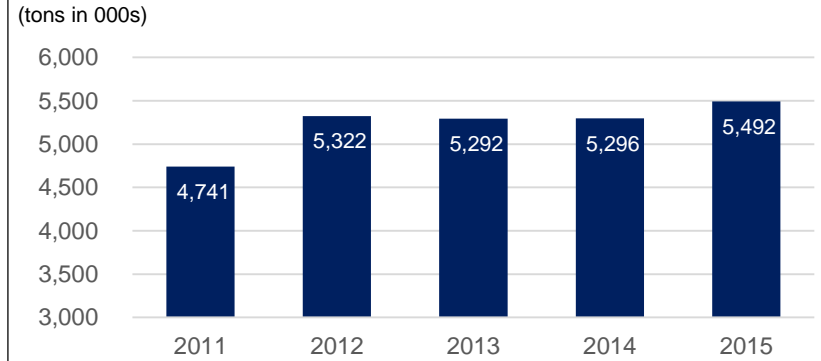
# Southern Timber – Segment Overview

## Map of Properties



(1) Site index reflects the average height of the dominant and codominant trees at a base age of 25 (U.S. South).

## Historical Harvest Volume



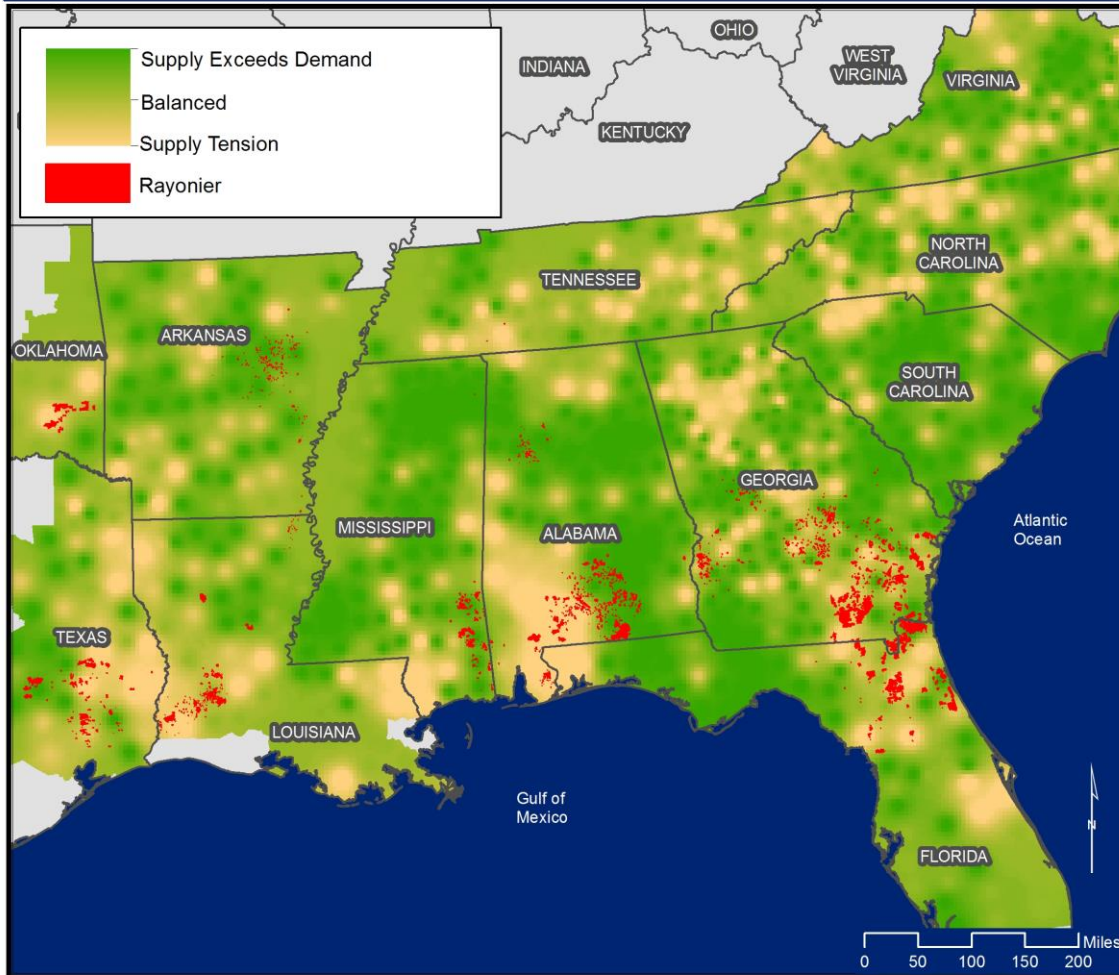
## Historical Adjusted EBITDA\*



**Rayonier's Southern Timber segment has nearly doubled its EBITDA since 2011, driven by acquisitions and price gains in key markets.**

# Favorable Supply / Demand Dynamics in RYN Markets

## U.S. South Growth-Drain “Heat Map”



Source: USDA FIA; Rayonier research.

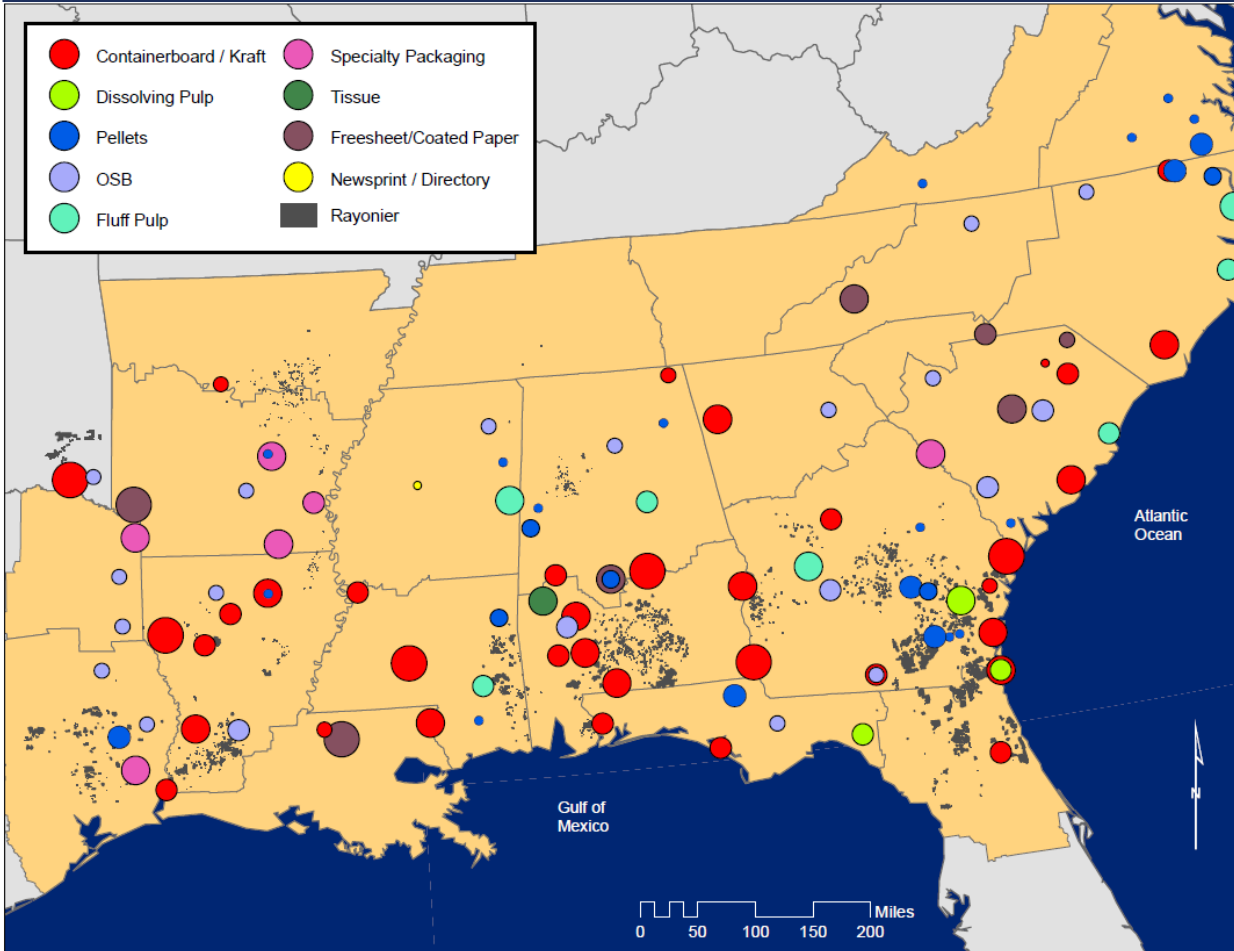
## Key Observations

- Local market supply / demand dynamics determine price
- Logs typically travel less than 100 miles
- Supply / demand conditions vary widely across the region
- Tensioned markets yield better timber pricing



# RYN Markets Benefit from Strong and Stable Pulpwood Demand

## Major Pulpwood Consuming Mills Proximate to RYN Lands



## Overview of Rayonier Pulpwood Consumers

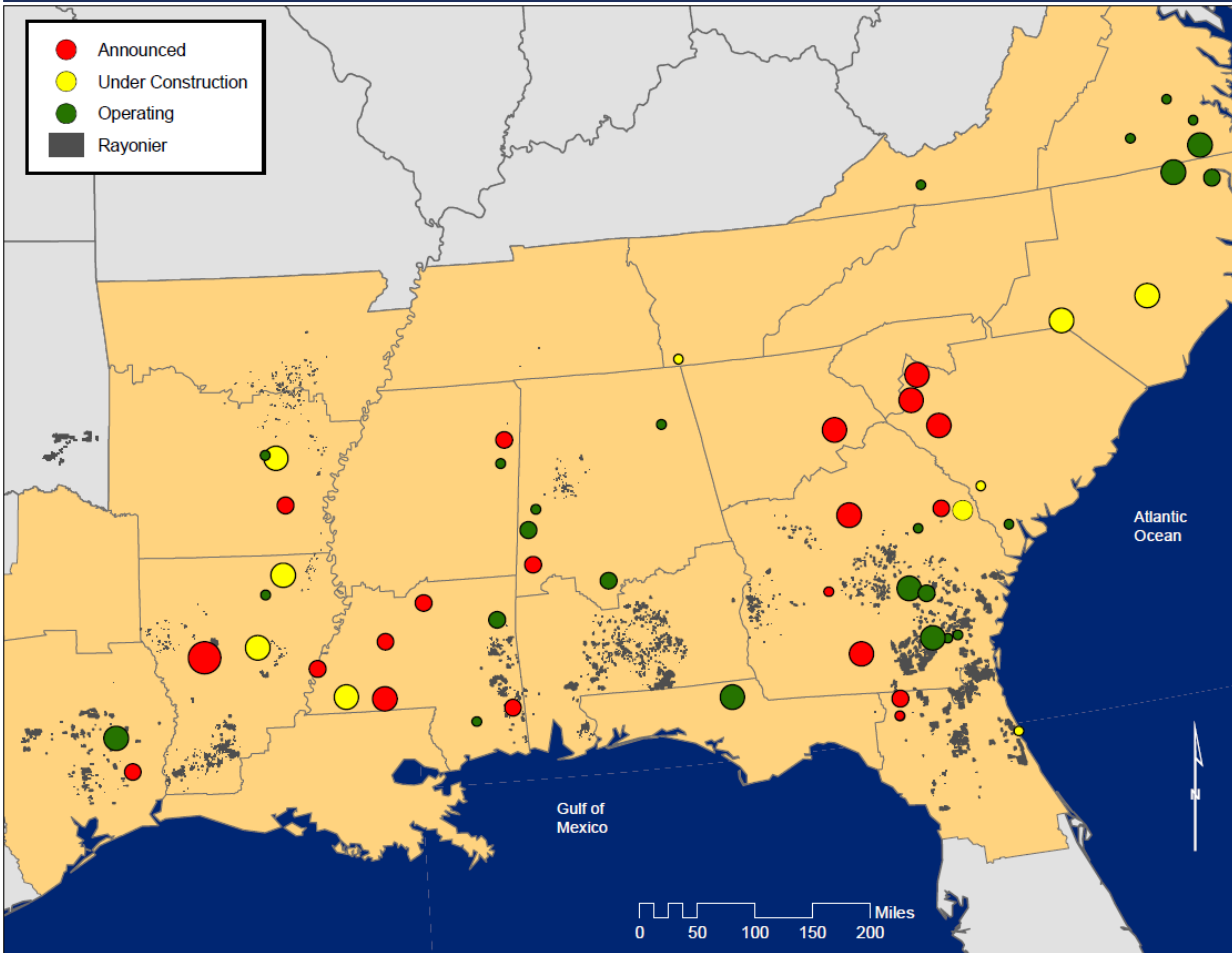
Facility Key End Product	% of 2015 Harvest	Long-Term Demand Trend
Containerboard / Kraft	62%	+
Pellets	8%	+
Dissolving Pulp	8%	+
Oriented Strand Board (OSB)	8%	+
Specialty Packaging	7%	+
Fluff Pulp	4%	+
Other	3%	+
Tissue	–	+
Freesheet / Coated Paper	–	–
Newsprint / Directory	–	–
<b>Total</b>	<b>100%</b>	<b>NA</b>

Note: Estimated based on 2015 harvest.

Rayonier's timberlands are strategically positioned near a variety of major pulpwood consumers that are manufacturing products for stable and/or growing end-markets.

# Growth of Pellet Mills Has Further Buoyed Demand

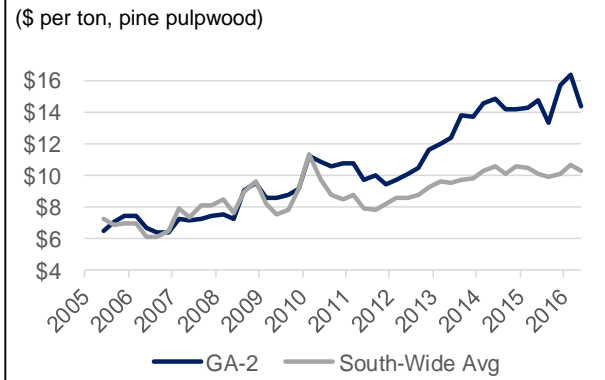
## Announced & Operating Pellet Mills



## Key Observations

- Majority of operating facilities are located in RYN markets, with a particular focus in Coastal GA
- Currently monitoring facilities announced and under construction in key markets
- Several announced facilities planning to locate near RYN properties

## Change in GA-2 Price vs. South Average



Source: Timber Mart-South.

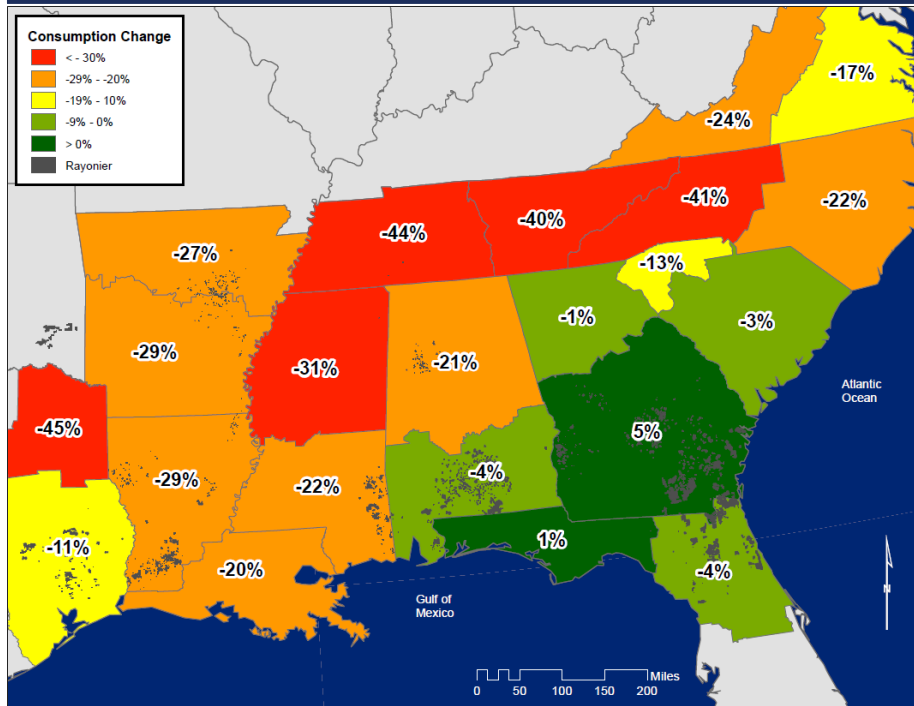
Note: GA-2 represents South GA, including coastal area.

**Rayonier's markets have benefited from increased demand from pellet manufacturing facilities, particularly in Georgia and Texas.**

# Consumption & Price Declines Less Pronounced in RYN Markets

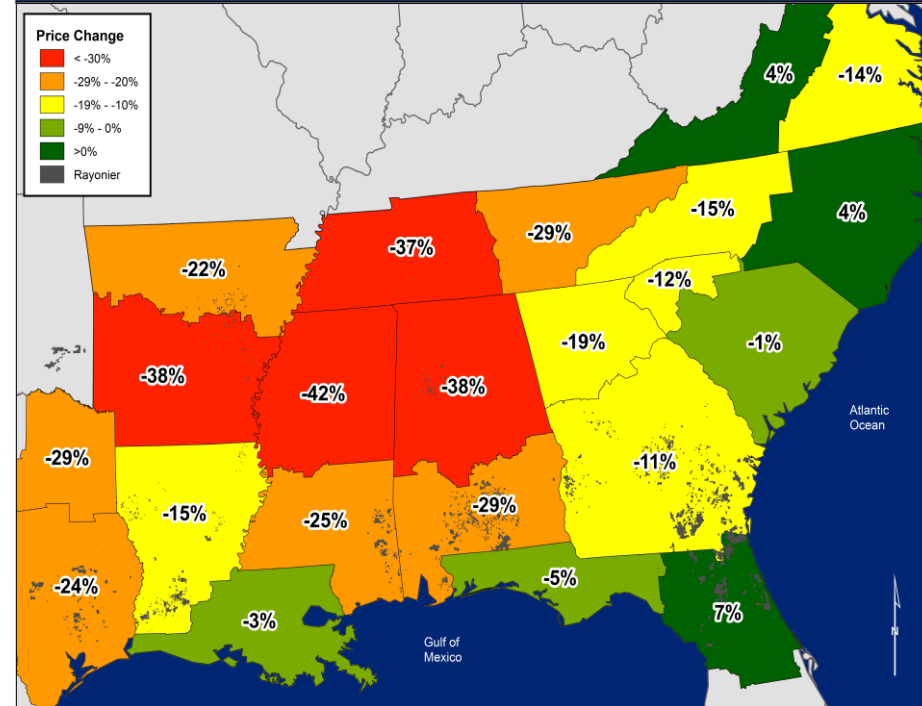
- Gulf Interior region has experienced the largest consumption declines in the U.S. South
- Atlantic Coastal region has benefited from increased pellet and pulp mill demand, which has mitigated overall demand decline

## Change in Consumption by Region: 2005 Peak to 2014



Source: USDA FIA Timber Product Output; University of Georgia, Wood Demand Report; Rayonier estimates.  
 Note: Peak = 2005; Current = 2014

## Change in Avg. Stumpage Price by Region: 2005 to 2016



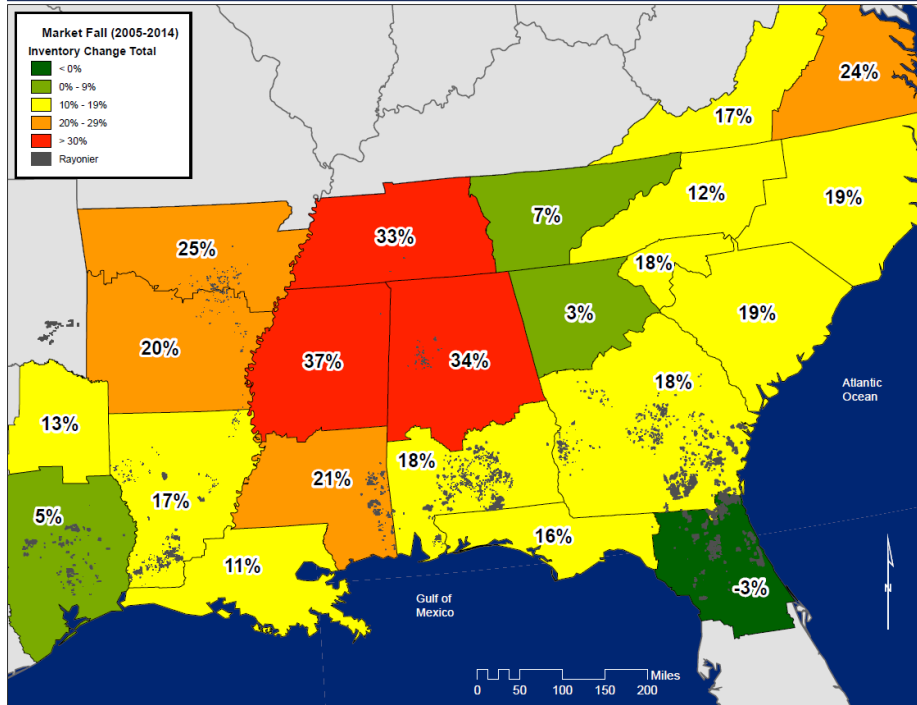
Source: Timber Mart-South.  
 Note: Assumes mix of 50% pulpwood, 30% chip-n-saw and 20% sawtimber comparing Timber Mart-South prices in Q2 2016 versus 2005 average.

**Due to strong and growing pulpwood demand, Rayonier's markets have experienced less pronounced declines in consumption and average stumpage pricing.**

# Inventory Growth Is Differential Across the South

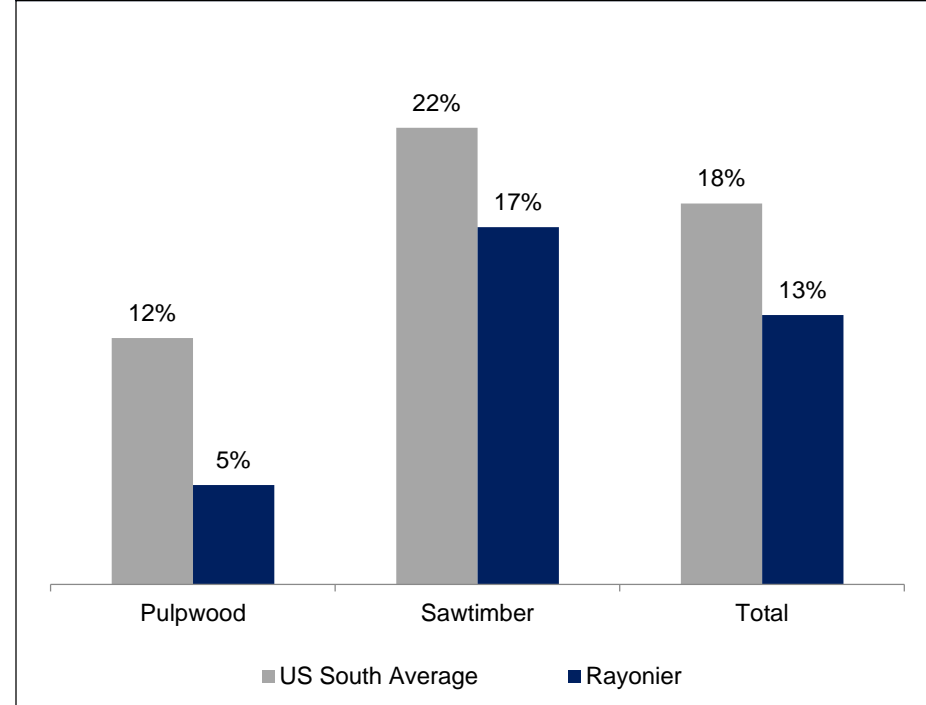
- In most areas, total inventory growth has increased significantly following the 2005 market peak
- Driven by large consumption declines, total inventory additions have been most prominent in the Interior Gulf

Change in Total Inventory by Region: 2005 to 2014



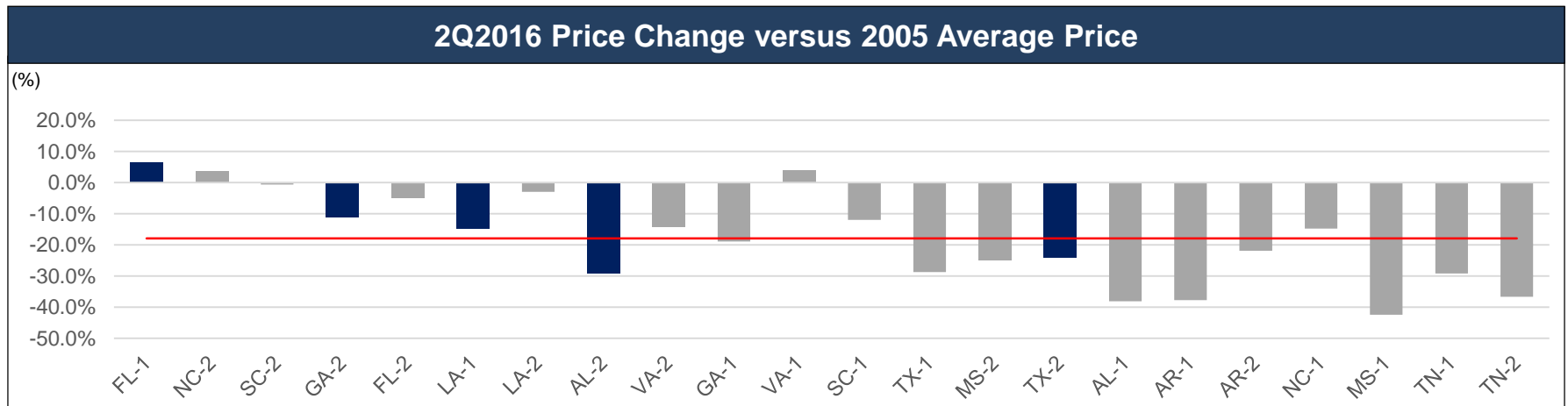
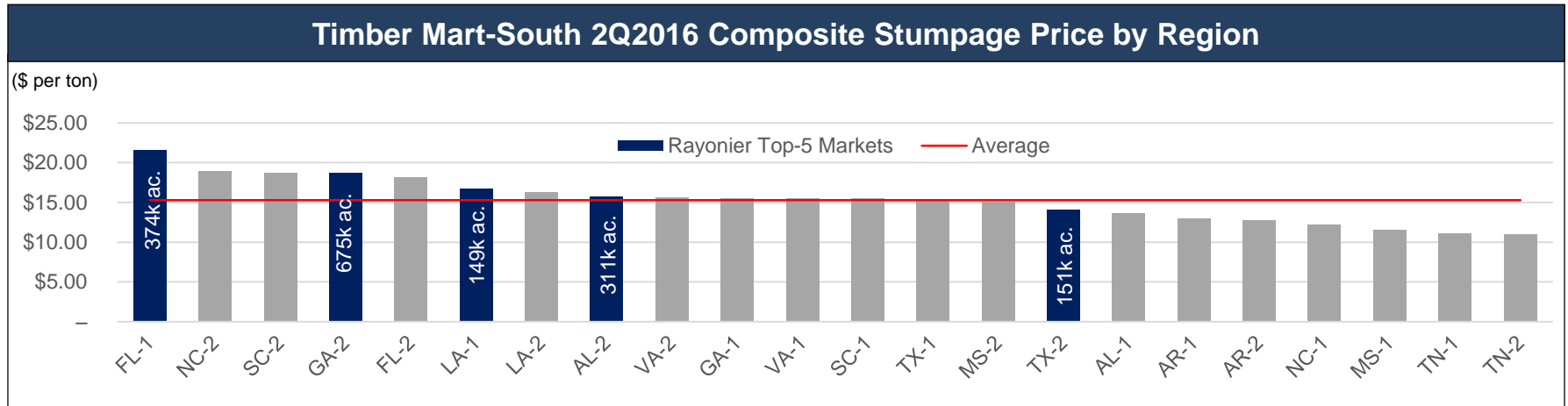
Source: USDA FIA data; Rayonier estimates.

US South Average vs. Rayonier Operating Areas



Interior Gulf regions have experienced the largest increases in total inventory. Overall, Rayonier's markets have seen less inventory build than the U.S. South average.

# Favorable Supply-Demand Dynamics = Better Pricing

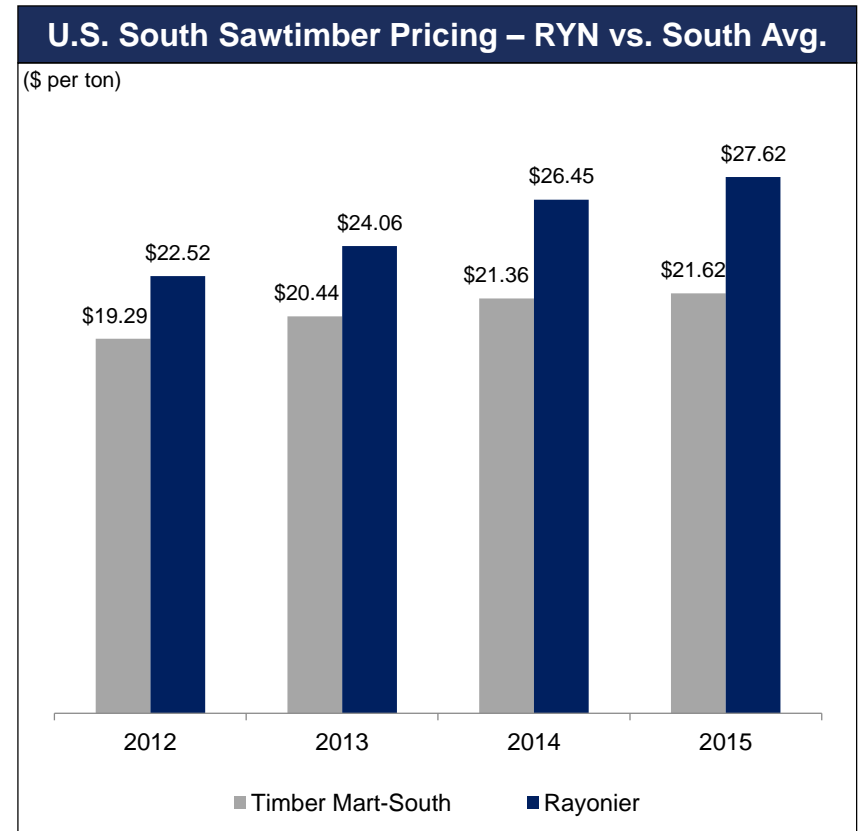
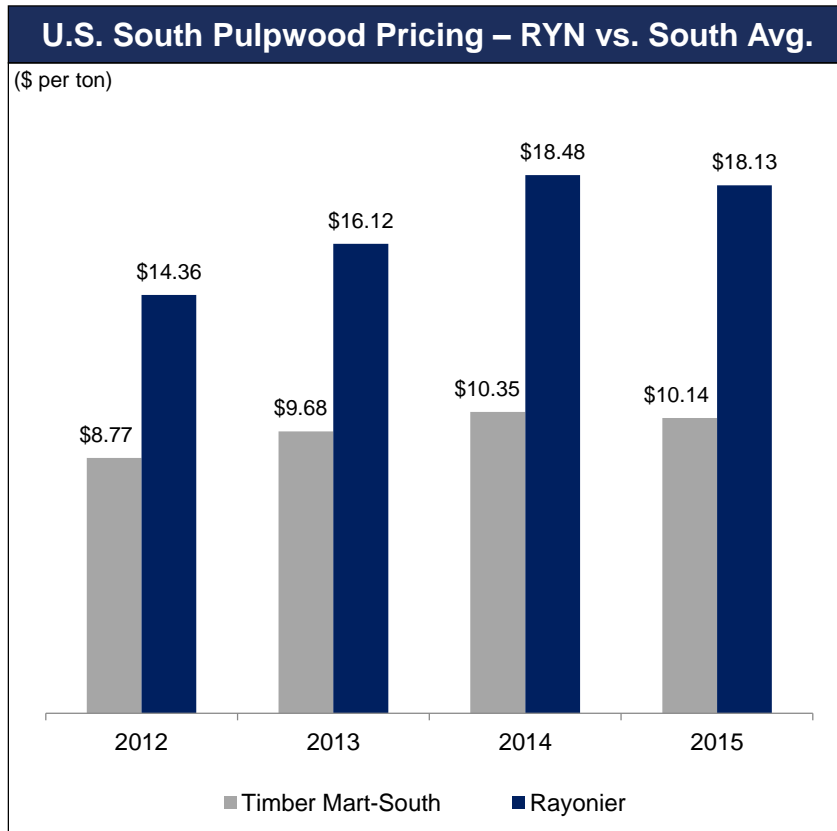


Source: Timber Mart-South.

Note: Composite price by region calculated based on assumed mix of 50% pulpwood, 30% chip-n-saw and 20% sawtimber.

**Rayonier's U.S. South timberlands are located in some of the strongest markets, with a significant concentration (~56%) in the Coastal FL/GA region.**

# RYN Pricing Materially Better Than Market Averages

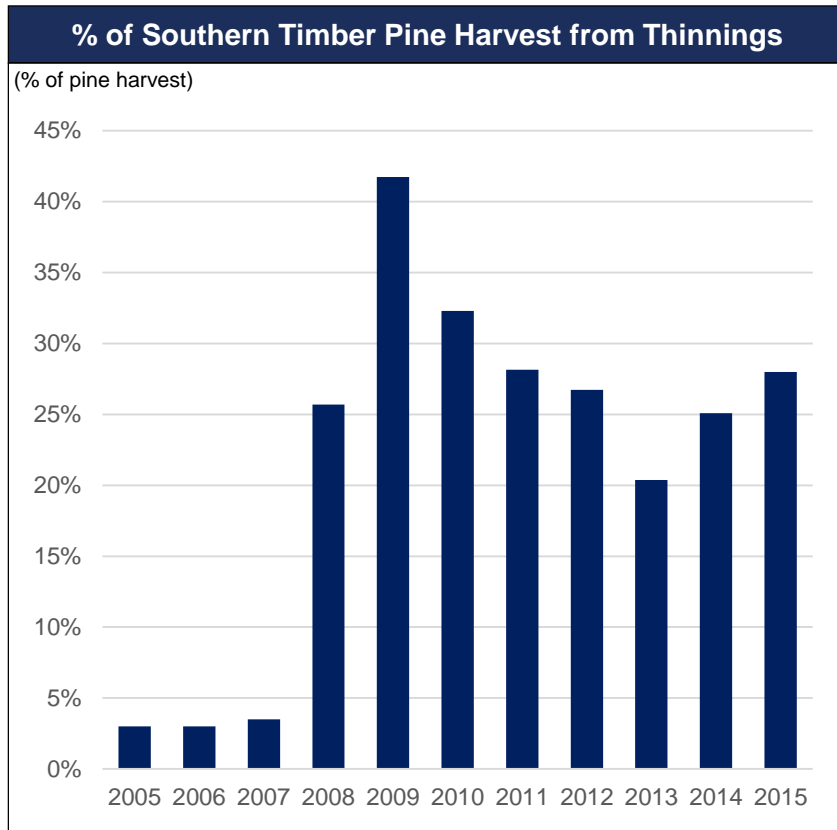


Source: Timber Mart-South.

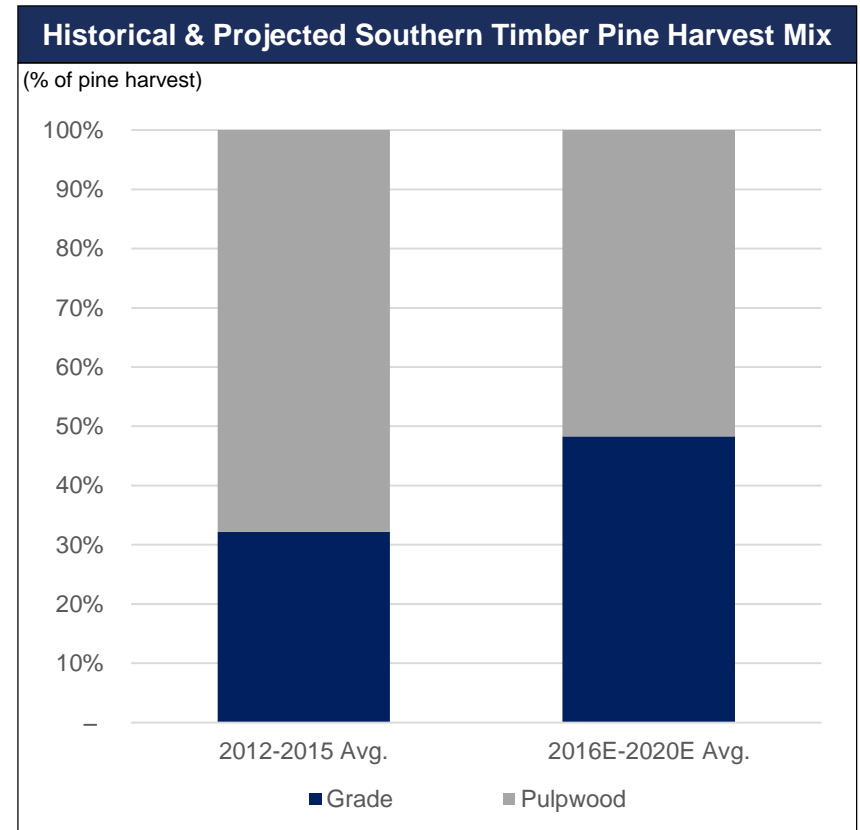
Note: Timber Mart-South figures represent average of quarterly reported South-wide average stumpage prices. Timber Mart-South sawtimber prices reflect average of reported sawtimber and chip-n-saw prices. Rayonier prices reflect actual price realizations for pulpwood and sawtimber (including chip-n-saw) based on actual product mix.

**Favorable supply-demand dynamics in key Rayonier markets drive significant pricing premiums relative to market averages.**

# Enhanced Silviculture Driving Shift to Higher-Value Mix



Note: Estimated based on harvest records.



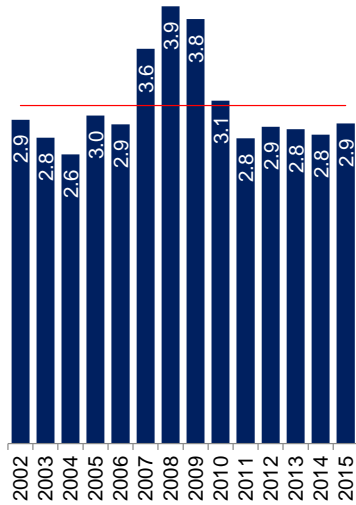
Notes: Based on current harvest scheduling model (subject to change).  
Grade includes chip-n-saw and sawtimber.

**Rayonier's enhanced silviculture activity and thinning regime implemented in 2008 are expected to yield a higher proportion of grade timber going forward.**

# U.S. South Peer Group Harvest Trends

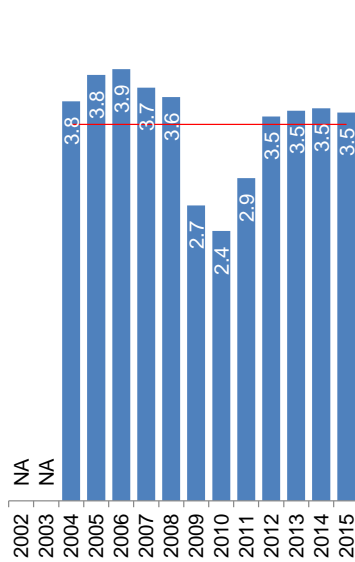
(tons per acre)

Average = 3.1



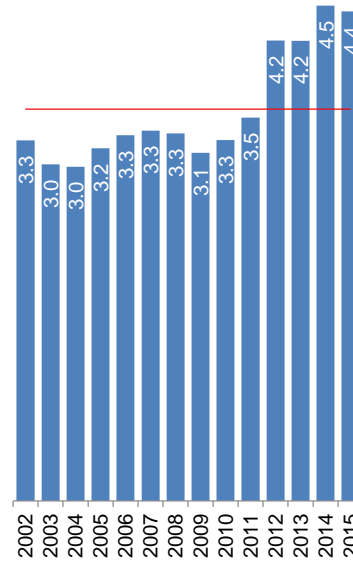
**Rayonier**  
(1.9mm Acres)

Average = 3.4



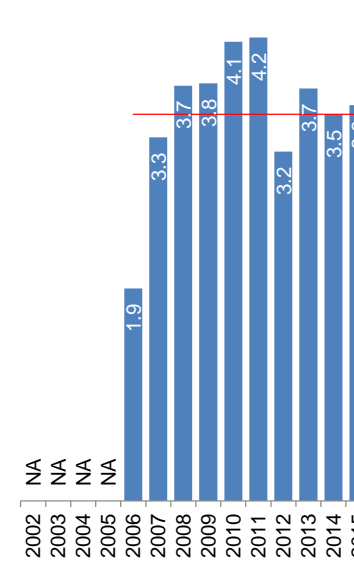
**Weyerhaeuser**  
(4.0mm Acres)

Average = 3.5



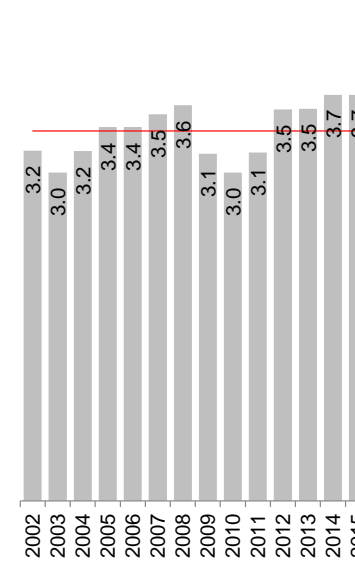
**Plum Creek**  
(3.4mm Acres)

Average = 3.5



**Potlatch**  
(0.6mm Acres)

Average = 3.3



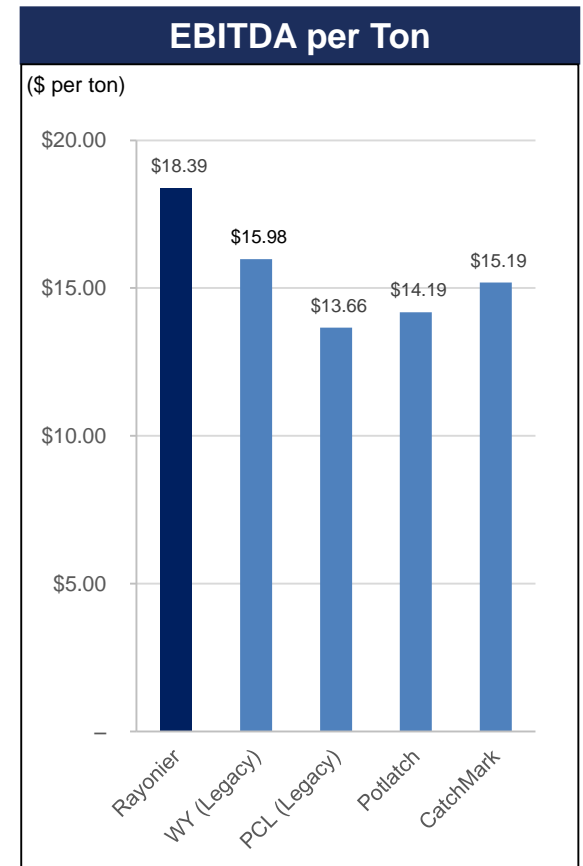
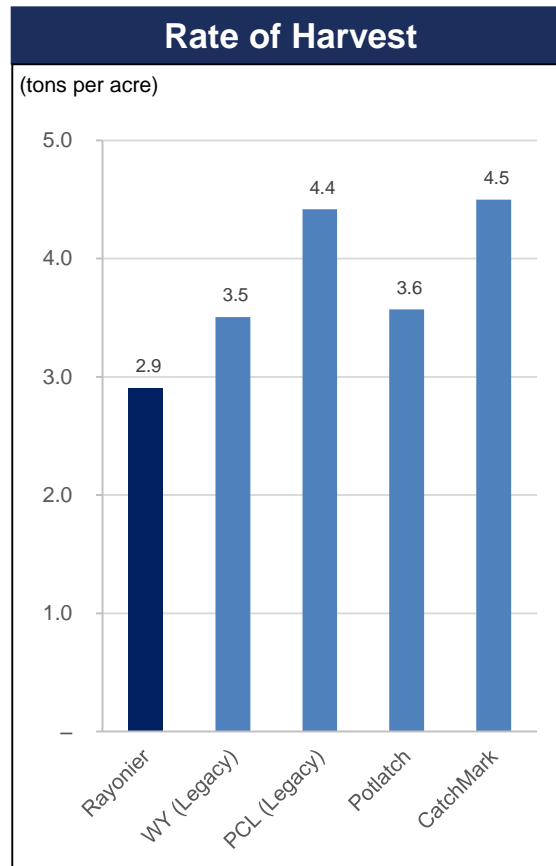
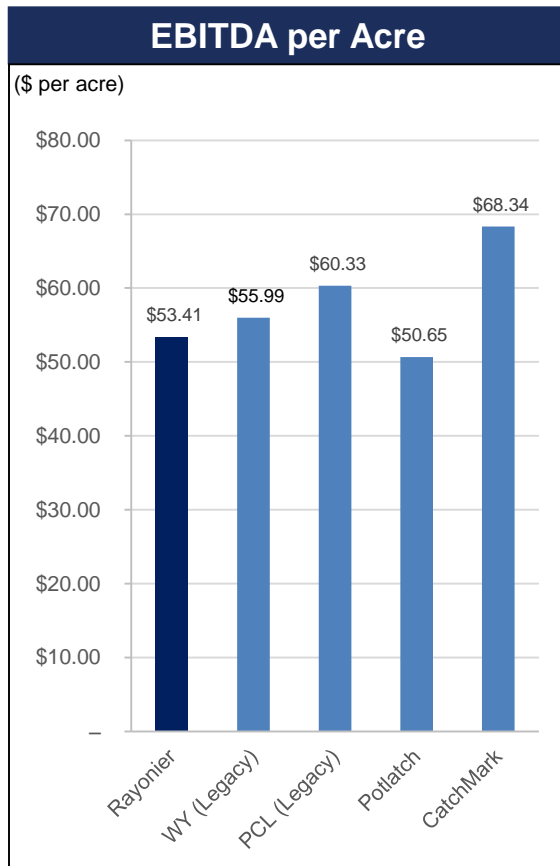
**Peer Average (1)**  
(10.9mm Acres)

Source: Company filings. Represents annual harvest volume divided by estimated weighted average acres by year (adjusted for large acquisitions / dispositions).  
(1) Peer average includes Rayonier, Weyerhaeuser, Plum Creek, Potlatch, CatchMark (not shown) and Deltic (not shown).

**On average, the public timber REITs have harvested 3.0 to 3.5 tons per acre per year from their U.S. South timberlands over the last 10 to 15 years.**



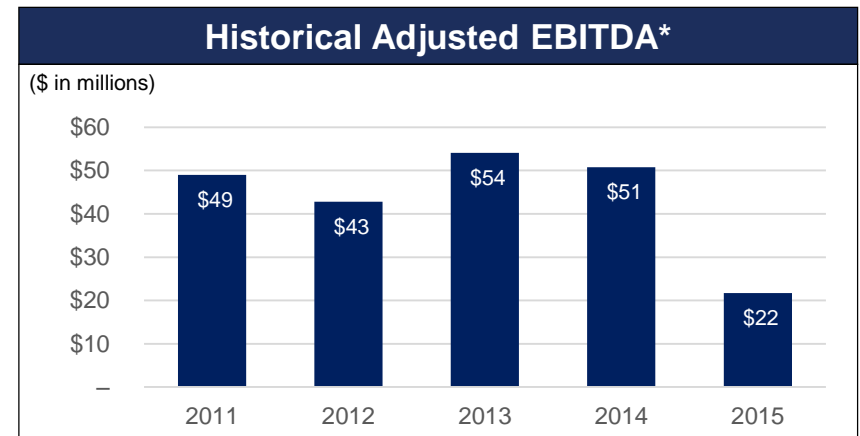
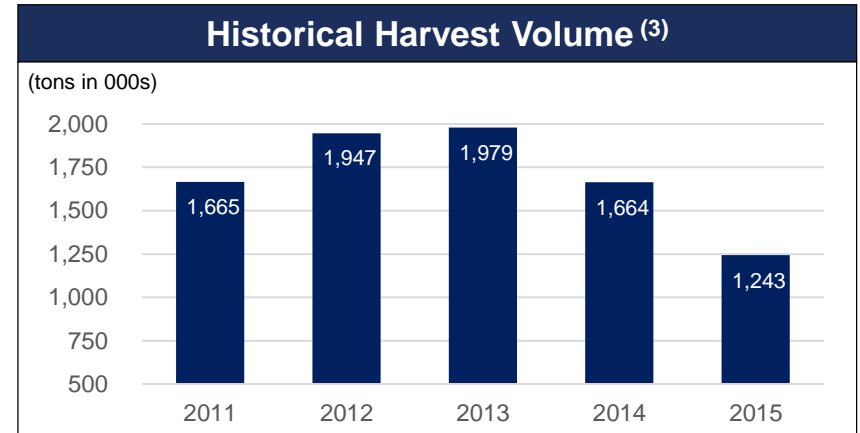
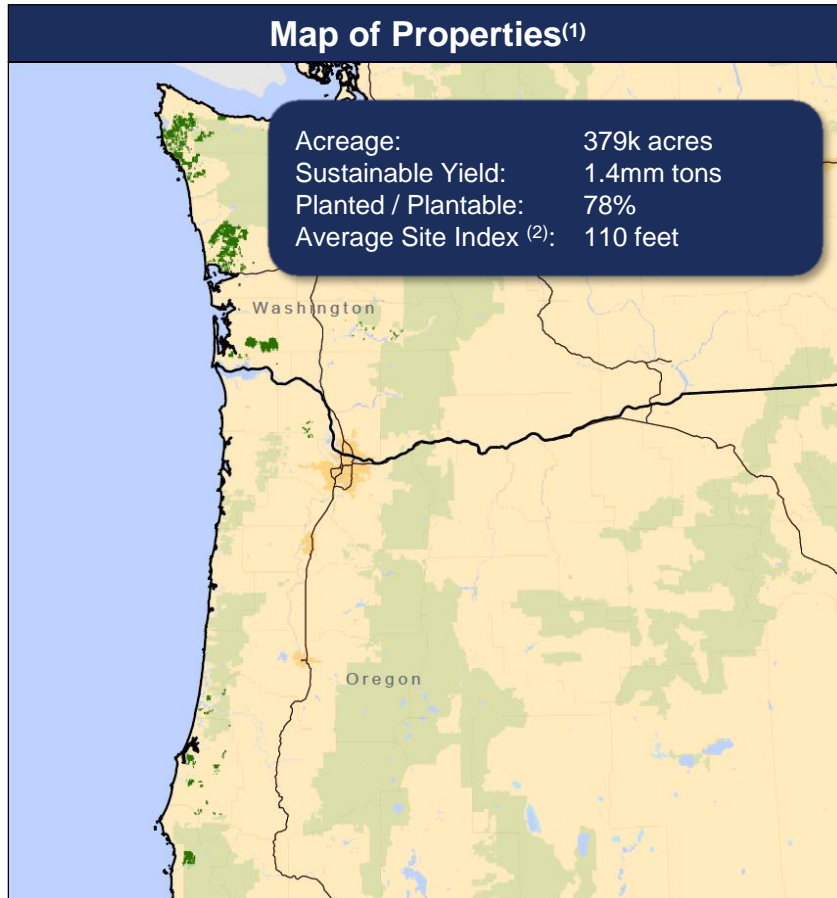
# U.S. South Peer Group Profitability Comparison (2015)



Source: Company filings and Rayonier analysis; see p. 46 for reconciliations.

**After adjusting for rate of harvest, Rayonier's profitability on a *per ton basis* compares very favorably to its peers.**

# Pacific Northwest Timberlands – Segment Overview



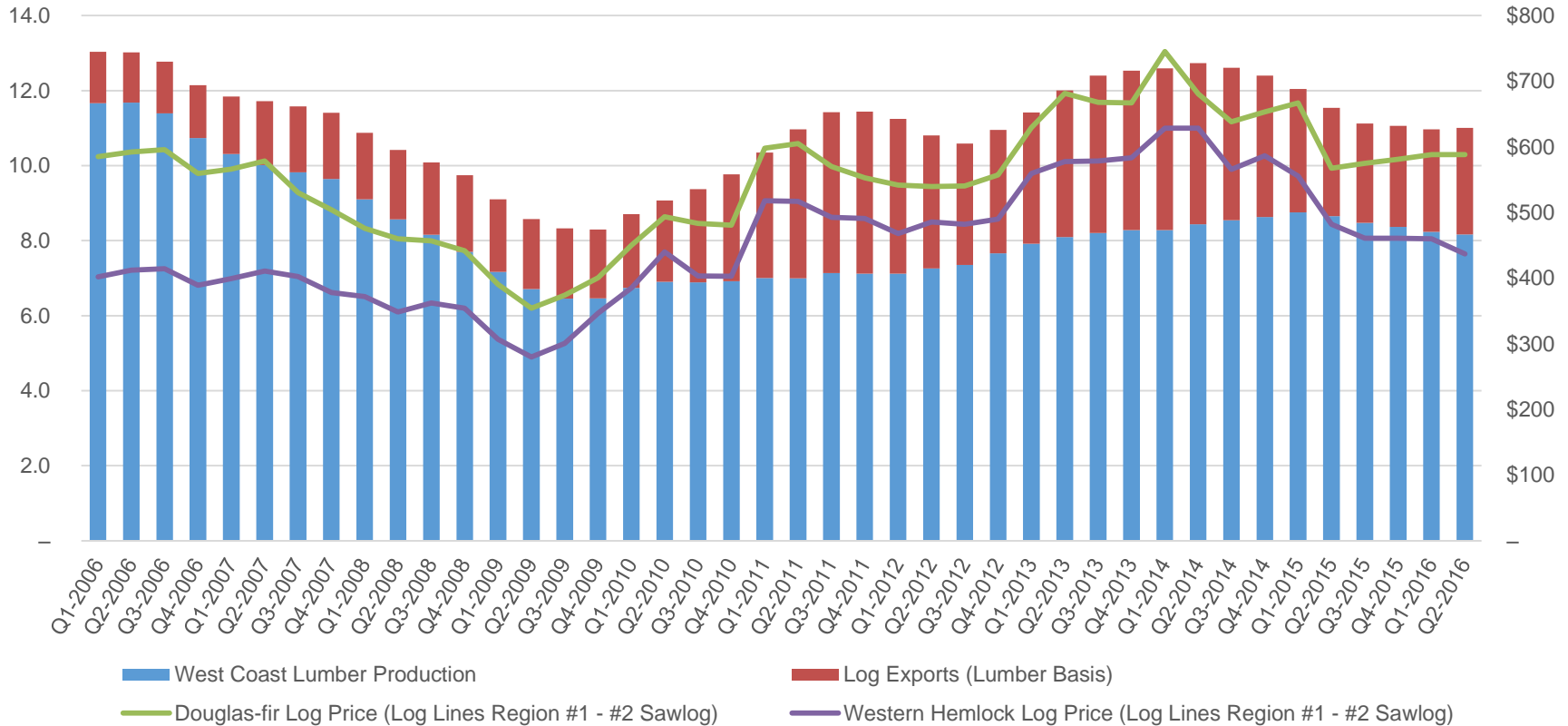
- (1) Reflects recently-announced acquisition of 61k acres and disposition of 55k acres.
- (2) Site index reflects the average height of the dominant and codominant trees at a base age of 50 (Pacific Northwest).
- (3) 2013 and prior results include volumes from New York timberlands.

**Following the recently-announced portfolio repositioning, Rayonier expects to harvest roughly 1.3 million tons in the Pacific Northwest over the next five years.**

# Pacific Northwest Demand and Pricing Have Recovered

Pacific Northwest Log Demand & Pricing

(BBF / \$ per MBF)



Source: Forest Economic Advisors; RISI.

Note: Log exports converted to lumber basis assuming 2.35 recovery rate.

**Pacific Northwest log demand and pricing had recovered to pre-recession levels due to increased export demand, but have been challenged more recently.**

# Pacific Northwest Portfolio Repositioning Overview

## Acquisition

- ▶ Rayonier acquired 61,000 acres of high quality timberland in Oregon and Washington for \$263 million

## Disposition

- ▶ Rayonier sold 55,000 acres of predominantly pre-merchantable timber in Washington for \$130 million

## Asset Quality

- ▶ Significantly increases mix of Douglas-fir and improves overall site index
- ▶ Complements RYN's age-class distribution, improves sustainable yield <sup>(1)</sup>

## Market Access

- ▶ Dispersion of parcels across strong domestic markets improves operational flexibility
- ▶ Competitive log markets fit RYN's log / stumpage sales program well

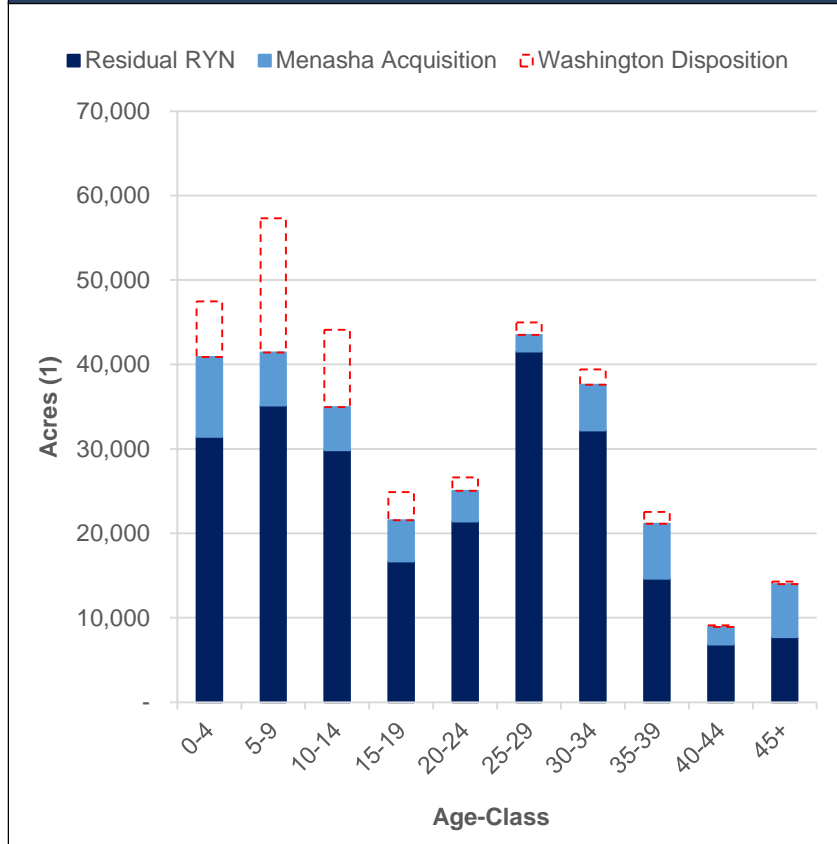
## Financial Profile

- ▶ More mature age-class profile improves near-term harvest and cash flow
- ▶ Diversifies cash flow profile; increases contribution from Pacific Northwest segment

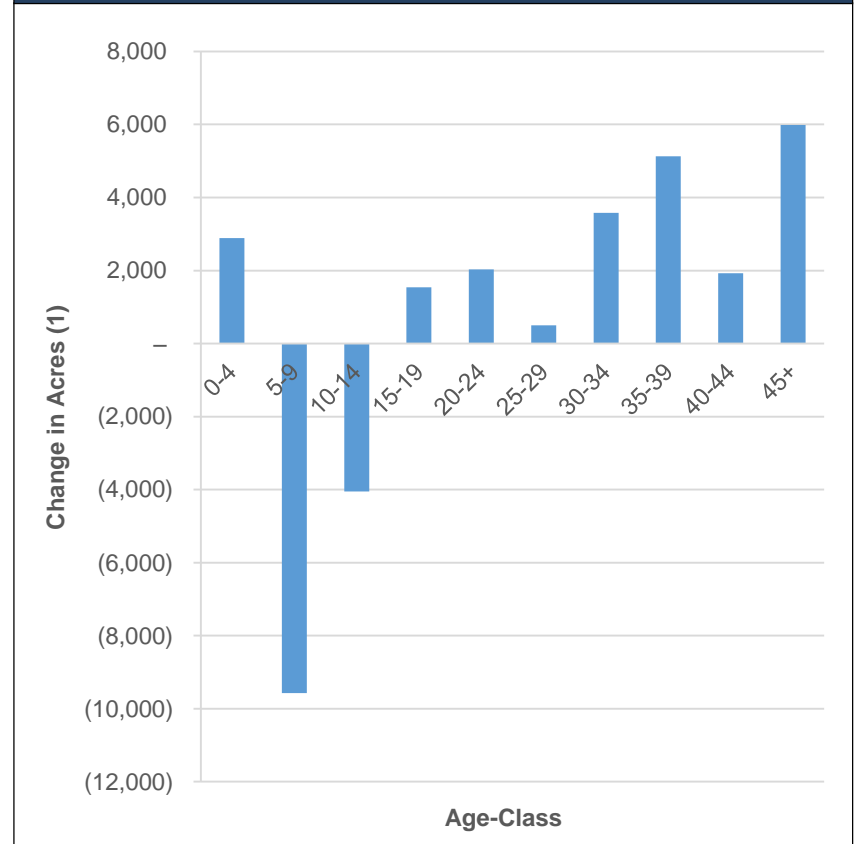
**Rayonier's PNW portfolio repositioning improves asset quality, diversifies species mix and regional log markets, and enhances near-term cash flow.**

# PNW Portfolio Repositioning Improves Age Class Profile

## Pro Forma Pacific Northwest Age Class Profile



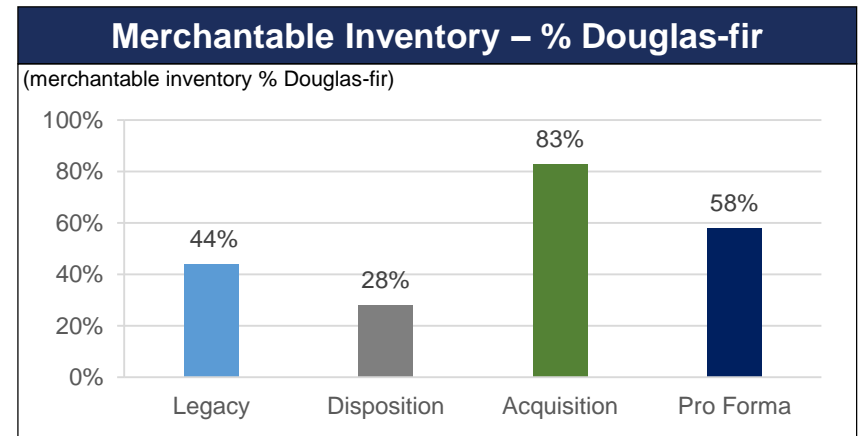
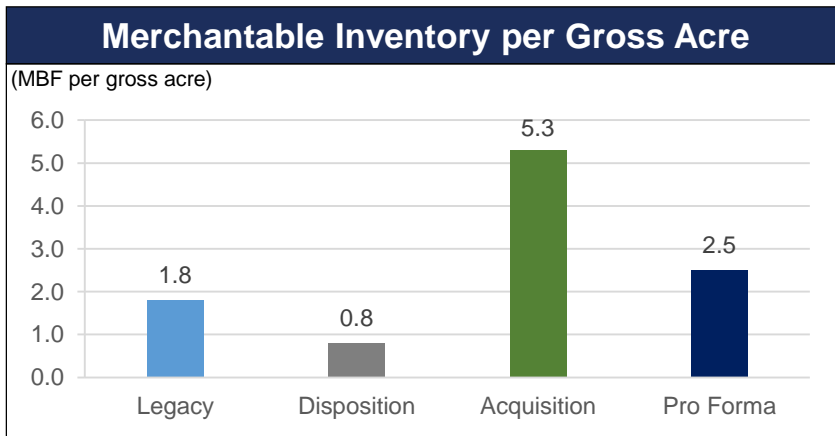
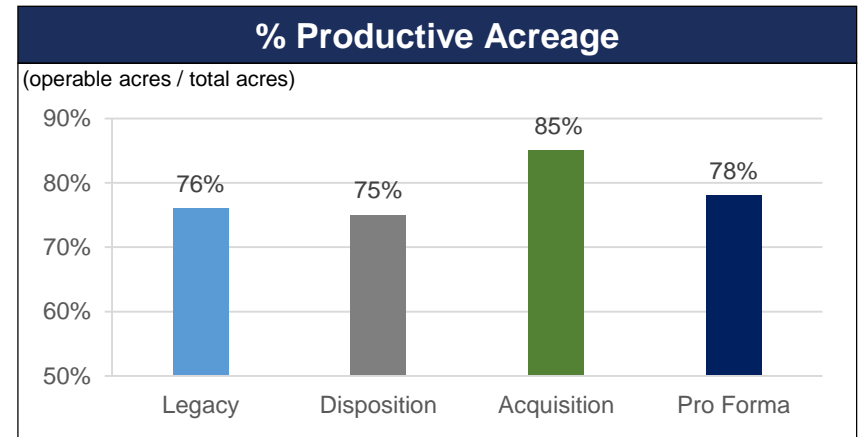
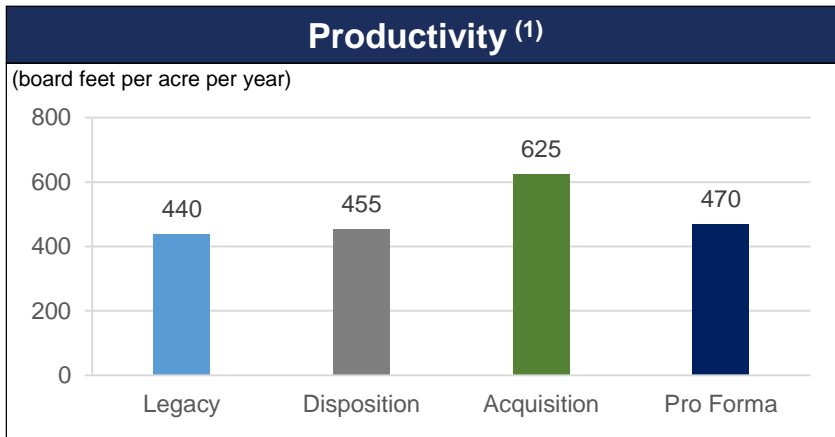
## Net Change in Operable Acres by Age Class



**Pro forma for the Menasha acquisition and the Washington disposition, Rayonier's Pacific Northwest age-class profile will be significantly improved and more evenly distributed.**

(1) Charts exclude non-operable and non-commercial acres.

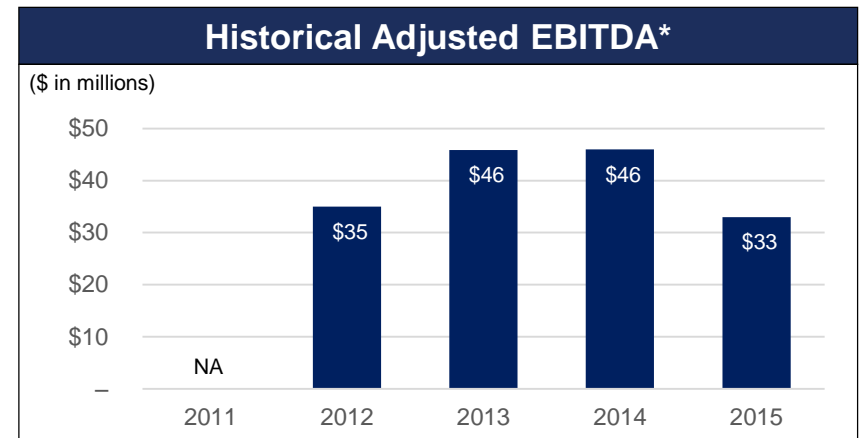
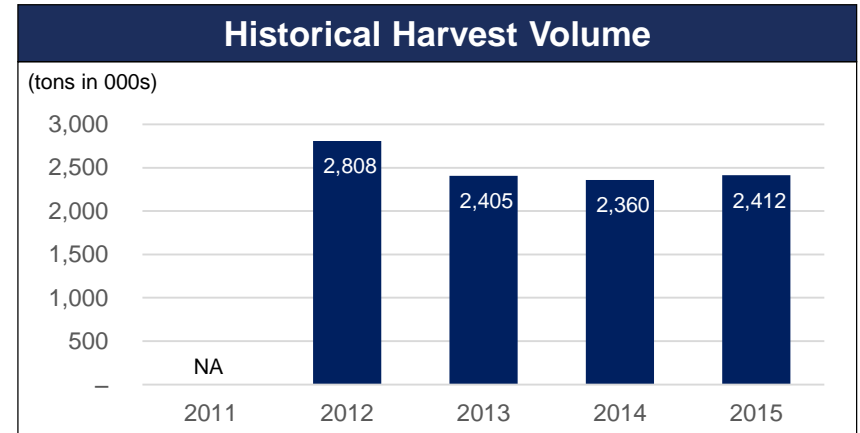
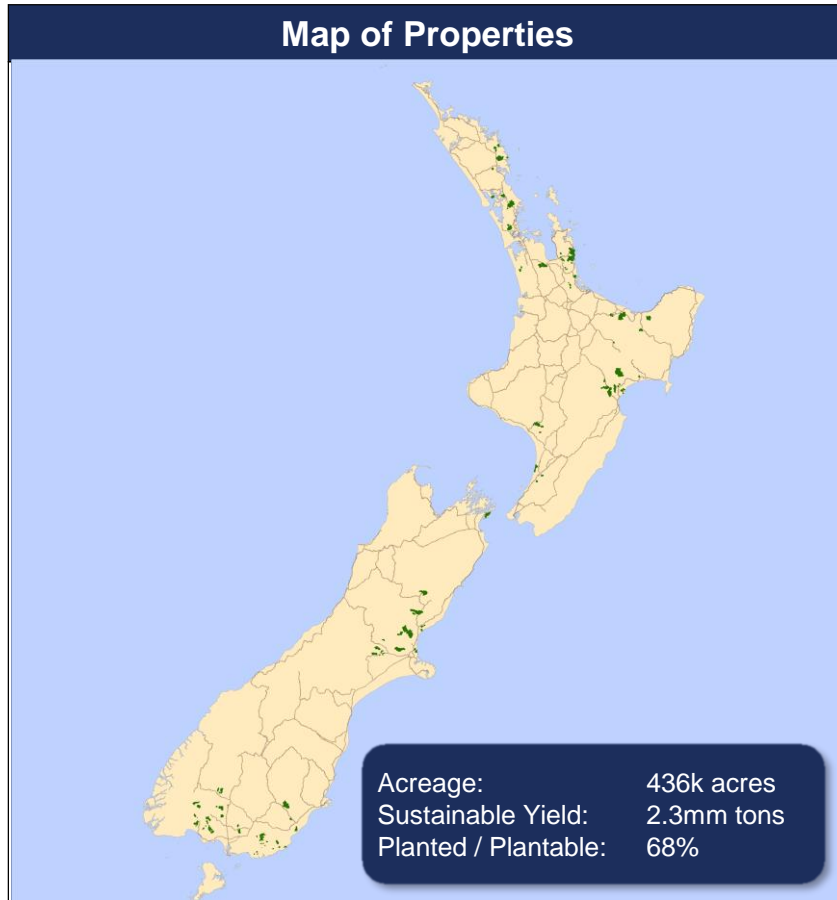
# PNW Portfolio Repositioning – Comparison of Key Metrics



**The combination of the Menasha acquisition and the Washington disposition will significantly enhance Rayonier’s Pacific Northwest timberland portfolio.**

(1) Productivity based on “sustainable yield,” as defined in the Company’s latest report on Form 10-K.

# New Zealand Timberlands – Segment Overview

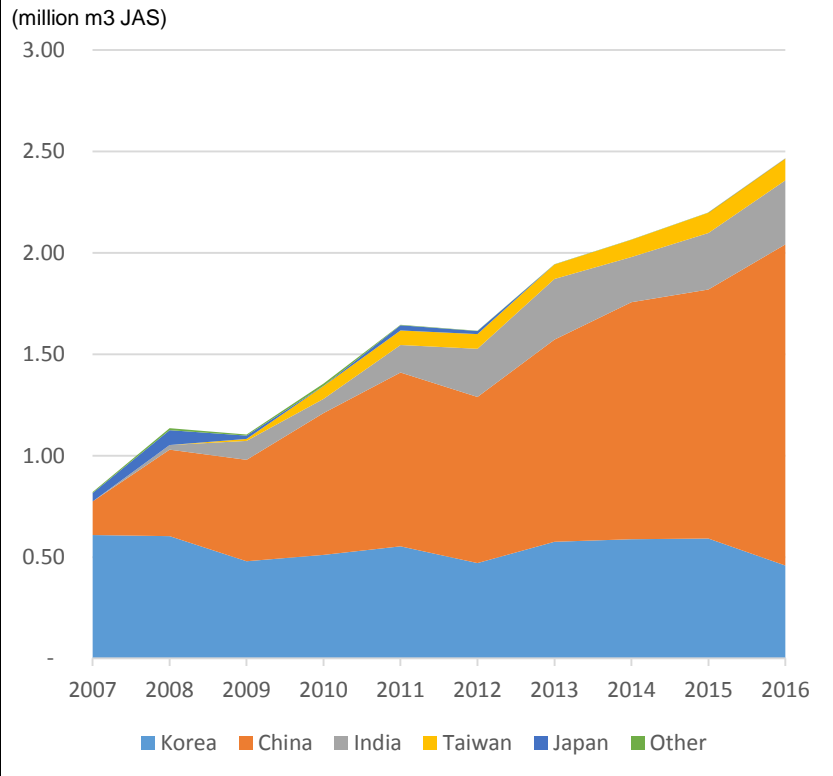


Note: New Zealand Timber was consolidated on April 4, 2013 when we acquired a majority interest in the New Zealand JV. Prior to the acquisition date, we accounted for our 26% interest in the New Zealand JV as an equity method investment. The 2013 and 2012 information shown here reflects full year results.

**Rayonier's ~77%-owned joint venture in New Zealand provides geographic, species and market diversification.**

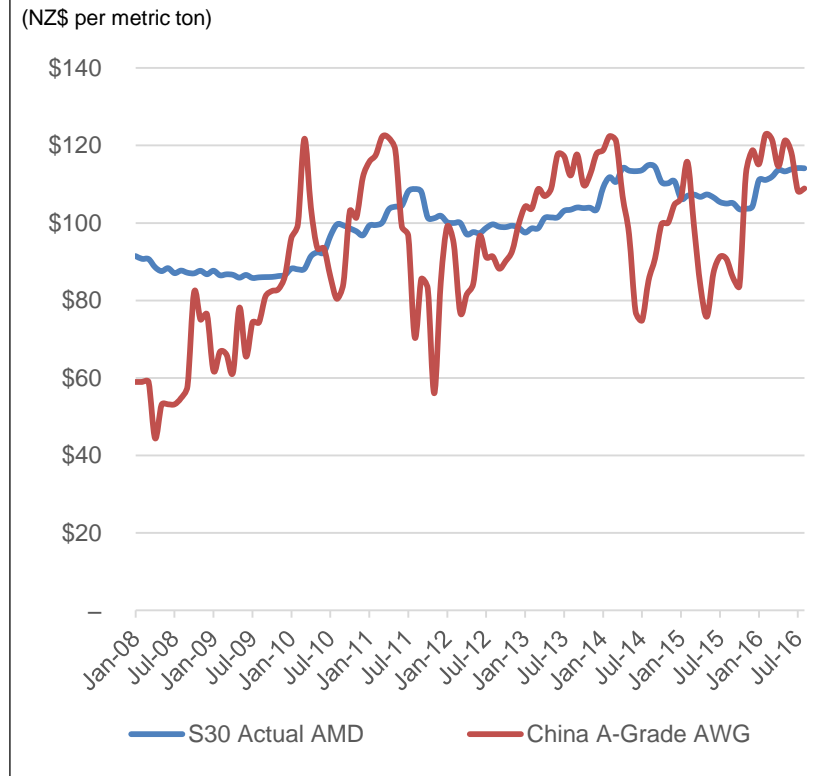
# New Zealand JV Increases Exposure to Export Markets

## Mix Shift of New Zealand Export Volume



Note: Represents NZ joint venture export volume and third-party Log Trading segment volume.

## New Zealand Export vs. Domestic Pricing



Note: Represents at wharf gate (AWG) or at mill door (AMD) prices.

**Rayonier's New Zealand JV increases the company's exposure to attractive and growing export markets in the Pacific Rim.**



# Overview of Timberland Acquisition Strategy

## Location

- Timber end markets with favorable supply / demand tension
- Well-developed infrastructure, access to ports and other transportation hubs
- Potential for land appreciation driven by local and regional demographics

## Asset Quality

- Softwood investments in regions with strong biological growth
- Complementary age-class distribution that improves sustainable harvest
- Highly operable land with favorable logging conditions

## Optionality

- Fee simple ownership while seeking to avoid wood supply agreements
- Ability to market timber through delivered log or stumpage sales during price spikes
- Diversity in customer base from timber, HBU sales and non-timber income

## Value Creation

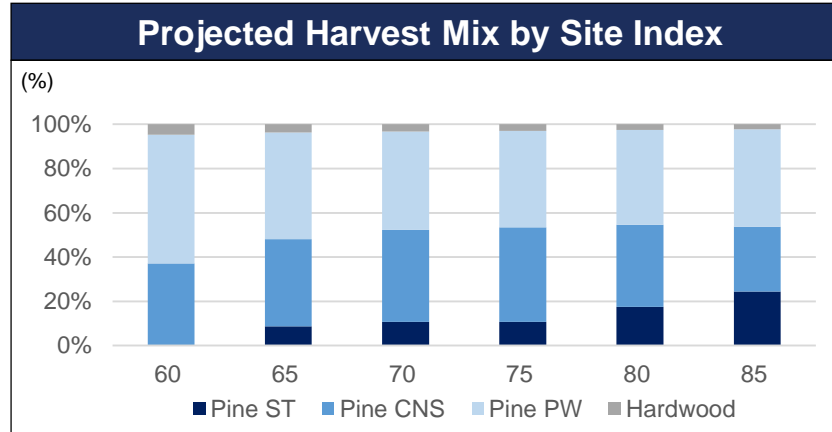
- Ability to enhance returns through intensive silviculture and genetics
- HBU value creation opportunities through effective planning and management
- Properties with non-timber income upside potential

## Financial Profile

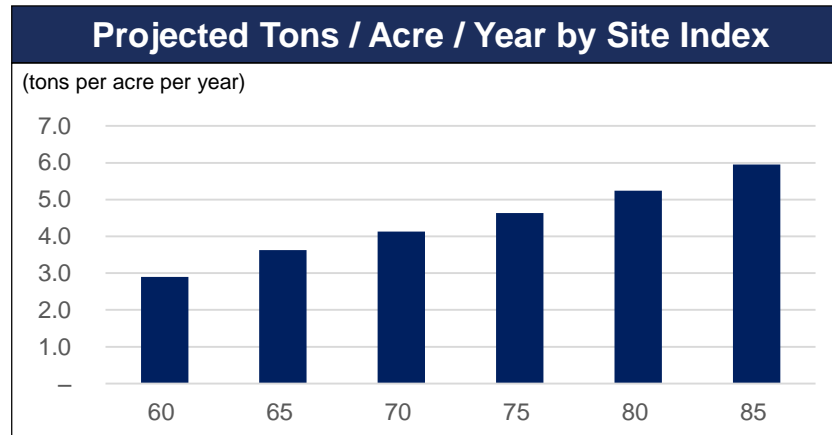
- Ability to generate strong recurring cash flow from harvest and non-timber income
- Accretive to Cash Available for Distribution
- Focus only on acquisitions that we expect to exceed our cost of capital

# Productivity is a Key Driver of Timberland Value

Current Harvested Stands  
Expressed Site Index:  
High 60's



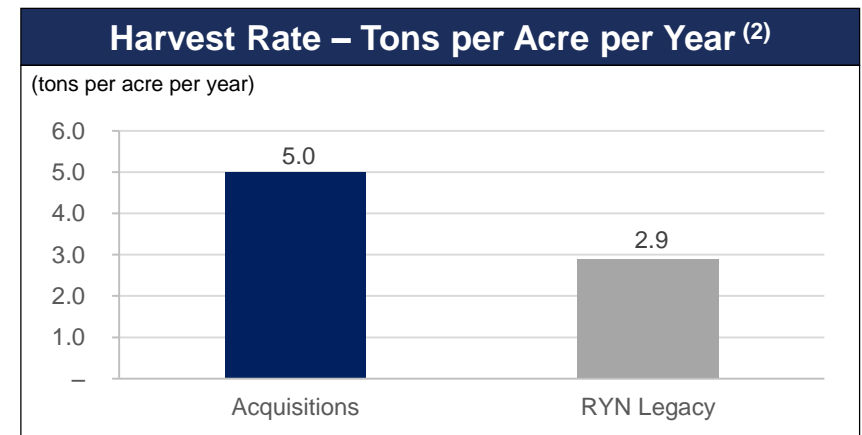
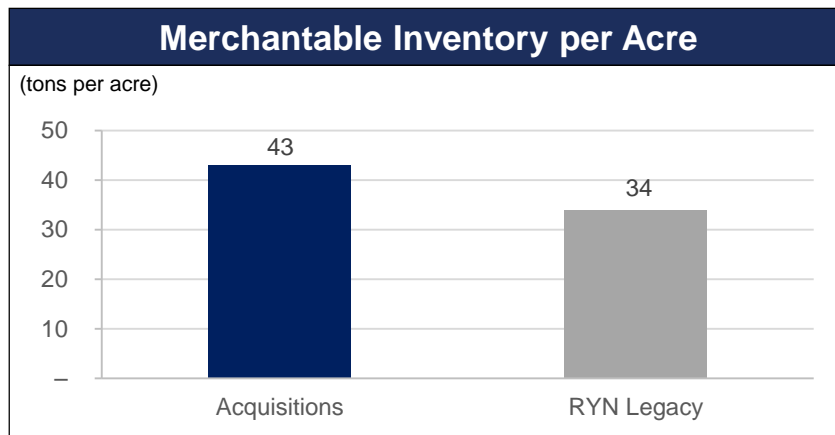
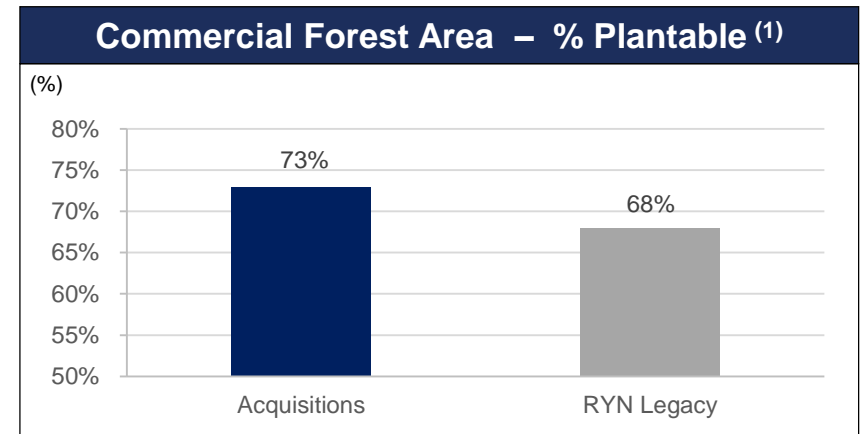
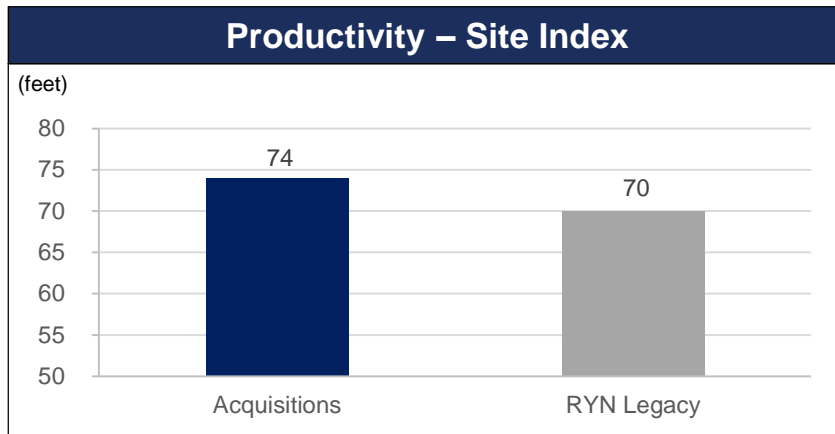
Current Planted Stands  
Implied Site Index:  
High 70's+



Source: Yield predictions based on PMRC (Plantation Management Research Cooperative) Technical Report 1996-1 (Yield Prediction and Growth Projection for Site-Prepared Loblolly Pine Plantations in the Carolinas, Georgia, Alabama and Florida). Assumes 70% pine plantation and 30% hardwoods and non-forested areas.

**Plantation productivity is a key driver of value, as higher site index properties generate greater harvest yields and a more valuable product mix.**

# Disciplined Acquisition Process = Improved Portfolio



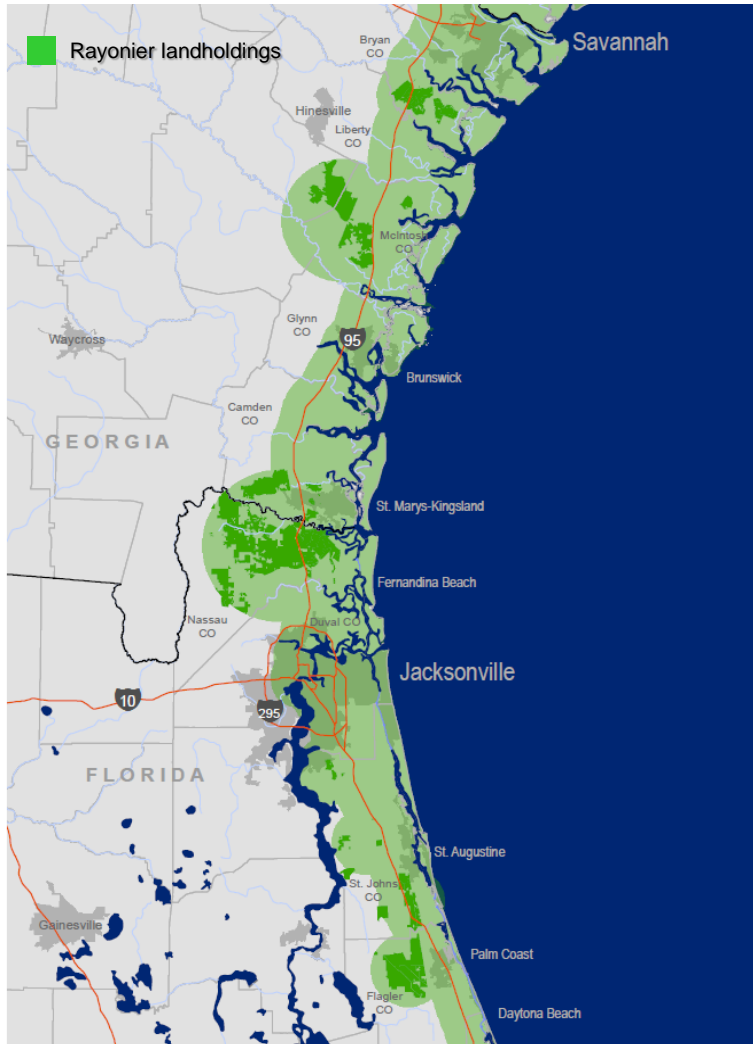
Note: Comparison charts reflect data for U.S. South legacy acreage (as of 3Q2014) and 2014-1Q2016 U.S. South acquisitions based on Company estimates.

(1) Includes land classified as natural plantable.

(2) Harvest rate for RYN Legacy assumes sustainable yield of 5.4 to 5.7 million tons for Southern Timber. Harvest rate for acquisitions based on projected 10-year harvest.

**Since 2014, Rayonier has acquired 165,000 acres of timberland for nearly \$500 million, improving the overall productivity of our portfolio.**

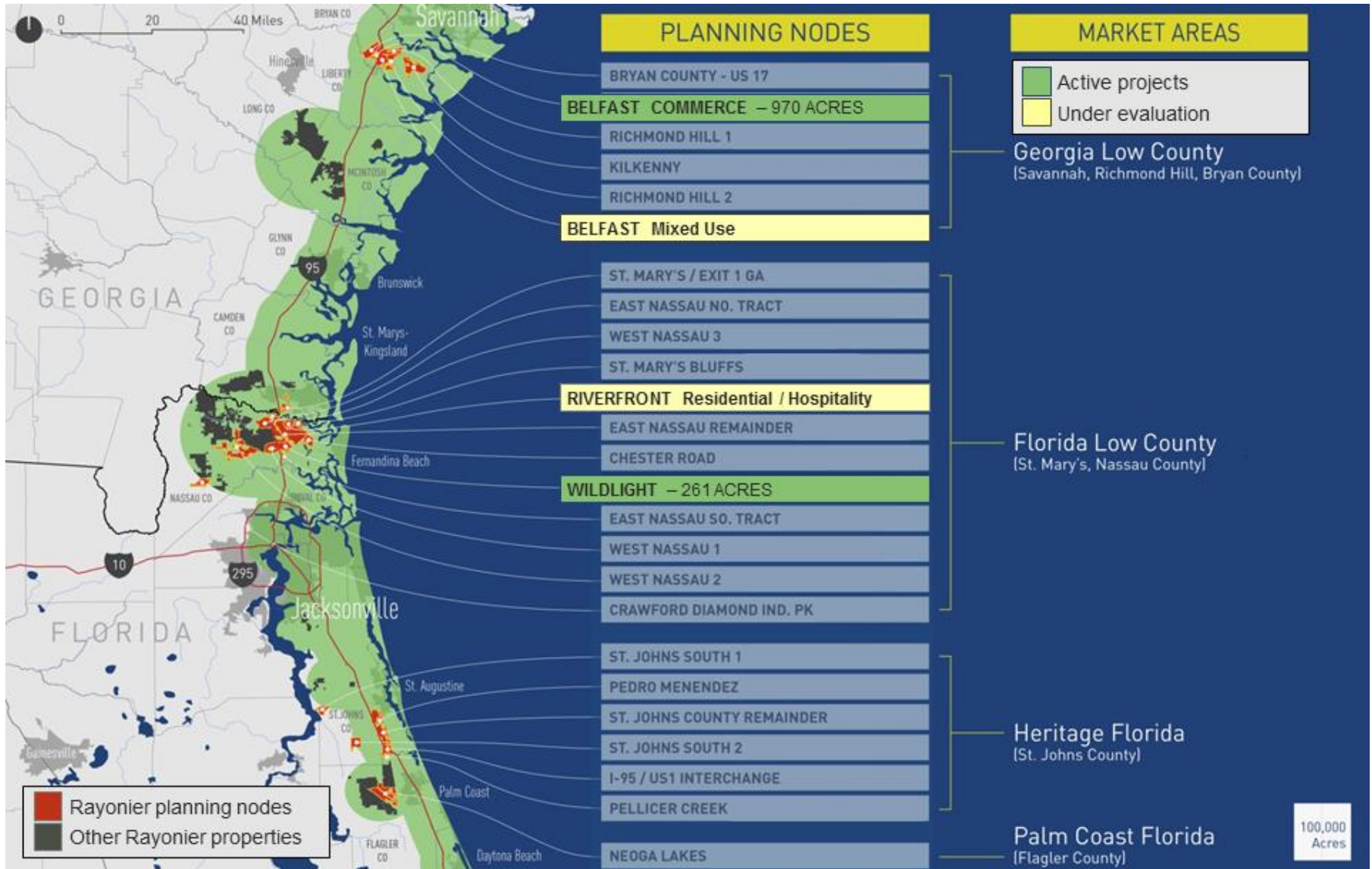
# Significant HBU Potential in FL and GA Coastal Corridor



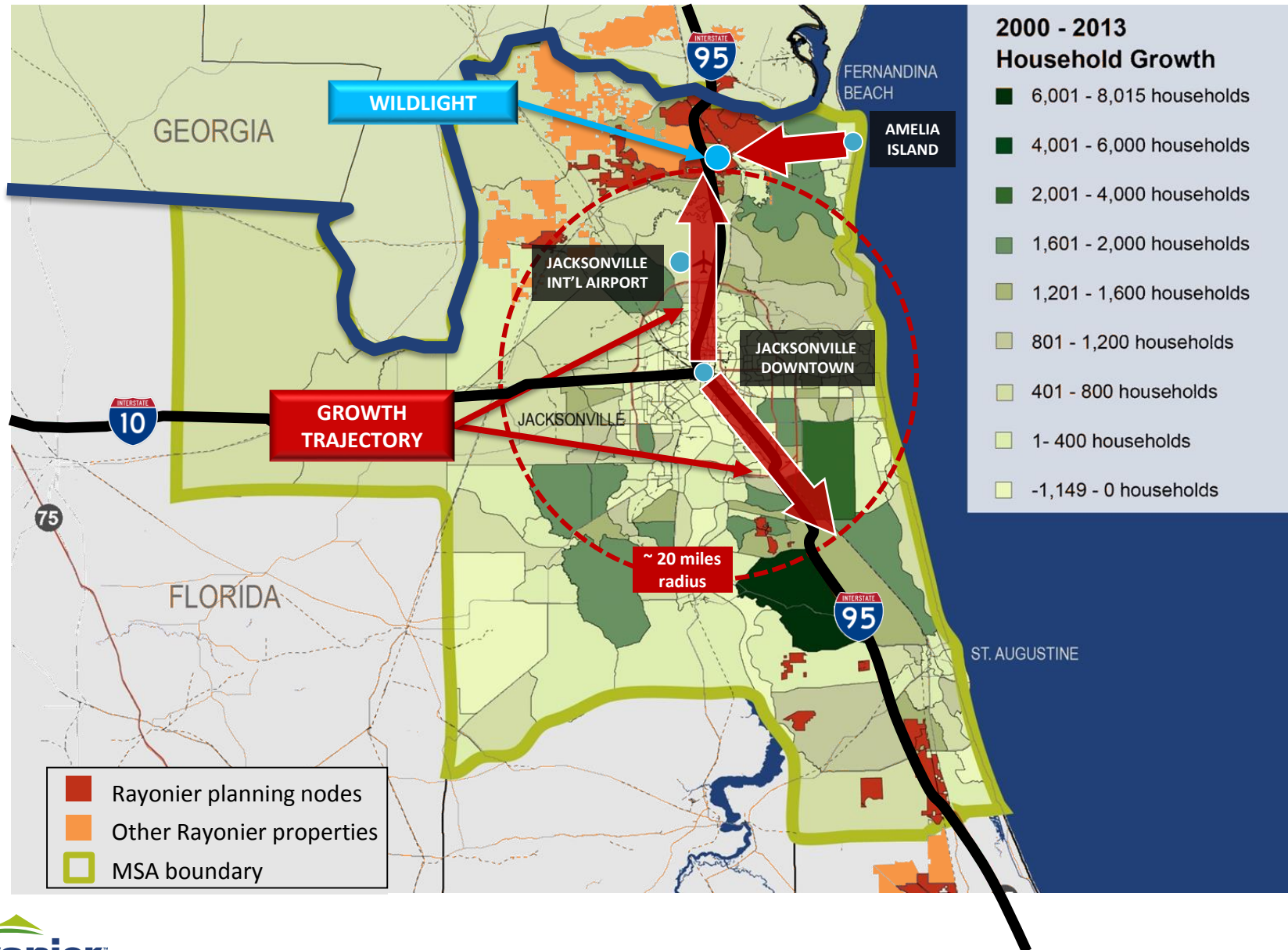
## Overview of Coastal Corridor Properties

- Timberland ownership base of ~200,000 acres
- Approximately 40 miles of water frontage
- Approximately 250 miles of road and highway frontage
- Land holdings at five interchanges on I-95 and two planned future interchanges
- Residential, commercial, and industrial land-use entitlements in hand
- Proximity and connection to international airports and seaports, with multiple sites served by rail
- Intensive land classification effort has identified 25 distinct planning nodes spanning coastal corridor ownership

# Getting “Micro” to Unlock Opportunities



# Wildlight Situated in Jacksonville's "Path of Growth"



# Wildlight – Project Overview

## Location

Nassau Co, FL approx 21-miles north of Jacksonville at I-95 / A1A interchange

## Type

Community Multi-Use

## Market

Northeast FL / Southeast GA

## Size

261 acres

## Highlights

- Catalyzed by new K-5 school opening fall of 2017
- Highly visible; over 40,000 vehicles pass I-95 / A1A intersection daily
- Over 20,000 acres of Rayonier ownership within a 5-mile radius
- Market data indicates high potential for mixed use



## Term

~10 years

## Gross revenue

~\$60 MM

## Gross margin

~20%

## Unlevered IRR

~15%

## Peak capital

~\$13 MM

Note: Anticipated financial results based on project forecast.

# Belfast Commerce Park – Project Overview

## Location

23 miles south of Savannah, GA

## Type

Class A Industrial Park

## Market

Southeastern U.S.

## Size

970 acres (140 sold)

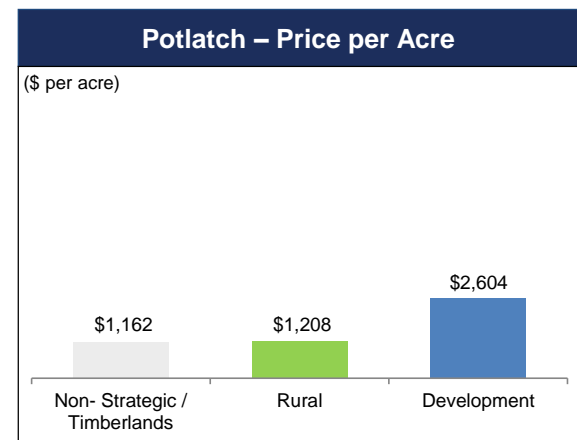
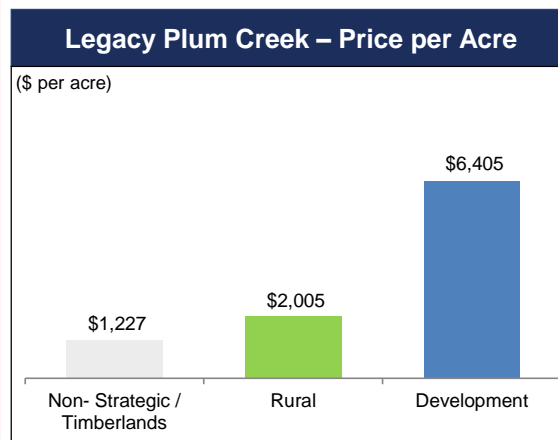
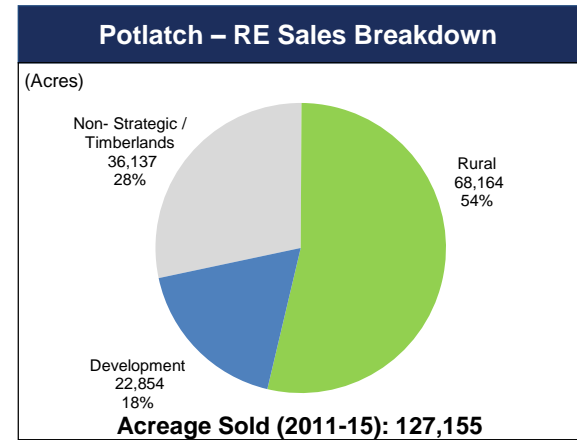
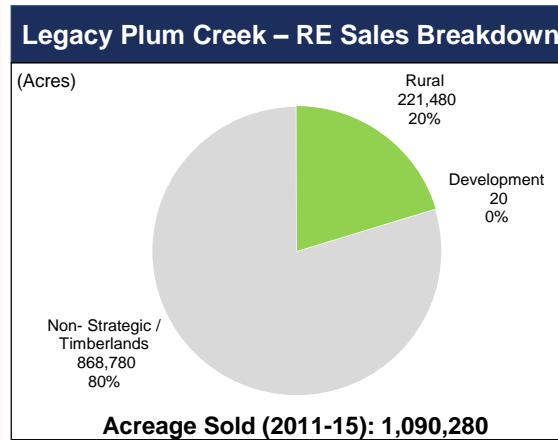
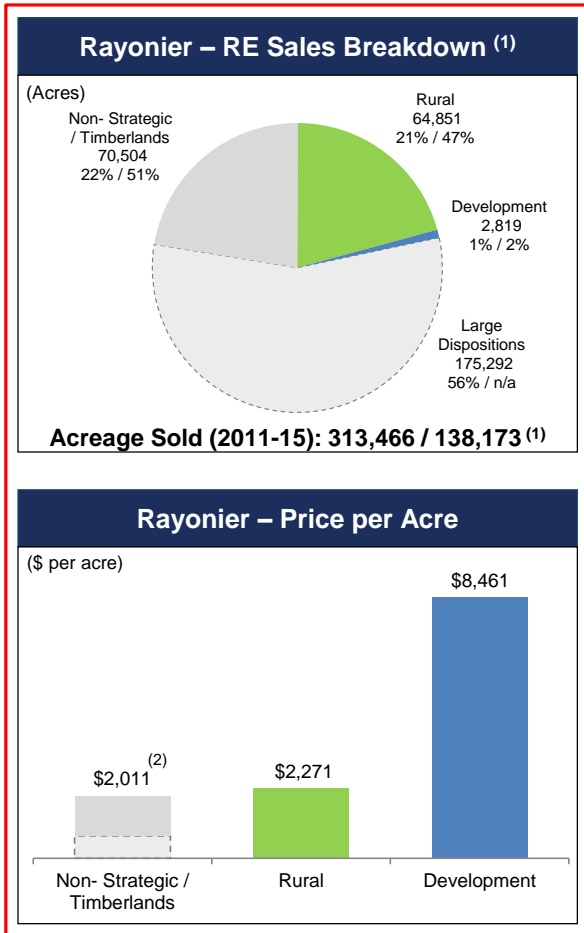
## Highlights

- Zoning allows 15.0 million square feet industrial uses
- CSX Select Site, direct rail service into the Port of Savannah (16 miles); \$700 million port expansion underway
- 9,105 feet of rail frontage
- 11,100 feet of I-95 frontage, 16 miles to I-16 interchange
- Future I-95 interchange approved, currently in design and permitting
- Catalyzed by Caesarstone's 260KSF manufacturing facility (May 2015)
- 140 acres sold for ~\$42,000/acre





# Real Estate Sales Summary – Peer Comparison



Note: Real Estate acreage breakdown based on total acres sold over the last five years. Price per acre based on weighted average sales price over the last five years.  
 (1) Percentages represent % of total including / excluding large dispositions (respectively). Total represents total acres sold including / excluding large dispositions (respectively).  
 (2) Represents weighted average price per acre excluding large dispositions. Average price per acre of large dispositions (including New York) is \$725 per acre.

**Rayonier has realized stronger pricing on real estate sales than its timber REIT peers. Excluding “large dispositions” (which Rayonier excludes from Adjusted EBITDA), Rayonier’s real estate sales are heavily focused on HBU properties.**

# Rayonier Debt Structure & Maturity Profile

## Debt Profile

(\$ in millions)

	Balance @ 6/30/2016	Interest Rate	Annual Interest	% Fixed	Years to Maturity <sup>(1)</sup>
Senior Notes due 2022	\$325.0	3.75%	\$12.2	100.0%	5.8
Term Loan due 2024 <sup>(2)</sup>	350.0	3.33%	11.7	100.0%	8.1
Incremental Term Loan due 2026 <sup>(3)</sup>	300.0	2.82%	8.5	100.0%	9.8
Mortgage Notes due 2017	42.4	4.35%	1.8	100.0%	1.1
Revolving Credit Facility due 2020 <sup>(4)</sup>	–	1.70%	0.4	–	4.1
Solid Waste Bond due 2020	15.0	1.70%	0.3	–	3.8
NZ Working Capital Facility due 2017	–	3.20%	–	–	1.3
NZ Shareholder Loan <sup>(5)</sup>	23.7	NA	NA	NA	NA
<b>Total / Weighted Avg.</b>	<b>\$1,056.2</b>	<b>3.29%</b>	<b>\$34.8</b>	<b>98.5%</b>	<b>7.5</b>

(1) As of 6/30/2016; NZ working capital facility represents average maturity of two tranches; weighted average excludes NZ shareholder loan.

(2) Includes impact of interest rate swaps and estimated patronage payments.

(3) Assumes \$200mm at 2.93% and \$100 million at 2.59%; includes impact of interest rate swaps and estimated patronage payments.

(4) Interest on revolver represents unused facility fee of 0.175%.

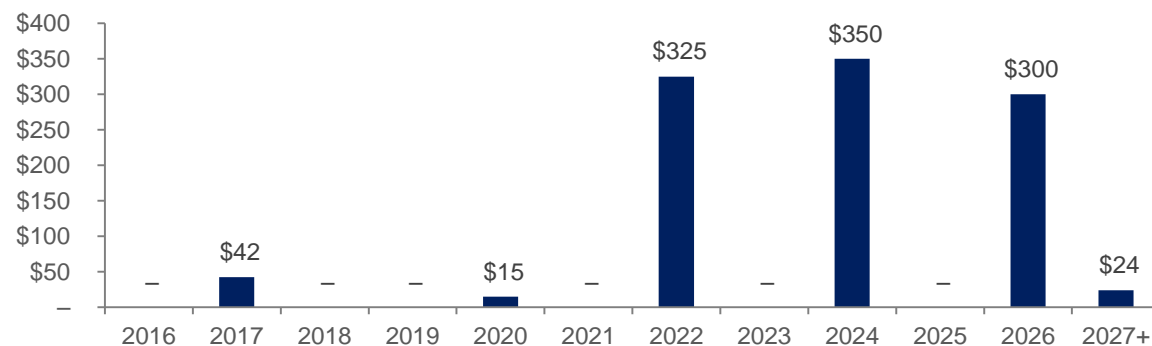
(5) Minority share of New Zealand shareholder loan; does not represent third-party indebtedness.

### Highlights

- Average interest rate of 3.29%
- 98.5% fixed rate debt
- Average maturity of nearly 8 years

## Maturity Profile

(\$ in millions)



### Highlights

- Well staggered maturity profile
- Nearest significant maturity in 2022
- No significant stacked maturities

Rayonier has a very attractive debt structure and maturity profile.

# Recap of Rayonier's Strategic Priorities

## Manage for Sustainability

- ▶ Design harvest strategy to achieve long-term, sustainable yield
- ▶ Balance biological growth, harvest cash flow and responsible stewardship

## Acquire High-Quality Timberlands

- ▶ Pursue timberland acquisitions that improve portfolio quality and sustainable yield
- ▶ Maintain disciplined approach to acquisitions, minimize HBU speculation

## Optimize Portfolio Value

- ▶ Pursue value creation activities on select properties to enhance long-term value
- ▶ Opportunistically monetize properties where premium valuations can be achieved

## Focus on Quality of Earnings

- ▶ Focus on harvest operations and rural land sales to support dividends
- ▶ De-emphasize sale of “non-strategic” timberlands to augment cash flow generation

## Enhance Disclosure

- ▶ Establish Rayonier as industry leader in transparent disclosure
- ▶ Provide investors with meaningful information about timberland portfolio

**Rayonier's goal is to provide an attractive, growing dividend funded from core, recurring cash flows in a tax-efficient REIT structure.**

# Rayonier Represents an Attractive Investment Opportunity

## Timber Asset Class Poised for Growth

- Steady improvement in housing starts projected over next few years
- Favorable supply dynamics relative to last peak in housing starts along with decline in Canadian supply
- Demand from China that was not present during last housing start peak

## Rayonier Uniquely Positioned

- Geographic market diversification across strongest timber markets in U.S. South, Pacific Northwest, and New Zealand
- Superior pricing in U.S. South based on tensioned wood baskets
- Advantageous real estate platform with projects underway in FL/GA coastal regions

## Strategies to Deliver Sustainable Results

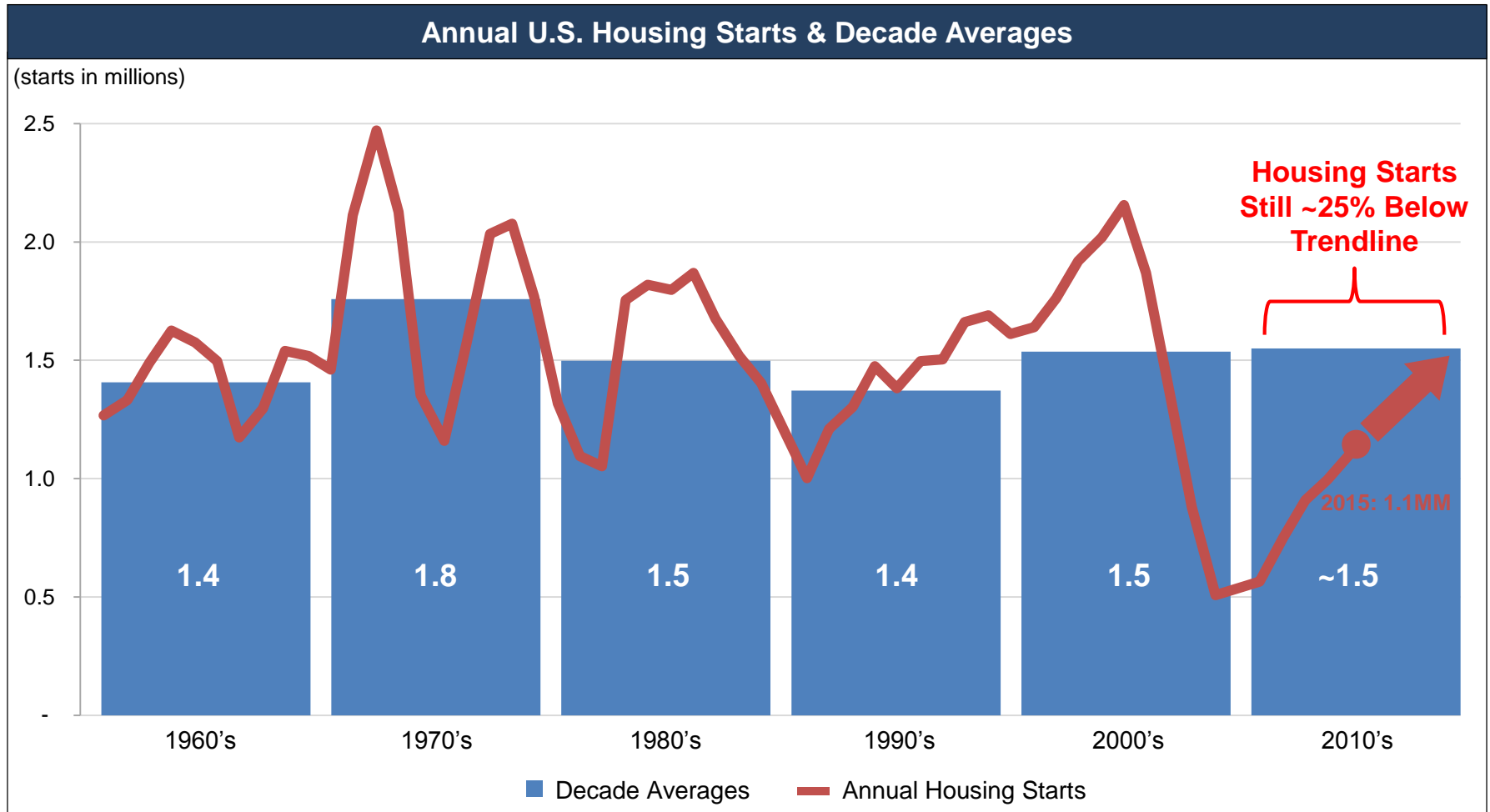
- Highest proportion of cash flows within Timber REIT sector from recurring timber harvest operations
- Dividend level established and supported without overreliance on sales of core timberlands
- Industry leader in transparent investor communications

## Discount to Underlying Asset Value

- Significant decline in share value following Q3 2014 earnings release and related announcements
- Currently trading at discount to estimated net asset value

# Appendix A: Industry Dynamics

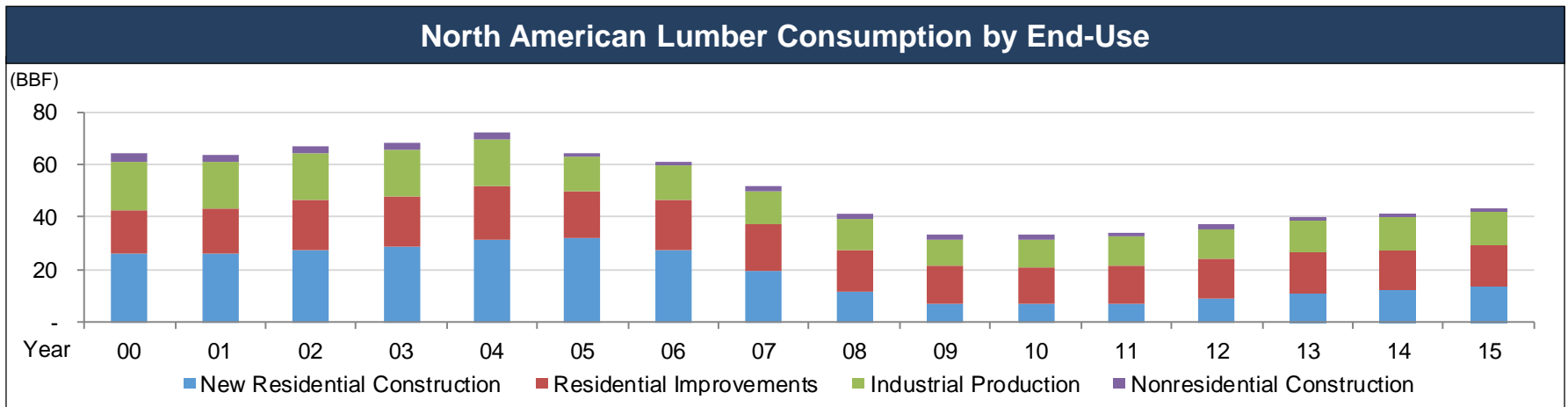
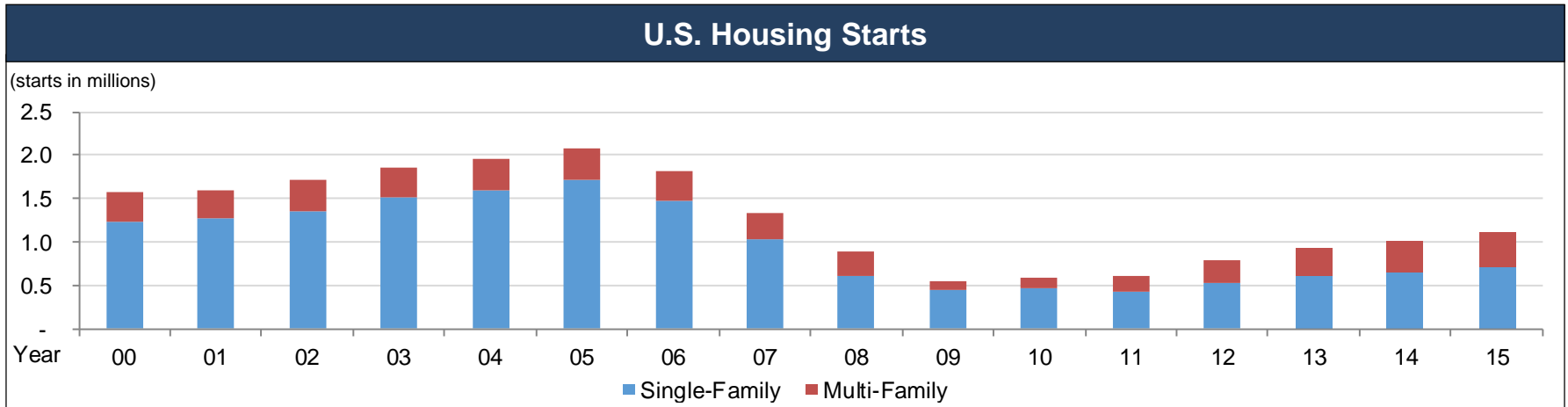
# Recovery In Residential Construction Is Underway



Source: U.S. Census Bureau; Forest Economic Advisors.

**Housing starts have begun to recover and are expected to return to a trendline level of 1.5mm+ over the next several years.**

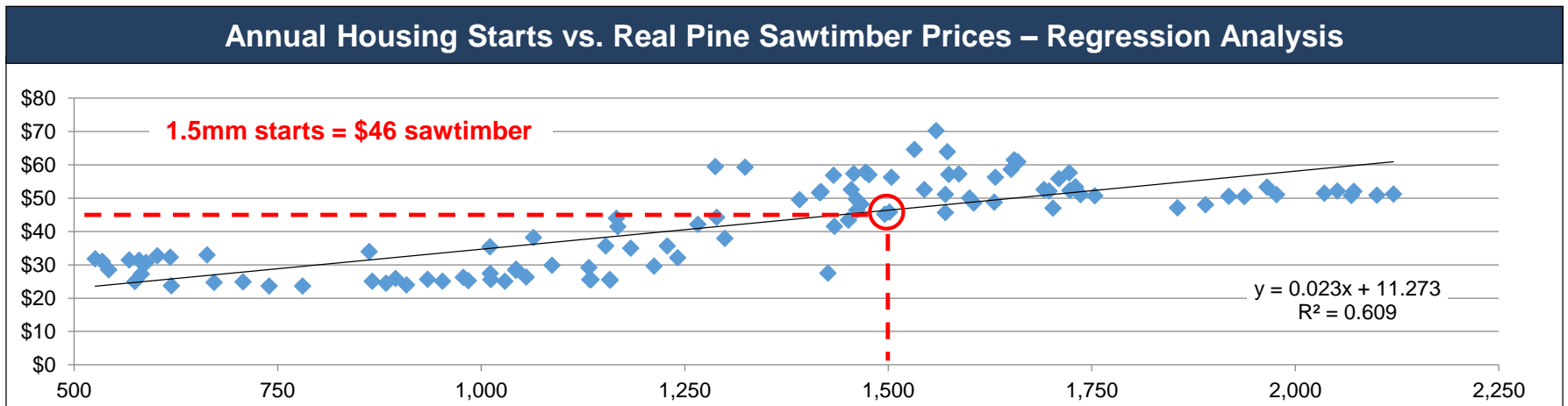
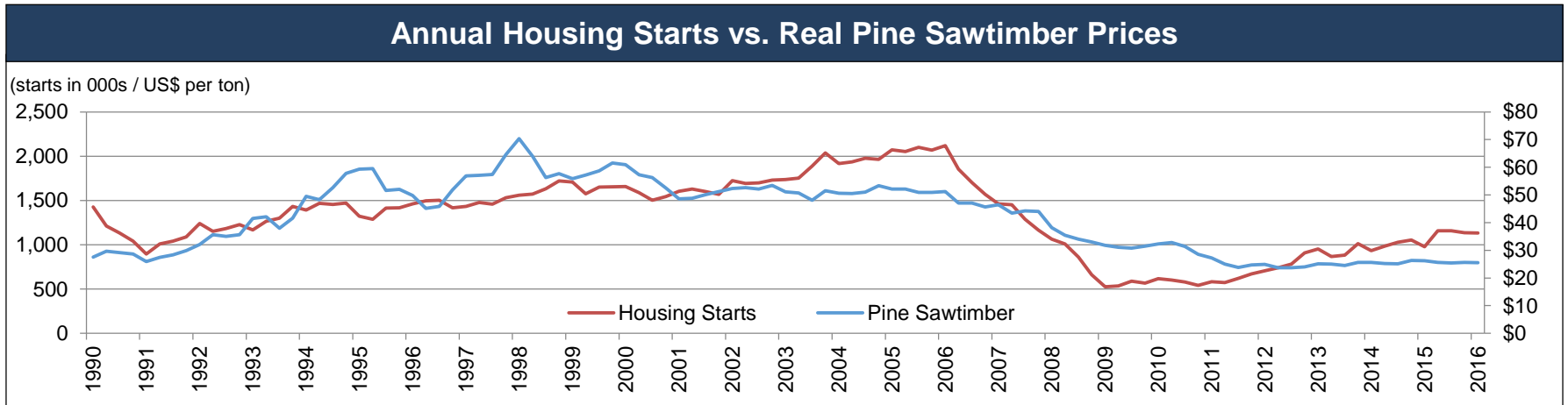
# U.S. Housing Starts Drive Lumber Consumption...



Source: U.S. Census Bureau; Forest Economic Advisors.

**Residential construction is the key driver of lumber demand...**

# ... Which, In Turn, Drives Sawtimber Pricing



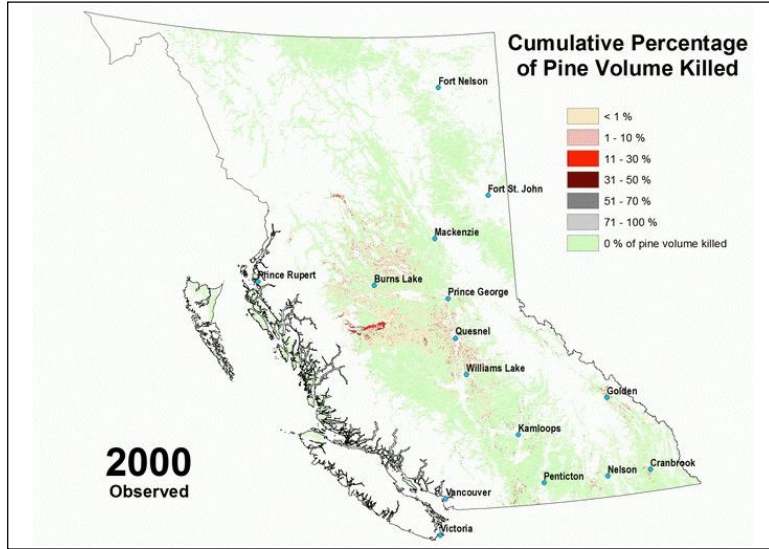
Source: Timber Mart-South South-wide Average Sawtimber Prices.

Note: Prices are adjusted for inflation and converted to 2014 dollars based on the Producer Price Index (PPI).

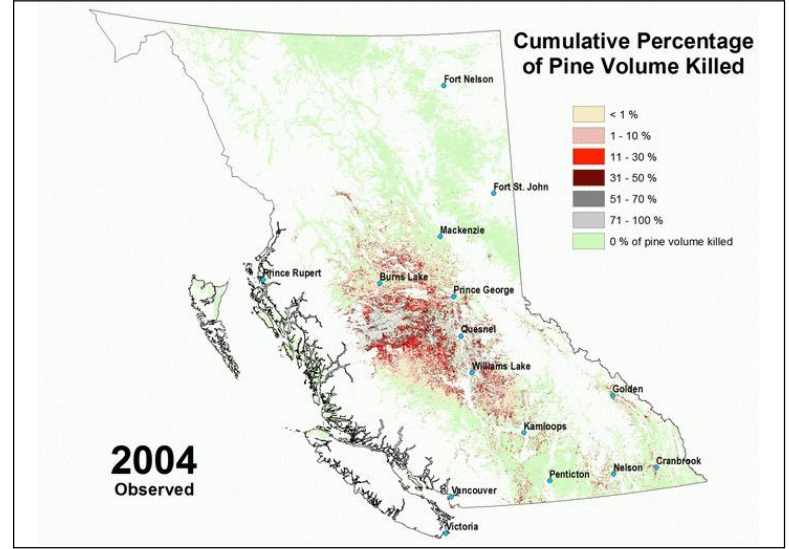
**U.S. South sawtimber pricing has historically trended in line with residential construction:  
~1.5 million starts = ~\$46 sawtimber.**



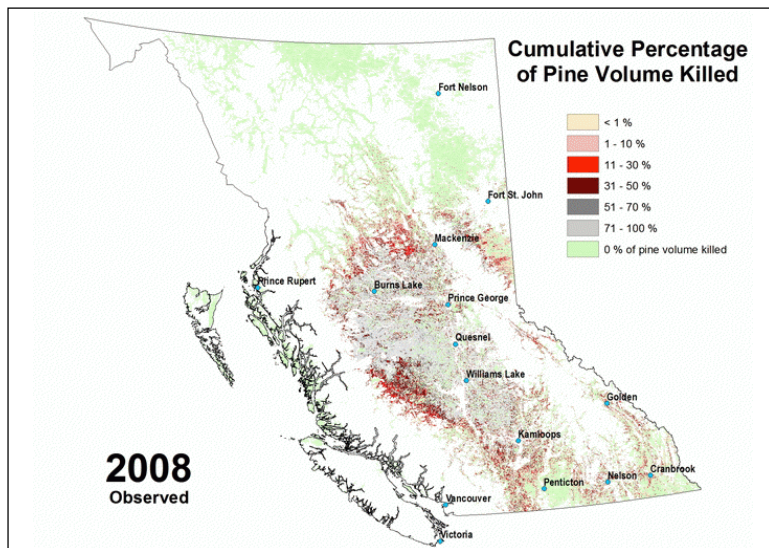
# Mountain Pine Beetle Has Devastated B.C. Forests



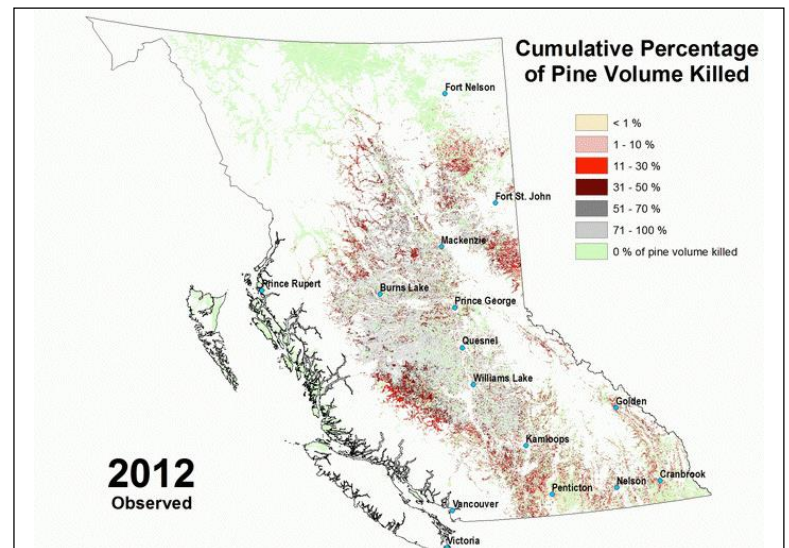
~ 1% Mortality



~ 15% Mortality



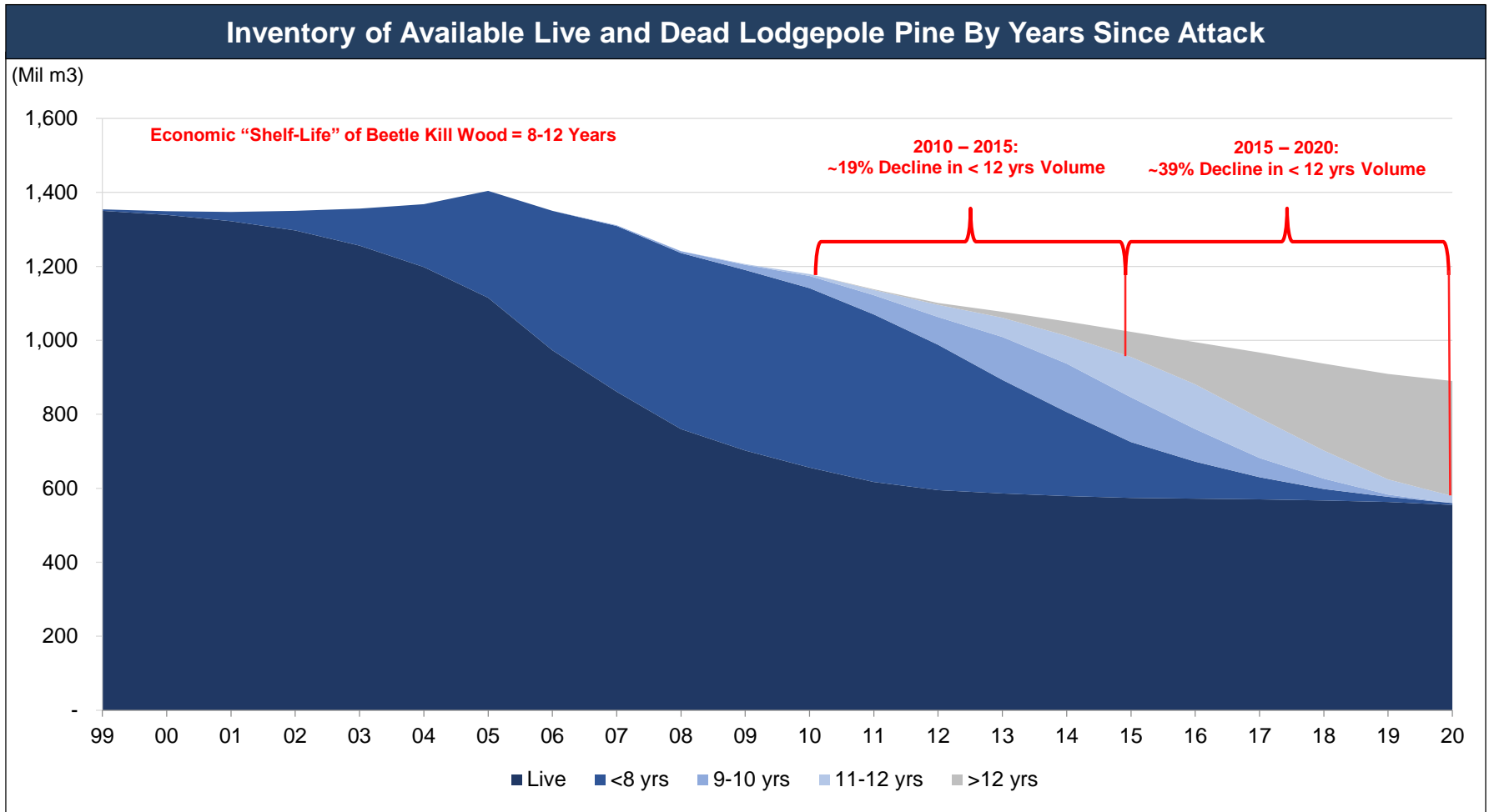
~ 45% Mortality



~ 55% Mortality

Source: B.C. Ministry of Forests.

# Availability of Viable B.C. Timber Is Expected to Decline Rapidly



Source: B.C. Ministry of Forests; Forest Economic Advisors.

**The mountain pine beetle epidemic is expected to significantly constrain the availability of economically viable pine inventory in B.C. for many decades.**

## **Appendix B: Reconciliation of Non-GAAP Measures**

# Definitions of Non-GAAP Measures

**Pro Forma Sales** is defined as revenue adjusted for large dispositions. Rayonier believes that this non-GAAP financial measure provides investors with useful information to evaluate our core business operations because it excludes specific items that are not indicative of ongoing operating results.

**Pro Forma Operating Income** is defined as operating income adjusted for costs related to shareholder litigation, the gain on foreign currency derivatives and large dispositions. Rayonier believes that this non-GAAP financial measure provides investors with useful information to evaluate our core business operations because it excludes specific items that are not indicative of ongoing operating results.

**Pro Forma Net Income** is defined as net income attributable to Rayonier Inc. adjusted for costs related to shareholder litigation, the gain on foreign currency derivatives and large dispositions. Rayonier believes that this non-GAAP financial measure provides investors with useful information to evaluate our core business operations because it excludes specific items that are not indicative of ongoing operating results.

**Adjusted EBITDA** is defined as earnings before interest, taxes, depreciation, depletion, amortization, the non-cash cost of land and improved development, costs related to shareholder litigation, the gain on foreign currency derivatives and large dispositions. Adjusted EBITDA, is a non-GAAP measure that management uses to make strategic decisions about the business and allows investors to evaluate the core business performance related to the assets under management. It removes the impact of specific items that management believes does not directly reflect the core business operations on an ongoing basis.

**Cash Available for Distribution (CAD)** is defined as cash provided by operating activities adjusted for capital spending (excluding timberland acquisitions) and working capital and other balance sheet changes. CAD is a non-GAAP measure that management uses to measure cash generated during a period that is available for dividend distribution, repurchase of the Company's common shares, debt reduction and strategic acquisitions. CAD is not necessarily indicative of the CAD that may be generated in future periods.

**Costs related to shareholder litigation** is defined as expenses incurred as a result of the securities litigation, the shareholder derivative demands and the Securities and Exchange Commission investigation. See Note 10—*Contingencies* of Item 8 — Financial Statements and Supplementary Data in the Company's most recent Annual Report on Form 10-K.

**Gain on foreign currency derivatives** is the gain resulting from the foreign exchange derivatives the Company used to mitigate the risk of fluctuations in foreign exchange rates while awaiting the planned capital contribution to the New Zealand JV.

**Large dispositions** are defined as transactions involving the sale of timberland that exceed \$20 million in size and do not have any identified HBU premium relative to timberland value.

# Reconciliation of Operating Income to Adjusted EBITDA by Segment

(\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>2015</b>							
Operating Income	\$46.7	\$6.9	\$2.8	\$44.3	\$1.2	(\$24.1)	\$77.8
Non-operating expense	—	—	—	—	—	(0.1)	(0.1)
Depreciation, depletion & amortization	54.3	14.8	29.7	14.5	—	0.4	113.7
Non-cash cost of land and real estate sold	—	—	0.5	12.0	—	—	12.5
Costs related to shareholder litigation <sup>1</sup>	—	—	—	—	—	4.1	4.1
Adjusted EBITDA	\$101.0	\$21.7	\$33.0	\$70.8	\$1.2	(\$19.6)	\$208.0
<b>2014</b>							
Operating Income	\$45.7	\$29.5	\$9.5	\$47.5	\$1.7	(\$35.6)	\$98.3
Depreciation, depletion & amortization	52.2	21.3	32.2	13.4	—	0.9	120.0
Non-cash cost of land and real estate sold	—	—	4.3	8.9	—	—	13.2
Large dispositions <sup>1</sup>	—	—	—	(21.4)	—	—	(21.4)
Internal review and restatement costs	—	—	—	—	—	3.4	3.4
Adjusted EBITDA	\$97.9	\$50.8	\$46.0	\$48.4	\$1.7	(\$31.3)	\$213.5
<b>2013</b>							
Operating Income	\$37.8	\$32.7	\$10.6	\$55.9	\$1.8	(\$30.1)	\$108.7
Depreciation, depletion & amortization	49.4	21.4	27.7	17.4	—	1.0	116.9
Non-cash cost of land and real estate sold	—	—	—	10.2	—	—	10.2
Large dispositions <sup>1</sup>	—	—	—	(25.7)	—	—	(25.7)
Gain related to consolidation of New Zealand JV	—	—	—	—	—	(16.2)	(16.2)
Adjusted EBITDA	\$87.2	\$54.1	\$38.3	\$57.8	\$1.8	(\$45.3)	\$193.9

(1) Pro forma item (see page 43 for definition).

# Reconciliation of Operating Income to Adjusted EBITDA by Segment (cont.)

(\$ in millions)

	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Real Estate	Trading	Corporate and Other	Total
<b>2012</b>							
Operating Income	\$23.4	\$20.6	\$2.0	\$32.0	(\$0.1)	(\$45.8)	\$32.1
Depreciation, depletion & amortization	52.7	22.2	0.2	8.1	—	1.4	84.6
Non-cash cost of land and real estate sold	—	—	—	4.7	—	—	4.7
Adjusted EBITDA	\$76.1	\$42.8	\$2.2	\$44.8	(\$0.1)	(\$44.4)	\$121.4
<b>2011</b>							
Operating Income	\$13.4	\$29.5	4.2	\$47.3	\$1.5	(\$40.8)	\$55.1
Depreciation, depletion & amortization	43.3	19.5	0.2	12.2	—	1.3	76.5
Non-cash cost of land and real estate sold	—	—	—	4.3	—	—	4.3
Large dispositions <sup>1</sup>	—	—	—	(24.6)	—	—	(24.6)
Adjusted EBITDA	\$56.7	\$49.0	\$4.4	\$39.2	\$1.5	(\$39.5)	\$111.3

(1) Pro forma item (see page 43 for definition).

# Reconciliation of Peer Group EBITDA Analysis

## Estimated U.S. South EBITDA & Key Metrics by Peer Company

(\$ in millions, except per acre and per ton data)

	Rayonier	Weyerhaeuser (pre-merger)	Plum Creek (pre-merger)	Potlatch	CatchMark
2015 Reported EBITDA <sup>(1)</sup>	\$101.0	\$430.0	\$207.0	\$31.0	\$32.2
(-) Adjustments <sup>(2)</sup>	–	(207.0)	–	–	(4.2)
2015 EBITDA (as adjusted)	\$101.0	\$223.0	\$207.0	\$31.0	\$28.0
Southern Harvest Volume (tons)	5,492	14,143	15,155	2,185	1,840
Acreage (year-end 2014)	1,906	4,040	3,500	611	393
Acreage (year-end 2015)	1,876	4,033	3,362	613	425
Acreage (average)	1,891	4,037	3,431	612	409
Tons per Acre	2.9	3.5	4.4	3.6	4.5
EBITDA per Acre <sup>(3)</sup>	\$53.41	\$55.25	\$60.33	\$50.65	\$68.34
EBITDA per Ton <sup>(3)</sup>	\$18.39	\$15.77	\$13.66	\$14.19	\$15.19

(1) Reported EBITDA reflects Southern segment EBITDA for RYN, WY, PCL and PCH; and total EBITDA for CTT.

(2) Weyerhaeuser adjustment excludes estimated contribution from Plum Creek's Southern Resources segment.

CatchMark adjustment excludes estimated land sales contribution (-\$11.0mm) and corporate G&A net of stock compensation already added back (+\$6.8mm).

(3) Based on 2015 EBITDA (as adjusted).