UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2021

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

RAYONIER INC.
(Exact name of registrant as specified in its charter)

North Carolina	**1-6780**	**13-2607329**
(State or other Jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

Rayonier, L.P.
(Exact name of registrant as specified in its charter)

Delaware	**333-237246**	**91-1313292**
(State or other Jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification Number)

1 RAYONIER WAY
WILDLIGHT, FL 32097
(Principal Executive Office)

Telephone Number: (904) 357-9100

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol	Exchange
Common Shares, no par value, of Rayonier Inc.	RYN	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Rayonier Inc. Yes ☒ No ☐ **Rayonier, L.P.** Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Rayonier Inc. Yes ☒ No ☐ **Rayonier, L.P.** Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Rayonier Inc.

Large Accelerated Filer	☒	Accelerated Filer	☐	Non-accelerated Filer	☐	Smaller Reporting Company	☐	Emerging Growth Company	☐

Rayonier, L.P.

Large Accelerated Filer	☐	Accelerated Filer	☐	Non-accelerated Filer	☒	Smaller Reporting Company	☐	Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.
Rayonier Inc. ☐ **Rayonier, L.P.** ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Rayonier Inc. Yes ☐ No ☒ **Rayonier, L.P.** Yes ☐ No ☒

As of April 30, 2021, Rayonier Inc. had 139,029,941 Common Shares outstanding. As of April 30, 2021, Rayonier, L.P. had 4,278,766 Units outstanding.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarterly period ended March 31, 2021 of Rayonier Inc., a North Carolina corporation, and Rayonier, L.P., a Delaware limited partnership. Unless stated otherwise or the context otherwise requires, references to "Rayonier" or "the Company" mean Rayonier Inc. and references to the "Operating Partnership" mean Rayonier, L.P. References to "we," "us," and "our" mean collectively Rayonier Inc., the Operating Partnership and entities/subsidiaries owned or controlled by Rayonier Inc. and/or the Operating Partnership.

Rayonier Inc. has elected to be taxed as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, commencing with its taxable year ended December 31, 2004. The Company is structured as an umbrella partnership REIT ("UPREIT") under which substantially all of its business is conducted through the Operating Partnership. Rayonier Inc. is the sole general partner of the Operating Partnership. On May 8, 2020, Rayonier, L.P. acquired Pope Resources, a Delaware Limited Partnership ("Pope Resources") and issued approximately 4.45 million operating partnership units ("OP Units" or "Redeemable Operating Partnership Units") of Rayonier, L.P. as partial merger consideration. These OP Units are generally considered to be economic equivalents to Rayonier common shares and receive distributions equal to the dividends paid on Rayonier common shares. See Note 2 - Merger with Pope Resources for additional information pertaining to the merger.

As of March 31, 2021, the Company owned a 97.0% interest in the Operating Partnership, with the remaining 3.0% interest owned by limited partners of the Operating Partnership. As the sole general partner of the Operating Partnership, Rayonier Inc. has exclusive control of the day-to-day management of the Operating Partnership.

Rayonier Inc. and the Operating Partnership are operated as one business. The management of the Operating Partnership consists of the same members as the management of Rayonier Inc. As general partner with control of the Operating Partnership, Rayonier Inc. consolidates Rayonier, L.P. for financial reporting purposes, and has no material assets or liabilities other than its investment in the Operating Partnership.

We believe combining the quarterly reports of Rayonier Inc. and Rayonier, L.P. into this single report results in the following benefits:

- Strengthens investors' understanding of Rayonier Inc. and the Operating Partnership by enabling them to view the business as a single operating unit in the same manner as management views and operates the business;
- Creates efficiencies for investors by reducing duplicative disclosures and providing a single comprehensive document; and
- Generates time and cost savings associated with the preparation of the reports when compared to preparing separate reports for each entity.

There are a few important differences between Rayonier Inc. and the Operating Partnership in the context of how Rayonier Inc. operates as a consolidated company. The Company itself does not conduct business, other than through acting as the general partner of the Operating Partnership and issuing equity or equity-related instruments from time-to-time. The Operating Partnership holds, directly or indirectly, substantially all of the Company's assets. Likewise, all debt is incurred by the Operating Partnership or entities/subsidiaries owned or controlled by the Operating Partnership. The Operating Partnership conducts substantially all of the Company's business and is structured as a partnership with no publicly traded equity.

To help investors understand the significant differences between the Company and the Operating Partnership, this report includes:

- Separate Consolidated Financial Statements for Rayonier Inc. and Rayonier, L.P.;
- A combined set of Notes to the Consolidated Financial Statements with separate discussions of per share and per unit information, noncontrolling interests and shareholders' equity and partners' capital, as applicable;
- A combined Management's Discussion and Analysis of Financial Condition and Results of Operations which includes specific information related to each reporting entity;

- A separate Part 1, Item 4. Controls and Procedures related to each reporting entity;
- A separate Part II, Item 2. Unregistered Sales of Equity Securities and Use of Proceeds section related to each reporting entity; and
- Separate Exhibit 31 and 32 certifications for each reporting entity within Part II, Item 6.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME
(Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended March 31,	
	2021	2020
SALES (NOTE 4)	$191,447	$259,130
Costs and Expenses		
Cost of sales	(151,378)	(209,499)
Selling and general expenses	(14,032)	(9,968)
Other operating income (expense), net (Note 18)	2,448	(1,111)
	(162,962)	(220,578)
OPERATING INCOME	28,485	38,552
Interest expense	(10,028)	(8,216)
Interest and other miscellaneous expense, net	(4)	(209)
INCOME BEFORE INCOME TAXES	18,453	30,127
Income tax expense (Note 20)	(3,421)	(3,706)
NET INCOME	15,032	26,421
Less: Net income attributable to noncontrolling interests in the Operating Partnership	(341)	—
Less: Net income attributable to noncontrolling interests in consolidated affiliates	(3,843)	(567)
NET INCOME ATTRIBUTABLE TO RAYONIER INC.	10,848	25,854
OTHER COMPREHENSIVE INCOME (LOSS)		
Foreign currency translation adjustment, net of income tax effect of $0, and $0	(14,288)	(44,023)
Cash flow hedges, net of income tax effect of $1,059 and $1,857	61,001	(83,475)
Amortization of pension and postretirement plans, net of income tax expense of $0 and $0	294	217
Total other comprehensive income (loss)	47,007	(127,281)
COMPREHENSIVE INCOME (LOSS)	62,039	(100,860)
Less: Comprehensive income attributable to noncontrolling interests in the Operating Partnership	(1,872)	—
Less: Comprehensive (income) loss attributable to noncontrolling interests in consolidated affiliates	(580)	10,661
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO RAYONIER INC.	$59,587	($90,199)
EARNINGS PER COMMON SHARE (NOTE 8)		
Basic earnings per share attributable to Rayonier Inc.	$0.08	$0.20
Diluted earnings per share attributable to Rayonier Inc.	$0.08	$0.20

See Notes to Consolidated Financial Statements.

RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Dollars in thousands)

	March 31, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, excluding Timber Funds	$77,946	$80,454
Cash and cash equivalents, Timber Funds	4,674	4,053
Total cash and cash equivalents	82,620	84,507
Accounts receivable, less allowance for doubtful accounts of $45 and $25	51,902	49,082
Inventory (Note 17)	24,993	10,594
Prepaid expenses	18,280	16,168
Assets held for sale (Note 23)	7,930	3,449
Other current assets	4,355	6,765
Total current assets	190,080	170,565
TIMBER AND TIMBERLANDS, NET OF DEPLETION AND AMORTIZATION	3,245,122	3,262,126
HIGHER AND BETTER USE TIMBERLANDS AND REAL ESTATE DEVELOPMENT INVESTMENTS (NOTE 16)	111,315	108,518
PROPERTY, PLANT AND EQUIPMENT		
Land	6,569	6,548
Buildings	30,979	31,024
Machinery and equipment	4,395	4,615
Construction in progress	471	452
Total property, plant and equipment, gross	42,414	42,639
Less — accumulated depreciation	(12,700)	(12,238)
Total property, plant and equipment, net	29,714	30,401
RESTRICTED CASH (NOTE 22)	475	2,975
RIGHT-OF-USE ASSETS	105,146	108,992
OTHER ASSETS	67,732	45,156
TOTAL ASSETS	$3,749,584	$3,728,733
LIABILITIES, NONCONTROLLING INTERESTS IN THE OPERATING PARTNERSHIP AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$35,083	$24,790
Accrued taxes	8,317	7,347
Accrued payroll and benefits	6,094	12,327
Accrued interest	9,627	6,325
Deferred revenue	8,137	11,112
Other current liabilities	33,587	29,234
Total current liabilities	100,845	91,135
LONG-TERM DEBT, NET OF DEFERRED FINANCING COSTS, EXCLUDING TIMBER FUNDS (NOTE 9)	1,299,433	1,300,336
LONG-TERM DEBT, NET OF DEFERRED FINANCING COSTS, TIMBER FUNDS (NOTE 9)	59,967	60,179
PENSION AND OTHER POSTRETIREMENT BENEFITS (NOTE 19)	22,958	23,344
LONG-TERM LEASE LIABILITY	96,872	100,251
OTHER NON-CURRENT LIABILITIES	121,598	160,722
COMMITMENTS AND CONTINGENCIES (NOTES 12 and 13)		
NONCONTROLLING INTERESTS IN THE OPERATING PARTNERSHIP (NOTE 6)	137,990	130,121
SHAREHOLDERS' EQUITY		
Common Shares, 480,000,000 shares authorized,138,970,890 and 137,678,822 shares issued and outstanding	1,146,265	1,101,675
Retained earnings	407,716	446,267
Accumulated other comprehensive loss (Note 21)	(25,146)	(73,885)
TOTAL RAYONIER INC. SHAREHOLDERS' EQUITY	1,528,835	1,474,057
Noncontrolling interests in consolidated affiliates (Note 6)	381,086	388,588
TOTAL SHAREHOLDERS' EQUITY	1,909,921	1,862,645
TOTAL LIABILITIES, NONCONTROLLING INTERESTS IN THE OPERATING PARTNERSHIP AND SHAREHOLDERS' EQUITY	$3,749,584	$3,728,733

See Notes to Consolidated Financial Statements.

RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Dollars in thousands, except share data)

	Common Shares		Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests in Consolidated Affiliates	Shareholders' Equity
	Shares	Amount				
Balance, January 1, 2021	137,678,822	$1,101,675	$446,267	($73,885)	$388,588	$1,862,645
Net income	—	—	11,189	—	3,843	15,032
Net income attributable to noncontrolling interests in the Operating Partnership	—	—	(341)	—	—	(341)
Dividends ($0.27 per share) (a)	—	—	(37,532)	—	—	(37,532)
Issuance of shares under the "at-the-market" equity offering, net of commissions and offering costs of $197	1,107,814	36,708	—	—	—	36,708
Issuance of shares under incentive stock plans	39,140	1,166	—	—	—	1,166
Stock-based compensation	—	2,156	—	—	—	2,156
Repurchase of common shares	(5,020)	(155)	—	—	—	(155)
Measurement period adjustment of noncontrolling interests in consolidated affiliates	—	—	—	—	655	655
Adjustment of noncontrolling interests in the Operating Partnership	—	—	(11,867)	—	—	(11,867)
Conversion of units into common shares	150,134	4,715	—	—	—	4,715
Amortization of pension and postretirement plan liabilities	—	—	—	294	—	294
Foreign currency translation adjustment	—	—	—	(11,652)	(2,636)	(14,288)
Cash flow hedges	—	—	—	61,628	(627)	61,001
Allocation of other comprehensive income to noncontrolling interests in the Operating Partnership	—	—	—	(1,531)	—	(1,531)
Distributions to noncontrolling interests in consolidated affiliates	—	—	—	—	(8,737)	(8,737)
Balance, March 31, 2021	138,970,890	$1,146,265	$407,716	($25,146)	$381,086	$1,909,921

	Common Shares		Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests in Consolidated Affiliates	Shareholders' Equity
	Shares	Amount				
Balance, January 1, 2020	129,331,069	$888,177	$583,006	($31,202)	$97,661	$1,537,642
Net income	—	—	25,854	—	567	26,421
Dividends ($0.27 per share)	—	—	(34,813)	—	—	(34,813)
Issuance of shares under incentive stock plans	2,407	66	—	—	—	66
Stock-based compensation	—	1,510	—	—	—	1,510
Repurchase of common shares	(152,237)	—	(3,152)	—	—	(3,152)
Amortization of pension and postretirement plan liabilities	—	—	—	217	—	217
Foreign currency translation adjustment	—	—	—	(33,894)	(10,129)	(44,023)
Cash flow hedges	—	—	—	(82,376)	(1,099)	(83,475)
Distributions to noncontrolling interests in consolidated affiliates	—	—	—	—	(725)	(725)
Balance, March 31, 2020	129,181,239	$889,753	$570,895	($147,255)	$86,275	$1,399,668

(a) For information regarding distributions to noncontrolling interests in the Operating Partnership, see the Rayonier Inc. Consolidated Statements of Cash Flows and Note 6 — Noncontrolling Interests.

See Notes to Consolidated Financial Statements.

RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in thousands)

	Three Months Ended March 31, 2021	2020
OPERATING ACTIVITIES		
Net income	$15,032	$26,421
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation, depletion and amortization	45,213	34,329
Non-cash cost of land and improved development	1,813	412
Stock-based incentive compensation expense	2,156	1,510
Deferred income taxes	(1,128)	3,361
Amortization of losses from pension and postretirement plans	294	217
Gain on sale of large disposition of timberlands	—	(28,655)
Other	(3,681)	568
Changes in operating assets and liabilities:		
Receivables	(3,697)	(5,316)
Inventories	(3,512)	(3,618)
Accounts payable	6,684	3,353
All other operating activities	(5,306)	(3,403)
CASH PROVIDED BY OPERATING ACTIVITIES	53,868	29,179
INVESTING ACTIVITIES		
Capital expenditures	(15,831)	(17,176)
Real estate development investments	(3,011)	(1,727)
Purchase of timberlands	(29,938)	(24,122)
Net proceeds from large disposition of timberlands	—	115,666
Other	4,356	2,070
CASH (USED FOR) PROVIDED BY INVESTING ACTIVITIES	(44,424)	74,711
FINANCING ACTIVITIES		
Issuance of debt	—	20,000
Repayment of debt	—	(20,000)
Dividends paid on common stock	(37,490)	(34,907)
Distributions to noncontrolling interests in the Operating Partnership	(1,155)	—
Proceeds from the issuance of common shares under incentive stock plan	1,166	66
Proceeds from the issuance of common shares under the “at-the-market” (ATM) equity offering program, net of commissions and offering costs	32,545	—
Repurchase of common shares	(155)	—
Repurchase of common shares made under repurchase program	—	(3,152)
Distributions to noncontrolling interests in consolidated affiliates	(8,737)	(725)
CASH USED FOR FINANCING ACTIVITIES	(13,826)	(38,718)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(5)	(2,303)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Change in cash, cash equivalents and restricted cash	(4,387)	62,869
Balance, beginning of year	87,482	69,968
Balance, end of period	$83,095	$132,837
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period:		
Interest (a)	$2,945	$2,595
Income taxes	4,838	185
Non-cash investing activity:		
Capital assets purchased on account	4,814	4,215

(a) Interest paid is presented net of patronage payments received of $6.2 million and $4.3 million for the three months ended March 31, 2021 and March 31, 2020, respectively. For additional information on patronage payments, see Note 8 — Debt in the 2020 Form 10-K.

See Notes to Consolidated Financial Statements.

RAYONIER, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME
(Unaudited)
(Dollars in thousands, except per unit amounts)

	Three Months Ended March 31,	
	2021	2020
SALES (NOTE 4)	$191,447	$259,130
Costs and Expenses		
Cost of sales	(151,378)	(209,499)
Selling and general expenses	(14,032)	(9,968)
Other operating income (expense), net (Note 18)	2,448	(1,111)
	(162,962)	(220,578)
OPERATING INCOME	28,485	38,552
Interest expense	(10,028)	(8,216)
Interest and other miscellaneous expense, net	(4)	(209)
INCOME BEFORE INCOME TAXES	18,453	30,127
Income tax expense (Note 20)	(3,421)	(3,706)
NET INCOME	15,032	26,421
Less: Net income attributable to noncontrolling interests in consolidated affiliates	(3,843)	(567)
NET INCOME ATTRIBUTABLE TO RAYONIER, L.P. UNITHOLDERS	11,189	25,854
OTHER COMPREHENSIVE INCOME (LOSS)		
Foreign currency translation adjustment, net of income tax effect of $0, and $0	(14,288)	(44,023)
Cash flow hedges, net of income tax effect of $1,059 and $1,857	61,001	(83,475)
Amortization of pension and postretirement plans, net of income tax expense of $0 and $0	294	217
Total other comprehensive income (loss)	47,007	(127,281)
COMPREHENSIVE INCOME (LOSS)	62,039	(100,860)
Less: Comprehensive (income) loss attributable to noncontrolling interests in consolidated affiliates	(580)	10,661
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO RAYONIER, L.P. UNITHOLDERS	$61,459	($90,199)
EARNINGS PER UNIT (NOTE 8)		
Basic earnings per unit attributable to Rayonier, L.P.	$0.08	$0.20
Diluted earnings per unit attributable to Rayonier, L.P.	$0.08	$0.20

See Notes to Consolidated Financial Statements.

RAYONIER, L.P. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Dollars in thousands)

	March 31, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents, excluding Timber Funds	$77,946	$80,454
Cash and cash equivalents, Timber Funds	4,674	4,053
Total cash and cash equivalents	82,620	84,507
Accounts receivable, less allowance for doubtful accounts of $45 and $25	51,902	49,082
Inventory (Note 17)	24,993	10,594
Prepaid expenses	18,280	16,168
Assets held for sale (Note 23)	7,930	3,449
Other current assets	4,355	6,765
Total current assets	190,080	170,565
TIMBER AND TIMBERLANDS, NET OF DEPLETION AND AMORTIZATION	3,245,122	3,262,126
HIGHER AND BETTER USE TIMBERLANDS AND REAL ESTATE DEVELOPMENT INVESTMENTS (NOTE 16)	111,315	108,518
PROPERTY, PLANT AND EQUIPMENT		
Land	6,569	6,548
Buildings	30,979	31,024
Machinery and equipment	4,395	4,615
Construction in progress	471	452
Total property, plant and equipment, gross	42,414	42,639
Less — accumulated depreciation	(12,700)	(12,238)
Total property, plant and equipment, net	29,714	30,401
RESTRICTED CASH (NOTE 22)	475	2,975
RIGHT-OF-USE ASSETS	105,146	108,992
OTHER ASSETS	67,732	45,156
TOTAL ASSETS	$3,749,584	$3,728,733
LIABILITIES, REDEEMABLE OPERATING PARTNERSHIP UNITS AND CAPITAL		
CURRENT LIABILITIES		
Accounts payable	$35,083	$24,790
Accrued taxes	8,317	7,347
Accrued payroll and benefits	6,094	12,327
Accrued interest	9,627	6,325
Deferred revenue	8,137	11,112
Other current liabilities	33,587	29,234
Total current liabilities	100,845	91,135
LONG-TERM DEBT, NET OF DEFERRED FINANCING COSTS, EXCLUDING TIMBER FUNDS (NOTE 9)	1,299,433	1,300,336
LONG-TERM DEBT, NET OF DEFERRED FINANCING COSTS, TIMBER FUNDS (NOTE 9)	59,967	60,179
PENSION AND OTHER POSTRETIREMENT BENEFITS (NOTE 19)	22,958	23,344
LONG-TERM LEASE LIABILITY	96,872	100,251
OTHER NON-CURRENT LIABILITIES	121,598	160,722
COMMITMENTS AND CONTINGENCIES (NOTES 12 and 13)		
REDEEMABLE OPERATING PARTNERSHIP UNITS (NOTE 6) 4,278,766 and 4,428,900 Units outstanding, respectively	137,990	130,121
CAPITAL		
General partners' capital	15,499	15,454
Limited partners' capital	1,534,411	1,529,948
Accumulated other comprehensive loss (Note 21)	(21,075)	(71,345)
TOTAL CONTROLLING INTEREST CAPITAL	1,528,835	1,474,057
Noncontrolling interests in consolidated affiliates (Note 6)	381,086	388,588
TOTAL CAPITAL	1,909,921	1,862,645
TOTAL LIABILITIES, REDEEMABLE OPERATING PARTNERSHIP UNITS AND CAPITAL	$3,749,584	$3,728,733

See Notes to Consolidated Financial Statements.

RAYONIER, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL
(Unaudited)
(Dollars in thousands, except share data)

	Units				
	General Partners' Capital	Limited Partners' Capital	Accumulated Other Comprehensive Loss	Noncontrolling Interests in Consolidated Affiliates	Total Capital
Balance, January 1, 2021	$15,454	$1,529,948	($71,345)	$388,588	$1,862,645
Net income	112	11,077	—	3,843	15,032
Distributions on units ($0.27 per unit)	(387)	(38,300)	—	—	(38,687)
Issuance of units under the "at-the-market" equity offering, net of commissions and offering costs of $197	367	36,341	—	—	36,708
Issuance of units under incentive stock plans	12	1,154	—	—	1,166
Stock-based compensation	22	2,134	—	—	2,156
Repurchase of units	(2)	(153)	—	—	(155)
Adjustment of Redeemable Operating Partnership Units	(126)	(12,458)	—	—	(12,584)
Conversion of units into common shares	47	4,668	—	—	4,715
Measurement period adjustment of noncontrolling interests in consolidated affiliates	—	—	—	655	655
Amortization of pension and postretirement plan liabilities	—	—	294	—	294
Foreign currency translation adjustment	—	—	(11,652)	(2,636)	(14,288)
Cash flow hedges	—	—	61,628	(627)	61,001
Distributions to noncontrolling interests in consolidated affiliates	—	—	—	(8,737)	(8,737)
Balance, March 31, 2021	$15,499	$1,534,411	($21,075)	$381,086	$1,909,921

	Units				
	General Partners' Capital	Limited Partners' Capital	Accumulated Other Comprehensive Loss	Noncontrolling Interests in Consolidated Affiliates	Total Capital
Balance, January 1, 2020	$14,712	$1,456,471	($31,202)	$97,661	$1,537,642
Net income	259	25,595	—	567	26,421
Distributions on units ($0.27 per unit)	(349)	(34,464)	—	—	(34,813)
Issuance of units under incentive stock plans	1	65	—	—	66
Stock-based compensation	15	1,495	—	—	1,510
Repurchase of units	(32)	(3,120)	—	—	(3,152)
Amortization of pension and postretirement plan liabilities	—	—	217	—	217
Foreign currency translation adjustment	—	—	(33,894)	(10,129)	(44,023)
Cash flow hedges	—	—	(82,376)	(1,099)	(83,475)
Distributions to noncontrolling interests in consolidated affiliates	—	—	—	(725)	(725)
Balance, March 31, 2020	$14,606	$1,446,042	($147,255)	$86,275	$1,399,668

See Notes to Consolidated Financial Statements.

RAYONIER, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in thousands)

	Three Months Ended March 31,	
	2021	2020
OPERATING ACTIVITIES		
Net income	$15,032	$26,421
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation, depletion and amortization	45,213	34,329
Non-cash cost of land and improved development	1,813	412
Stock-based incentive compensation expense	2,156	1,510
Deferred income taxes	(1,128)	3,361
Amortization of losses from pension and postretirement plans	294	217
Gain on sale of large disposition of timberlands	—	(28,655)
Other	(3,681)	568
Changes in operating assets and liabilities:		
Receivables	(3,697)	(5,316)
Inventories	(3,512)	(3,618)
Accounts payable	6,684	3,353
All other operating activities	(5,306)	(3,403)
CASH PROVIDED BY OPERATING ACTIVITIES	53,868	29,179
INVESTING ACTIVITIES		
Capital expenditures	(15,831)	(17,176)
Real estate development investments	(3,011)	(1,727)
Purchase of timberlands	(29,938)	(24,122)
Net proceeds from large disposition of timberlands	—	115,666
Other	4,356	2,070
CASH (USED FOR) PROVIDED BY INVESTING ACTIVITIES	(44,424)	74,711
FINANCING ACTIVITIES		
Issuance of debt	—	20,000
Repayment of debt	—	(20,000)
Distributions on units	(38,645)	(34,907)
Proceeds from the issuance of units under incentive stock plan	1,166	66
Proceeds from the issuance of units under the “at-the-market” (ATM) equity offering program, net of commissions and offering costs	32,545	—
Repurchase of units	(155)	—
Repurchase of units made under repurchase program	—	(3,152)
Distributions to noncontrolling interests in consolidated affiliates	(8,737)	(725)
CASH USED FOR FINANCING ACTIVITIES	(13,826)	(38,718)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(5)	(2,303)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Change in cash, cash equivalents and restricted cash	(4,387)	62,869
Balance, beginning of year	87,482	69,968
Balance, end of period	$83,095	$132,837
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period:		
Interest (a)	$2,945	$2,595
Income taxes	4,838	185
Non-cash investing activity:		
Capital assets purchased on account	4,814	4,215

(a) Interest paid is presented net of patronage payments received of $6.2 million and $4.3 million for the three months ended March 31, 2021 and March 31, 2020, respectively. For additional information on patronage payments, see Note 8 — Debt in the 2020 Form 10-K.

See Notes to Consolidated Financial Statements.

1. BASIS OF PRESENTATION

The unaudited consolidated financial statements and notes thereto of Rayonier Inc. and its subsidiaries and Rayonier, L.P. have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC").

The Rayonier Inc. and Rayonier, L.P. year-end balance sheet information was derived from audited financial statements not included herein. In the opinion of management, these financial statements and notes reflect any adjustments (all of which are normal recurring adjustments) necessary for a fair presentation of the results of operations, financial position and cash flows for the periods presented. These statements and notes should be read in conjunction with the financial statements and supplementary data included in our Annual Report on Form 10-K for the year ended December 31, 2020, as filed with the SEC (the "2020 Form 10-K").

On May 7, 2020, Rayonier Inc. contributed its 100% ownership interest in Rayonier Operating Company LLC (the "Contribution") to Rayonier, L.P. As a result of the Contribution, Rayonier, L.P. expressly assumed all the obligations of Rayonier Inc. with respect to the outstanding 2022 Notes and Rayonier Inc. agreed to irrevocably, fully and unconditionally guarantee jointly and severally, the obligations of Rayonier, L.P. under the Indenture, including the 2022 Notes.

On May 8, 2020, Rayonier, L.P. acquired Pope Resources and became the general partner of Pope Resources. As of March 31, 2021, the Company owned a 97.0% interest in the Operating Partnership, with the remaining 3.0% interest owned by limited partners of the Operating Partnership. As the sole general partner of the Operating Partnership, Rayonier Inc. has exclusive control of the day-to-day management of the Operating Partnership. Please see Note 2 - Merger with Pope Resources and Note 24 - Charges for Integration and Restructuring for further information pertaining to the merger.

Pursuant to ASC 250, the Contribution was accounted for as a change in reporting entity between entities under common control and applied retrospectively for all periods as if the Contribution had been in effect since inception of common control. As a result, the effect of the change in reporting entity on Rayonier L.P.'s operating income, net income attributable to Rayonier, L.P. and per unit amounts for the three months ended March 31, 2020, assuming the change in reporting entity occurred on January 1, 2020 are presented below (in thousands, except per unit amounts):

	Three Months Ended March 31, 2020
Operating income	—
Net income attributable to Rayonier, L.P. (a)	($3,596)
Basic earnings per unit attributable to Rayonier, L.P.	($0.03)
Diluted earnings per unit attributable to Rayonier, L.P.	($0.03)

(a) The effect of the change in net income attributable to Rayonier, L.P. is due to the interest expense and guarantee fees associated with the 2022 Notes.

SUMMARY OF UPDATES TO SIGNIFICANT ACCOUNTING POLICIES

For a full description of our other significant accounting policies, see Note 1 — *Summary of Significant Accounting Policies* in our 2020 Form 10-K.

NEW ACCOUNTING STANDARDS

In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU No. 2020-04, *Reference Rate Reform (Topic 848)*, which provides optional guidance to ease the potential burden in accounting due to reference rate reform. ASU 2020-04 contains practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. During Q2 2020, we elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the presentation of derivatives consistent with past presentation. We continue to evaluate the impact of the guidance and may apply other elections as applicable as additional changes in the market occur.

In August 2020, the FASB issued ASU 2020-06, *Debt–Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging–Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity. This ASU (1) simplifies the accounting for convertible debt instruments and convertible preferred stock by removing the existing guidance in ASC 470-20, *Debt: Debt with Conversion and Other Options*, that requires entities to account for beneficial conversion features and cash conversion features in equity, separately from the host convertible debt or preferred stock; (2) revises the scope exception from derivative accounting in ASC 815-40 for freestanding financial instruments and embedded features that are both indexed to the issuer's own stock and classified in stockholders' equity, by removing certain criteria required for equity classification; and (3) revises the guidance in ASC 260, Earnings Per Share, to require entities to calculate diluted earnings per share (EPS) for convertible instruments by using the if-converted method. In addition, entities must presume share settlement for purposes of calculating diluted EPS when an instrument may be settled in cash or shares. The pronouncement is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2021, with early adoption permitted. We are currently in the process of evaluating the effects of the provisions of ASU 2020-06 on our financial statements.

SUBSEQUENT EVENTS

We have evaluated events occurring from March 31, 2021 to the date of issuance of these Consolidated Financial Statements for potential recognition or disclosure in the consolidated financial statements. No events were identified that warranted recognition or disclosure.

2. MERGER WITH POPE RESOURCES

On May 8, 2020, Rayonier Inc. and Rayonier, L.P. acquired Pope Resources and became the general partner of Pope Resources. Pope Resources was a master limited partnership that primarily owned and managed timberlands in the U.S. Pacific Northwest. Pope Resources also managed and co-invested in three private equity timber funds and developed and sold real estate properties. For additional information about the merger, see *Note 2 - Merger with Pope Resources in the 2020 Form 10-K.*

The total purchase price was as follows (in millions):

Cash consideration	$247,318
Equity consideration	172,640
Redeemable Operating Partnership Unit consideration	106,752
Fair value of Pope Resources units held by us (a)	11,211
Total purchase price	**$537,921**

(a) Based on the closing price of Pope Resources units on the NASDAQ on May 7, 2020.

We recognized approximately $2.5 million of merger-related costs that were expensed during first quarter of 2020. See Note 24 — Charges for Integration and Restructuring for descriptions of the components of merger-related costs.

The acquisition of Pope Resources has been accounted for as a business combination under ASC 805, *Business Combinations*, ("ASC 805"). Under ASC 805, assets acquired and liabilities assumed in a business combination must be recorded at their fair value as of the acquisition date. Recorded fair valuation of assets acquired and liabilities assumed related to the acquisition of Pope Resources is preliminary and will be completed as soon as practicable, but no later than one year after the consummation of the transaction. Pursuant to ASC 805, the financial statements will not be retrospectively adjusted for any provisional amount changes that occur in subsequent periods. Rather, we will recognize any provisional amount adjustments during the reporting period in which the adjustments are determined. We will also be required to record, in the same period's financial statements, the effect on earnings of changes in depletion, depreciation, amortization, or other income effects, if any, as a result of any change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date.

As a result of refinements to the preliminary purchase price allocation, higher and better use timberlands increased by approximately $8.2 million. This includes development properties in the town of Port Gamble, Washington, development projects in Gig Harbor, Kingston, and Bremerton, Washington and various other assets.

The preliminary estimate of fair value required the use of significant assumptions and estimates. Critical estimates included, but were not limited to, future expected cash flows, including projected revenues and expenses, and the applicable discount rates. These estimates were based on assumptions that we believe to be reasonable; however, actual results may differ from these estimates. The assessment of fair value is preliminary and is based on information that was available to management at the time the consolidated financial statements were prepared. Those estimates and assumptions are subject to change as we obtain additional information related to those estimates during the applicable measurement periods (up to one year from the acquisition date). The most significant open items necessary to complete are related to timberlands, property, plant and equipment, higher and better use timberlands and real estate development investments, long-term debt instruments, environmental liabilities, intangible assets and tax related matters.

The preliminary fair value estimates were generally based on significant inputs that are not observable in the market and thus represent Level 3 measurements as defined in ASC 820, *Fair Value Measurement*, ("ASC 820") with the exception of certain long-term debt instruments assumed in the merger that can be valued using observable market inputs and are therefore Level 2 measurements. See Note 11 — Fair Value Measurements for further information on the fair value hierarchy.

The following summarizes the fair value methodology utilized in our preliminary fair value estimates for significant assets and liabilities:

Income Approach — Estimates fair value for an asset based on the present value of cash flow projected to be generated by the asset. Projected cash flows are discounted at rates of return that reflect the relative risk of achieving the cash flows and the time value of money. This approach was primarily used to value acquired timber in both our Pacific Northwest and Timber Funds segment.

Cost Approach — Estimates value by determining the current cost of replacing an asset with another of equivalent economic utility. This approach was primarily used for property and equipment.

Market Approach — Estimates fair value for an asset based on values of recent comparable transactions. This approach was primarily used to value timberlands, higher and better use timberlands and real estate developments investments, certain land and building assets and long-term debt instruments.

The preliminary allocation of purchase price to the identifiable assets acquired and liabilities assumed was based on preliminary estimates of fair value as of May 8, 2020, and is as follows (in thousands):

	Core Timberlands	Timber Funds	Total
Timberland and Real Estate Business			
Cash	$7,380	$8,870	$16,250
Accounts receivable	2,459	1,787	4,246
Other current assets	703	260	963
Timber and Timberlands	507,526	432,500	940,026
Higher and Better Use Timberlands and Real Estate Development Investments	34,748	—	34,748
Property, plant and equipment	11,616	—	11,616
Other assets	3,736	269	4,005
Total identifiable assets acquired	$568,168	$443,686	$1,011,854
Accounts payable	274	293	567
Current maturities of long-term debt	—	25,084	25,084
Accrued interest	244	275	519
Other current liabilities	9,038	2,080	11,118
Long-term debt	53,502	35,759	89,261
Long-term environmental liabilities	10,748	—	10,748
Other non-current liabilities (a)	2,616	—	2,616
Total liabilities assumed	$76,422	$63,491	$139,913
Net identifiable assets	$491,746	$380,195	$871,941
Less: noncontrolling interests	(3,816)	(330,204)	(334,020)
Total net assets acquired	$487,930	$49,991	$537,921

(a) Other non-current liabilities includes a $2.6 million deferred income tax liability resulting from the preliminary fair value adjustment to Pope Resources' assets and liabilities.

These estimated fair values are preliminary in nature and subject to adjustments, which could be material. We have not identified any material unrecorded pre-merger contingencies where the related asset, liability or impairment is probable and the amount can be reasonably estimated. Our valuations will be finalized when certain information arranged to be obtained has been received and our review of that information has been completed. Prior to the finalization of the purchase price allocation, if information becomes available that would indicate it is probable that such events had occurred and the amounts can be reasonably estimated, such items will be included in the final purchase price allocation.

Pursuant to ASC 805, unaudited supplemental pro forma results of operations for the three months ended March 31, 2020, assuming the acquisition had occurred as of January 1, 2020, are presented below (in thousands, except per share and unit amounts):

	Three Months Ended March 31, 2020
Sales	$283,500
Net income attributable to Rayonier Inc.	$18,398
Basic earnings per share attributable to Rayonier Inc.	$0.13
Diluted earnings per share attributable to Rayonier Inc.	$0.13
Net income attributable to Rayonier, L.P.	$18,998
Basic earnings per unit attributable to Rayonier, L.P.	$0.13
Diluted earnings per unit attributable to Rayonier, L.P.	$0.13

The unaudited pro forma results include certain pro forma adjustments to net earnings that were directly attributable to the acquisition, assuming the acquisition had occurred on January 1, 2020, including the following:

- additional depletion expense that would have been recognized relating to the basis increase in the acquired Timber and Timberlands;
- adjustment to interest expense to reflect the removal of Pope Resources debt and the additional borrowings we incurred in conjunction with the acquisition; and
- a reduction in expenses for the three months ended March 31, 2020 of $7.7 million for acquisition-related transaction costs.

Pro forma data may not be indicative of the results that would have been obtained had these events occurred at the beginning of the periods presented, nor is it intended to be a projection of future results.

(Dollar amounts in thousands unless otherwise stated)

3. SEGMENT AND GEOGRAPHICAL INFORMATION

Sales between operating segments are made based on estimated fair market value, and intercompany sales, purchases and profits (losses) are eliminated in consolidation. We evaluate financial performance based on segment operating income (loss) and Adjusted Earnings before Interest, Taxes, Depreciation, Depletion and Amortization ("Adjusted EBITDA"). Asset information is not reported by segment, as we do not produce asset information by segment internally.

Operating income as presented in the Consolidated Statements of Income and Comprehensive Income is equal to segment income. Certain income (loss) items in the Consolidated Statements of Income and Comprehensive Income are not allocated to segments. These items, which include interest income (expense), miscellaneous income (expense) and income tax expense, are not considered by management to be part of segment operations and are included under "unallocated interest expense and other."

The following tables summarize the segment information for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
SALES	2021	2020
Southern Timber	$51,677	$52,982
Pacific Northwest Timber	41,522	31,075
New Zealand Timber	57,579	37,538
Timber Funds (a)	14,939	—
Real Estate (b)	10,504	118,564
Trading	16,665	18,984
Intersegment Eliminations (c)	(1,439)	(13)
Total	$191,447	$259,130

(a) The three months ended March 31, 2021 includes $11.9 million of sales attributable to noncontrolling interests in Timber Funds.

(b) The three months ended March 31, 2020 includes $116.0 million from a Large Disposition. Large Dispositions are defined as transactions involving the sale of timberland that exceed $20 million in size and do not have a demonstrable premium relative to timberland value.

(c) Primarily consists of the elimination of timberland investment management fees paid to us by the timber funds which are initially recognized as sales and cost of sales within the Timber Funds segment, as well as log marketing fees paid to our Trading segment from our Southern Timber and Pacific Northwest Timber segments for marketing log export sales.

(Dollar amounts in thousands unless otherwise stated)

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OPERATING INCOME (LOSS)	Three Months Ended March 31, 2021	2020
Southern Timber	$17,347	$15,070
Pacific Northwest Timber	1,350	(948)
New Zealand Timber	13,944	5,448
Timber Funds (a)	1,501	—
Real Estate (b)	1,687	26,774
Trading	244	(19)
Corporate and Other	(7,588)	(7,773)
Total Operating Income	28,485	38,552
Unallocated interest expense and other	(10,032)	(8,425)
Total Income before Income Taxes	$18,453	$30,127

(a) The three months ended March 31, 2021 includes $1.1 million of operating income attributable to noncontrolling interests in Timber Funds.
(b) The three months ended March 31, 2020 includes $28.7 million from a Large Disposition.

DEPRECIATION, DEPLETION AND AMORTIZATION	Three Months Ended March 31, 2021	2020
Southern Timber	$14,359	$18,182
Pacific Northwest Timber	16,284	10,702
New Zealand Timber	7,250	4,774
Timber Funds (a)	5,500	—
Real Estate (b)	1,557	35,745
Corporate and Other	263	297
Total	$45,213	$69,700

(a) The three months ended March 31, 2021 includes $4.9 million of depreciation, depletion and amortization attributable to noncontrolling interests in Timber Funds.
(b) The three months ended March 31, 2020 includes $35.4 million from a Large Disposition.

NON-CASH COST OF LAND AND IMPROVED DEVELOPMENT	Three Months Ended March 31, 2021	2020
Real Estate (a)	$1,813	$52,051
Total	$1,813	$52,051

(a) The three months ended March 31, 2020 includes $51.6 million from a Large Disposition.

(Dollar amounts in thousands unless otherwise stated)

4. REVENUE

PERFORMANCE OBLIGATIONS

We recognize revenue when control of promised goods or services (“performance obligations”) is transferred to customers, in an amount that reflects the consideration expected in exchange for those goods or services (“transaction price”). We generally satisfy performance obligations within a year of entering into a contract and therefore have applied the disclosure exemption found under ASC 606-10-50-14. Unsatisfied performance obligations as of March 31, 2021 are primarily due to advances on stumpage contracts and unearned license revenue. These performance obligations are expected to be satisfied within the next twelve months. We generally collect payment within a year of satisfying performance obligations and therefore have elected not to adjust revenues for a financing component.

CONTRACT BALANCES

The timing of revenue recognition, invoicing and cash collections results in accounts receivable and deferred revenue (contract liabilities) on the Consolidated Balance Sheets. Accounts receivable are recorded when we have an unconditional right to consideration for completed performance under the contract. Contract liabilities relate to payments received in advance of performance under the contract. Contract liabilities are recognized as revenue as (or when) we perform under the contract.

The following table summarizes revenue recognized during the three months ended March 31, 2021 and 2020 that was included in the contract liability balance at the beginning of each year:

	Three Months Ended March 31,	
	2021	2020
Revenue recognized from contract liability balance at the beginning of the year (a)	$5,920	$6,425

(a) Revenue recognized was primarily from hunting licenses and the use of advances on pay-as-cut timber sales.

(Dollar amounts in thousands unless otherwise stated)

The following tables present our revenue from contracts with customers disaggregated by product type for the three months ended March 31, 2021 and 2020:

Three Months Ended	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Timber Funds	Real Estate	Trading	Elim.	Total
March 31, 2021								
Pulpwood	$21,856	$2,495	$9,542	$260	—	$1,835	—	$35,988
Sawtimber	21,963	37,758	47,792	13,308	—	14,389	—	135,210
Hardwood	405	—	—	—	—	—	—	405
Total Timber Sales	44,224	40,253	57,334	13,568	—	16,224	—	171,603
License Revenue, Primarily From Hunting	4,417	91	58	3	—	—	—	4,569
Other Non-Timber/Carbon Revenue	3,036	1,178	187	14	—	—	—	4,415
Agency Fee Income	—	—	—	—	—	356	—	356
Total Non-Timber Sales	7,453	1,269	245	17	—	356	—	9,340
Improved Development	—	—	—	—	252	—	—	252
Rural	—	—	—	—	9,765	—	—	9,765
Deferred Revenue/Other (a)	—	—	—	—	255	—	—	255
Total Real Estate Sales	—	—	—	—	10,272	—	—	10,272
Revenue from Contracts with Customers	51,677	41,522	57,579	13,585	10,272	16,580	—	191,215
Lease Revenue	—	—	—	—	232	—	—	232
Intersegment	—	—	—	1,354	—	85	(1,439)	—
Total Revenue	$51,677	$41,522	$57,579	$14,939	$10,504	$16,665	($1,439)	$191,447

Three Months Ended	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Timber Funds	Real Estate	Trading	Elim.	Total
March 31, 2020								
Pulpwood	$27,493	$3,127	$4,847	—	—	$2,530	—	$37,997
Sawtimber	19,509	27,445	30,788	—	—	16,112	—	93,854
Hardwood	481	—	—	—	—	—	—	481
Total Timber Sales	47,483	30,572	35,635	—	—	18,642	—	132,332
License Revenue, Primarily from Hunting	4,589	97	57	—	—	—	—	4,743
Other Non-Timber/Carbon Revenue	910	406	1,846	—	—	—	—	3,162
Agency Fee Income	—	—	—	—	—	329	—	329
Total Non-Timber Sales	5,499	503	1,903	—	—	329	—	8,234
Rural	—	—	—	—	2,397	—	—	2,397
Deferred Revenue/Other (a)	—	—	—	—	140	—	—	140
Large Dispositions	—	—	—		116,027		—	116,027
Total Real Estate Sales	—	—	—	—	118,564	—	—	118,564
Revenue from Contracts with Customers	52,982	31,075	37,538	—	118,564	18,971	—	259,130
Intersegment	—	—	—	—	—	13	(13)	—
Total Revenue	$52,982	$31,075	$37,538	—	$118,564	$18,984	($13)	$259,130

(a) Includes deferred revenue adjustments, revenue true-ups and marketing fees related to Improved Development sales.

(Dollar amounts in thousands unless otherwise stated)

The following tables present our timber sales disaggregated by contract type for the three months ended March 31, 2021 and 2020:

Three Months Ended	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Timber Funds	Trading	Total
March 31, 2021						
Stumpage Pay-as-Cut	$21,257	—	—	—	—	$21,257
Stumpage Lump Sum	3	6,131	—	—	—	6,134
Total Stumpage	21,260	6,131	—	—	—	27,391
Delivered Wood (Domestic)	18,059	34,122	17,106	13,568	1,091	83,946
Delivered Wood (Export)	4,905	—	40,228	—	15,133	60,266
Total Delivered	22,964	34,122	57,334	13,568	16,224	144,212
Total Timber Sales	$44,224	$40,253	$57,334	$13,568	$16,224	$171,603
March 31, 2020						
Stumpage Pay-as-Cut	$25,407	—	—	—	—	$25,407
Stumpage Lump Sum	388	5,131	—	—	—	5,519
Total Stumpage	25,795	5,131	—	—	—	30,926
Delivered Wood (Domestic)	21,060	25,441	13,691	—	472	60,664
Delivered Wood (Export)	628	—	21,944	—	18,170	40,742
Total Delivered	21,688	25,441	35,635	—	18,642	101,406
Total Timber Sales	$47,483	$30,572	$35,635	—	$18,642	$132,332

5. LEASES

We lease commercial and residential properties primarily located in Port Gamble, Washington. Our leases are operating leases and mostly range between one and five years, and may be extended on a case by case basis. Income associated with commercial and residential property leases generally includes scheduled rent increases, but do not include variable payments based on indexes.

The following table details our lease income for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
Lease Income Components	2021	2020
Operating lease income	$232	—
Total lease income	$232	—

(Dollar amounts in thousands unless otherwise stated)

6. NONCONTROLLING INTERESTS

NONCONTROLLING INTERESTS IN CONSOLIDATED AFFILIATES

Matariki Forestry Group

We maintain a 77% controlling financial interest in Matariki Forestry Group (the "New Zealand subsidiary"), a joint venture that owns or leases approximately 417,000 legal acres of New Zealand timberland. Accordingly, we consolidate the New Zealand subsidiary's balance sheet and results of operations. The portions of the consolidated financial position and results of operations attributable to the New Zealand subsidiary's 23% noncontrolling interests are reflected as an adjustment to income in our Consolidated Statements of Income and Comprehensive Income under the caption "Net income attributable to noncontrolling interests in consolidated affiliates." Rayonier New Zealand Limited ("RNZ"), a wholly-owned subsidiary, serves as the manager of the New Zealand subsidiary.

The following table sets forth the income attributable to the New Zealand subsidiary's noncontrolling interests:

	Three Months Ended March 31,	
	2021	2020
Net income attributable to noncontrolling interests in the New Zealand subsidiary	$2,638	$567

ORM Timber Fund II, Inc. (Fund II), ORM Timber Fund III LLC (Fund III), and ORM Timber Fund IV LLC. (Fund IV) (Collectively, the "Funds")

We are the manager of three private equity timber funds, Fund II, Fund III, and Fund IV, and maintain ownership interests in the Funds of 20%, 5%, and 15%, respectively. Based upon an analysis under the variable interest entity guidance, we have the power to direct the activities that most significantly impact the Funds' economic success. Therefore, we are considered the primary beneficiary and are required under ASC 810 — *Consolidation* to consolidate the Funds. Income attributed to third-party investors is reflected as an adjustment to income in our Consolidated Statements of Income and Comprehensive Income under the caption "Net income attributable to noncontrolling interests in consolidated affiliates."

The following table sets forth the income attributable to the Funds' noncontrolling interests:

	Three Months Ended March 31,	
	2021	2020
Net income attributable to noncontrolling interests in the Funds	$1,076	—

Prior to the merger with Pope Resources, the Funds were formed by ORM LLC for the purpose of generating a return on investment through the acquisition, management, value enhancement and sale of timberland properties. Each Fund is organized to operate for a specified term from the end of its respective investment period: 10 years for each of Fund II and Fund III, and 15 years for Fund IV. Fund II is scheduled to terminate in March 2023, Fund III is scheduled to terminate in December 2025 and Fund IV is scheduled to terminate in January 2035. The obligations of each of the Funds do not have any recourse to the Company or the Operating Partnership.

Ferncliff Investors

We maintain an ownership interest in Ferncliff Investors, a real estate joint venture entity. In 2017, Ferncliff Management and Ferncliff Investors were formed for the purpose of raising capital from third parties to invest in an unconsolidated real estate joint venture entity, Bainbridge Landing LLC, which is developing a five-acre parcel on Bainbridge Island, Washington into a multi-family community containing apartments and townhomes. Ferncliff Management is the manager and 33.33% owner of Ferncliff Investors, with the remaining ownership interest in Ferncliff Investors held by third-party investors. Ferncliff Investors holds a 50% interest in Bainbridge Landing LLC, the joint venture entity that owns and is developing the property.

(Dollar amounts in thousands unless otherwise stated)

Based upon an analysis under the variable interest entity guidance, we have the power to direct the activities that most significantly impact the joint venture's economic success. Therefore, we are considered the primary beneficiary and are required under ASC 810 — *Consolidation* to consolidate Ferncliff Investors. The obligations of Ferncliff Investors do not have any recourse to the Company or the Operating Partnership.

Bainbridge Landing LLC is considered a voting interests entity. Ferncliff Investors accounts for its interest in the joint venture entity under the equity method because neither it nor the other member can exercise control over Bainbridge Landing LLC.

The Ferncliff Investors joint venture agreement provides for liquidation rights and distribution priorities that are disproportionate to member's ownership interest. Due to the complex nature of cash distributions to members, net income of the joint venture is allocated to members, including us, using the Hypothetical Liquidation at Book Value (HLBV) method. Under the HLBV method, Ferncliff Investors income or loss is allocated to the members based on the period change in each member's claim on the book value of net assets, excluding capital contributions and distributions made during the period.

The following table sets forth the income attributable to Ferncliff Investors' noncontrolling interests:

	Three Months Ended March 31,	
	2021	2020
Net income attributable to noncontrolling interests in Ferncliff Investors	$129	—

NONCONTROLLING INTERESTS IN THE OPERATING PARTNERSHIP

Noncontrolling interests in the Operating Partnership relate to the third-party ownership of Redeemable Operating Partnership Units. Net income attributable to the noncontrolling interests in the Operating Partnership is computed by applying the weighted average Redeemable Operating Partnership Units outstanding during the period as a percentage of the weighted average total units outstanding to the Operating Partnership's net income for the period. If a noncontrolling unitholder redeems a unit for a registered common share of Rayonier or cash, the noncontrolling interests in the Operating Partnership will be reduced and the Company's share in the Operating Partnership will be increased by the fair value of each security at the time of redemption.

The following table sets forth the Company's noncontrolling interests in the Operating Partnership:

	Three Months Ended March 31, 2021
Beginning noncontrolling interests in the Operating Partnership	$130,121
Adjustment of noncontrolling interests in the Operating Partnership	11,867
Conversions of Redeemable Operating Partnership Units to Common Shares	(4,715)
Net Income attributable to noncontrolling interests in the Operating Partnership	341
Other Comprehensive Income attributable to noncontrolling interests in the Operating Partnership	1,531
Distributions to noncontrolling interests in the Operating Partnership	(1,155)
Total noncontrolling interests in the Operating Partnership	$137,990

(Dollar amounts in thousands unless otherwise stated)

7. VARIABLE INTEREST ENTITIES

ORM Timber Fund II, Inc. (Fund II), ORM Timber Fund III LLC (Fund III), and ORM Timber Fund IV LLC. (Fund IV) (Collectively, the "Funds")

We are the manager of three private equity timber funds, Fund II, Fund III, and Fund IV, and maintain ownership interests in the Funds of 20%, 5%, and 15%, respectively. We determined, based upon an analysis under the variable interest entity guidance, that we have the power to direct the activities that most significantly impact the Funds' economic success. Therefore, we are considered the primary beneficiary and are required under ASC 810 — *Consolidation* to consolidate the Funds. For further information on the Funds, see Note 6 — Noncontrolling Interests.

The assets, liabilities and equity of the Funds as of March 31, 2021, were as follows:

Timber Funds	March 31, 2021
Assets:	
Cash and cash equivalents	$4,674
Accounts receivable	3,099
Prepaid expenses	9
Other current assets	237
Total current assets	8,019
Timber and timberlands, net of depletion and amortization	408,338
Other assets	74
Total assets	$416,431
Liabilities and Equity:	
Accounts payable	$2,064
Intercompany payable (a)	698
Accrued taxes	174
Accrued interest	505
Deferred revenue	323
Other current liabilities	514
Total current liabilities	4,278
Long-term debt, net of deferred financing costs	59,967
Funds' equity	352,186
Total liabilities and equity	$416,431

(a) Includes management fees and other expenses payable to the Operating Partnership. These amounts are eliminated in the Consolidated Balance Sheets.

(Dollar amounts in thousands unless otherwise stated)

Ferncliff Investors

We maintain an ownership interest in Ferncliff Investors, a real estate joint venture entity. Based upon an analysis under the variable interest entity guidance, we have the power to direct the activities that most significantly impact the joint venture's economic success. Therefore, we are considered the primary beneficiary and are required under ASC 810 — *Consolidation* to consolidate Ferncliff Investors. For further information on Ferncliff Investors, see Note 6 — Noncontrolling Interests.

The assets, liabilities and equity of Ferncliff Investors as of March 31, 2021, were as follows:

Ferncliff Investors	March 31, 2021
Assets:	
Cash and cash equivalents	$139
Intercompany receivable	61
Total current assets	200
Advances to real estate joint venture entity	1,000
Total assets	$1,200
Liabilities and equity:	
Total liabilities	$1,892
Ferncliff Investors' equity	(692)
Total liabilities and equity	$1,200

(Dollar amounts in thousands unless otherwise stated)

8. EARNINGS PER SHARE AND PER UNIT

The following table provides details of the calculations of basic and diluted earnings per common share of the Company:

	Three Months Ended March 31, 2021	2020
Earnings per common share - basic		
Numerator:		
Net Income	$15,032	$26,421
Less: Net income attributable to noncontrolling interests in the Operating Partnership	(341)	—
Less: Net income attributable to noncontrolling interests in consolidated affiliates	(3,843)	(567)
Net income attributable to Rayonier Inc.	$10,848	$25,854
Denominator:		
Denominator for basic earnings per common share - weighted average shares	137,870,821	129,137,494
Basic earnings per common share attributable to Rayonier Inc.:	$0.08	$0.20
Earnings per common share - diluted		
Numerator:		
Net Income	$15,032	$26,421
Less: Net income attributable to noncontrolling interests in consolidated affiliates	(3,843)	(567)
Net income attributable to Rayonier Inc., before net income attributable to noncontrolling interests in the Operating Partnership	$11,189	$25,854
Denominator:		
Denominator for basic earnings per common share - weighted average shares	137,870,821	129,137,494
Add: Dilutive effect of:		
Stock options	4,051	1,075
Performance shares, restricted shares and restricted stock units	353,131	209,481
Noncontrolling interests in Operating Partnership units	4,330,794	—
Denominator for diluted earnings per common share - adjusted weighted average shares	142,558,797	129,348,050
Diluted earnings per common share attributable to Rayonier Inc.:	$0.08	$0.20

	Three Months Ended March 31, 2021	2020
Anti-dilutive shares excluded from the computations of diluted earnings per common share:		
Stock options, performance shares, restricted shares and restricted stock units	194,256	406,326
Total	194,256	406,326

(Dollar amounts in thousands unless otherwise stated)

The following table provides details of the calculations of basic and diluted earnings per unit of the Operating Partnership:

	Three Months Ended March 31,	
	2021	2020
Earnings per unit - basic		
Numerator:		
Net Income	$15,032	$26,421
Less: Net income attributable to noncontrolling interests in consolidated affiliates	(3,843)	(567)
Net income available to unitholders	$11,189	$25,854
Denominator:		
Denominator for basic earnings per unit - weighted average units	142,201,615	129,137,494
Basic earnings per unit attributable to Rayonier, L.P.:	$0.08	$0.20
Earnings per unit - diluted		
Numerator:		
Net Income	$15,032	$26,421
Less: Net income attributable to noncontrolling interests in consolidated affiliates	(3,843)	(567)
Net income available to unitholders	$11,189	$25,854
Denominator:		
Denominator for basic earnings per unit - weighted average units	142,201,615	129,137,494
Add: Dilutive effect of unit equivalents:		
Stock options	4,051	1,075
Performance shares, restricted shares and restricted stock units	353,131	209,481
Denominator for diluted earnings per unit - adjusted weighted average units	142,558,797	129,348,050
Diluted earnings per unit attributable to Rayonier, L.P.:	$0.08	$0.20

	Three Months Ended March 31,	
	2021	2020
Anti-dilutive unit equivalents excluded from the computations of diluted earnings per unit:		
Stock options, performance shares, restricted shares and restricted stock units	194,256	406,326
Total	194,256	406,326

(Dollar amounts in thousands unless otherwise stated)

9. DEBT

Our debt consisted of the following at March 31, 2021:

	March 31, 2021
Debt, excluding Timber Funds:	
Term Credit Agreement borrowings due 2028 at a variable interest rate of 1.7% at March 31, 2021 (a)	$350,000
Senior Notes due 2022 at a fixed interest rate of 3.75%	325,000
Incremental Term Loan Agreement borrowings due 2026 at a variable interest rate of 2.0% at March 31, 2021 (b)	300,000
2020 Incremental Term Loan Facility borrowings due 2025 at a variable interest rate of 2.0% at March 31, 2021 (c)	250,000
New Zealand subsidiary noncontrolling interests shareholder loan due 2025 at a fixed interest rate of 2.95%	24,074
Northwest Farm Credit Services Credit Facility with quarterly interest-only payments, collateralized by Core Timberlands, with the following tranches	
Due 2025 at a fixed interest rate of 6.1%	11,512
Due 2028 at a fixed interest rate of 4.1%	11,984
Due 2033 at a fixed interest rate of 5.3%	19,363
Due 2036 at a fixed interest rate of 5.4%	9,838
Total debt, excluding Timber Funds	1,301,771
Less: Deferred financing costs, excluding Timber Funds	(2,338)
Long-term debt, net of deferred financing costs, excluding Timber Funds	1,299,433
Debt, Timber Funds:	
Fund II Mortgages Payable, collateralized by Fund II timberlands with quarterly interest payments, as follows: (d)	
Due 2022 at a variable interest rate of 2.0% at March 31, 2021	11,000
Due 2022 at a variable interest rate of 2.0% at March 31, 2021	14,000
Fund III Mortgages Payable, collateralized by Fund III timberlands with quarterly interest payments, as follows: (e)	
Due 2023 at a fixed interest rate of 5.1%	19,431
Due 2024 at a fixed interest rate of 4.5%	15,544
Total debt, Timber Funds	59,975
Less: Deferred financing costs, Timber Funds	(8)
Long-term debt, net of deferred financing costs, Timber Funds	59,967
Long-term debt, net of deferred financing costs	$1,359,400

(a) As of March 31, 2021, the periodic interest rate on the term credit agreement (the "Term Credit Agreement") was LIBOR plus 1.600%. We estimate the effective fixed interest rate on the term loan facility to be approximately 3.2% after consideration of interest rate swaps and estimated patronage refunds.

(b) As of March 31, 2021, the periodic interest rate on the incremental term loan (the "Incremental Term Loan Agreement") was LIBOR plus 1.900%. We estimate the effective fixed interest rate on the incremental term loan facility to be approximately 2.8% after consideration of interest rate swaps and estimated patronage refunds.

(c) As of March 31, 2021, the periodic interest rate on the 2020 incremental term loan (the "2020 Incremental Term Loan Facility") was LIBOR plus 1.850%. We estimate the effective fixed interest rate on the incremental term loan facility to be approximately 2.3% after consideration of interest rate swaps and estimated patronage refunds.

(d) As of March 31, 2021, the periodic interest rate on the Fund II Mortgages Payable was 3-month LIBOR plus 1.700%.

(e) As of March 31, 2021, we estimate the effective fixed interest rate on the Fund III Mortgages Payable due 2023 and 2024 to be approximately 3.9% and 3.2%, respectively, after consideration of estimated patronage refunds.

(Dollar amounts in thousands unless otherwise stated)

Principal payments due during the next five years and thereafter are as follows:

	Excluding Timber Funds	Timber Funds	Total
2021	—	—	—
2022	325,000	25,000	350,000
2023	—	17,980	17,980
2024	—	14,400	14,400
2025	284,074	—	284,074
Thereafter	685,000	—	685,000
Total Debt	$1,294,074	$57,380	$1,351,454

2021 DEBT ACTIVITY

U.S. Debt — Excluding Timber Funds

During the three months ended March 31, 2021, we made no borrowings or repayments on our Revolving Credit Facility**.** At March 31, 2021, we had available borrowings of $299.1 million under the Revolving Credit Facility, net of $0.9 million to secure our outstanding letters of credit.

U.S. Debt — Timber Funds

On January 1, 2021, both Fund II Mortgages Payable transitioned from a fixed interest rate of 2.0% to a variable rate of 3-month LIBOR plus 1.700%.

New Zealand

During the three months ended March 31, 2021, the New Zealand subsidiary made no borrowings or repayments on its working capital facility. At March 31, 2021, the New Zealand subsidiary had NZ$20.0 million of available borrowings under its working capital facility.

As of March 31, 2021, the outstanding balance on the shareholder loan is $24.1 million. Except for changes in the New Zealand foreign exchange rate, there have been no adjustments to the carrying value of the shareholder loan since its inception. See Note 6 — Noncontrolling Interests for more information regarding the New Zealand subsidiary.

DEBT COVENANTS — EXCLUDING TIMBER FUNDS

In connection with our $350 million Term Credit Agreement, $300 million Incremental Term Loan Agreement, $250 million 2020 Incremental Term Loan Agreement and $300 million Revolving Credit Facility, customary covenants must be met, the most significant of which include interest coverage and leverage ratios.

The covenants listed below, which are the most significant financial covenants in effect as of March 31, 2021, are calculated on a trailing 12-month basis:

	Covenant Requirement	Actual Ratio	Favorable
Covenant EBITDA to consolidated interest expense should not be less than	2.5 to 1	6.7 to 1	4.2
Covenant debt to covenant net worth plus covenant debt shall not exceed	65 %	47 %	18 %

(Dollar amounts in thousands unless otherwise stated)

In connection with our $45 million NWFCS Credit Facility, customary covenants must be met, the most significant of which include interest coverage and debt-to-capitalization ratios.

The covenants listed below, which are the most significant financial covenants in effect as of March 31, 2021, are calculated on a trailing 12-month basis:

	Covenant Requirement	Actual Ratio	Favorable
Covenant loan-to-appraised value shall not exceed	50%	12%	38 %
Covenant EBITDA to consolidated interest expense should not be less than	2.5 to 1	6.7 to 1	4.2
Covenant debt to covenant net worth plus covenant debt shall not exceed	65 %	47 %	18 %

In addition to these financial covenants listed above, the 2022 Notes, Term Credit Agreement, Incremental Term Loan Agreement, 2020 Incremental Term Loan Facility, Revolving Credit Facility, and NWFCS Credit Facility include customary covenants that limit the incurrence of debt and the disposition of assets, among others. At March 31, 2021, we were in compliance with all applicable covenants.

DEBT COVENANTS — TIMBER FUNDS

The Fund II Mortgages Payable to MetLife contain a requirement to maintain a loan-to-value ratio of less than 50%, with the denominator defined as fair market value of the timberland pledged as collateral.

The Fund III Mortgages Payable to NWFCS contain a requirement to maintain a minimum interest coverage ratio of 1.5:1, minimum working capital of $500,000, and a loan-to-value ratio of less than 50%, with the denominator defined as fair market value.

Both Timber Funds are in compliance with their respective debt covenants as of March 31, 2021.

10. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

We are exposed to market risk related to potential fluctuations in foreign currency exchange rates and interest rates. We use derivative financial instruments to mitigate the financial impact of exposure to these risks.

Accounting for derivative financial instruments is governed by ASC Topic 815, *Derivatives and Hedging*, (“ASC 815”). In accordance with ASC 815, we record our derivative instruments at fair value as either assets or liabilities in the Consolidated Balance Sheets. Changes in the instruments’ fair value are accounted for based on their intended use. Gains and losses on derivatives that are designated and qualify for cash flow hedge accounting are recorded as a component of accumulated other comprehensive loss (“AOCI”) and reclassified into earnings when the hedged transaction materializes. Gains and losses on derivatives that are designated and qualify for net investment hedge accounting are recorded as a component of AOCI and will not be reclassified into earnings until the investment is partially or completely liquidated. The changes in the fair value of derivatives not designated as hedging instruments and those which are no longer effective as hedging instruments, are recognized immediately in earnings.

FOREIGN CURRENCY EXCHANGE AND OPTION CONTRACTS

The functional currency of Rayonier New Zealand Limited, and the New Zealand subsidiary is the New Zealand dollar. The New Zealand subsidiary is exposed to foreign currency risk on export sales and ocean freight payments which are mainly denominated in U.S. dollars. The New Zealand subsidiary typically hedges 50% to 90% of its estimated foreign currency exposure with respect to the following twelve months forecasted sales and purchases, less distributions, and up to 75% of the forward 12 to 18 months. Additionally, the New Zealand subsidiary will occasionally hedge up to 50% of its estimated foreign currency exposure with respect to the following 18 to 48 months forecasted sales and purchases, less distributions, when the New Zealand dollar is at a cyclical low versus the U.S. dollar. Foreign currency exposure from the New Zealand subsidiary’s trading operations is typically hedged based on the following three months forecasted sales and purchases. As of March 31, 2021, foreign currency exchange contracts and foreign currency option contracts had maturity dates through September 2022 and August 2021, respectively.

(Dollar amounts in thousands unless otherwise stated)

Foreign currency exchange and option contracts hedging foreign currency risk on export sales and ocean freight payments qualify for cash flow hedge accounting. We may de-designate these cash flow hedge relationships in advance or at the occurrence of the forecasted transaction. The portion of gains or losses on the derivative instrument previously accumulated in other comprehensive loss for de-designated hedges remains in accumulated other comprehensive loss until the forecasted transaction affects earnings. Changes in the value of derivative instruments after de-designation are recorded in earnings.

INTEREST RATE SWAPS

We are exposed to cash flow interest rate risk on our variable-rate Term Credit Agreement, Incremental Term Loan Agreement and 2020 Incremental Term Loan Facility and use variable-to-fixed interest rate swaps to hedge this exposure. For these derivative instruments, we report the gains/losses from the fluctuations in the fair market value of the hedges in AOCI and reclassify them to earnings as interest expense in the same period in which the hedged interest payments affect earnings.

The following table contains information on the outstanding interest rate swaps as of March 31, 2021:

Outstanding Interest Rate Swaps (a)						
Date Entered Into	Term	Notional Amount	Related Debt Facility	Fixed Rate of Swap (b)	Bank Margin on Debt	Total Effective Interest Rate (c)
August 2015	9 years	$170,000	Term Credit Agreement	2.20 %	1.60 %	3.80 %
August 2015	9 years	180,000	Term Credit Agreement	2.35 %	1.60 %	3.95 %
April 2016	10 years	100,000	Incremental Term Loan	1.60 %	1.90 %	3.50 %
April 2016	10 years	100,000	Incremental Term Loan	1.60 %	1.90 %	3.50 %
July 2016	10 years	100,000	Incremental Term Loan	1.26 %	1.90 %	3.16 %
June 2020	10 years	250,000	2020 Incremental Term Loan	1.10 %	1.85 %	2.95 %

(a) All interest rate swaps have been designated as interest rate cash flow hedges and qualify for hedge accounting.

(b) The interest rate swap entered in June 2020, was an off-market derivative, meaning it contained an embedded financing element, which the counterparties recovered through an incremental charge in the fixed rate over what would have been charged for an at-market swap.

(c) Rate is before estimated patronage payments.

TREASURY LOCKS

During the first quarter of 2020, we entered into three treasury lock agreements, which were designated and qualified as cash flow hedges. Prior to expiration, we de-designated and settled the treasury locks by converting them into interest rate swap lock agreements (discussed below). To the extent we de-designate or terminate a cash flow hedging relationship and the associated hedged item continues to exist, any unrealized gain or loss of the cash flow hedge at the time of de-designation remains in accumulated other comprehensive loss and is amortized using the straight-line method through interest expense over the remaining life of the hedged item. As of March 31, 2021, there was $18.8 million recorded in accumulated other comprehensive loss in connection with the settled treasury locks which will be reclassified to earnings through interest expense over the life of the anticipated issued debt. For additional information regarding the expired treasury lock agreements, see *Note 16 - Derivative Instruments and Hedging Activities in our 2020 Form 10-K.*

(Dollar amounts in thousands unless otherwise stated)

INTEREST RATE SWAP LOCKS

Upon de-designation, we converted the above treasury lock agreements to interest rate swap lock agreements, which were designated and qualified as cash flow hedges. Prior to expiration, we de-designated and partially cash settled $11.1 million of the interest rate swap locks and converted them into interest rate swap agreements. To the extent we de-designate or terminate a cash flow hedging relationship and the associated hedged item continues to exist, any unrealized gain or loss of the cash flow hedge at the time of de-designation remains in accumulated other comprehensive loss and is amortized using the straight-line method through interest expense over the remaining life of the hedged item. As of March 31, 2021, there was $1.3 million recorded in accumulated other comprehensive loss in connection with settled interest rate swap locks which will be reclassified to earnings through interest expense over the life of the anticipated issued debt. For additional information regarding the expired interest rate swap lock agreements, see *Note 16 - Derivative Instruments and Hedging Activities in our 2020 Form 10-K.*

FORWARD-STARTING INTEREST RATE SWAPS

We are exposed to cash flow interest rate risk on anticipated debt issuances and use forward-starting interest rate swap agreements to hedge against changes in future cash flows resulting from changes in interest rates from the trade date through the anticipated issuance date. For these derivative instruments, we report the gains/losses from the fluctuations in the fair market value of the hedges in AOCI and reclassify them to earnings as interest expense in the same period in which the hedged interest payments affect earnings.

The following table contains information on the outstanding forward-starting interest rate swaps as of March 31, 2021:

Outstanding Forward-Starting Interest Rate Swaps (a)						
Date Entered Into	**Term**	**Notional Amount**	**Fixed Rate of Swap**	**Related Debt Facility**	**Forward Date**	**Maximum Period Ending for Forecasted Issuance Date**
February 2020	10 years	$325,000	1.40 %	Anticipated refinancing of Senior Notes due 2022	April 2022	April 2022
March 2020	4 years	100,000	0.88 %	Term Credit Agreement	August 2024	N/A
May 2020	4 years	50,000	0.74 %	Term Credit Agreement	August 2024	N/A

(a) All forward-starting interest rate swaps have been designated as interest rate cash flow hedges and qualify for hedge accounting.

CARBON OPTIONS

The New Zealand subsidiary enters into carbon options from time to time to sell carbon assets at certain prices. Changes in fair value of the carbon option contracts are recorded in “Interest and other miscellaneous expense, net” as the contracts do not qualify for hedge accounting treatment. As of March 31, 2021, all existing carbon option contracts have expired.

(Dollar amounts in thousands unless otherwise stated)

The following tables demonstrate the impact, gross of tax, of our derivatives on the Consolidated Statements of Income and Comprehensive Income for the three months ended March 31, 2021 and 2020:

		Three Months Ended March 31,	
	Income Statement Location	2021	2020
Derivatives designated as cash flow hedges:			
Foreign currency exchange contracts	Other comprehensive income (loss)	($2,852)	($5,480)
Foreign currency option contracts	Other comprehensive income (loss)	(929)	(1,149)
Interest rate swaps	Other comprehensive income (loss)	28,512	(39,450)
	Interest expense	3,438	452
Treasury locks	Other comprehensive income (loss)	—	(20,846)
	Interest expense	521	—
Interest rate swap locks	Other comprehensive income (loss)	—	854
	Interest expense	35	—
Forward-starting interest rate swaps	Other comprehensive income (loss)	31,219	(19,710)
Derivatives not designated as hedging instruments:			
Carbon option contracts	Interest and other miscellaneous income, net	—	549

During the next 12 months, the amount of the March 31, 2021 AOCI balance, net of tax, expected to be reclassified into earnings as a result of the maturation of our derivative instruments is a gain of approximately $2.6 million.

The following table contains the notional amounts of the derivative financial instruments recorded in the Consolidated Balance Sheets:

	Notional Amount	
	March 31, 2021	December 31, 2020
Derivatives designated as cash flow hedges:		
Foreign currency exchange contracts	$64,000	$49,000
Foreign currency option contracts	16,000	28,000
Interest rate swaps	900,000	900,000
Forward-starting interest rate swaps	475,000	475,000

(Dollar amounts in thousands unless otherwise stated)

The following table contains the fair values of the derivative financial instruments recorded in the Consolidated Balance Sheets:

	Location on Balance Sheet	Fair Value Assets / (Liabilities) (a)	
		March 31, 2021	December 31, 2020
Derivatives designated as cash flow hedges:			
Foreign currency exchange contracts	Other current assets	$3,477	$4,968
	Other assets	160	1,050
	Other current liabilities	(454)	—
	Other non-current liabilities	(17)	—
Foreign currency option contracts	Other current assets	592	1,526
	Other current liabilities	(7)	(11)
Interest rate swaps	Other assets	9,945	—
	Other non-current liabilities	(29,301)	(51,580)
Forward-starting interest rate swaps	Other assets	18,690	513
	Other non-current liabilities	—	(13,042)
Total derivative contracts:			
Other current assets		$4,069	$6,494
Other assets		28,795	1,563
Total derivative assets		$32,864	$8,057
Other current liabilities		(461)	(11)
Other non-current liabilities		(29,318)	(64,622)
Total derivative liabilities		($29,779)	($64,633)

(a) See Note 11 — Fair Value Measurements for further information on the fair value of our derivatives including their classification within the fair value hierarchy.

OFFSETTING DERIVATIVES

Derivative financial instruments are presented at their gross fair values in the Consolidated Balance Sheets. Our derivative financial instruments are not subject to master netting arrangements, which would allow the right of offset.

(Dollar amounts in thousands unless otherwise stated)

11. FAIR VALUE MEASUREMENTS

FAIR VALUE OF FINANCIAL INSTRUMENTS

A three-level hierarchy that prioritizes the inputs used to measure fair value was established in the Accounting Standards Codification as follows:

Level 1 — Quoted prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than quoted prices included in Level 1.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the carrying amount and estimated fair values of our financial instruments as of March 31, 2021 and December 31, 2020, using market information and what we believe to be appropriate valuation methodologies under GAAP:

	March 31, 2021			December 31, 2020		
	Carrying Amount	Fair Value		Carrying Amount	Fair Value	
Asset (Liability) (a)		Level 1	Level 2		Level 1	Level 2
Cash and cash equivalents, excluding Timber Funds	$77,946	$77,946	—	$80,454	$80,454	—
Cash and cash equivalents, Timber Funds	4,674	4,674	—	4,053	4,053	—
Restricted cash (b)	475	475	—	2,975	2,975	—
Long-term debt, excluding Timber Funds (c)	(1,299,433)	—	(1,304,371)	(1,300,336)	—	(1,313,631)
Long-term debt, Timber Funds (c)	(59,967)	—	(60,207)	(60,179)	—	(60,474)
Interest rate swaps (d)	(19,356)	—	(19,356)	(51,580)	—	(51,580)
Forward-starting interest rate swaps (d)	18,690	—	18,690	(12,529)	—	(12,529)
Foreign currency exchange contracts (d)	3,166	—	3,166	6,018	—	6,018
Foreign currency option contracts (d)	585	—	585	1,515	—	1,515
Noncontrolling Interests in the Operating Partnership (e)	137,990	137,990	—	130,121	130,121	—

(a) We did not have Level 3 assets or liabilities at March 31, 2021 and December 31, 2020.
(b) Restricted cash represents cash held in escrow. See Note 22 — Restricted Cash for additional information.
(c) The carrying amount of long-term debt is presented net of capitalized debt costs on non-revolving debt. See Note 9 — Debt for additional information.
(d) See Note 10 — Derivative Financial Instruments and Hedging Activities for information regarding the Consolidated Balance Sheets classification of our derivative financial instruments.
(e) Noncontrolling Interests in the Operating Partnership is neither an asset or liability and is classified as temporary equity in the Company's Consolidated Balance Sheets. This relates to the ownership of Rayonier, L.P. units by various individuals and entities other than the Company.

We use the following methods and assumptions in estimating the fair value of our financial instruments:

Cash and cash equivalents and Restricted cash — The carrying amount is equal to fair market value.

Debt — The fair value of fixed rate debt is based upon quoted market prices for debt with similar terms and maturities. The variable rate debt adjusts with changes in the market rate, therefore the carrying value approximates fair value.

Interest rate swap agreements — The fair value of interest rate contracts is determined by discounting the expected future cash flows, for each instrument, at prevailing interest rates.

Foreign currency exchange contracts — The fair value of foreign currency exchange contracts is determined by a mark-to-market valuation, which estimates fair value by discounting the difference between the contracted forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

(Dollar amounts in thousands unless otherwise stated)

Foreign currency option contracts — The fair value of foreign currency option contracts is based on a mark-to-market calculation using the Black-Scholes option pricing model.

Noncontrolling Interests in the Operating Partnership — The fair value of noncontrolling interests in the Operating Partnership is determined based on the period-end closing price of Rayonier Inc. common shares.

12. COMMITMENTS

At March 31, 2021, the future minimum payments under non-cancellable commitments were as follows:

	Environmental Remediation (a)	Development Projects (b)	Commitments (c)	Total
Remaining 2021	$814	$17,440	$11,445	$29,699
2022	2,097	3,182	17,901	23,180
2023	1,853	267	18,512	20,632
2024	1,853	267	15,671	17,791
2025	2,338	267	10,625	13,230
Thereafter	2,575	3,899	29,987	36,461
	$11,530	$25,322	$104,141	$140,993

(a) Environmental remediation represents our estimate of potential liability associated with environmental contamination and Natural Resource Damages (NRD) in Port Gamble, Washington. See Note 14 - Environmental and Natural Resource Damage Liabilities for additional information.

(b) Primarily consisting of payments expected to be made on our Wildlight and Richmond Hill development projects.

(c) Commitments include payments expected to be made on financial instruments (foreign exchange contracts, interest rate swaps and forward-starting interest rate swaps) and other purchase obligations.

13. CONTINGENCIES

We have been named as a defendant in various lawsuits and claims arising in the normal course of business. While we have procured reasonable and customary insurance covering risks normally occurring in connection with our businesses, we have in certain cases retained some risk through the operation of large deductible insurance plans, primarily in the areas of executive risk, property, automobile and general liability. These pending lawsuits and claims, either individually or in the aggregate, are not expected to have a material adverse effect on our financial position, results of operations, or cash flow.

14. ENVIRONMENTAL AND NATURAL RESOURCE DAMAGE LIABILITIES

Various federal and state environmental laws in the states in which we operate place cleanup or restoration liability on the current and former owners of affected real estate. These laws are often a source of “strict liability,” meaning that an owner or operator need not necessarily have caused, or even been aware of, the release of contaminated materials. Similarly, there are certain environmental laws that allow state, federal, and tribal trustees (collectively, the “Trustees”) to bring suit against property owners to recover damage for injuries to natural resources. Like the liability that attaches to current property owners in the cleanup context, liability for natural resource damages (“NRD”) can attach to a property simply because an injury to natural resources resulted from releases of contaminated materials on or from the owner’s property, regardless of culpability for the release. For additional information, see *Note 13 - Environmental and Natural Resource Damage Liabilities in the 2020 Form 10-K.*

(Dollar amounts in thousands unless otherwise stated)

Changes in environmental and NRD liabilities from December 31, 2020 to March 31, 2021 are shown below:

	Port Gamble, WA
Non-current portion at December 31, 2020	$10,615
Plus: Current portion	1,026
Total Balance at December 31, 2020	11,641
Expenditures	(111)
Total Balance at March 31, 2021	11,530
Less: Current portion	(930)
Non-current portion at March 31, 2021	$10,600

These estimates were based on assumptions that we believe to be reasonable; however, actual results may differ from these estimates. See Note 2 - Merger with Pope Resources for information regarding our preliminary estimates of fair value. It is expected that the upland mill site cleanup and NRD restoration will occur over the next two to three years, while the monitoring of Port Gamble Bay, mill site and landfills will continue for an additional 10 to 15 years. NRD costs are subject to change as the scope of the restoration projects become more clearly defined. It is reasonably possible that these components of the liability may increase as the project progresses. Management continues to monitor the Port Gamble cleanup process and will make adjustments as needed. Should any future circumstances result in a change to the estimated cost of the project, we will record an appropriate adjustment to the liability in the period it becomes known and when we can reasonably estimate the amount. For further information on the timing and amount of future payments related to our environmental remediation liabilities, see Note 12 - Commitments.

15. GUARANTEES

We provide financial guarantees as required by creditors, insurance programs, and various governmental agencies.

As of March 31, 2021, the following financial guarantees were outstanding:

Financial Commitments (a)	Maximum Potential Payment
Standby letters of credit	$885
Surety bonds (b)	9,340
Total financial commitments	$10,225

(a) We have not recorded any liabilities for these financial commitments in our Consolidated Balance Sheets. The guarantees are not subject to measurement, as the guarantees are dependent on our own performance.

(b) Surety bonds are issued primarily to secure performance obligations related to various operational activities, to provide collateral for our Wildlight development project in Nassau County, Florida and in connection with pending and completed sales from the Harbor Hill project in Gig Harbor, Washington. These surety bonds expire at various dates during 2021, 2022, 2023 and 2024 and are expected to be renewed as required.

(Dollar amounts in thousands unless otherwise stated)

16. HIGHER AND BETTER USE TIMBERLANDS AND REAL ESTATE DEVELOPMENT INVESTMENTS

We continuously assess potential alternative uses of our timberlands, as some properties may become more valuable for development, residential, recreation or other purposes. We periodically transfer, via a sale or contribution from the real estate investment trust ("REIT") entities to taxable REIT subsidiaries ("TRS"), higher and better use ("HBU") timberlands to enable land-use entitlement, development or marketing activities. We also acquire HBU properties in connection with timberland acquisitions. These properties are managed as timberlands until sold or developed. While the majority of HBU sales involve rural and recreational land, we also selectively pursue various land-use entitlements on certain properties for residential, commercial and industrial development in order to enhance the long-term value of such properties. For selected development properties, we also invest in targeted infrastructure improvements, such as roadways and utilities, to accelerate the marketability and improve the value of such properties.

Changes in higher and better use timberlands and real estate development investments from December 31, 2020 to March 31, 2021 are shown below:

	Higher and Better Use Timberlands and Real Estate Development Investments		
	Land and Timber	Development Investments	Total
Non-current portion at December 31, 2020	$79,901	$28,617	$108,518
Plus: Current portion (a)	212	6,544	6,756
Total Balance at December 31, 2020	80,113	35,161	115,274
Non-cash cost of land and improved development	(549)	(232)	(781)
Amortization of parcel real estate development investments	—	(139)	(139)
Timber depletion from harvesting activities and basis of timber sold in real estate sales	(243)	—	(243)
Capitalized real estate development investments (b)	—	5,291	5,291
Capital expenditures (silviculture)	96	—	96
Intersegment transfers	1,082	—	1,082
Purchase price allocation adjustment (c)	8,238	—	8,238
Total Balance at March 31, 2021	88,737	40,081	128,818
Less: Current portion (a)	(811)	(16,692)	(17,503)
Non-current portion at March 31, 2021	$87,926	$23,389	$111,315

(a) The current portion of Higher and Better Use Timberlands and Real Estate Development Investments is recorded in Inventory. See Note 17 — Inventory for additional information.
(b) Capitalized real estate development investments include $0.1 million of capitalized interest and $2.3 million of parcel real estate development investments. Parcel real estate development investments represent investments made for specific lots and/or commercial parcels that are currently under contract or expected to be ready for market within a year.
(c) Reflects measurement period adjustments on HBU properties acquired in the merger with Pope Resources. The estimated fair value of HBU properties acquired in the merger is approximately $34.7 million. This includes development properties in the town of Port Gamble, Washington, development projects in Gig Harbor, Kingston, and Bremerton, Washington and various other assets. See Note 2 - Merger with Pope Resources for additional information.

17. INVENTORY

As of March 31, 2021 and December 31, 2020, our inventory consisted entirely of finished goods, as follows:

	March 31, 2021	December 31, 2020
Finished goods inventory		
Real estate inventory (a)	$17,503	$6,756
Log inventory	7,490	3,838
Total inventory	$24,993	$10,594

(a) Represents the cost of HBU real estate (including capitalized development investments) under contract to be sold. See Note 16 — Higher And Better Use Timberlands and Real Estate Development Investments for additional information.

(Dollar amounts in thousands unless otherwise stated)

18. OTHER OPERATING INCOME (EXPENSE), NET

Other operating income (expense), net consisted of the following:

	Three Months Ended March 31,	
	2021	2020
Gain on foreign currency remeasurement, net of cash flow hedges	$2,429	$1,433
Gain on sale or disposal of property and equipment	90	3
Log trading marketing fees	6	47
Costs related to the merger with Pope Resources (a)	—	(2,487)
Equity income related to Bainbridge Landing LLC joint venture (b)	19	—
Miscellaneous expense, net	(96)	(107)
Total	$2,448	($1,111)

(a) Includes legal, accounting, due diligence, consulting and other costs related to the merger with Pope Resources. See Note 2 - Merger with Pope Resources and Note 24 - Charges for Integration and Restructuring for additional information.

(b) See Note 6 - Noncontrolling Interests and Note 7 - Variable Interest Entities for additional information on Ferncliff Investors.

19. EMPLOYEE BENEFIT PLANS

We have one qualified non-contributory defined benefit pension plan covering a portion of our employees and an unfunded plan that provides benefits in excess of amounts allowable under current tax law in the qualified plan. Both plans are closed to new participants. Effective December 31, 2016, we froze benefits for all employees participating in the pension plan. In lieu of the pension plan, we provide those employees with an enhanced 401(k) plan match. Employee benefit plan liabilities are calculated using actuarial estimates and management assumptions. These estimates are based on historical information, along with certain assumptions about future events. Changes in assumptions, as well as changes in actual experience, could cause the estimates to change.

We are not required to make mandatory 2021 pension contributions due to our plan's improved funding status and have made no pension contribution payments during the three months ended March 31, 2021.

The net pension and postretirement benefit (credits) costs that have been recorded are shown in the following table:

		Pension		Postretirement	
		Three Months Ended March 31,		Three Months Ended March 31,	
Components of Net Periodic Benefit (Credit) Cost	Income Statement Location	2021	2020	2021	2020
Service cost	Selling and general expenses	—	—	$2	$2
Interest cost	Interest and other miscellaneous expense, net	557	677	11	13
Expected return on plan assets (a)	Interest and other miscellaneous expense, net	(936)	(876)	—	—
Amortization of losses	Interest and other miscellaneous expense, net	288	215	5	2
Net periodic benefit (credit) cost		($91)	$16	$18	$17

(a) The weighted-average expected long-term rate of return on plan assets used in computing 2021 net periodic benefit cost for pension benefits is 5.7%.

(Dollar amounts in thousands unless otherwise stated)

20. INCOME TAXES

Rayonier is a REIT under the Internal Revenue Code and therefore generally does not pay U.S. federal or state income tax. As of March 31, 2021, Rayonier owns a 97.0% interest in the Operating Partnership and conducts substantially all of its timberland operations through the Operating Partnership. The taxable income or loss generated by the Operating Partnership is passed through and reported to its unit holders (including the Company) on a Schedule K-1 for inclusion in each unitholder's income tax return. Certain operations, including log trading and certain real estate activities, such as the entitlement, development and sale of HBU properties, are conducted through our TRS. The TRS subsidiaries are subject to United States federal and state corporate income tax. The New Zealand timber operations are conducted by the New Zealand subsidiary, which is subject to corporate-level tax at 28% in New Zealand and is treated as a partnership for U.S. income tax purposes.

PROVISION FOR INCOME TAXES

The Company's tax expense is principally related to corporate-level tax in New Zealand and non-resident withholding tax on repatriation of earnings from New Zealand. The following table contains the income tax expense recognized on the Consolidated Statements of Income and Comprehensive Income:

	Three Months Ended March 31,	
	2021	2020
Income tax expense	($3,421)	($3,706)

ANNUAL EFFECTIVE TAX RATE

The Company's effective tax rate after discrete items is below the 21.0% U.S. statutory rate due to tax benefits associated with being a REIT. The following table contains the Company's annualized effective tax rate after discrete items:

	Three Months Ended March 31,	
	2021	2020
Annualized effective tax rate after discrete items	11.6 %	12.1 %

(Dollar amounts in thousands unless otherwise stated)

21. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table summarizes the changes in AOCI by component for the three months ended March 31, 2021 and the year ended December 31, 2020. All amounts are presented net of tax and exclude portions attributable to noncontrolling interests.

	Foreign currency translation (loss) gains	Net investment hedges of New Zealand subsidiary	Cash flow hedges	Employee benefit plans	Total Rayonier, L.P.	Allocation to Operating Partnership	Total Rayonier Inc.
Balance as of December 31, 2019	($226)	$1,321	($8,910)	($23,387)	($31,202)	—	($31,202)
Other comprehensive income (loss) before reclassifications	22,928	—	(71,644)	(1,794)	(50,510)	—	(50,510)
Amounts reclassified from accumulated other comprehensive loss	—	—	9,498	869 (b)	10,367	(2,540)	7,827
Net other comprehensive income (loss)	22,928	—	(62,146)	(925)	(40,143)	(2,540)	(42,683)
Balance as of December 31, 2020	$22,702	$1,321	($71,056)	($24,312)	($71,345)	($2,540)	($73,885)
Other comprehensive (loss) income before reclassifications	(11,652)	—	56,637 (a)	—	44,985	—	44,985
Amounts reclassified from accumulated other comprehensive loss	—	—	4,991	294 (b)	5,285	(1,531)	3,754
Net other comprehensive (loss) income	(11,652)	—	61,628	294	50,270	(1,531)	48,739
Balance as of March 31, 2021	$11,050	$1,321	($9,428)	($24,018)	($21,075)	($4,071)	($25,146)

(a) Includes $59.7 million of other comprehensive loss related to interest rate swaps, treasury locks, interest rate swap locks and forward-starting interest rate swaps. See Note 10 — Derivative Financial Instruments and Hedging Activities for additional information.

(b) This component of other comprehensive (loss) income is included in the computation of net periodic pension and post-retirement costs. See Note 19 — Employee Benefit Plans for additional information.

The following table presents details of the amounts reclassified in their entirety from AOCI to net income for the three months ended March 31, 2021 and March 31, 2020:

Details about accumulated other comprehensive income (loss) components	Amount reclassified from accumulated other comprehensive income (loss) March 31, 2021	March 31, 2020	Affected line item in the income statement
Realized loss on foreign currency exchange contracts	$1,205	$18	Other operating expense, net
Realized loss on foreign currency option contracts	594	9	Other operating expense, net
Noncontrolling interests	(414)	(6)	Comprehensive (loss) income attributable to noncontrolling interests
Realized loss (gain) on interest rate contracts	3,994	(452)	Interest expense
Income tax expense from net gain on foreign currency contracts	(388)	(6)	Income tax expense
Net loss (gain) from accumulated other comprehensive income	$4,991	($437)	

(Dollar amounts in thousands unless otherwise stated)

22. RESTRICTED CASH

Restricted cash includes cash balances held in escrow as collateral for certain contractual obligations related to our Richmond Hill development project as well as cash held in escrow for real estate sales. As of March 31, 2021 and December 31, 2020, we had $0.5 million and $3.0 million, respectively, of restricted cash held in escrow. In addition, in order to qualify for like-kind exchange ("LKE") treatment, the proceeds from real estate sales must be deposited with a third-party intermediary. These proceeds are accounted for as restricted cash until a suitable replacement property is acquired. In the event LKE purchases are not completed, the proceeds are returned to us after 180 days and reclassified as available cash. As of March 31, 2021 and December 31, 2020, we had no proceeds from real estate sales classified as restricted cash which were deposited with an LKE intermediary.

The following table contains the amounts of restricted cash recorded in the Consolidated Balance Sheets and Consolidated Statements of Cash Flows for the three months ended March 31, 2021:

	March 31, 2021
Restricted cash held in escrow	$475
Total restricted cash shown in the Consolidated Balance Sheets	475
Cash and cash equivalents	82,620
Total cash, cash equivalents and restricted cash shown in the Consolidated Statements of Cash Flows	$83,095

23. ASSETS HELD FOR SALE

Assets held for sale is composed of properties under contract and expected to be sold within 12 months that also meet the other relevant held-for sale criteria in accordance with ASC 360-10-45-9. As of March 31, 2021 and December 31, 2020, the basis in properties meeting this classification was $7.9 million and $3.4 million, respectively. Since the basis in these properties was less than the fair value, including costs to sell, no impairment was recognized.

(Dollar amounts in thousands unless otherwise stated)

24. CHARGES FOR INTEGRATION AND RESTRUCTURING

During 2020, we incurred and accrued for termination benefits (primarily severance) and accelerated share-based payment costs based upon actual and expected qualifying terminations of certain employees as a result of restructuring decisions made concurrent with and subsequent to the merger with Pope Resources. We also incurred non-recurring professional services costs for investment banking, legal, consulting, accounting and certain other fees directly attributable to the merger with Pope Resources.

A summary of the charges for integration and restructuring related to the merger with Pope Resources is presented below:

	Three Months Ended March 31,	
	2021	2020
Professional services	—	$2,347
Other integration and restructuring costs	—	140
Total integration and restructuring charges related to the merger with Pope Resources	—	$2,487

Changes in accrued severance related to restructuring during the three months ended March 31, 2021 were as follows:

	Three Months Ended March 31, 2021
Accrued severance as of December 31, 2020	$112
Payments	(53)
Accrued severance as of March 31, 2021	$59

Accrued severance is recorded within “Accrued Payroll and Benefits” in our Consolidated Balance Sheets. The majority of the accrued severance balance as of March 31, 2021 is expected to be paid within one year.

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (“MD&A”)

When we refer to “Rayonier” or “the Company” we mean Rayonier Inc. and its consolidated subsidiaries. References to the “Operating Partnership” mean Rayonier, L.P. and its consolidated subsidiaries. References to “we,” “us,” or “our,” mean collectively Rayonier Inc., the Operating Partnership and entities/subsidiaries owned or controlled by Rayonier Inc. and/or the Operating Partnership. References herein to “Notes to Financial Statements” refer to the Notes to Consolidated Financial Statements of Rayonier Inc. and Rayonier, L.P. included in Item 1 of this report.

This MD&A is intended to provide a reader of our financial statements with a narrative from the perspective of management on our financial condition, results of operations, liquidity, and certain other factors which may affect future results. Our MD&A should be read in conjunction with our Consolidated Financial Statements included in Item 1 of this report, our Annual Report on Form 10-K for the year ended December 31, 2020 (the “2020 Form 10-K”) and information contained in our subsequent reports filed with the Securities and Exchange Commission (the “SEC”).

FORWARD-LOOKING STATEMENTS

Certain statements in this document regarding anticipated financial outcomes, including our earnings guidance, if any, business and market conditions, outlook, expected dividend rate, our business strategies, including the recent acquisition of Pope Resources, expected harvest schedules, timberland acquisitions and dispositions, the anticipated benefits of our business strategies, and other similar statements relating to our 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 risk factors contained in Item 1A — *Risk Factors* in our 2020 Form 10-K and similar discussions included in other reports that we subsequently file with the SEC, among others, could cause actual results or events to differ materially from our historical experience and those expressed in forward-looking statements made in this document.

Forward-looking statements are only as of the date they are made, and we undertake no duty to update our forward-looking statements except as required by law. You are advised, however, to review any subsequent disclosures we make on related subjects in subsequent reports filed with the SEC.

NON-GAAP MEASURES

To supplement our financial statements presented in accordance with generally accepted accounting principles in the United States (“GAAP”), we use certain non-GAAP measures, including “Cash Available for Distribution,” and “Adjusted EBITDA,” which are defined and further explained in *Performance and Liquidity Indicators* below. Reconciliation of such measures to the nearest GAAP measures can also be found in *Performance and Liquidity Indicators* below. Our 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.

OUR COMPANY

We are a leading timberland real estate investment trust (“REIT”) with assets located in some of the most productive softwood timber growing regions in the United States and New Zealand. We invest in timberlands and actively manage them to provide current income and attractive long-term returns to our shareholders. We conduct our business through an umbrella partnership real estate investment trust (“UPREIT”) structure in which our assets are owned by our Operating Partnership and its subsidiaries. Rayonier manages the Operating Partnership as its sole general partner. Our revenues, operating income and cash flows are primarily derived from the following core business segments: Southern Timber, Pacific Northwest Timber, New Zealand Timber, Timber Funds, Real Estate, and Trading. As of March 31, 2021, we owned or leased under long-term agreements approximately 2.7 million acres of timberlands located in the U.S. South (1.75 million acres), U.S. Pacific Northwest (507,000 acres) and New Zealand (417,000 gross acres or 296,000 net plantable acres). We also act as the managing member in a private equity timber fund business with three funds comprising approximately 141,000 acres. On a “look-through basis,” our ownership in the timber fund business equates to approximately 17,000 acres.

SEGMENT INFORMATION

The Southern Timber, Pacific Northwest Timber, New Zealand Timber, and Timber Funds segments include all activities related to the harvesting of timber and other non-timber income activities, such as the licensing of properties for hunting, the leasing of properties for mineral extraction and cell towers, and carbon credit sales. Our New Zealand operations are conducted by Matariki Forestry Group, a joint venture (the “New Zealand subsidiary”), in which we maintain a 77% ownership interest. The Timber Funds segment operations are managed by ORM LLC, a subsidiary acquired in the merger with Pope Resources. We own approximately 20% of Fund II, 5% of Fund III and 15% of Fund IV. When referring to our proportionate ownership share of the Timber Funds segment, we will refer to the sums as “look-through” totals. See Note 6 - Noncontrolling Interests for additional information regarding our noncontrolling interests in the New Zealand Timber and Timber Funds segments.

The Real Estate segment includes all U.S. and New Zealand land or leasehold sales disaggregated into six sales categories: Improved Development, Unimproved Development, Rural, Timberland & Non-Strategic, Conservation Easement and Large Dispositions. It also includes residential and commercial lease activity, primarily in the town of Port Gamble, Washington.

The Trading segment primarily reflects log trading activities in New Zealand and Australia conducted by our New Zealand subsidiary. Our Trading segment activities include an export services joint venture with a third-party forest manager in which Matariki Forests Trading Ltd maintains a 50% ownership interest. The Trading segment complements the New Zealand Timber segment by providing added market intelligence, increasing the scale of export operations and achieving cost savings that directly benefit the New Zealand Timber segment. This additional market intelligence also benefits our Southern and Pacific Northwest export log marketing.

ENVIRONMENTAL MATTERS

For a full description of our environmental matters, see Item 1 - “Business” in our Annual Report on Form 10-K for the year ended December 31, 2020 and comprehensive environmental and carbon reports located at our Responsible Stewardship webpage.

INDUSTRY AND MARKET CONDITIONS

The demand for timber is directly related to the underlying demand for pulp, paper, packaging, lumber and other wood products. The significant majority of timber sold in our Southern Timber segment is consumed domestically. With a higher proportion of pulpwood, our Southern Timber segment relies heavily on downstream markets for pulp and paper, and to a lesser extent wood pellet markets. Our Pacific Northwest Timber and Timber Funds segments rely primarily on domestic customers but also export a significant volume of timber, particularly to China. The Southern, Pacific Northwest Timber and Timber Funds segments rely on the strength of U.S. lumber markets as well as underlying housing starts. Our New Zealand Timber segment sells timber to domestic New Zealand wood products mills and also exports a significant portion of its volume to markets in China, South Korea and India. In addition to market dynamics in the Pacific Rim, the New Zealand Timber segment is subject to foreign exchange fluctuations, which can impact the operating results of the segment in U.S. dollar terms.

As the current novel coronavirus ("COVID-19") pandemic continues to evolve, the expected duration and the extent of economic disruption it may ultimately cause remain uncertain. Local, state and national governments continue to evaluate policies and restrictions in order to mitigate the spread of COVID-19. Government-mandated shutdowns or shelter-in-place orders in markets in which we operate could negatively impact our results. Further, prolonged periods of lower overall business activity as a result of COVID-19 could cause significant damage to the underlying economy, which would likely impact U.S. timber markets. We will continue to monitor COVID-19 and its impact on the markets in which we operate going forward.

We are also subject to the risk of price fluctuations in our major cost components. The primary components of our cost of sales are the cost basis of timber sold (depletion), the cost basis of real estate sold and logging and transportation costs (cut and haul). Depletion includes the amortization of capitalized costs (site preparation, planting and fertilization, real estate taxes, timberland lease payments and certain payroll costs). Other costs include amortization of capitalized costs related to road and bridge construction and software, depreciation of fixed assets and equipment, road maintenance, severance and excise taxes, fire prevention and real estate commissions and closing costs.

For additional information on market conditions impacting our business, see Results of Operations.

CRITICAL ACCOUNTING POLICIES AND USE OF ESTIMATES

The preparation of financial statements requires us to make estimates, assumptions and judgments that affect our assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. We base these estimates and assumptions on historical data and trends, current fact patterns, expectations and other sources of information we believe are reasonable. Actual results may differ from these estimates. For a full description of our critical accounting policies, see Item 7 — *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our 2020 Form 10-K.

DISCUSSION OF TIMBER INVENTORY AND SUSTAINABLE YIELD

See Item 1 — *Business — Discussion of Timber Inventory and Sustainable Yield* in our 2020 Form 10-K.

OUR TIMBERLANDS

Our timber operations are comprised of our core timberland holdings, which are disaggregated into three geographically distinct reporting segments: Southern Timber, Pacific Northwest Timber and New Zealand Timber in addition to our timber fund holdings, which represents our ownership in Timber Funds II, III and IV. The following tables provide a breakdown of our timberland holdings as of March 31, 2021 and December 31, 2020:

Core Timberland Holdings						
(acres in 000s)	As of March 31, 2021			As of December 31, 2020		
	Owned	Leased	Total	Owned	Leased	Total
Southern						
Alabama	223	14	237	223	14	237
Arkansas	—	6	6	—	6	6
Florida	345	61	406	327	61	388
Georgia	611	64	675	602	71	673
Louisiana	140	—	140	140	—	140
Oklahoma	92	—	92	92	—	92
South Carolina	16	—	16	16	—	16
Texas	179	—	179	181	—	181
	1,606	145	1,751	1,581	152	1,733
Pacific Northwest						
Oregon	61	—	61	61	—	61
Washington	442	4	446	442	4	446
	503	4	507	503	4	507
New Zealand (a)	185	232	417	185	232	417
Total	2,294	381	2,675	2,269	388	2,657

(a) Represents legal acres owned and leased by the New Zealand subsidiary, in which we own a 77% interest. As of March 31, 2021, legal acres in New Zealand consisted of 296,000 plantable acres and 121,000 non-productive acres.

Timber Fund Holdings				
(acres in 000s)	As of March 31, 2021		As of December 31, 2020	
	Total	Look-through	Total	Look-through
Timber Funds				
Oregon	51	7	51	7
Washington	71	9	71	9
California	19	1	19	1
Total	141	17	141	17

(acres in 000s)	Total Timberland under Management As of March 31, 2021 Total	As of December 31, 2020 Total
Southern	1,751	1,733
Pacific Northwest	507	507
New Zealand	417	417
Timber Funds	141	141
Total	2,816	2,798

The following tables detail activity for owned and leased acres in our core timberland holdings by state from December 31, 2020 to March 31, 2021:

(acres in 000s)	Acres Owned				
	December 31, 2020	Acquisitions	Sales	Other	March 31, 2021
Southern					
Alabama	223	—	—	—	223
Florida	327	18	—	—	345
Georgia	602	9	—	—	611
Louisiana	140	—	—	—	140
Oklahoma	92	—	—	—	92
South Carolina	16	—	—	—	16
Texas	181	—	(2)	—	179
	1,581	27	(2)	—	1,606
Pacific Northwest					
Oregon	61	—	—	—	61
Washington	442	—	—	—	442
	503	—	—	—	503
New Zealand (a)	185	—	—	—	185
Total	2,269	27	(2)	—	2,294

(a) Represents legal acres owned by the New Zealand subsidiary, in which we have a 77% interest.

(acres in 000s)	Acres Leased				
	December 31, 2020	New Leases	Sold/Expired Leases (a)	Other (b)	March 31, 2021
Southern					
Alabama	14	—	—	—	14
Arkansas	6	—	—	—	6
Florida	61	—	—	—	61
Georgia	71	—	(1)	(6)	64
	152	—	(1)	(6)	145
Pacific Northwest					
Washington (c)	4	—	—	—	4
New Zealand (d)	232	—	—	—	232
Total	388	—	(1)	(6)	381

(a) Includes acres previously under lease that have been harvested and activity for the relinquishment of leased acres.
(b) Includes acres previously under lease that we have acquired as fee ownership.
(c) Primarily timber reservations acquired in the merger with Pope Resources.
(d) Represents legal acres leased by the New Zealand subsidiary, in which we have a 77% interest.

The following table details activity in our timber fund holdings by state from December 31, 2020 to March 31, 2021:

(acres in 000s)	Acres Owned				
	December 31, 2020	**Acquisitions**	**Sales**	**Other**	**March 31, 2021**
Fund II					
Oregon	18	—	—	—	18
Washington	13	—	—	—	13
Total Fund II	31	—	—	—	31
Look-through share of Fund II	6	—	—	—	6
Fund III					
Oregon	13	—	—	—	13
Washington	25	—	—	—	25
California	19	—	—	—	19
Total Fund III	57	—	—	—	57
Look-through share of Fund III	3	—	—	—	3
Fund IV					
Oregon	20	—	—	—	20
Washington	33	—	—	—	33
Total Fund IV	53	—	—	—	53
Look-through share of Fund IV	8	—	—	—	8
Total Timber Funds	141	—	—	—	141
Look-through share of Funds	17	—	—	—	17

RESULTS OF OPERATIONS

CONSOLIDATED RESULTS

The following table provides key financial information by segment and on a consolidated basis:

Financial Information (in millions)	Three Months Ended March 31, 2021	2020
Sales		
Southern Timber	$51.7	$53.0
Pacific Northwest Timber	41.5	31.1
New Zealand Timber	57.6	37.5
Timber Funds	14.9	—
Real Estate		
Improved Development	0.3	—
Rural	9.8	2.4
Deferred Revenue/Other (a)	0.5	0.1
Large Dispositions	—	116.0
Total Real Estate	10.5	118.5
Trading	16.7	19.0
Intersegment Eliminations	(1.5)	—
Total Sales	$191.4	$259.1
Operating Income (Loss)		
Southern Timber	$17.3	$15.1
Pacific Northwest Timber	1.3	(0.9)
New Zealand Timber	14.0	5.4
Timber Funds	1.5	—
Real Estate (b)	1.7	26.8
Trading	0.2	—
Corporate and Other	(7.6)	(7.8)
Operating Income	28.5	38.6
Interest expense, interest income and other	(10.0)	(8.5)
Income tax expense	(3.5)	(3.7)
Net Income	15.0	26.4
Less: Net income attributable to noncontrolling interests in consolidated affiliates	(3.8)	(0.5)
Net Income Attributable to Rayonier, L.P.	$11.2	$25.9
Less: Net income attributable to noncontrolling interests in the Operating Partnership	(0.4)	—
Net Income Attributable to Rayonier Inc.	$10.8	$25.9
Adjusted EBITDA (c)		
Southern Timber	$31.7	$33.3
Pacific Northwest Timber	17.6	9.8
New Zealand Timber	21.2	10.2
Timber Funds	1.0	—
Real Estate	5.1	(1.1)
Trading	0.2	—
Corporate and Other	(7.3)	(5.0)
Total Adjusted EBITDA	$69.5	$47.1

(a) Includes deferred revenue adjustments, revenue true-ups and marketing fees related to Improved Development sales in addition to residential and commercial lease revenue.
(b) The three months ended March 31, 2020 includes $28.7 million from a Large Disposition.
(c) Adjusted EBITDA is a non-GAAP measure defined and reconciled in Performance and Liquidity Indicators.

Southern Timber Overview	Three Months Ended March 31, 2021	2020
Sales Volume (in thousands of tons)		
Pine Pulpwood	843	1,133
Pine Sawtimber	638	680
Total Pine Volume	1,481	1,813
Hardwood	31	30
Total Volume	1,512	1,843
Percentage Delivered Sales	36 %	32 %
Percentage Stumpage Sales	64 %	68 %
Net Stumpage Pricing (dollars per ton)		
Pine Pulpwood	$17.10	$16.05
Pine Sawtimber	27.51	26.67
Weighted Average Pine	$21.58	$20.03
Hardwood	10.51	12.74
Weighted Average Total	$21.35	$19.91
Summary Financial Data (in millions of dollars)		
Timber Sales	$44.2	$47.5
Less: Cut, Haul & Freight	(11.9)	(10.8)
Net Stumpage Sales	$32.3	$36.7
Non-Timber Sales	7.5	5.5
Total Sales	$51.7	$53.0
Operating Income	$17.3	$15.1
(+) Depreciation, depletion and amortization	14.4	18.2
Adjusted EBITDA (a)	$31.7	$33.3
Other Data		
Period-End Acres (in thousands)	1,751	1,780

(a) Adjusted EBITDA is a non-GAAP measure defined and reconciled in Performance and Liquidity Indicators.

Pacific Northwest Timber Overview	Three Months Ended March 31, 2021	2020
Sales Volume (in thousands of tons)		
Pulpwood	79	82
Sawtimber	457	393
Total Volume	536	476
Sales Volume (converted to MBF)		
Pulpwood	7,559	7,789
Sawtimber	57,905	50,406
Total Volume	65,464	58,194
Percentage Delivered Sales	78 %	78 %
Percentage Sawtimber Sales	85 %	83 %
Delivered Log Pricing (in dollars per ton)		
Pulpwood	$29.36	$38.11
Sawtimber	90.98	75.40
Weighted Average Log Price	$81.64	$68.29
Summary Financial Data (in millions of dollars)		
Timber Sales	$40.3	$30.6
Less: Cut and Haul	(16.0)	(14.2)
Net Stumpage Sales	$24.3	$16.4
Non-Timber Sales	1.3	0.5
Total Sales	$41.5	$31.1
Operating Income (Loss)	$1.3	($0.9)
(+) Depreciation, depletion and amortization	16.3	10.7
Adjusted EBITDA (a)	$17.6	$9.8
Other Data		
Period-End Acres (in thousands)	507	384
Sawtimber (in dollars per MBF)	$730	$611
Estimated Percentage of Export Volume	10 %	2 %

(a) Adjusted EBITDA is a non-GAAP measure defined and reconciled in Performance and Liquidity Indicators.

New Zealand Timber Overview	Three Months Ended March 31, 2021	2020
Sales Volume (in thousands of tons)		
Domestic Pulpwood (Delivered)	106	101
Domestic Sawtimber (Delivered)	159	147
Export Pulpwood (Delivered)	47	16
Export Sawtimber (Delivered)	287	216
Total Volume	599	481
Delivered Log Pricing (in dollars per ton)		
Domestic Pulpwood	$40.15	$33.84
Domestic Sawtimber	80.95	69.97
Export Sawtimber	121.65	94.86
Weighted Average Log Price	$95.70	$74.16
Summary Financial Data (in millions of dollars)		
Timber Sales	$57.3	$35.6
Less: Cut and Haul	(20.9)	(15.2)
Less: Port and Freight Costs	(12.0)	(8.0)
Net Stumpage Sales	$24.4	$12.4
Non-Timber Sales / Carbon Credits	0.2	1.9
Total Sales	$57.6	$37.5
Operating Income	$14.0	$5.4
(+) Depreciation, depletion and amortization	7.2	4.8
Adjusted EBITDA (a)	$21.2	$10.2
Other Data		
New Zealand Dollar to U.S. Dollar Exchange Rate (b)	0.7217	0.6500
Net Plantable Period-End Acres (in thousands)	296	295
Export Sawtimber (in dollars per JAS m^3)	$141.45	$110.29
Domestic Sawtimber (in $NZD per tonne)	$123.39	$118.41

(a) Adjusted EBITDA is a non-GAAP measure defined and reconciled in Performance and Liquidity Indicators.

(b) Represents the period-average rate.

Timber Funds Overview	Three Months Ended March 31, 2021	2020
Sales Volume (in thousands of tons)		
Pulpwood	9	—
Sawtimber	136	—
Total Volume	145	—
Summary Financial Data (in millions of dollars)		
Timber Sales	$13.6	—
Less: Cut and Haul	(5.5)	—
Net Stumpage Sales	$8.1	—
Timberland Management Fees	1.4	—
Total Sales	$14.9	—
Operating Income	$1.5	—
Operating income attributable to NCI in Timber Funds	(1.1)	—
(+) Depreciation, depletion and amortization (“Look-through”)	0.6	—
Adjusted EBITDA (a)	$1.0	—
Other Data		
Period-End Acres (in thousands)	141	—
“Look-through” Period-End Acres (in thousands)	17	—

(a) Adjusted EBITDA is a non-GAAP measure defined and reconciled in Performance and Liquidity Indicators.

Trading Overview	Three Months Ended March 31, 2021	2020
Sales Volume (in thousands of tons)		
NZ Trading - Domestic	13	8
NZ Trading - Export	128	199
Total Volume	141	207
Summary Financial Data (in millions of dollars)		
Trading Sales	$16.2	$18.6
Non-Timber Sales	0.4	0.3
Total Sales	$16.7	$19.0
Operating Income	$0.2	—
Adjusted EBITDA (a)	$0.2	—

(a) Adjusted EBITDA is a non-GAAP measure defined and reconciled in Performance and Liquidity Indicators.

Real Estate Overview	Three Months Ended March 31, 2021	2020
Sales (in millions of dollars)		
Improved Development	$0.3	—
Rural	9.8	2.4
Deferred Revenue/Other (a)	0.5	0.1
Large Dispositions (b)	—	116.0
Total Sales	$10.5	$118.5
Acres Sold		
Improved Development	0.6	—
Rural	2,394	624
Large Dispositions (b)	—	66,946
Total Acres Sold	2,395	67,570
Gross Price per Acre (dollars per acre)		
Improved Development	$406,452	—
Rural	4,079	3,842
Large Dispositions (b)	—	1,733
Weighted Average (Total) (c)	$4,183	$3,842
Weighted Average (Adjusted) (d)	$4,079	$3,842
Sales (Excluding Large Dispositions)	$10.5	$2.5
Operating Income	$1.7	$26.8
(+) Depreciation, depletion and amortization	1.6	0.4
(+) Non-cash cost of land and improved development	1.8	0.4
(–) Large Dispositions (b)	—	(28.7)
Adjusted EBITDA (e)	$5.1	($1.1)

(a) Includes deferred revenue adjustments, revenue true-ups and marketing fees related to Improved Development sales in addition to residential and commercial lease revenue.

(b) Large Dispositions are defined as transactions involving the sale of timberland that exceed $20 million in size and do not have a demonstrable premium relative to timberland value. In March 2020, we completed the disposition of approximately 67,000 acres located in Mississippi for a sales price and gain of approximately $116.0 million and $28.7 million, respectively.

(c) Excludes Large Dispositions.

(d) Excludes Improved Development and Large Dispositions.

(e) Adjusted EBITDA is a non-GAAP measure defined and reconciled in Performance and Liquidity Indicators.

Capital Expenditures By Segment (in millions of dollars)	Three Months Ended March 31, 2021	2020
Timber Capital Expenditures		
Southern Timber		
Reforestation, silviculture and other capital expenditures	$3.3	$7.1
Property taxes	1.5	1.7
Lease payments	0.8	1.1
Allocated overhead	1.2	1.3
Subtotal Southern Timber	$6.7	$11.1
Pacific Northwest Timber		
Reforestation, silviculture and other capital expenditures	2.7	2.3
Property taxes	0.3	0.2
Allocated overhead	1.2	0.8
Subtotal Pacific Northwest Timber	$4.1	$3.3
New Zealand Timber		
Reforestation, silviculture and other capital expenditures	2.0	1.5
Property taxes	0.2	0.2
Lease payments	0.5	0.4
Allocated overhead	0.7	0.6
Subtotal New Zealand Timber	$3.4	$2.7
Total Timber Segments Capital Expenditures	$14.2	$17.1
Timber Funds (“Look-through”) (a)	0.2	—
Real Estate	0.1	0.1
Total Capital Expenditures	$14.5	$17.2
Timberland Acquisitions		
Southern Timber	$29.9	$24.1
Timberland Acquisitions	$29.9	$24.1
Real Estate Development Investments (b)	$3.0	$1.7

(a) The three months ended March 31, 2021 excludes $1.3 million of capital expenditures attributable to noncontrolling interests in Timber Funds.
(b) Represents investments in master infrastructure or entitlements in our real estate development projects. Real Estate Development Investments are amortized as the underlying properties are sold and included in Non-Cash Cost of Land and Improved Development.

The following tables summarize sales, operating income (loss) and Adjusted EBITDA variances for March 31, 2021 versus March 31, 2020 (millions of dollars):

Sales	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Timber Funds	Real Estate	Trading	Intersegment Eliminations	Total
Three Months Ended March 31, 2020	$53.0	$31.1	$37.5	—	$118.5	$19.0	—	$259.1
Volume	(6.6)	2.1	9.2	—	6.3	(5.9)	—	5.1
Price	2.2	5.8	9.5	—	1.1	3.5	—	22.1
Non-timber sales	2.0	0.8	(1.9)	—	—	0.1	—	1.0
Foreign exchange (a)	—	—	1.7	—	—	—	—	1.7
Other	1.1 (b)	1.7 (b)	1.6 (c)	14.9 (d)	(115.4) (e)	—	(1.5) (f)	(97.6)
Three Months Ended March 31, 2021	$51.7	$41.5	$57.6	$14.9	$10.5	$16.7	($1.5)	$191.4

(a) Net of currency hedging impact.
(b) Includes variance due to stumpage versus delivered sales.
(c) Includes variance due to domestic versus export sales.
(d) Timber Funds was a new segment in Q2 2020. Includes $11.9 million of sales attributable to noncontrolling interests in Timber Funds and $1.4 million of sales related to timberland investment management fees paid to us by the timber funds.
(e) Includes $116.0 million of sales from a Large Disposition in Q1 2020, partially offset by deferred revenue adjustments and marketing fees related to Improved Development sales, as well as residential and commercial lease revenue.
(f) Includes $1.4 million of Intersegment eliminations related to timberland management fees paid to us by the timber funds and reported as sales within the Timber Funds segment.

Operating Income (Loss)	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Timber Funds	Real Estate	Trading	Corporate and Other	Total
Three Months Ended March 31, 2020	$15.1	($0.9)	$5.4	—	$26.8	—	($7.8)	$38.6
Volume	(3.4)	0.3	1.8	—	4.5	—	—	3.2
Price	2.2	5.8	9.5	—	1.1	—	—	18.6
Cost	0.6	(0.4)	0.2	—	(1.5)	0.5	0.2	(0.4)
Non-timber income	2.2	0.8	(1.8)	—	—	(0.3)	—	0.9
Foreign exchange (a)	—	—	(0.4)	—	—	—	—	(0.4)
Depreciation, depletion & amortization	0.6	(4.3)	(0.7)	—	(0.3)	—	—	(4.7)
Non-cash cost of land and improved development	—	—	—	—	(0.4)	—	—	(0.4)
Other (b)	—	—	—	1.5	(28.5)	—	—	(27.0)
Three Months Ended March 31, 2021	$17.3	$1.3	$14.0	$1.5	$1.7	$0.2	($7.6)	$28.5

(a) Net of currency hedging impact.
(b) Timber Funds was a new segment in Q2 2020 and consists of $1.1 million of operating income attributable to noncontrolling interests in Timber Funds and $0.4 million of operating income attributable to Rayonier. Real Estate includes $28.7 million of operating income from a Large Disposition in Q1 2020, partially offset by deferred revenue adjustments and marketing fees related to Improved Development sales, as well as residential and commercial lease revenue.

Adjusted EBITDA (a)	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Timber Funds	Real Estate	Trading	Corporate and Other	Total
Three Months Ended March 31, 2020	$33.3	$9.8	$10.2	—	($1.1)	—	($5.0)	$47.1
Volume	(6.6)	1.6	2.9	—	6.3	—	—	4.2
Price	2.2	5.8	9.5	—	1.1	—	—	18.6
Cost	0.6	(0.4)	0.2	—	(1.5)	0.5	(2.3)	(2.9)
Non-timber income	2.2	0.8	(1.8)	—	—	(0.3)	—	0.9
Foreign exchange (b)	—	—	0.2	—	—	—	—	0.2
Other (c)	—	—	—	1.0	0.3	—	—	1.3
Three Months Ended March 31, 2021	$31.7	$17.6	$21.2	$1.0	$5.1	$0.2	($7.3)	$69.5

(a) Adjusted EBITDA is a non-GAAP measure defined and reconciled in Performance and Liquidity Indicators below.
(b) Net of currency hedging impact.
(c) Timber Funds was a new segment in Q2 2020. Real Estate includes deferred revenue adjustments and marketing fees related to Improved Development sales, as well as residential and commercial lease revenue.

SOUTHERN TIMBER

First quarter sales of $51.7 million decreased $1.3 million, or 2%, versus the prior year period primarily due to lower harvest volumes, partially offset by higher average net stumpage prices and higher pipeline easement revenue. Harvest volumes decreased 18% to 1.51 million tons versus 1.84 million tons in the prior year period. The decline in volume was largely due to the timing of harvest operations as compared to the prior year, as well as operational disruptions attributable to wet ground conditions in Georgia and winter snowstorms in the Gulf region. Average pine sawtimber stumpage prices increased 3% to $27.51 per ton versus $26.67 per ton in the prior year period. Robust demand from sawmills and growing demand from the export market coupled with constricted supply due to weather conditions translated into favorable sawtimber pricing across our markets. Average pine pulpwood stumpage prices increased 7% to $17.10 per ton versus $16.05 per ton in the prior year period due to favorable geographic mix as well as tighter supply due to adverse weather conditions. Overall, weighted-average stumpage prices (including hardwood) increased 7% to $21.35 per ton versus $19.91 per ton in the prior year period. Operating income of $17.3 million increased $2.3 million versus the prior year period due to higher net stumpage prices ($2.2 million), higher non-timber income ($2.2 million), lower costs ($0.6 million) and lower depletion rates ($0.6 million), partially offset by lower volumes ($3.4 million).

First quarter Adjusted EBITDA of $31.7 million was 5%, or $1.6 million, below the prior year period.

PACIFIC NORTHWEST TIMBER

First quarter sales of $41.5 million increased $10.4 million, or 34%, versus the prior year period. Harvest volumes increased 13% to 536,000 tons versus 476,000 tons in the prior year period, primarily due to incremental volume from the Pope Resources acquisition. Average delivered sawtimber prices increased 21% to $90.98 per ton versus $75.40 per ton in the prior year period, as exceptionally strong domestic lumber markets drove improved demand and pricing. Average delivered pulpwood prices decreased 23% to $29.36 per ton versus $38.11 per ton in the prior year period, as higher lumber mill residuals resulted in an increased supply of competing wood chip residuals. Operating income of $1.3 million improved $2.3 million versus the prior year period due to higher net stumpage prices ($5.8 million), higher non-timber income ($0.8 million) and volume/mix changes ($0.3 million), partially offset by higher depletion rates ($4.3 million) and higher overhead and other costs ($0.4 million).

First quarter Adjusted EBITDA of $17.6 million was 81%, or $7.9 million, above the prior year period.

NEW ZEALAND TIMBER

First quarter sales of $57.6 million increased $20.1 million, or 53%, versus the prior year period, as higher harvest volumes and log prices were partially offset by deferred carbon credit sales. Harvest volumes increased 25% to 599,000 tons versus 481,000 tons in the prior year period. The increase in harvest volumes was driven primarily by a normalized level of activity in the first quarter versus a prior year period constrained by COVID-19 disruptions. Average delivered prices for export sawtimber increased 28% to $121.65 per ton versus $94.86 per ton in the prior year period, while average delivered prices for domestic sawtimber increased 16% to $80.95 per ton versus $69.97 per ton in the prior year period. The increase in export sawtimber prices was driven primarily by stronger demand from China, as the prior year period was significantly impacted by the COVID-19 outbreak.

Improved export pricing in the current year quarter was also due in part to the restriction on competing log imports to China from Australia. The increase in domestic sawtimber prices (in U.S. dollar terms) was driven primarily by the rise in the NZ$/US$ exchange rate (US$0.72 per NZ$1.00 versus US$0.65 per NZ$1.00). Excluding the impact of foreign exchange rates, domestic sawtimber prices improved by a more modest 4% versus the prior year period due to improved demand. Operating income of $14.0 million increased $8.5 million versus the prior year period as a result of higher net stumpage prices ($9.5 million), higher volumes ($1.8 million) and lower costs ($0.2 million), partially offset by deferred carbon credit sales ($1.8 million), higher depletion rates ($0.7 million) and unfavorable foreign exchange impacts ($0.4 million). First quarter Adjusted EBITDA of $21.2 million was 107%, or $11.0 million above the prior year period.

TIMBER FUNDS

The Timber Funds segment generated first quarter sales of $14.9 million on harvest volumes of 145,000 tons, resulting in operating income of $1.5 million. First quarter Adjusted EBITDA was $1.0 million.

REAL ESTATE

First quarter sales of $10.5 million decreased $108.0 million versus the prior year period, while operating income of $1.7 million decreased $25.1 million versus the prior year period. The prior year first quarter sales and operating income included $116.0 million and $28.7 million, respectively, from a Large Disposition. Sales and operating income declined versus the prior year period due to lower acres sold (2,395 acres sold versus 67,570 acres sold in the prior year period), partially offset by an increase in weighted-average prices ($4,183 per acre versus $1,753 per acre in the prior year period).

Improved Development sales of $0.3 million included three residential lots in the Wildlight development project north of Jacksonville, Florida (an average of $84,000 per lot or $406,000 per acre). There were no Improved Development sales in the prior year period.

There were no Unimproved Development sales in the first quarter or the prior year period.

Rural sales of $9.8 million consisted of 2,394 acres at an average price of $4,079 per acre. This compares to prior year period sales of $2.4 million, which consisted of 624 acres at an average price of $3,842 per acre.

There were no Timberland & Non-Strategic sales in the first quarter or the prior year period.

First quarter Adjusted EBITDA of $5.1 million was $6.2 million above the prior year period.

TRADING

First quarter sales of $16.7 million decreased $2.3 million versus the prior year period primarily due to lower volumes, partially offset by higher prices. Sales volumes decreased 32% to 141,000 tons versus 207,000 tons in the prior year period. The Trading segment generated operating income of $0.2 million versus breakeven results in the prior year period due to improved trading margins resulting from higher prices.

OTHER ITEMS

CORPORATE AND OTHER EXPENSE / ELIMINATIONS

First quarter corporate and other operating expenses of $7.6 million decreased $0.2 million versus the prior year period, which included $2.5 million of costs related to the Pope Resources merger. This positive variance was largely offset by higher overhead expenses.

INTEREST EXPENSE

First quarter interest expense of $10.0 million increased $1.8 million versus the prior year period due to higher outstanding debt following the closing of the Pope Resources acquisition.

INTEREST AND OTHER MISCELLANEOUS EXPENSE, NET

There was negligible other miscellaneous expense in the first quarter versus $0.2 million of expense in the prior year period. The prior year period included unfavorable mark-to-market adjustments on marketable equity securities partially offset by favorable mark-to-market adjustments on carbon options and dividend income.

INCOME TAX EXPENSE

First quarter income tax expense of $3.5 million decreased $0.3 million versus the prior year period. The New Zealand subsidiary is the primary driver of income tax expense.

OUTLOOK

In our Southern Timber segment, we anticipate that demand from lumber mills will remain strong and that select U.S. South markets will continue to benefit from improving export demand. Further, we continue to expect a modest improvement in weighted average pricing relative to the prior year, with quarterly fluctuations largely driven by geographic mix.

In our Pacific Northwest Timber segment, we anticipate lower quarterly harvest volumes for the remainder of the year, as we pulled forward some volume in the first quarter to capture favorable demand and pricing. We further expect that strong lumber demand will continue to hold pricing at or above first quarter average prices for the balance of the year.

In our New Zealand Timber segment, we expect continued strong export and domestic demand, and we further expect that the restriction on Australian log imports into China will constrain log supplies. We anticipate that this positive operating momentum will translate into log prices remaining near or above levels realized in the first quarter, which will be partially offset by elevated shipping costs.

In our Real Estate segment, we expect a significant pickup in transaction activity for the balance of the year based on our current pipeline of opportunities. In particular, we are increasingly optimistic about our sales outlook for residential and commercial properties within our real estate development projects.

LIQUIDITY AND CAPITAL RESOURCES

Our principal source of cash is cash flow from operations, primarily the harvesting of timber and sales of real estate. As an UPREIT, our main use of cash is dividends and unitholder distributions. We also use cash to maintain the productivity of our timberlands through replanting and silviculture. Our operations have generally produced consistent cash flow and required limited capital resources. Short-term borrowings have helped fund working capital needs while acquisitions of timberlands generally require funding from external sources or Large Dispositions.

AT-THE-MARKET (“ATM”) EQUITY OFFERING PROGRAM

On September 10, 2020, we entered into a distribution agreement with a group of sales agents through which we may sell common shares, from time to time, having an aggregate sales price of up to $300 million. During the three months ended March 31, 2021, the Company sold 1.1 million shares under the ATM Program at an average price of $33.31 per share, generating aggregate gross proceeds of $36.9 million, excluding $0.4 million of commissions. As of March 31, 2021, $229.7 million remains available for issuance under the program.

The following table outlines the common stock issuance pursuant to our ATM program (dollars in millions):

	Three Months Ended March 31,	
	2021	2020
Shares of common stock issued under the ATM program	1,107,814	—
Gross proceeds	$36.9	—

SUMMARY OF LIQUIDITY AND FINANCING COMMITMENTS

(millions of dollars)	March 31, 2021	December 31, 2020
Cash and cash equivalents (excluding Timber Funds)	$77.9	$80.5
Total debt (excluding Timber Funds) (a)	1,294.1	1,294.9
Noncontrolling interests in the Operating Partnership	138.0	130.1
Shareholders' equity	1,909.9	1,862.6
Total capitalization (total debt plus permanent and temporary equity)	3,342.0	3,287.6
Debt to capital ratio	39 %	39 %
Net debt to enterprise value (b)(c)	21 %	23 %

(a) Total debt as of March 31, 2021 and December 31, 2020 reflects principal on long-term debt, net of fair value adjustments and gross of deferred financing costs.

(b) Net debt is calculated as total debt less cash and cash equivalents.

(c) Enterprise value based on market capitalization (including Rayonier, L.P. "OP" units) plus net debt based on Rayonier's share price of $32.25 and $29.38 as of March 31, 2021 and December 31, 2020, respectively.

SUMMARY OF GUARANTOR FINANCIAL INFORMATION

In March 2012, Rayonier Inc. issued $325 million of 3.75% Senior Notes due 2022 (the "2022 Notes"). On May 7, 2020, Rayonier Inc. contributed its 100% ownership interest in Rayonier Operating Company LLC (the "Contribution") to Rayonier, L.P. As a result of the Contribution, Rayonier, L.P. expressly assumed all the obligations of Rayonier Inc. with respect to the outstanding 2022 Notes and Rayonier Inc. agreed to irrevocably, fully and unconditionally guarantee jointly and severally, the obligations of Rayonier, L.P. under the Indenture, including the 2022 Notes. Rayonier L.P. is the current issuer of the 2022 Notes.

The subsidiary guarantor, Rayonier TRS Holdings Inc., and parent guarantor, Rayonier Inc., have guaranteed the notes fully and unconditionally on a joint and several basis. As a general partner of Rayonier, L.P., Rayonier Inc. consolidates Rayonier, L.P. and has no material assets or liabilities other than its interest in Rayonier, L.P. These notes are unsecured and unsubordinated and will rank equally with all other unsecured and unsubordinated indebtedness from time to time outstanding.

Rayonier, L.P. is a limited partnership, in which Rayonier Inc. is the general partner. The operating subsidiaries of Rayonier, L.P. conduct all of our operations. Rayonier, L.P.'s most significant assets are its interest in operating subsidiaries, which have been eliminated in the table below to eliminate intercompany transactions between the issuer and guarantors and to exclude investments in non-guarantors. As a result, our ability to make required payments on the notes depends on the performance of our operating subsidiaries and their ability to distribute funds to us. There are no material restrictions on dividends from the operating subsidiaries.

The summarized balance sheet information for the consolidated obligor group of debt issued by Rayonier, L.P. for the three months ended March 31, 2021 and year ended December 31, 2020 are provided in the table below:

(in millions)	March 31, 2021	December 31, 2020
Current assets	$70.0	$69.7
Non-current assets	75.3	48.3
Current liabilities	24.2	21.0
Non-current liabilities	1,861.0	1,942.4
Due to non-guarantors	551.6	596.7

The summarized results of operations information for the consolidated obligor group of debt issued by Rayonier, L.P. for the three months ended March 31, 2021 and year ended December 31, 2020 are provided in the table below:

(in millions)	March 31, 2021	December 31, 2020
Cost and expenses	($6.7)	($43.4)
Operating loss	(6.7)	(43.4)
Net loss	(18.1)	(81.3)
Revenue from non-guarantors	191.4	859.2

CASH FLOWS

The following table summarizes our cash flows from operating, investing and financing activities for the three months ended March 31, 2021 and 2020:

(millions of dollars)	2021	2020
Cash provided by (used for):		
Operating activities	$53.9	$29.2
Investing activities	(44.4)	74.7
Financing activities	(13.8)	(38.7)

CASH PROVIDED BY OPERATING ACTIVITIES

Cash provided by operating activities increased $24.7 million primarily due to higher Adjusted EBITDA.

CASH USED FOR INVESTING ACTIVITIES

Cash used for investing activities of $44.4 million compares to cash provided by investing activities of $74.7 million in the prior year period. This variance is primarily due to proceeds from a Large Disposition in the prior year period ($115.7 million), higher timberland acquisitions ($5.8 million), and higher real estate development investments ($1.2 million), partially offset by other investing activities ($2.3 million) and lower capital expenditures ($1.3 million).

CASH USED FOR FINANCING ACTIVITIES

Cash used for financing activities decreased $24.9 million from the prior year period primarily due to net proceeds from the issuance of common shares under the ATM equity offering program ($32.5 million), decreases in share repurchases ($3.2 million), and increases in proceeds from the issuance of common shares under the Company's incentive stock plan ($1.1 million), partially offset by increased distributions to consolidated affiliates ($8.1 million), dividends paid on common stock ($2.6 million) and distributions to noncontrolling interests in the Operating Partnership ($1.2 million).

EXPECTED 2021 EXPENDITURES

Capital expenditures in 2021 are expected to be between $73 million and $76 million, excluding capital expenditures attributable to the Timber Funds and any strategic timberland acquisitions we may make. Capital expenditures are expected to primarily consist of seedling planting, fertilization and other silvicultural activities, property taxes, lease payments, allocated overhead and other capitalized costs. Aside from capital expenditures, we may also acquire timberland as we actively evaluate acquisition opportunities.

We anticipate real estate development investments in 2021 to be between $16 million and $18 million, net of reimbursements from community development bonds. Expected real estate development investments are primarily related to Wildlight, our mixed-use community development project located north of Jacksonville, Florida; Richmond Hill, our mixed-use development project located south of Savannah, Georgia; development properties in the town of Port Gamble, Washington; and development projects in Gig Harbor, Kingston and Bremerton Washington.

Our 2021 dividend payments on Rayonier Inc. common shares and distributions to Rayonier, L.P. unitholders are expected to be approximately $150.0 million and $4.6 million, respectively, assuming no change in the quarterly dividend rate of $0.27 per share or partnership unit, or material changes in the number of shares or partnership units outstanding.

Future share repurchases, if any, will depend on the Company's liquidity and cash flow, as well as general market conditions and other considerations including capital allocation priorities.

We have no mandatory pension contribution requirements in the current year.

Cash tax payments in 2021 are expected to be approximately $17.0 million, primarily related to the New Zealand subsidiary.

PERFORMANCE AND LIQUIDITY INDICATORS

The discussion below is presented to enhance the reader's understanding of our operating performance, liquidity, and ability to generate cash and satisfy rating agency and creditor requirements. This information includes two measures of financial results: Adjusted Earnings before Interest, Taxes, Depreciation, Depletion and Amortization ("Adjusted EBITDA") and Cash Available for Distribution ("CAD"). These measures are not defined by Generally Accepted Accounting Principles ("GAAP"), and the discussion of Adjusted EBITDA and CAD is not intended to conflict with or change any of the GAAP disclosures described above.

Management uses CAD as a liquidity measure. CAD is a non-GAAP measure of cash generated during a period that is available for common stock dividends, distributions to Operating Partnership unitholders, distributions to noncontrolling interests, repurchase of the Company's common shares, debt reduction, timberland acquisitions and real estate development investments. CAD is defined as cash provided by operating activities adjusted for capital spending (excluding timberland acquisitions and real estate development investments), CAD attributable to noncontrolling interests in Timber Funds, working capital and other balance sheet changes. CAD is not necessarily indicative of the CAD that may be generated in future periods.

Management uses Adjusted EBITDA as a performance measure. Adjusted EBITDA is a non-GAAP measure that management uses to make strategic decisions about the business and that investors can use to evaluate the operational performance of the assets under management. It removes the impact of specific items that management believes do not directly reflect the core business operations on an ongoing basis attributable to Rayonier. We define Adjusted EBITDA as earnings before interest, taxes, depreciation, depletion, amortization, the non-cash cost of land and improved development, non-operating income and expense, operating income (loss) attributable to noncontrolling interests in Timber Funds, costs related to the merger with Pope Resources and Large Dispositions.

We reconcile Adjusted EBITDA to Net Income for the consolidated Company and to Operating Income (Loss) for the segments, as those are the most comparable GAAP measures for each. The following table provides a reconciliation of Net Income to Adjusted EBITDA for the respective periods (in millions of dollars):

	Three Months Ended March 31,	
	2021	2020
Net Income to Adjusted EBITDA Reconciliation		
Net income	$15.0	$26.4
Operating income attributable to NCI in Timber Funds	(1.1)	—
Interest, net attributable to NCI in Timber Funds	0.1	—
Net Income (Excluding NCI in Timber Funds)	14.0	26.4
Interest, net and miscellaneous income attributable to Rayonier	9.9	8.1
Income tax expense attributable to Rayonier	3.5	3.7
Depreciation, depletion and amortization attributable to Rayonier	40.3	34.3
Non-cash cost of land and improved development	1.8	0.4
Non-operating expense	—	0.3
Costs related to the merger with Pope Resources (a)	—	2.5
Large Dispositions (b)	—	(28.7)
Adjusted EBITDA	$69.5	$47.1

(a) Costs related to the merger with Pope Resources include legal, accounting, due diligence, consulting and other costs related to the merger with Pope Resources.

(b) Large Dispositions are defined as transactions involving the sale of timberland that exceed $20 million in size and do not have a demonstrable premium relative to timberland value. In March 2020, we completed the disposition of approximately 67,000 acres located in Mississippi for a sales price and gain of approximately $116.0 million and $28.7 million, respectively.

The following tables provide a reconciliation of Operating Income (Loss) by segment to Adjusted EBITDA by segment for the respective periods (in millions of dollars):

Three Months Ended	Southern Timber	Pacific Northwest Timber	New Zealand Timber	Timber Funds	Real Estate	Trading	Corporate and Other	Total
March 31, 2021								
Operating income (loss)	$17.3	$1.3	$14.0	$1.5	$1.7	$0.2	($7.6)	$28.5
Operating income attributable to NCI in Timber Funds	—	—	—	(1.1)	—	—	—	(1.1)
Depreciation, depletion and amortization	14.4	16.3	7.2	0.6	1.6	—	0.3	40.3
Non-cash cost of land and improved development	—	—	—	—	1.8	—	—	1.8
Adjusted EBITDA	$31.7	$17.6	$21.2	$1.0	$5.1	$0.2	($7.3)	$69.5
March 31, 2020								
Operating income (loss)	$15.1	($0.9)	$5.4	—	$26.8	—	($7.8)	$38.6
Depreciation, depletion and amortization	18.2	10.7	4.8	—	0.4	—	0.3	34.3
Non-cash cost of land and improved development	—	—	—	—	0.4	—	—	0.4
Costs related to the merger with Pope Resources (a)	—	—	—	—	—	—	2.5	2.5
Large Dispositions (b)	—	—	—	—	(28.7)	—	—	(28.7)
Adjusted EBITDA	$33.3	$9.8	$10.2	—	($1.1)	—	($5.0)	$47.1

(a) Costs related to the merger with Pope Resources include legal, accounting, due diligence, consulting and other costs related to the merger with Pope Resources.
(b) Large Dispositions are defined as transactions involving the sale of timberland that exceed $20 million in size and do not have a demonstrable premium relative to timberland value. In March 2020, we completed the disposition of approximately 67,000 acres located in Mississippi for a sales price and gain of approximately $116.0 million and $28.7 million, respectively.

The following table provides a reconciliation of Cash Provided by Operating Activities to Adjusted CAD (in millions of dollars):

	Three Months Ended March 31, 2021	2020
Cash provided by operating activities	$53.9	$29.2
Capital expenditures (a)	(15.8)	(17.2)
CAD attributable to NCI in Timber Funds	(4.6)	—
Working capital and other balance sheet changes	13.8	15.2
CAD	47.3	27.2
Mandatory debt repayments	—	—
CAD after mandatory debt repayments	47.3	27.2
Cash (used for) provided by investing activities	($44.4)	$74.7
Cash used for financing activities	($13.8)	($38.7)

(a) Capital expenditures exclude timberland acquisitions of $29.9 million and $24.1 million during the three months ended March 31, 2021 and March 31, 2020, respectively.

The following table provides supplemental cash flow data (in millions):

	Three Months Ended March 31,	
	2021	2020
Purchase of timberlands	($29.9)	($24.1)
Real Estate Development Investments	(3.0)	(1.7)
Distributions to noncontrolling interests in consolidated affiliates	(8.7)	(0.7)

LIQUIDITY FACILITIES

2021 DEBT ACTIVITY

See Note 9 — Debt for additional information.

OFF-BALANCE SHEET ARRANGEMENTS

We utilize off-balance sheet arrangements to provide credit support for certain suppliers and vendors in case of their default on critical obligations, and collateral for outstanding claims under our previous workers' compensation self-insurance programs. These arrangements consist of standby letters of credit and surety bonds. As part of our ongoing operations, we also periodically issue guarantees to third parties. Off-balance sheet arrangements are not considered a source of liquidity or capital resources and do not expose us to material risks or material unfavorable financial impacts. See Note 15 — Guarantees for details on the letters of credit and surety bonds as of March 31, 2021.

CONTRACTUAL FINANCIAL OBLIGATIONS

In addition to using cash flow from operations and proceeds from Large Dispositions, we finance our operations through the issuance of debt and by entering into leases. These financial obligations are recorded in accordance with accounting rules applicable to the underlying transaction, with the result that some are recorded as liabilities on the Consolidated Balance Sheets, while others are required to be disclosed in the Notes to Consolidated Financial Statements and Management's Discussion and Analysis.

The following table aggregates our contractual financial obligations as of March 31, 2021 and anticipated cash spending by period:

		Payments Due by Period			
Contractual Financial Obligations (in millions)	**Total**	**Remaining 2021**	**2022-2023**	**2024-2025**	**Thereafter**
Long-term debt, excluding Timber Funds (a)	$1,294.1	—	$325.0	284.1	$685.0
Long-term debt, Timber Funds (b)	57.4	—	43.0	14.4	—
Interest payments on long-term debt, excluding Timber Funds (c)	136.8	27.2	46.0	35.7	27.9
Interest payments on long-term debt, Timber Funds	5.4	1.5	3.4	0.5	—
Operating leases — timberland (d)	189.1	6.3	15.7	14.5	152.6
Operating leases — PP&E, offices (d)	6.7	1.1	2.1	1.8	1.7
Commitments — development projects (e)	25.3	17.4	3.5	0.5	3.9
Commitments — environmental remediation (f)	11.5	0.8	3.9	4.2	2.6
Commitments — other (g)	104.1	11.4	36.4	26.3	30.0
Total contractual cash obligations	$1,830.4	$65.7	$479.0	$382.0	$903.7

(a) The book value of long-term debt, excluding Timber Funds, net of deferred financing costs and fair market value adjustments, is currently recorded at $1,299.4 million on our Consolidated Balance Sheets, but upon maturity the liability will be $1,294.1 million. See Note 9 — Debt for additional information.

(b) The book value of long-term debt for the Timber Funds, net of fair market value adjustments, is currently recorded at $60.0 million on our Consolidated Balance Sheets, but upon maturity the liability will be $57.4 million. See Note 9 - Debt for additional information.

(c) Projected interest payments for variable rate debt were calculated based on outstanding principal amounts and interest rates as of March 31, 2021.

(d) Excludes anticipated renewal options.

(e) Commitments — developmental projects primarily consists of payments expected to be made on our Wildlight and Richmond Hill developmental projects

(f) Commitments — environmental remediation represents our estimate of potential liability associated with environmental contamination at Port Gamble. See Note 14 - Environmental Liabilities.

(g) Commitments — other includes payments expected to be made on financial instruments (foreign exchange contracts, interest rate swaps and forward-starting interest rate swaps) and other purchase obligations.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various market risks, including changes in interest rates, commodity prices and foreign exchange rates. Our objective is to minimize the economic impact of these market risks. We use derivatives in accordance with policies and procedures approved by the Audit Committee of the Board of Directors. Derivatives are managed by a senior executive committee whose responsibilities include initiating, managing and monitoring resulting exposures. We do not enter into financial instruments for trading or speculative purposes.

Interest Rate Risk

We are exposed to interest rate risk through our variable rate debt, primarily due to changes in LIBOR. However, we use interest rate swaps to manage our exposure to interest rate movements on our term credit agreements by swapping existing and anticipated future borrowings from floating rates to fixed rates. As of March 31, 2021, excluding the Timber Funds, we had $900 million of U.S. variable rate debt outstanding on our term credit agreements. The Timber Funds had $25 million of U.S. variable rate debt outstanding on the Fund II Mortgages Payable.

The notional amount of outstanding interest rate swap contracts with respect to our term credit agreements at March 31, 2021 was $900 million. The maturity date of the Term Credit Agreement was extended from August 2024 to April 2028, with the associated interest rate swaps maturing in August 2024. We have entered into forward starting interest rate swaps to cover $150 million of the Term Credit Agreement through the extended maturity date. The Incremental Term Loan Agreement and associated interest rate swaps mature in May 2026, and the 2020 Incremental Term Loan Agreement matures in April 2025 with the associated interest rate swaps maturing in June 2030. At this borrowing level, a hypothetical one-percentage point increase/decrease in interest rates would result in a corresponding increase/decrease in interest payments and expense of approximately $0.3 million over a 12-month period.

The fair market value of our long-term fixed interest rate debt is also subject to interest rate risk. The estimated fair value of our long-term fixed rate debt excluding the Timber Funds at March 31, 2021 was $404 million compared to the $394 million principal amount. The estimated fair value of our Timber Funds’ long-term fixed rate debt at March 31, 2021 was $35.2 million compared to the $32.4 million principal amount. We use interest rates of debt with similar terms and maturities to estimate the fair value of our debt. Generally, the fair market value of fixed-rate debt will increase as interest rates fall and decrease as interest rates rise. A hypothetical one-percentage point increase/decrease in prevailing interest rates at March 31, 2021 would result in a corresponding decrease/increase in the fair value of our long-term fixed rate debt of approximately $9 million and $10 million, respectively.

We estimate the periodic effective interest rate on our U.S. long-term fixed and variable rate debt, excluding Timber Funds, to be approximately 3.1% after consideration of interest rate swaps and estimated patronage refunds, excluding unused commitment fees on the revolving credit facility. We estimate the periodic effective interest rate on our Timber Funds’ long-term fixed and variable rate debt to be approximately 2.9% after consideration of estimated patronage refunds.

The following table summarizes our outstanding debt, interest rate swaps and average interest rates, by year of expected maturity and their fair values at March 31, 2021:

(Dollars in thousands)	2021	2022	2023	2024	2025	Thereafter	Total	Fair Value
Variable rate debt:								
Principal amounts	—	—	—	—	$250,000	$650,000	$900,000	$900,000
Average interest rate (a)(b)	—	—	—	—	1.96 %	1.85 %	1.88 %	
Fixed rate debt, excluding Timber Funds:								
Principal amounts	—	$325,000	—	—	$34,074	$35,000	$394,074	$404,371
Average interest rate (b)	—	3.75 %	—	—	3.86 %	4.98 %	3.87 %	
Variable rate debt, Timber Funds:								
Principal amounts	—	$25,000	—	—	—	—	$25,000	$25,055
Average interest rate (b)	—	1.95 %	—	—	—	—	1.95 %	
Fixed rate debt, Timber Funds:								
Principal amounts	—	—	$17,980	$14,400	—	—	$32,380	$35,152
Average interest rate (b)	—	—	5.10 %	4.45 %	—	—	4.81 %	
Interest rate swaps:								
Notional amount	—	—	—	$350,000	—	$550,000	$900,000	($19,356)
Average pay rate (b)	—	—	—	2.28 %	—	1.31 %	1.69 %	
Average receive rate (b)	—	—	—	0.10 %	—	0.11 %	0.11 %	
Forward-starting interest rate swaps								
Notional amount	—	—	—	—	—	$475,000	$475,000	$18,690
Average pay rate (b)	—	—	—	—	—	1.22 %	1.22 %	
Average receive rate (b)	—	—	—	—	—	0.11 %	0.11 %	

(a) Excludes estimated patronage refunds.
(b) Interest rates as of March 31, 2021.

Foreign Currency Exchange Rate Risk

The functional currency of our New Zealand-based operations and New Zealand subsidiary is the New Zealand dollar. Through these operations and our ownership in the New Zealand subsidiary, we are exposed to foreign currency risk on cash held in foreign currencies, shareholder distributions which are paid in U.S. dollars and on foreign export sales and ocean freight payments that are predominantly denominated in U.S. dollars. To mitigate these risks, the New Zealand subsidiary routinely enters into foreign currency exchange contracts and foreign currency option contracts to hedge a portion of the New Zealand subsidiary's foreign exchange exposure.

Sales and Expense Exposure

At March 31, 2021, the New Zealand subsidiary had foreign currency exchange contracts with a notional amount of $64 million and foreign currency option contracts with a notional amount of $16 million outstanding related to foreign export sales and ocean freight payments. The amount hedged represents a portion of forecasted U.S. dollar denominated export timber and log trading sales proceeds over the next 18 months and next 3 months, respectively.

The following table summarizes our outstanding foreign currency exchange rate risk contracts at March 31, 2021:

(Dollars in thousands)	0-1 months	1-2 months	2-3 months	3-6 months	6-12 months	12-18 months	18-24 months	Total	Fair Value
Foreign exchange contracts to sell U.S. dollar for New Zealand dollar									
Notional amount	$10,500	$8,500	$5,000	$11,000	$20,000	$9,000	—	$64,000	$3,166
Average contract rate	1.4338	1.4338	1.4339	1.4343	1.4351	1.4369	—	1.4347	
Foreign currency option contracts to sell U.S. dollar for New Zealand dollar									
Notional amount	$4,000	$2,000	$2,000	$8,000	—	—	—	$16,000	$585
Average strike price	1.5700	1.5567	1.5567	1.6063	—	—	—	1.5848	

Item 4. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

Rayonier Inc.

Rayonier management is responsible for establishing and maintaining adequate disclosure controls and procedures. Disclosure controls and procedures (as defined in Rule 13a-15(e)) under the Securities Exchange Act of 1934 (the “Exchange Act”), are designed with the objective of ensuring information required to be disclosed by the Company in reports filed under the Exchange Act, such as this quarterly report on Form 10-Q, is (1) recorded, processed, summarized and reported or submitted within the time periods specified in the SEC’s rules and forms and (2) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Because of the inherent limitations in all control systems, no control evaluation can provide absolute assurance that all control exceptions and instances of fraud have been prevented or detected on a timely basis. Even systems determined to be effective can provide only reasonable assurance that their objectives are achieved.

Based on an evaluation of the Company’s disclosure controls and procedures as of the end of the period covered by this quarterly report on Form 10-Q, our management, including the Chief Executive Officer and Chief Financial Officer, concluded the design and operation of the disclosure controls and procedures were effective as of March 31, 2021.

In the quarter ended March 31, 2021, based upon the evaluation required by Rule 13a-15(d) under the Exchange Act, there were no changes in our internal control over financial reporting that would materially affect or are reasonably likely to materially affect our internal control over financial reporting.

Rayonier, L.P.

The Operating Partnership is responsible for establishing and maintaining adequate disclosure controls and procedures. Disclosure controls and procedures (as defined in Rule 13a-15(e)) under the Securities Exchange Act of 1934 (the “Exchange Act”), are designed with the objective of ensuring information required to be disclosed by Rayonier, L.P. in reports filed under the Exchange Act, such as this quarterly report on Form 10-Q, is (1) recorded, processed, summarized and reported or submitted within the time periods specified in the SEC’s rules and forms and (2) accumulated and communicated to our management, including Rayonier’s Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Because of the inherent limitations in all control systems, no control evaluation can provide absolute assurance that all control exceptions and instances of fraud have been prevented or detected on a timely basis. Even systems determined to be effective can provide only reasonable assurance that their objectives are achieved.

Based on an evaluation of the Operating Partnership’s disclosure controls and procedures as of the end of the period covered by this quarterly report on Form 10-Q, management, including Rayonier’s Chief Executive Officer and Chief Financial Officer, concluded the design and operation of the disclosure controls and procedures were effective as of March 31, 2021.

In the quarter ended March 31, 2021, based upon the evaluation required by Rule 13a-15(d) under the Exchange Act, there were no changes in internal controls over financial reporting that would materially affect or are reasonably likely to materially affect internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

The information set forth in Note 13 — Contingencies in the “Notes to Consolidated Financial Statements” under Item 1 of Part I of this report is incorporated herein by reference.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Rayonier Inc.

REGISTERED SALES OF EQUITY SECURITIES

From time to time, the Company may issue shares of common stock in exchange for units in the Operating Partnership. Such shares are issued based on an exchange ratio of one share for each unit in the Operating Partnership. During the quarter ended March 31, 2021, the Company issued 150,134 common shares in exchange for an equal number of units in the Operating Partnership pursuant to the agreement of the Operating Partnership.

ISSUER PURCHASES OF EQUITY SECURITIES

In February 2016, the Board of Directors approved the repurchase of up to $100 million of Rayonier's common shares (the "share repurchase program") to be made at management's discretion. The program has no time limit and may be suspended or discontinued at any time. There were no shares repurchased under this program in the first quarter of 2021. Based on the period-end closing stock price of $32.25 at March 31, 2021, there was $87.7 million, or approximately 2,720,262 shares, remaining under this program.

The following table provides information regarding our purchases of Rayonier common shares during the quarter ended March 31, 2021:

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (b)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (c)
January 1 to January 31	5,020	$30.74	—	2,852,958
February 1 to February 28	—	—	—	2,687,759
March 1 to March 31	—	—	—	2,720,262
Total	5,020		—	

(a) Includes 5,020 shares of the Company's common shares purchased in January from current and former employees in non-open market transactions. The shares were sold by current and former employees of the Company in exchange for cash that was used to pay withholding taxes associated with the vesting of share-based awards under the Company's Incentive Stock Plan. The price per share surrendered is based on the closing price of the Company's common shares on the respective vesting dates of the awards.

(b) Purchases made in open-market transactions under the $100 million share repurchase program announced on February 10, 2016.

(c) Maximum number of shares authorized to be purchased under the share repurchase program at the end of January, February and March are based on month-end closing stock prices of $30.75, $32.64 and $32.25, respectively.

Rayonier, L.P.

UNREGISTERED SALES OF EQUITY SECURITIES

There were no unregistered sales of equity securities made by the Operating Partnership during the quarter ended March 31, 2021.

ISSUER PURCHASES OF EQUITY SECURITIES

Pursuant to the Operating Partnership's limited partnership agreement, limited partners have the right to redeem their units in the Operating Partnership for cash, or at our election, shares of Rayonier Common Stock on a one-for-one basis. During the quarter ended March 31, 2021, 150,134 units in the Operating Partnership held by limited partners were redeemed in exchange for shares of Rayonier Common Stock.

Item 6. EXHIBITS

10.1	2021 Performance Share Award Program*	Filed herewith
22.1	List of Guarantor Subsidiaries	Incorporated by reference to Exhibit 22.1 to the Registrant's June 30, 2020 Form 10-Q
31.1	Rayonier Inc. - Chief Executive Officer's Certification Pursuant to Rule 13a-14(a)/15d-14(a) and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Rayonier Inc. - Chief Financial Officer's Certification Pursuant to Rule 13a-14(a)/15d-14(a) and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.3	Rayonier, L.P. - Chief Executive Officer's Certification Pursuant to Rule 13a-14(a)/15d-14(a) and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.4	Rayonier, L.P. - Chief Financial Officer's Certification Pursuant to Rule 13a-14(a)/15d-14(a) and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Rayonier Inc. - Certification of Periodic Financial Reports Under Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
32.2	Rayonier, L.P. - Certification of Periodic Financial Reports Under Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
101	The following financial information from Rayonier Inc. and Rayonier, L.P.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2021, formatted in Extensible Business Reporting Language ("XBRL"), includes: (i) the Consolidated Statements of Income and Comprehensive Income for the Three Months Ended March 31, 2021 and 2020 of Rayonier Inc.; (ii) the Consolidated Balance Sheets as of March 31, 2021 and December 31, 2020 of Rayonier Inc.; (iii) the Consolidated Statements of Changes in Shareholders' Equity for the Three Months Ended March 31, 2021 and 2020 of Rayonier Inc.; (iv) the Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2021 and 2020 of Rayonier Inc.; (v) the Consolidated Statements of Income and Comprehensive Income for the Three Months Ended March 31, 2021 and 2020 of Rayonier, L.P.; (vi) the Consolidated Balance Sheets as of March 31, 2021 and December 31, 2020 of Rayonier, L.P.; (vii) the Consolidated Statements of Changes in Capital for the Three Months Ended March 31, 2021 and 2020 of Rayonier, L.P.; (viii) the Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2021 and 2020 of Rayonier, L.P.; and (ix) the Notes to Consolidated Financial Statements of Rayonier Inc. and Rayonier, L.P.	Filed herewith
104	The cover page from the Company's Quarterly Report on Form 10-Q from the quarter ended March 31, 2021, formatted in Inline XBRL (included as Exhibit 101).	

*Management contract or compensatory plan

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RAYONIER INC.

By: /s/ APRIL TICE

April Tice
Vice President and Chief Accounting Officer
(Duly Authorized Officer, Principal Accounting Officer)

Date: May 6, 2021

RAYONIER, L.P.

By: RAYONIER INC., its sole general partner

By: /s/ APRIL TICE

April Tice
Vice President and Chief Accounting Officer
(Duly Authorized Officer, Principal Accounting Officer)

Date: May 6, 2021

Rayonier

2021 Performance Share Award Program

The number of shares to which a participant could become entitled under the 2021 Performance Share Award Program (the “Program”) can range from 0% to a maximum of 175% of the Target Award depending on Rayonier’s total shareholder return (“TSR”) performance for the Performance Period of April 1, 2021 through March 31, 2024, as compared to the TSR performance of the companies comprising the FTSE NAREIT All Equity REIT Index for the same period. There will be no payout if results fall below the 25^{th} percentile performance threshold.

- TSR is defined as stock price appreciation plus the reinvestment of dividends on the ex-dividend date. For purposes of performance measurement, TSR shall be the final reported figure as may be adjusted by the Committee for unusual, special or non-recurring items to avoid distortion in the operation of the Program.
- TSR over the Performance Period will be calculated by measuring the value of a hypothetical $100 investment in Rayonier shares as compared to an equal investment in each of the peer group companies.
- TSR calculations of stock price appreciation will be the average of the closing prices of Rayonier common shares and that of each of the peer group companies for the 20 trading dates prior to the start of the Performance Period and last 20 trading dates of the Performance Period.
- Each timber peer (Catchmark Timber, Weyerhaeuser and PotlatchDeltic) included in the FTSE NAREIT All Equity REIT Index will be counted in the percentile calculation five times, whereas all other companies comprising the index will be counted only once.
- The companies comprising the FTSE NAREIT All Equity REIT Index will be determined at the start of the Performance Period.

The final number of shares earned, if any, will be determined as follows:

- The TSR performance of Rayonier and the peer group companies will be calculated and Rayonier’s relative performance, on a percentile basis, is determined.
- The payout percentage of Target Award based on Rayonier’s percentile TSR performance against the peer group companies will be calculated per the following table:

Percentile Rank	**Award (Expressed As Percent of Target Award)**
75^{th} and Above	175%
51^{st} –74^{th}	100%, plus 3.0% for each incremental percentile position over the 50^{th} percentile
50^{th}	100%
26^{th} – 49^{th}	50%, plus 2.0% for each incremental percentile position over the 25^{th} percentile
25^{th}	50%
Below 25^{th}	0%

- The payout percentage may not exceed 100% of the Target Award if Rayonier’s TSR for the Performance Period is negative.
- If the fair market value, including dividends, of the payment due to the participant is greater than 4 times the fair market value of the target award on date of grant (the “Cap”), determined by multiplying the target shares times the grant price, the payout percentage shall be adjusted such that the fair market value of such payment does not exceed the Cap. The number of units earned shall be reduced to the extent necessary to meet the Cap.
- Payment, if any, is to be made in Rayonier Common Shares, and may be offset, to the extent allowed under applicable regulations, by the number of shares equal in value to the amount needed to cover associated tax liabilities.
- Dividend equivalents and interest will be paid in cash on the number of Rayonier Common Shares earned under the Program. Dividends will be calculated by taking the dividends paid on one share of Rayonier Common Stock during the Performance Period times the number of shares awarded at the end of the period. Interest on such dividends will be earned at a rate equal to the prime rate as reported in the Wall Street Journal, adjusted and compounded annually, from the date such cash dividends were paid by the Company.
- Awards will be valued on April 14 following the end of the Performance Period. If April 14 is a non-trading day, then the next trading following April 14 will be used. Awards, including dividends and interest, will be distributed to participants as soon as practicable following the valuation date, but in no event later than fifteen (15) days after the valuation date.

- In cases of termination of participant's employment due to Death or Total Disability, in accordance with Plan provisions, outstanding Performance Shares will remain outstanding and will vest subject to the terms and conditions of the Award Agreement and this Performance Share Award Program document. Any Performance Shares earned based on performance during the full Performance Period will be prorated based on the portion of the Performance Period during which the participant was employed by the Company, with payment of any such earned Performance Shares to occur at the time that the Awards are paid to employees generally.
- Notwithstanding any other provision in this Plan to the contrary, any award or shares issued hereunder and any amount received with respect to the sale of any such Award or shares, shall be subject to potential cancellation, recoupment, rescission, payback, or other action in accordance with the terms of the Company's Clawback Policy as in effect from time to time (the "Clawback Policy").
- Vice Presidents and above will be subject to a one year post vesting holding period. While up to 50% of the shares can be used to cover associated tax liabilities upon vesting, the remaining shares are subject to the holding period and will be held in a restricted account for one year. The only exceptions to the holding period are Death, Total Disability or a Change in Control and are subject to approval by the Compensation Committee of the Board of Directors.
- Peer group changes during the Performance Period will be handled as follows:
    - In the event of a merger, acquisition, or business combination transaction of a peer company by or with another peer company, the surviving entity shall remain a peer company and the acquired entity shall be removed from the peer group.
    - In the event of a merger, acquisition or business combination transaction of a peer company by or with an entity that is not a peer company, where the peer company is the surviving entity and remains publicly traded, the peer company shall remain in the peer group.
    - In the event of a merger, acquisition or business combination transaction of a peer company by or with an entity that is not a peer company or a "going private" transaction involving a peer company, where the peer company is not the surviving entity or is otherwise no longer publicly traded, the peer company shall be removed from the peer group.
    - In the event of a bankruptcy, liquidation or delisting of a peer company, such company shall remain a peer company but be forced to the lowest performance within the peer group.
    - In the event of a stock distribution from a peer company consisting of the shares of a new publicly-traded company (a "spin-off"), the peer company shall remain a peer company and the stock distribution shall be treated as a dividend from the peer company based on the closing price of the shares of the spun-off company on its first day of trading. The performance of the shares of the spun-off company shall not thereafter be tracked for purposes of calculating TSR.

EXHIBIT 31.1

CERTIFICATION

I, David L. Nunes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rayonier Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2021

/s/ DAVID L. NUNES

David L. Nunes
President and Chief Executive Officer, Rayonier Inc.

EXHIBIT 31.2

CERTIFICATION

I, Mark McHugh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rayonier Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2021

/s/ MARK MCHUGH

Mark McHugh
Senior Vice President and Chief Financial Officer, Rayonier Inc.

EXHIBIT 31.3

CERTIFICATION

I, David L. Nunes, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rayonier, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2021

/s/ DAVID L. NUNES

David L. Nunes
President and Chief Executive Officer of Rayonier Inc., General Partner

EXHIBIT 31.4

CERTIFICATION

I, Mark McHugh, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rayonier, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2021

/s/ MARK MCHUGH

Mark McHugh
Senior Vice President and Chief Financial Officer
of Rayonier Inc., General Partner

EXHIBIT 32.1

CERTIFICATION

The undersigned hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to our knowledge:

1. The quarterly report on Form 10-Q of Rayonier Inc. (the "Company") for the period ended March 31, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 6, 2021

/s/ DAVID L. NUNES	/s/ MARK MCHUGH
David L. Nunes	Mark McHugh
President and Chief Executive Officer, Rayonier Inc.	*Senior Vice President and* *Chief Financial Officer, Rayonier Inc.*

A signed original of this written statement required by Section 906 has been provided to Rayonier, Inc. and will be retained by Rayonier, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION

The undersigned hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to our knowledge:

1. The quarterly report on Form 10-Q of Rayonier, L.P. (the "Rayonier Operating Partnership") for the period ended March 31, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information in the Report fairly presents, in all material respects, the financial condition and results of operations of the Rayonier Operating Partnership.

May 6, 2021

/s/ DAVID L. NUNES	/s/ MARK MCHUGH
David L. Nunes	Mark McHugh
President and Chief Executive Officer of Rayonier Inc., General Partner	*Senior Vice President and Chief Financial Officer of Rayonier Inc., General Partner*

A signed original of this written statement required by Section 906 has been provided to Rayonier, L.P. and will be retained by Rayonier, L.P. and furnished to the Securities and Exchange Commission or its staff upon request.