

Creating Value through Active Portfolio Management



Rhett Rogers

SVP, Portfolio Management



Key Messages

- 1 **Executing a disciplined and multi-faceted approach** to active portfolio management with a seasoned team of leaders
- 2 **Proven track record of capturing significant premiums** through rural HBU program
- 3 **Positioning portfolio** to maximize optionality
- 4 **Demonstrated ability to take opportunistic actions** as market conditions change



Active Portfolio Management Approach



- Identify highest and best use of every acre
- Capture significant premiums to intrinsic value



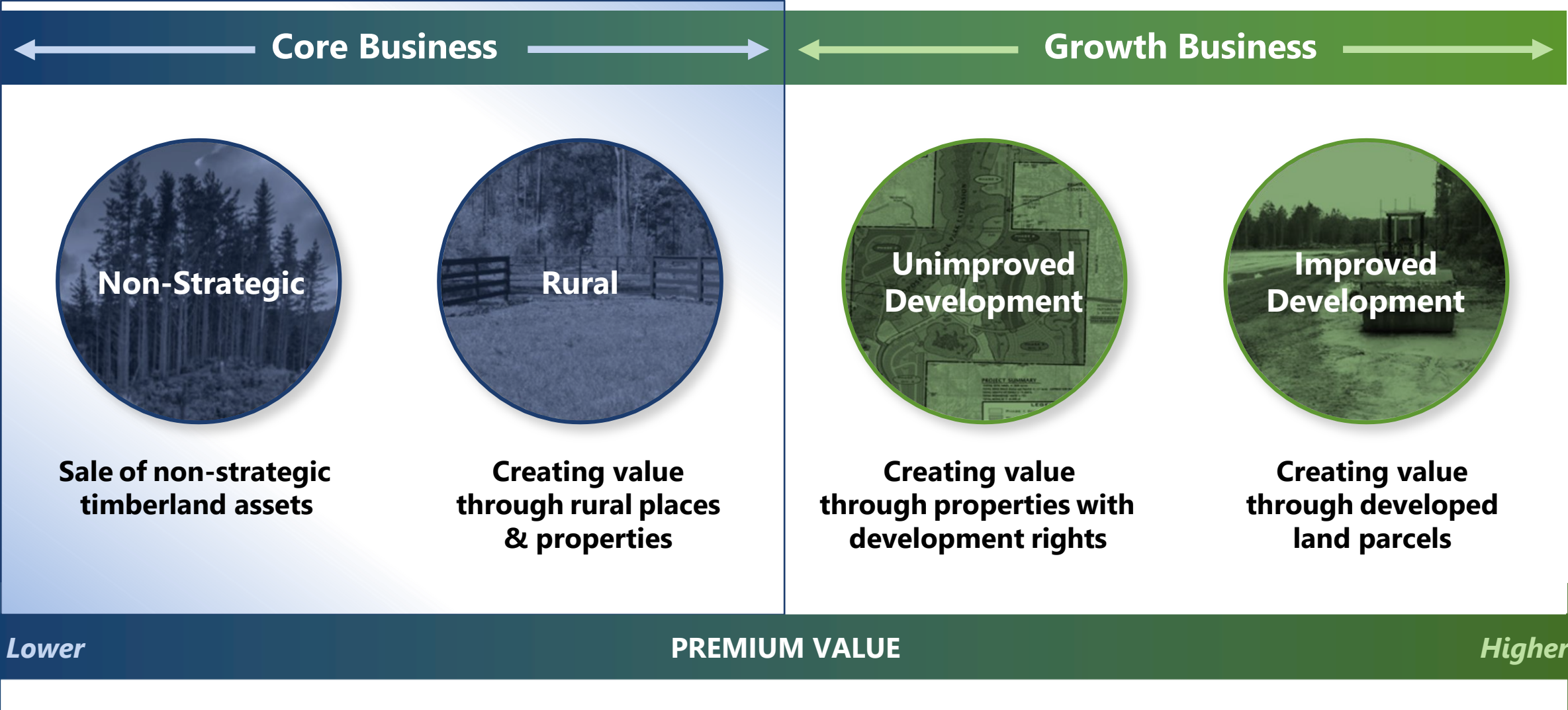
- Improve forest productivity and sustainable yield
- Position portfolio in better markets with assets that have optionality



- Continuously evaluate portfolio for long-term strategic fit
- Monetize less strategic assets, reinvest in higher returning opportunities

Optimizing Our Portfolio Value through Both Addition and Subtraction

Rural HBU Program – Consistently Driving Premium Realization



Strong Demand for Rural Land

Rural Properties

- 25+ acre tracts
- Surge in demand for recreational and natural retreats as well as investment properties
- Promote outdoor recreation and properties with unique and natural features
- Strong demand from those recognizing investment portfolio benefits of land ownership

Rural Places

- 1-acre to 25-acre rural homesteads
- Surge in demand with work from anywhere trend and better rural broadband
- Simplify land purchasing process
- Generate financial premiums with minimal investment



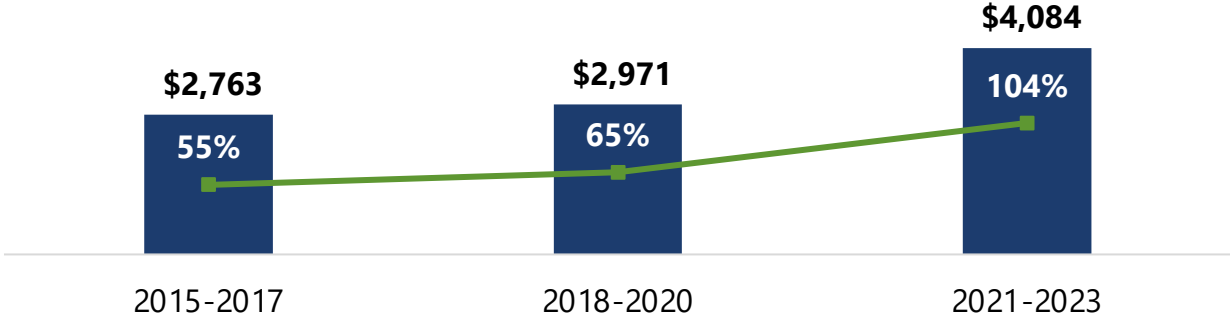
Generating Financial Premiums by Serving Demand for Those Recognizing the Benefits of Rural Lifestyle

Proven Track Record of Capturing Premiums

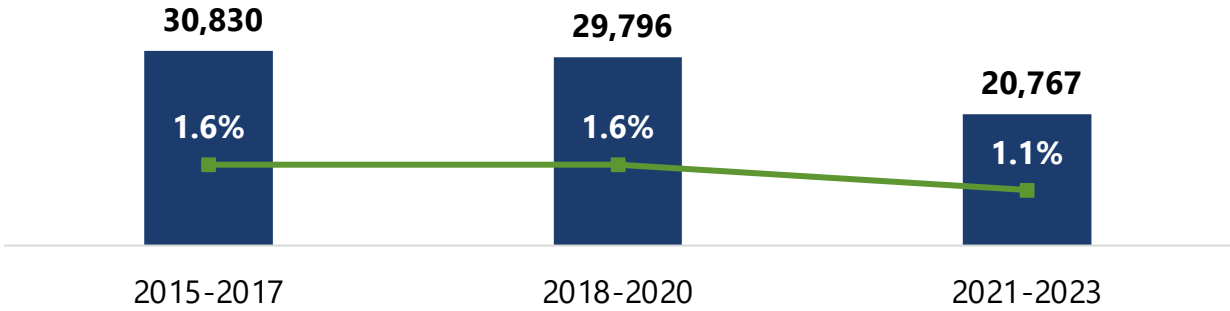
Real Estate / HBU Economics

- Target sales of ~1-2% of U.S. South landholdings annually
- Target premiums of 50-100% over core timberland value
- Estimated Annual contribution of ~\$50-80M Adj. EBITDA¹

Avg. HBU Value per Acre² (\$/Acre) | Premium to NCREIF South (%)



Avg. HBU Volume² (Acres Sold) | % U.S. South Acreage



Stable Volumes and Increasing Premiums Being Achieved through Rural HBU Sales Program

Active Portfolio Management Framework

Where to Play

What to Buy / Sell

How to Capitalize

Geographical Fit

Market Dynamics

Property Attributes Strategic Alignment

Financial Metrics

Portfolio Upgrade

Premier softwood growing regions

Proximity to customer end markets and major population centers

Customer health and concentration

Timber supply / demand tension

Rural HBU land demand

Favorable migration and demographic trends

Regulatory environment

Forest productivity (e.g., site index)

Operability (e.g., logging conditions, plantation suitability, etc.)

Density and quality of infrastructure network

Number and type of existing encumbrances (less = better)

Synergistic with existing operations

Limited execution risks

Optionality to convert to higher-value uses

Cash yield

CAD accretion

Total return

Increasing biological productivity

Increasing commercial operability

Positioning to better timber markets

Potential conversion to HBU land sales

Rigorous Analytical Framework Drives Portfolio Management Decisions

Disciplined, Data-Driven Underwriting Process

Leverage Institutional Knowledge

Tap into the deep knowledge and expertise of subject matter experts

Target Properties in Top Markets

Identify properties in markets with favorable price tension and land optionality

Underwrite with a Disciplined Process

Calibrate biological growth projections with operational realities and minimize speculation

Employ Rigorous Financial Analysis

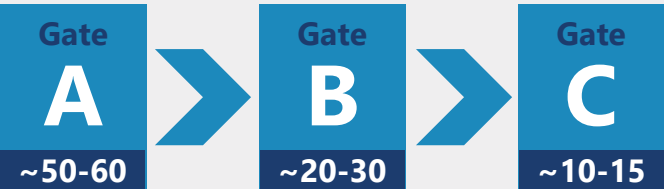
Utilize a transparent review process to vet each assumption

Pursue Continuous Improvement

Drive constant focus on portfolio and process optimization through post acquisition internal audits

Staged Gating Process

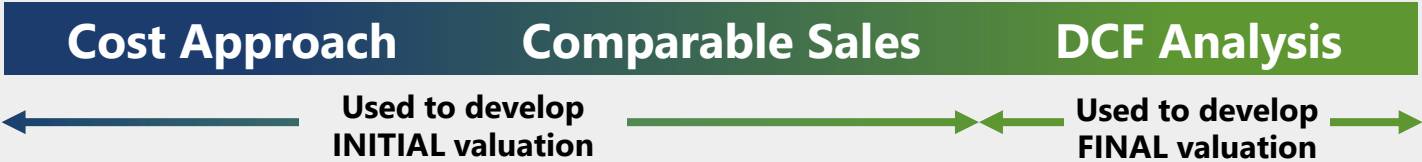
Average Deals Evaluated Annually



Average Deals Closed Annually: ~5-10



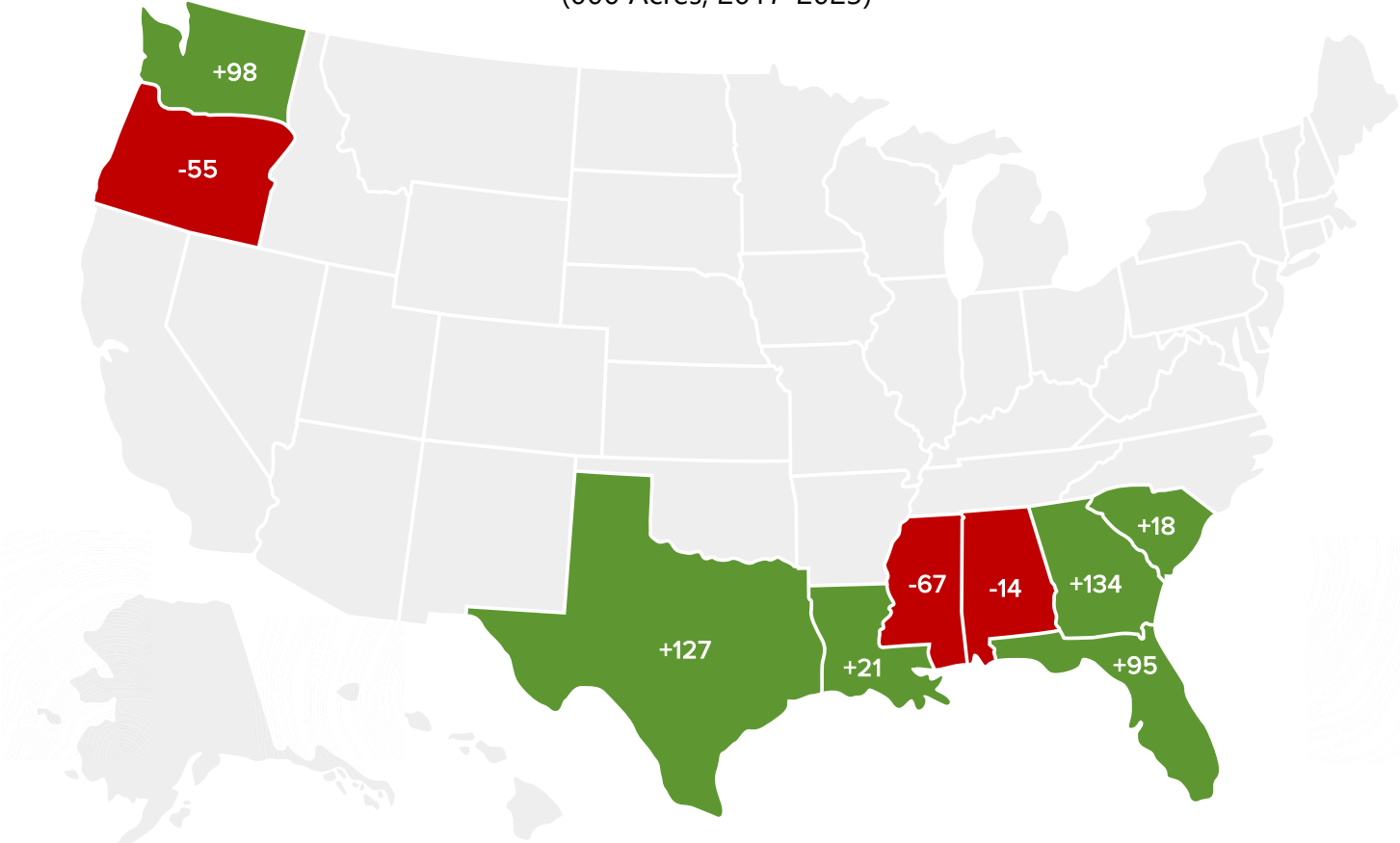
Foundational Valuation Framework



Holistic Decision-Making Process with a Focus on Continuous Improvement

Positioning Portfolio to Maximize Optionality

Net Acreage Acquired or Sold by State¹
(000 Acres, 2017-2023)



Key Takeaways

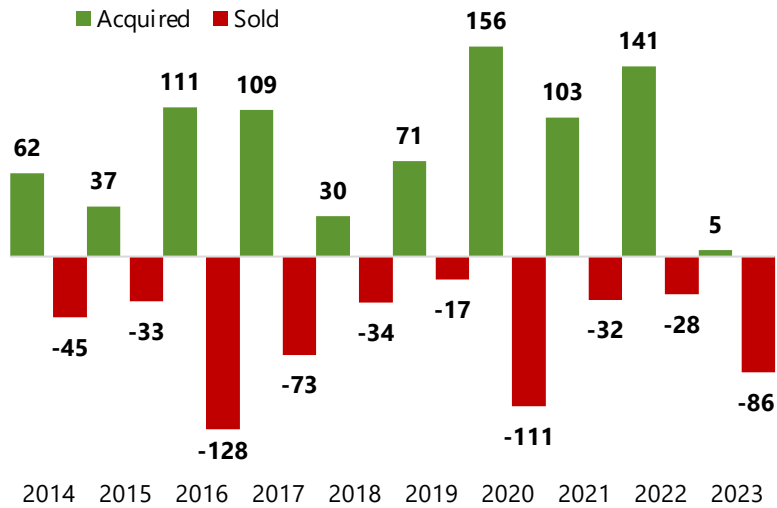
- Acquired acreage in strong timber markets with optionality for land-use conversion near population centers
- Reduced footprint in more remote areas with less optionality
- Added ownership near Houston, Jacksonville, Savannah and Seattle metro areas
- Proximity to metro areas is a major driver of demand for rural HBU, non-timber income and Land-Based Solutions

Acquisitions Focused on Strong Timber Markets with Significant Upside Potential

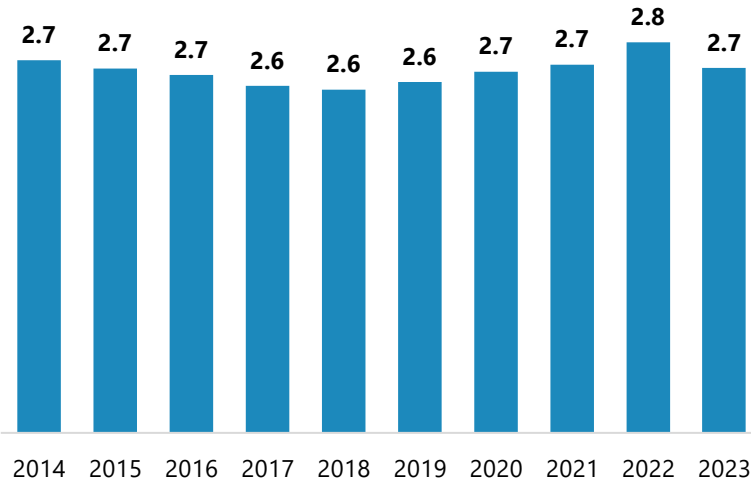
¹ Cumulative acres acquired minus Large Dispositions.

Improving Productivity through Active Portfolio Management

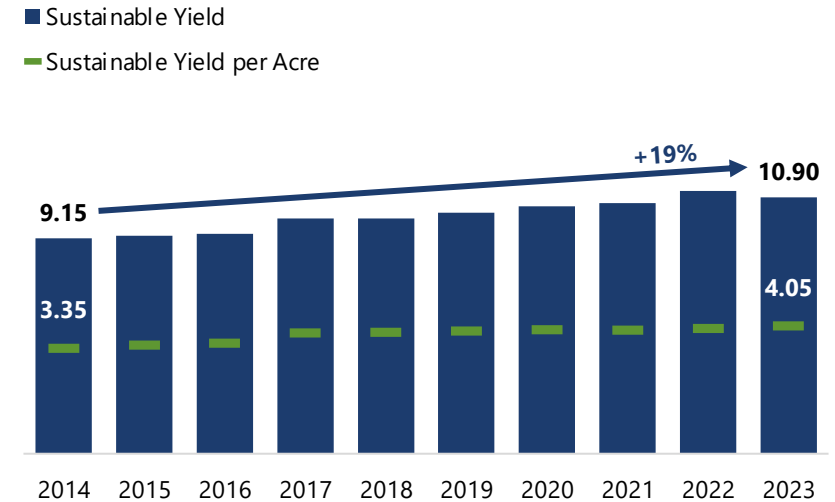
Acquisitions and Land Sales by Year
(000 Acres)



Acres Owned or Managed
(Million Acres)



Sustainable Yield
(Million Short Green Tons | Tons / Acre / Year)



- Rayonier has acquired a total of 825K acres for \$2.3B and sold 588K¹ acres for \$1.9B² since 2014 spin-off of Rayonier Advanced Materials
- Total acreage under management has remained relatively stable over the last decade
- While overall acreage has remained relatively stable, sustainable yield has increased by ~19% since 2014
 - Silviculture and genetic gains have improved productivity
 - Acres acquired are more productive than acres sold

Pope Resources' Case Study: Maximizing Value through Portfolio Optimization

Background

Announced: **January 2020**

Size: **\$656M**

Expanded portfolio in PNW

- 125K acres in Western WA
- 5 development projects in West Puget Sound area
- 12% co-investment in 3 timber funds owning 141K acres

Actions Taken

- Quickly integrated forestry and harvest operations to maximize synergies
- Developed new sources of non-timber income
- Identified significant HBU to position for future value optimization
- Exited Timber Funds business for premium to NAV
- Captured significant HBU premium through sale of 359 acres of unimproved development for \$40M

Outcomes

Returned **\$237M** of cash representing **36%** of purchase price in **<4 years** of ownership

Increased presence in strong log markets with robust HBU demand

Drove **significant improvements** in Pacific Northwest long-term sustainable yield and Douglas-fir product mix

On Track to Generate Return Well Above Underwriting Discount Rate

Davis Acquisition Case Study: Buy Wholesale, Sell Retail

Land Acquired
in East TX
(2012)

~63K
Acres Acquired

~\$88M
Purchase Price

~\$1,400
Avg. Price per Acre



Underwriting

Realized¹

2013-2023 Key Actions
*Maximizing Value by Opportunistically
Disposing of HBU Acreage*

	Acres Sold	Sale Price	\$/Acre
Underwriting	~10K	~\$30M	~\$3,000
Realized¹	~16K	~\$55M	~\$3,400
	+6K ACRES SOLD	63% OF ORIGINAL PURCHASE PRICE	+13% INCREASE

Additional Highlights

- ✓ **~47K acres** continue to be managed for timber, land-based solutions, non-timber, and HBU land sales
- ✓ **\$10M** generated in easement income since inception
- ✓ **Significant acreage** with CCS and solar lease optionality

Opportunistic Approach of Buying Wholesale and Selling Retail to Create Shareholder Value

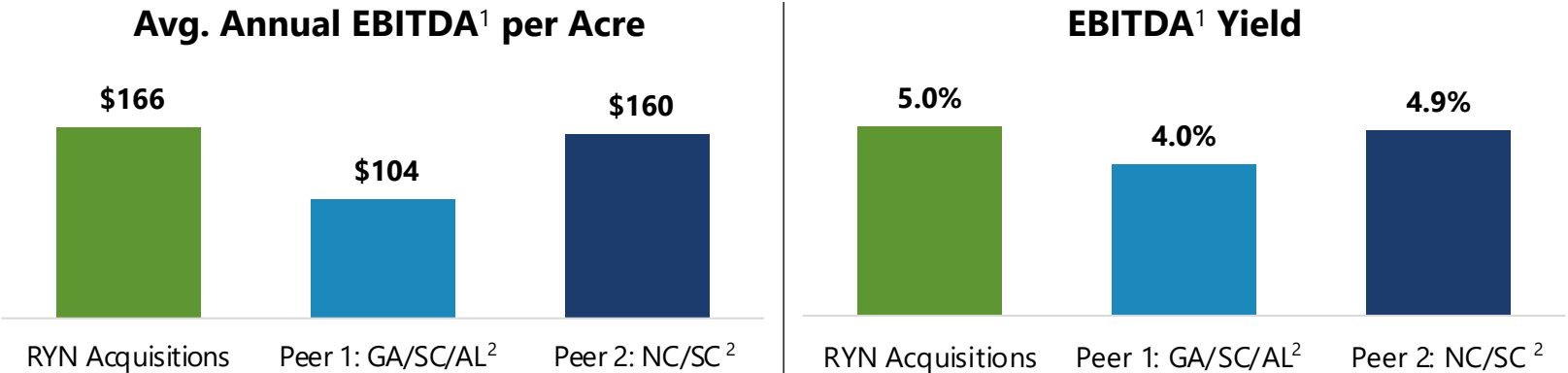
Dionysus & Tigercat Acquisitions Case Study: Upgrading U.S. South Portfolio through Large Scale Acquisition

Highlights – Increased Presence in Strong U.S. South Markets

Nov 2022	Price: ~\$454M	~138K Total Acres
-----------------	-----------------------	--------------------------

- Highly productive timberlands with 72% plantable and average site index of 73
- Improved U.S. South sustainable yield by ~11% to ~7.0M tons
- Mature age-class with average plantation age of ~18 years

Favorable KPIs vs. Other Recent Large-Scale Transactions in U.S. South



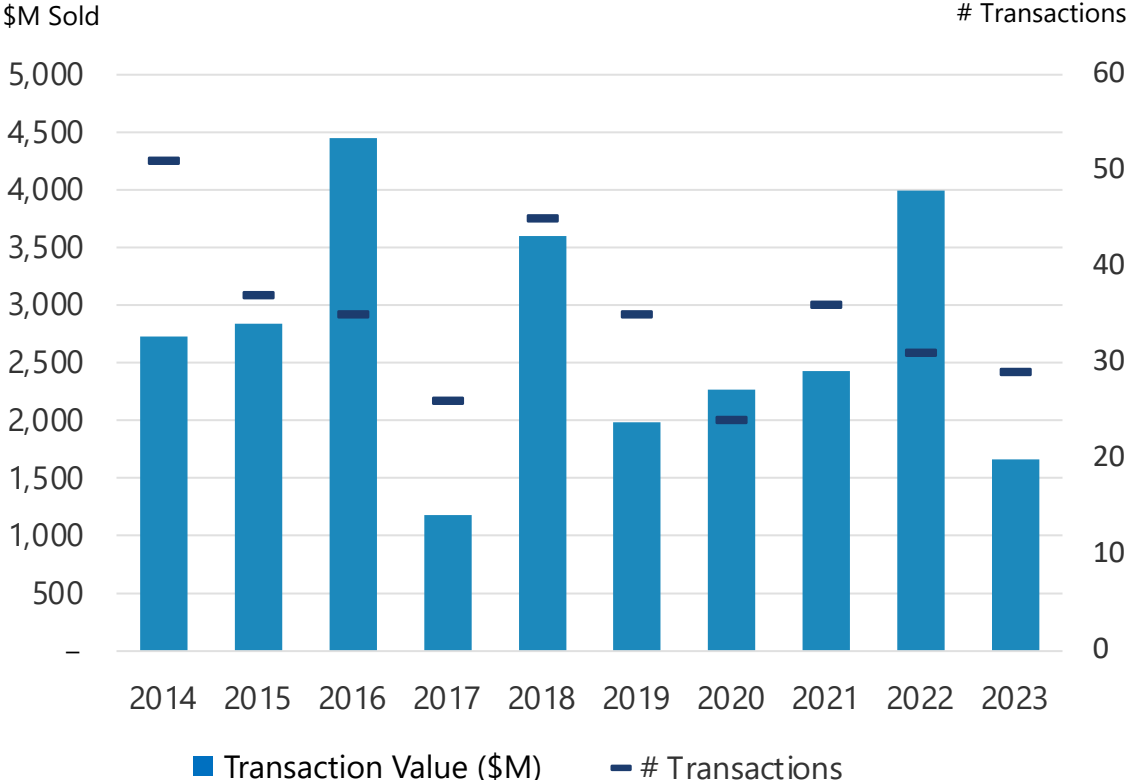
Future Opportunity

- Average annual harvest volume of ~725K tons over first 10 years
- Located in tensioned markets with favorable long-term pricing trends
- Additional upside from HBU real estate, CCS, and Solar
- Improves overall quality of U.S. South portfolio and adds scale in some of our strongest timber markets

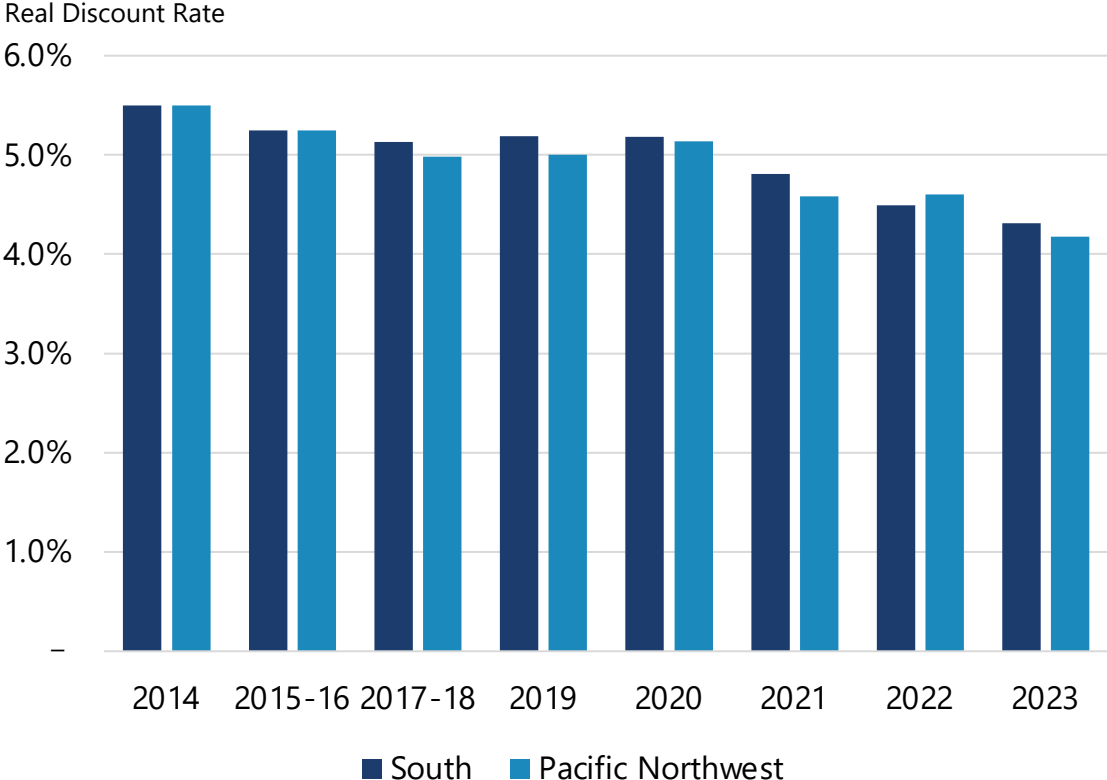
Expanding Portfolio in Strong Markets with Optionality to Capture Future Upside

Private Timberland M&A Markets Remain Robust

U.S. Timberland Deal Flow



Avg. Reported Real Discount Rates¹

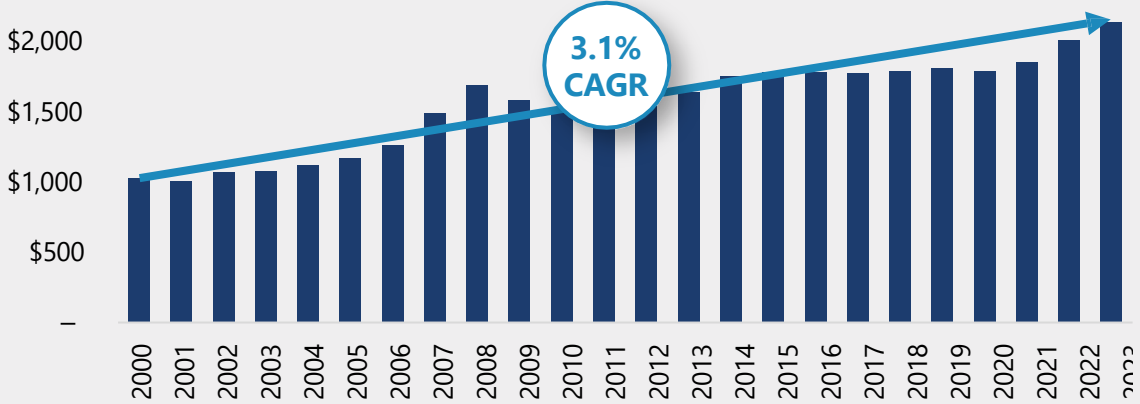


Timberland Markets Remain Both Highly Liquid and Highly Competitive with Respect to Quality Assets

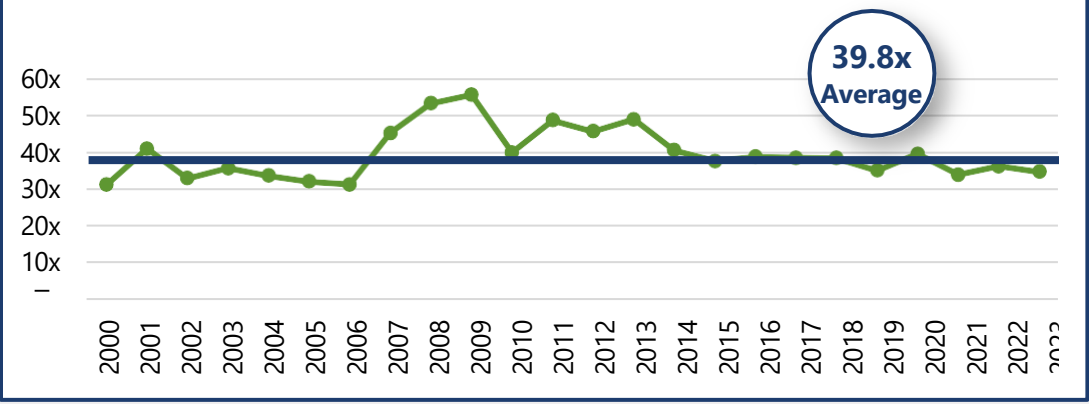
¹ Source: Sewall August 2023 Investor Survey.

U.S. South Valuation Dynamics

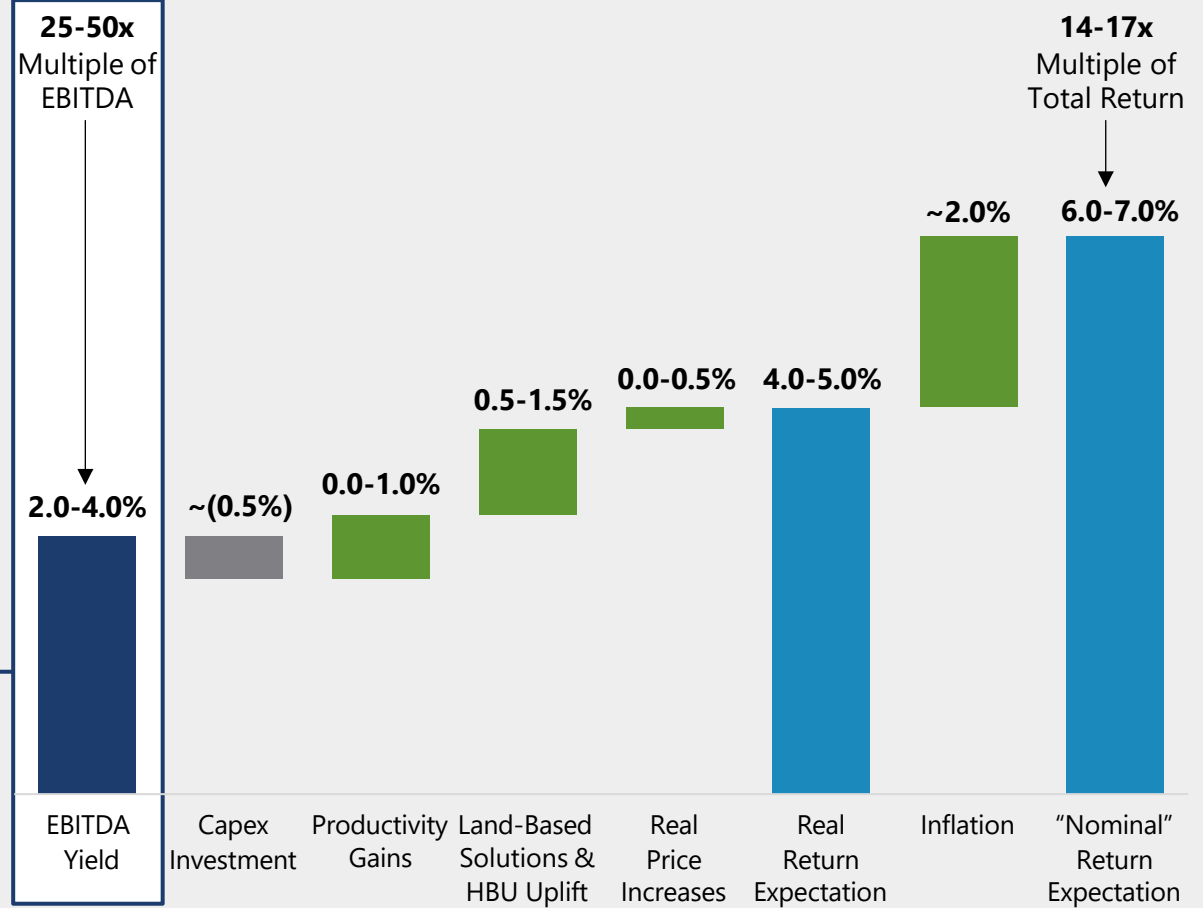
U.S. South Value per Acre (NCREIF)



U.S. South EBITDA Multiples (NCREIF)



Key Components of Timberland Returns

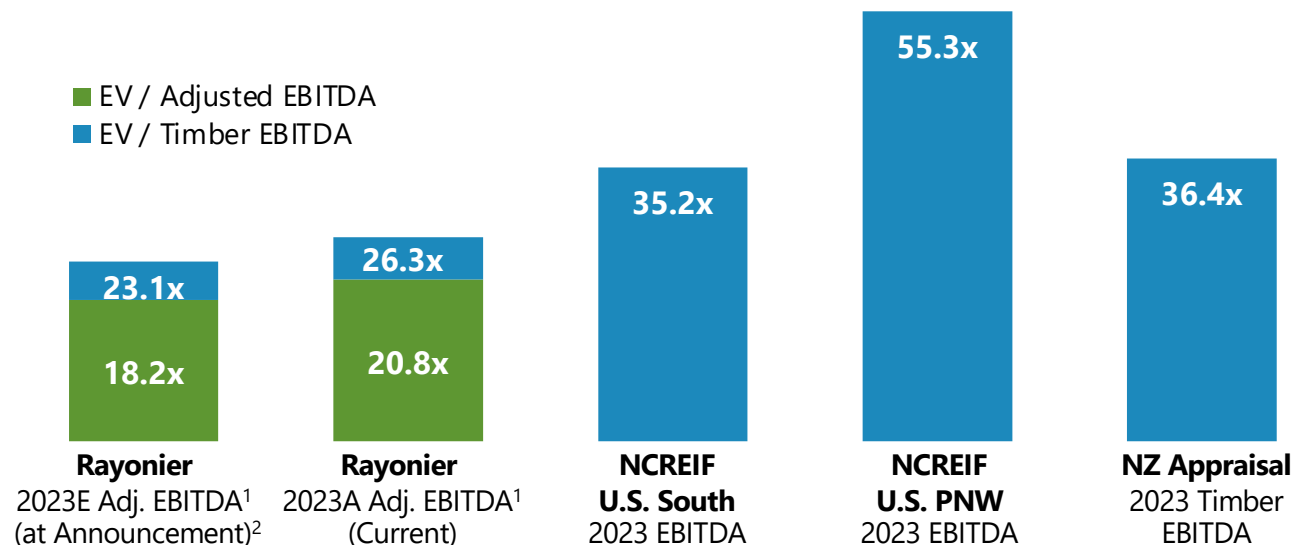


Timberland Assets Trade at Relatively High EBITDA Multiples Due to Incremental Components of Return That Are Not Reflected in EBITDA Yields

Asset Disposition Plan: Leveraging Public vs. Private Arbitrage Opportunity

EV / EBITDA Multiple Comparison

- Rayonier's public market valuation is currently below private market valuation benchmarks
- Valuation disconnect holds across multiple geographies and benchmarks
- Rayonier announced \$1B disposition initiative in Nov. 2023 to capitalize on disconnect



\$1B Disposition Initiative

Oregon Disposition

- Sold **55,000 acres** in Southwest Oregon to Manulife Investment Management
- Generated proceeds of **\$242M, ~\$4,400 per acre**

Dispositions Update

- Significant interest from well-capitalized buyers
- Currently evaluating multiple opportunities
- Continuing to identify assets that:
 - Have limited optionality for Rayonier
 - Have limited synergies with rest of portfolio
 - Have greater value to other owners
 - Will upgrade portfolio upon sale

Asset Disposition Plan Designed to Reduce Leverage and Capitalize on Public-Private Arbitrage

Update on Our Disposition Plan



Key Objectives

- Reduce leverage for higher rate environment
- Capitalize on public-private valuation gap



Key Disposition Criteria

- Concentrate capital in markets with**
- Strongest cash flow attributes
 - Most favorable long-term growth prospects



Update on Approach by Region

U.S. South

- Identified ~100K acres of less strategic lands suitable for disposition
- Focused on maintaining HBU and land-based solutions upside

U.S. PNW

- Identified 100K+ acres of less strategic lands suitable for disposition
- Focused on improving residual portfolio age class and operational efficiency

New Zealand

- Evaluating JV structure and options to maximize long-term value
- Anticipate lengthier evaluation process due to JV governance structure

Clear Actions in Place to Deliver on Our \$1B, 18-Month Target

Key Takeaways

- 1 Executing a disciplined and multi-faceted approach** to active portfolio management with a seasoned team of leaders
- 2 Proven track record of capturing significant premiums** through rural HBU program
- 3 Positioning portfolio** to maximize optionality
- 4 Demonstrated ability to take opportunistic actions** as market conditions change