



Pacific Northwest Portfolio Repositioning: Acquisition / Disposition / Financing

Supplemental Materials | May 2016



Safe Harbor Statement

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 and 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, including political changes in particular regions or countries; fluctuations in demand for our products in Asia, and especially China; various law suits relating to matters arising out of our previously announced internal review and the 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, 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, and any decision we may make to do so; 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 tax treatment of our specific businesses or reduce the benefits associated with REIT status.

Specifically with respect to our Real Estate business, the following important factors, among others, could cause actual results to differ materially from those expressed in forward-looking statements that may have been made in this document: the cyclical nature of the real estate business generally, including fluctuations in demand for both entitled and unentitled property; 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; the potential for legal challenges to entitlements and permits in connection with our properties; unexpected delays in the entry into or closing of real estate transactions; the existence of competing developers and communities in the markets in which we own property; the pace of development and the rate and timing of absorption of existing entitled property in the markets in which we own property; changes in the demographics affecting projected population growth and migration to the Southeastern U.S.; changes in environmental laws and regulations, including laws regarding water withdrawal and management and delineation of wetlands, that may restrict or adversely impact our ability to sell or develop properties; the cost of the development of property generally, including the cost of property taxes, labor and construction materials; 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 discussions included 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.

Overview of Transactions

Menasha Acquisition

- Rayonier teamed with Forest Investment Associates (“FIA”) to acquire Menasha Forest Products Corporation (“Menasha”), a privately held timberland REIT, from Campbell Global
- Menasha owns ~132,000 acres of high quality timberlands in Oregon and Washington
- Following a distribution of assets expected to occur in the second quarter, Rayonier will end up with fee ownership of ~61,000 acres located in Oregon and Washington for total consideration of ~\$263 million
 - Rayonier and FIA will have no continuing interest in or relationship with the assets of the other party
- Rayonier’s ownership is more heavily weighted with mature, merchantable timber, while FIA’s ownership is more heavily weighted with pre-merchantable timber

Washington Disposition

- In a separate transaction, Rayonier closed on the sale of ~55,000 acres in Washington from Rayonier’s existing Pacific Northwest portfolio to FIA for ~\$130 million
- The Washington disposition is comprised primarily of pre-merchantable timber
- Rayonier used the proceeds from this disposition to fund part of the purchase price for the Menasha acquisition

Incremental Term Loan

- Concurrent with the acquisition and disposition, Rayonier entered into an incremental term loan agreement with a syndicate of Farm Credit institutions to provide a 10-year, \$300 million term loan
- Proceeds from the term loan will be used to fund the net purchase price of the Menasha acquisition (~\$133 million), to repay amounts outstanding under the Company’s revolver (~\$105 million) and for general corporate purposes
- Weighted average interest rate on the term loan is expected to be ~2.6% net of estimated patronage payments
 - \$200 million swapped to fixed at net rate of 2.9%; \$100 million floating at net rate of L + 1.33%

Menasha Acquisition – Strategic Rationale

Location

- ▶ Located in competitive log markets with favorable supply / demand tension
- ▶ Increases exposure to strong domestic markets in Pacific Northwest

Asset Quality

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

Optionality

- ▶ Fee simple ownership with no wood supply agreement encumbrances
- ▶ Dispersion of parcels across strong domestic markets improves operational flexibility

Value Creation

- ▶ Potential operational synergies from age-class optimization
- ▶ 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

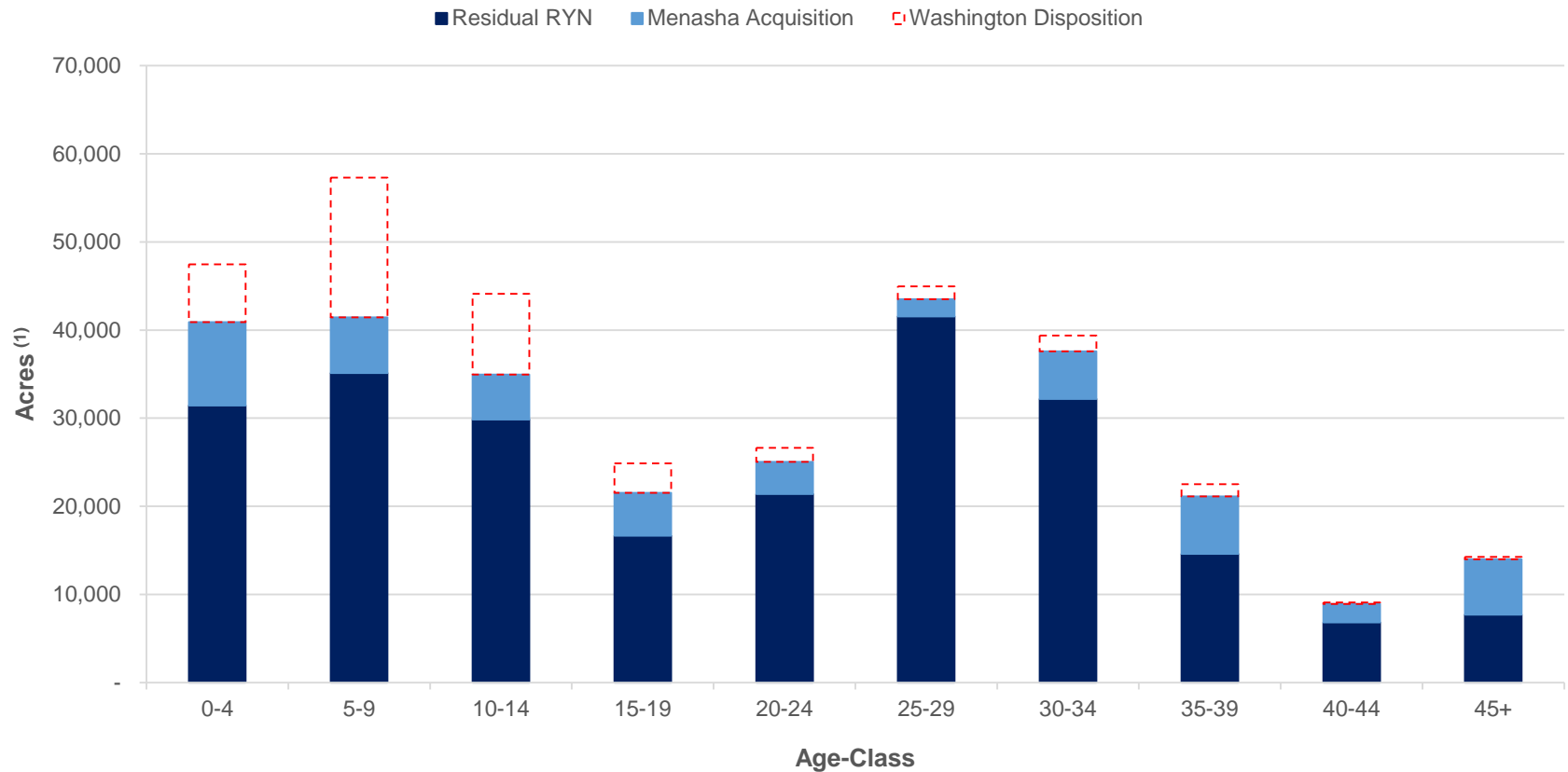
The Menasha acquisition is a strong fit with Rayonier's key acquisition criteria.

Pro Forma Pacific Northwest Ownership Map



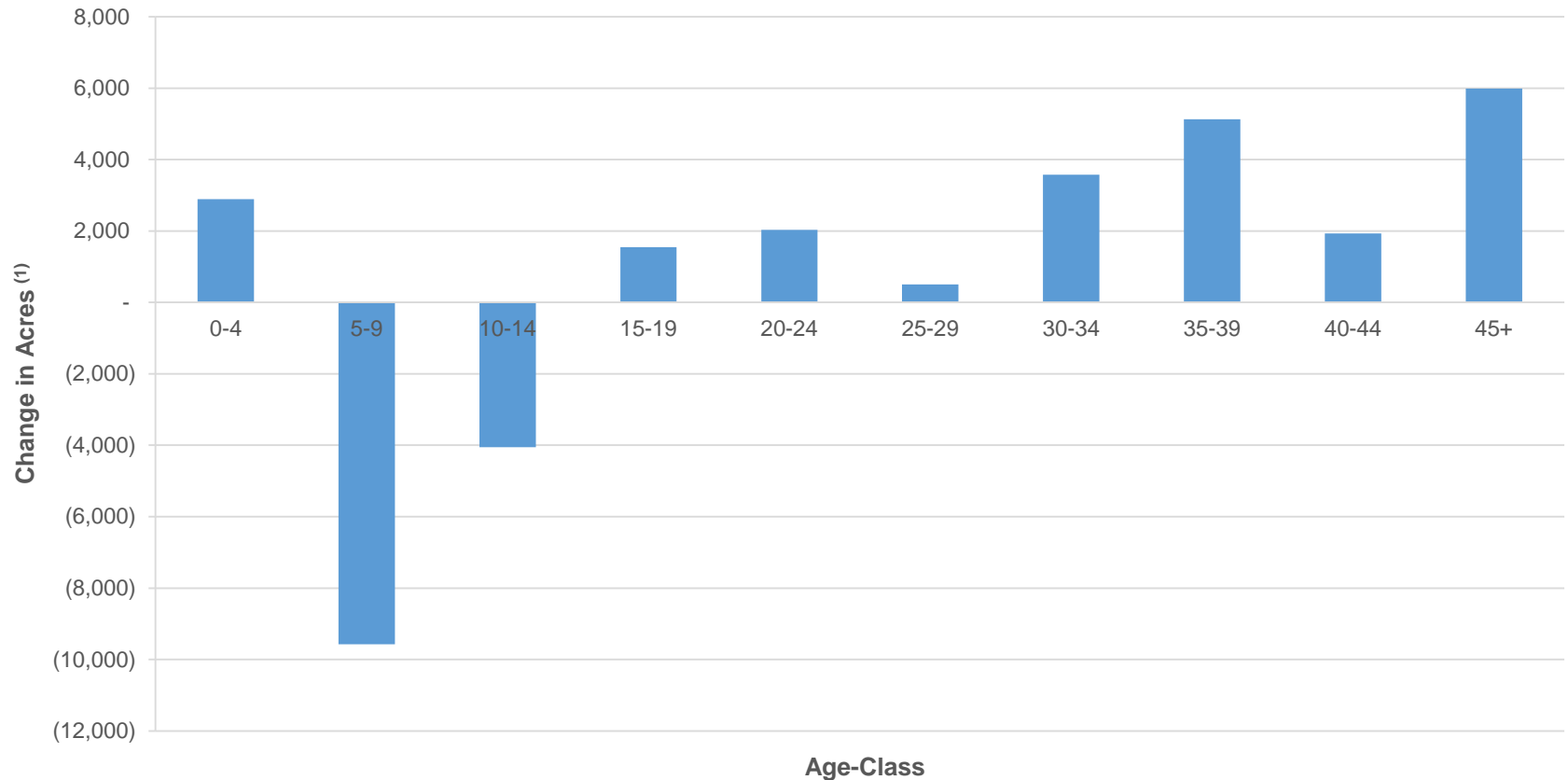
The Menasha acquisition significantly expands Rayonier's footprint in attractive log markets in Oregon and Washington.

Pro Forma Pacific Northwest Age Class Profile



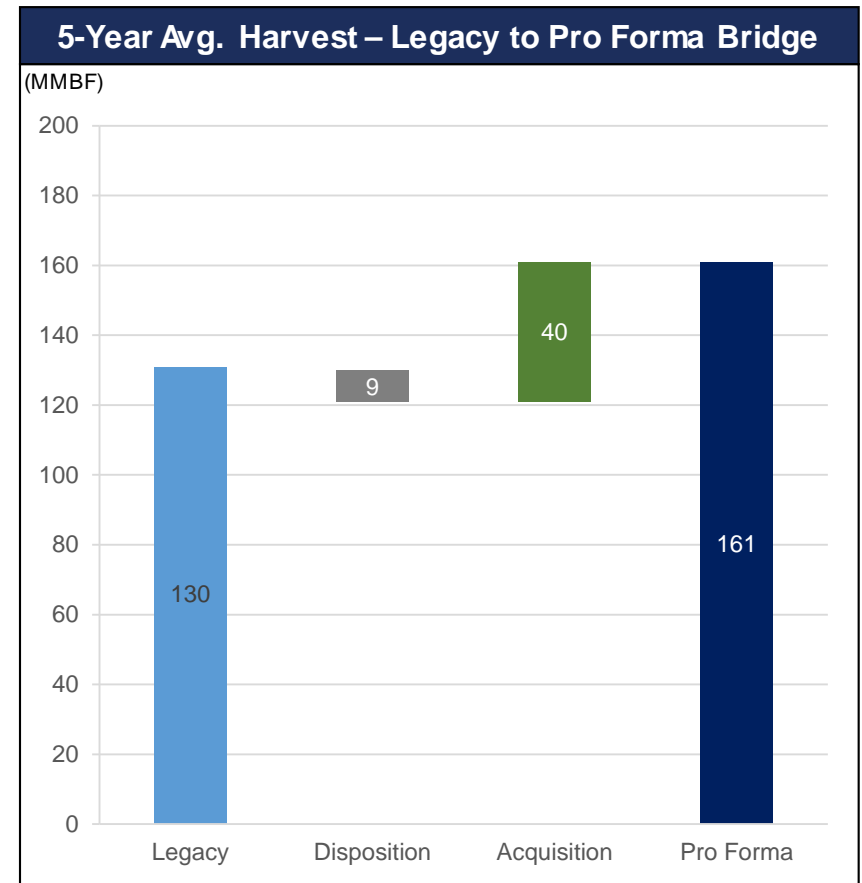
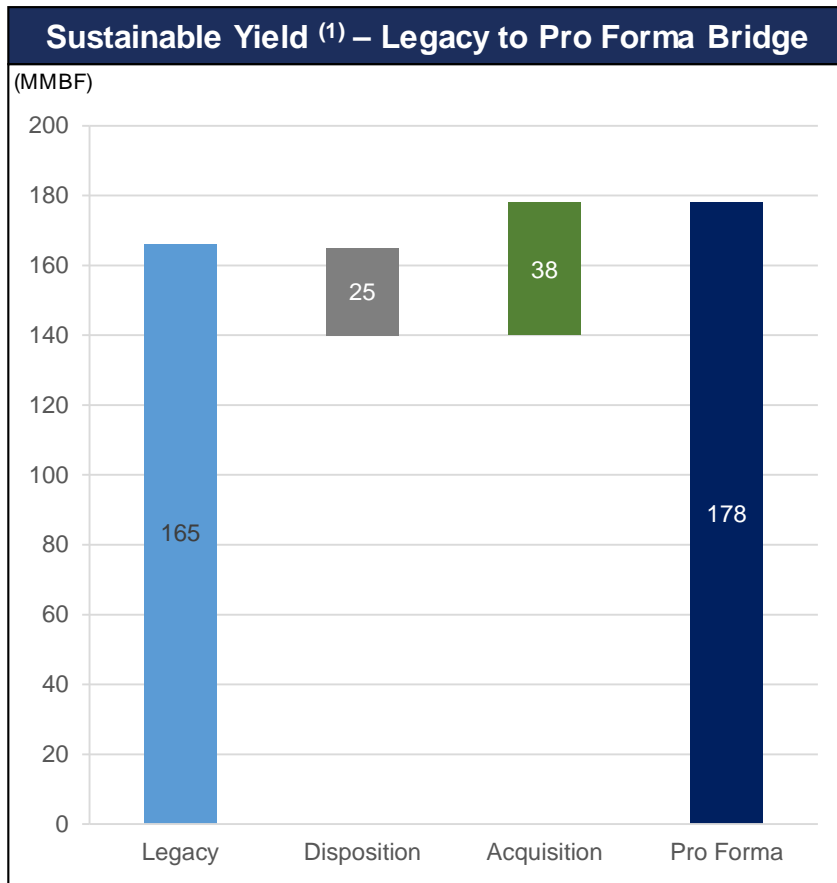
Pro forma for the Menasha acquisition and the Washington disposition, Rayonier's Pacific Northwest age-class profile will be significantly improved and more evenly distributed.

Net Change in Operable Acres by Age Class



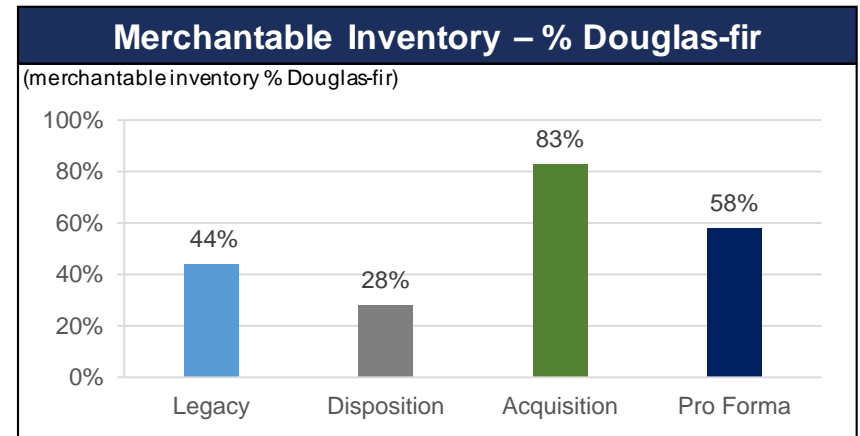
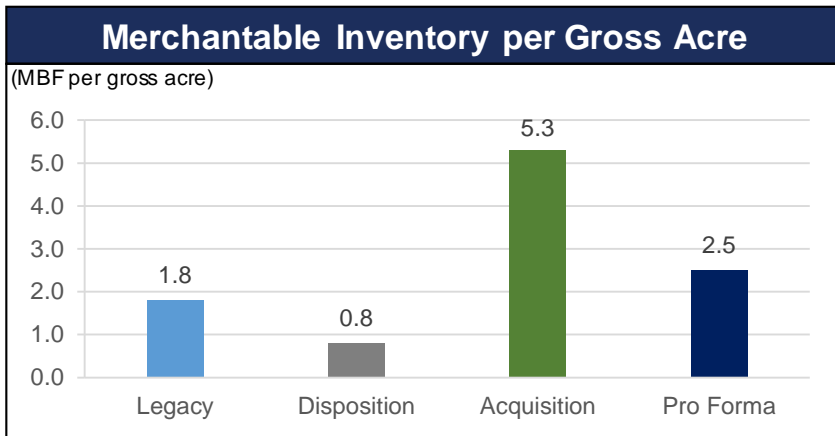
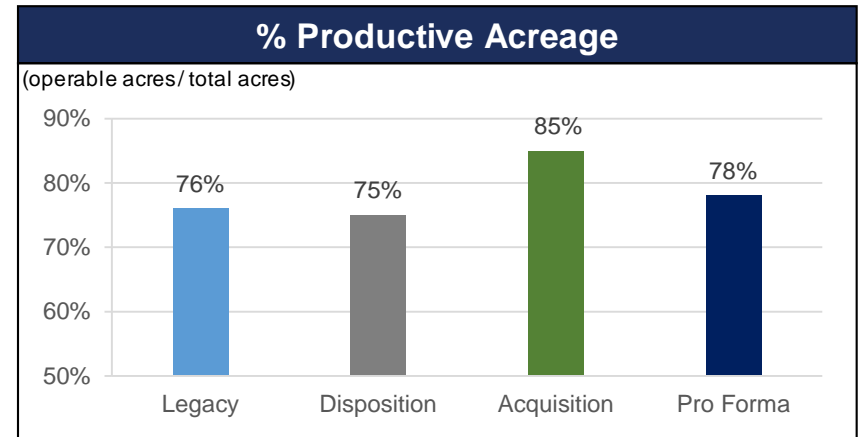
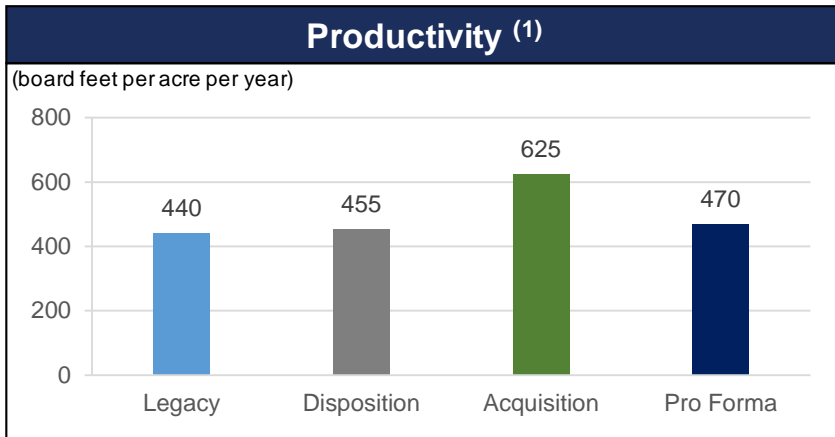
The Menasha acquisition increases Rayonier's volume of mature, merchantable timber, while the Washington disposition reduces its volume of pre-merchantable timber.

Pro Forma Pacific Northwest Harvest Profile



The acquisition of well-stocked, productive timberland coupled with the disposition of predominantly pre-merchantable timberland is expected to increase both near-term harvest and long-term sustainable yield.

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.

Sources & Uses / Pro Forma Capitalization

(\$ in millions)

Sources	
New Term Loan	\$300.0
Washington Disposition	129.5
Total Sources	\$429.5

Uses	
Menasha Acquisition	\$263.3
Repay Revolving Credit Facility	105.0
Transaction Costs & Transfer Taxes	5.0
Increase in Cash	56.2
Total Uses	\$429.5

	3/31/2016	New Term Loan	Menasha Acquisition	Washington Disposition	Revolver / Other ⁽¹⁾	Pro Forma 3/31/2016
Senior Notes due 2022	\$325.0	–	–	–	–	\$325.0
Term Loan due 2024	350.0	–	–	–	–	350.0
New Term Loan due 2026	–	300.0	–	–	–	300.0
Revolving Credit Facility due 2020	105.0	–	–	–	(105.0)	–
Other	92.8	–	–	–	–	92.8
Total Debt	\$872.8					\$1,067.8
(–) Cash & Equivalents	76.2	300.0	(263.3)	129.5	(110.0)	132.4
Net Debt	\$796.6					\$935.4
Equity Market Capitalization ⁽²⁾	3,029.1	–	–	–	–	3,029.1
Net Debt / Enterprise Value ⁽³⁾	20.8%	–	–	–	–	23.6%

(1) Includes repayment of revolving credit facility and transaction costs.

(2) Based on share price of \$24.68 as of 4/29/16 and common shares outstanding of 122.7 million as of 2/19/16 per most recent report on Form 10-K.

(3) Enterprise Value based on Equity Market Capitalization plus Net Debt.

Pro forma for the transactions, Rayonier will maintain a strong credit profile.

Pro Forma Debt Structure & Maturity Profile

Pro Forma Debt Profile

(\$ in millions)

	Balance @ 3/31/2016	Interest Rate	Annual Interest	% Fixed	Years to Maturity
Senior Notes due 2022	\$325.0	3.75%	\$12.2	100.0%	5.9
Term Loan due 2024	350.0	3.33%	11.7	100.0%	8.3
New Term Loan due 2026 ⁽¹⁾	300.0	2.55%	7.6	66.7%	10.0
Mortgage Notes due 2017	42.5	4.35%	1.9	100.0%	1.3
Revolving Credit Facility due 2020 ⁽²⁾	–	1.70%	0.4	–	4.3
Solid Waste Bond due 2020	15.0	1.70%	0.3	–	4.0
NZ Working Capital Facility due 2016	12.2	3.20%	0.4	–	0.2
NZ Shareholder Loan ⁽³⁾	23.1	NA	NA	NA	NA
Total / Weighted Avg.	\$1,067.8	3.22%	\$34.3	87.8%	7.6

(1) Assumes fixed rate portion of 2.93%, floating rate portion of L + 1.33% (net of patronage), and LIBOR of 0.45%.

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

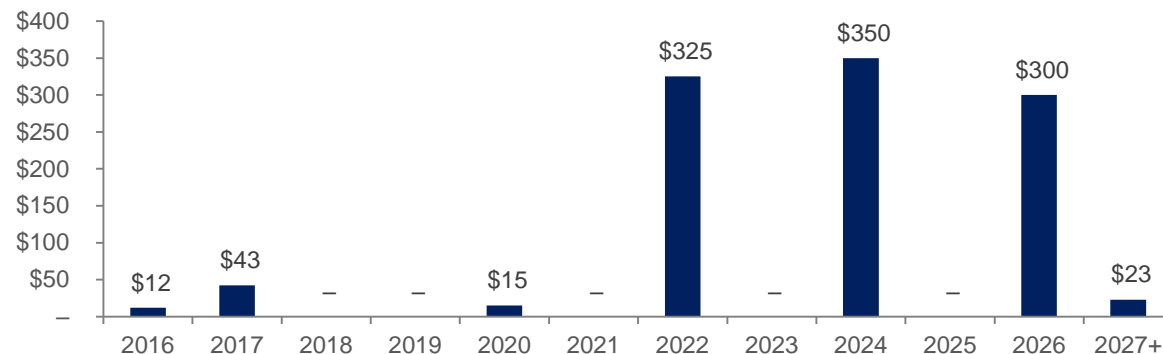
(3) Minority share of New Zealand shareholder loan; does not represent third-party indebtedness.

Highlights

- Average interest rate of 3.2%
- 88% fixed rate debt
- Average maturity of nearly 8 years

Pro Forma Maturity Profile

(\$ in millions)



Highlights

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

Pro forma for the transactions, Rayonier will have a very attractive debt structure and maturity profile.

Pacific Northwest Portfolio Repositioning – Key Takeaways

Transactions achieve many of Rayonier’s key objectives:

- Upgrades asset quality
- Accretive to cash available for distribution (CAD)⁽¹⁾
- Increases Adjusted EBITDA⁽¹⁾ / cash flow from sustainable harvesting activities
- Demonstrates capital allocation flexibility

Rayonier was able to achieve these results through:

- Creative acquisition structure; co-investor with complementary investment objectives
- Opportunistic acquisition funding through capital redeployment and attractive long-term debt

Key financial highlights include:

- Average annual Adjusted EBITDA⁽¹⁾ estimated to increase by ~\$11 million over next five years
- Average annual CAD⁽¹⁾ estimated to increase by ~\$7 million over next five years
- Strong pro forma capital structure with Net Debt / Enterprise Value⁽²⁾ of ~24%

The Menasha acquisition and the Washington disposition demonstrate Rayonier’s commitment to disciplined and opportunistic capital allocation.