Mark McHugh:

All right, welcome. Thank you everybody for joining us today. My name is Mark McHugh, and I'm the President and CFO of Rayonier. And as Dave said, soon will be stepping into the CEO role.

I want to start by thanking Dave, and congratulating him on his graduation, as he likes to put it. Dave's not only been a tremendous CEO, but he's also been a great mentor and friend to me and many others at the company. We would not be where we are today without Dave's leadership and dedication. And so, while Dave is leaving behind a great legacy and very big shoes to fill, I believe he's also leaving us very well-prepared for the future.

But by way of background, I've been with Rayonier for just over nine years, but my relationship with the company actually dates back over 20 years. Prior to Rayonier, I was in investment banking for about 15 years, and my first foray into the forestry industry was actually working with Rayonier on its conversion from a C corp to a REIT back in 2003, as an investment banking advisor. I never really strayed too far from the company or the asset class thereafter, I did quite a bit of advisory and financing work for Rayonier, as well as a number of other forestry companies.

I first came across Dave Nunes at his prior company, Pope Resources. And we established a great relationship over the years, worked on a number of different projects together. And so when Dave joined Rayonier in 2014, he asked me to come join as a CFO. And I didn't have to think about it very long, given the respect that I had for Dave, as well as the respect that I had for this organization. I thought it would be a great fit for me, and it absolutely has been.

So as I reflect back, it's a bit surreal to think that my first experience in this industry was working with Rayonier 20 years ago, and now to come full circle, and be about to step into the CEO role. But it's also been a very rewarding journey, and I feel very privileged to be working with this exceptional team that we have here at Rayonier.

So now that we've had that trip down memory lane, I want to shift gears and talk about why we're here today. And there are four key messages that I want to leave you with. The first is that the low carbon economy transition is driving transformative value creation opportunities for timberland assets. And we believe that Rayonier is very well positioned to capture those opportunities.

The second is that our real estate development platform has really grown and matured over the last several years, and we now feel that we're poised to accelerate value realization in that business.

And the third, is that our core timber and HBU businesses remain best in class. And following a period of some pretty stiff market headwinds over the course of the last year, we believe we're now positioned to benefit from favorable long-term trends going forward.

And finally, Rayonier's organization is very well aligned, with the right culture, talent, and leadership to execute on our strategy.

So with that, let's start with a brief snapshot of where we are today. Rayonier is one of three publicly traded timber REITs. We like to think of ourselves as the only pure play timber REIT. And I'm going to talk about what I mean by that, and why we think it's important a little bit later.

The company was founded in 1926, so almost a 100-year history. Today we own or lease roughly 2.7 million acres of timberlands that generate a sustainable yield of roughly 11 million tons annually. We define sustainable yield as the volume of timber that can be harvested into perpetuity. It's really the concept of harvesting growth. And we believe that this disclosure is an important part of our commitment to transparency and sustainability.

The chart on the right shows our adjusted EBITDA breakdown in 2023. As you can see, roughly 70% came from our timber segments, with the balance of 30% coming from our real estate segment. And that's been pretty consistent over time, with our timber segments typically generating 70-75% of adjusted EBITDA, with the balance coming from real estate.

So that's a snapshot of where we are today, but we're going to spend most of the next few hours talking about where we're headed in the future. And it starts with several key trends that we believe are reshaping this industry. We're going to drill down onto each of these in some more detail today. But a high level, there are two key major themes.

The first is a low carbon economy transition. We see this as a secular trend that is going to drive increasing demand for land-based solutions, as well as renewable wood-based materials going forward.

The second theme is a continued strength of the housing market in the US. New home construction is proven to be remarkably resilient amid a higher interest rate environment. The housing sector remains significantly under built. So we expect continued strength in housing, particularly as rates begin to ease. We also see very favorable migration and demographic trends that we believe are going to benefit our real estate development projects long term. So in sum, we expect that the confluence of these trends are going to drive increased demand for land, and increased demand for timber for the foreseeable future.

So as these trends reshape our industry, they're also reshaping how we think about our business. Increasingly, we've come to see ourselves as not just a timber company, but really more of a land resources company. And as a land resources company, we're now focused on maximizing the value of our lands in a multitude of ways. Now, to be clear, we still expect that timber and HBU are going to be the primary economic engine of this company for the foreseeable future. That said, we also expect that over time, a small portion of our lands will become much more valuable for land-based solutions and real estate development.

So why does this matter? This next slide illustrates why we're so excited about these new opportunities. What this chart shows, is the potential value uplift per acre for these alternative uses. So for example, if you take an acre of US South timberland that's worth $2,000 to $3,000 per acre, and you're able to convert that to a carbon capture and storage lease, well, that has the potential to lift the value of that acre up to five times. If you're able to convert that acre to a solar lease, or an unimproved development use, that has the potential to lift the value of that acre by up to 10 times. And if you're able to convert that acre to an improved development use, that has the potential to lift the value up to 15 times. So we see significant value creation potential from optimizing our land use.

Now, I want to reiterate, that only a small portion of our lands will ultimately be suitable for these alternative uses. But consider this. If we're able to convert just 1% of our land to one of these higher value uses that has a value uplift of 10 to 15 times, well, that implies a 10-15% value lift in the company. Now imagine if we're able to convert 5%, or even 10% of our lands to these alternative uses over time, it has a potential to really transform the value of this company. So again, we are really optimistic about the value potential that we see here, and we're going to spend much of the day talking about these new opportunities and how they're evolving for Rayonier.

So as we embark on this journey and strategy, we felt it was also time to rethink our vision and purpose. We've long had a mission statement at Rayonier that was focused on generating industry-leading returns in our core timber business. And while this is still a very noble objective, and one that we absolutely expect to continue to pursue, we felt we needed to broaden the spectrum of our vision to match our new ambitions.

So today, we're rolling out Rayonier's new vision statement. And that is to realize the full potential of our land resources in meeting the needs of society. And we're going to pursue this vision by focusing on three key pathways. We're going to continue to grow renewable forest products to meet the world's growing need for wood-based materials. We're going to deliver innovative land-based solutions that will contribute to decarbonizing the economy. And we're going to create inspirational places where people can live, work, and recreate in a natural environment.

Now, this isn't a radical new direction for the company. Rather, it's a broadening of what we believe is possible with our land base. I know that our organization is very excited and energized by this new vision, and we're eager to take it forward.

Now, let's move on to why we believe Rayonier is well-positioned to succeed. And it starts with our portfolio advantages. First, Rayonier has a best-in-class timberland portfolio, concentrated in the most attractive timber markets globally.

Second, we have a differentiated real estate platform, with a pipeline of high-value development opportunities. And third, our portfolio is very well-positioned to capture these transformative land-based solutions opportunities.

Now, I want to drill down into each of these in some more detail. Slide 17 provides an overview of our timberland holdings by region. We own or lease roughly 2.7 million acres in total, including roughly 1.9 million acres in the US South, roughly 420,000 acres in the Pacific Northwest, and roughly 420,000 acres in New Zealand. Notably, all of our timberlands are located in major softwood producing regions with strong timber demand and access to export markets. We don't own any timberlands in what we consider to be second-tier markets, like the Lake States, Northeast, or Appalachia region where both timber demand as well as timberland M&A markets are much thinner.

Another key feature of our portfolio is our concentration in the strongest markets in the US South. As you can see on slide 18, over two-thirds of our timberlands are located in the US South, and 71% of our southern lands are located in top-quartile markets as measured by the TimberMart-South composite average pricing. This strong market positioning translates to superior EBITDA per acre generation. Over the past five years, our average EBITDA per acre has been over 35% higher than the NCREIF South Index average, which we believe to be representative of average quality US South timberlands. So, this chart really highlights the relative quality of our US South portfolio, which is our largest holding, and also where we see the most land-based solutions and HBU upside over time.

Next, I want to talk about our real estate platform, and I'll start by providing a high-level overview of our real estate business. Slide 19 shows the range of real estate categories that we participate in. The first two, non-strategic and rural; these are really the bread-and-butter of our real estate business. What I often say is that when you're in the timber business, you're also in the real estate business because when you own millions of acres of land, invariably some portion of those lands will be more valuable to somebody else than they're worth to us as timberlands, and we refer to those as HBU or higher and better-use lands. We generally expect to sell roughly 1-2% of our southern land base into these HBU markets annually, and we typically realize premiums in the range of 50-100% above timberland value, and this really forms the core of our HBU business.

The next two categories comprise our development business, and this is where we see the most significant growth opportunity. Unimproved development consists of properties where we've made minimal investments in development planning and entitlements, but where we haven't invested in any horizontal infrastructure improvements. These tend to be high-value but relatively isolated parcels where we don't have a significant landholding in the immediate vicinity.

The next category is improved development, and this is where we've made investments in entitlements, but we've also taken that next step and invested in horizontal infrastructure improvements to enhance the value of that land. These tend to be properties where we take this step where we have a significant landholding in the surrounding region. We do that so that, again, that surrounding landholding can really benefit from those investments. So, these are the major categories that comprise our real estate HBU business.

Now, I want to talk to you about our performance in the HBU business. The chart on the left shows how our HBU values and premiums have evolved since 2015. So, as you can see, we generated a significant increase in our average HBU sales price per acre going from roughly $2,800 per acre in 2015-2017 to roughly $4,100 per acre in 2021-2023. We also generated a significant increase in the premium above the NCREIF index, which went from 55% to over 100% in this most recent three-year period.

Now, we've also seen a significant shift in our mix towards higher value development sales. Those development sales comprise just 15% of our real estate revenues in 2015-2017, but they increased to 44% in this most recent three-year period. What's really driving that mix shift is the momentum that we've gained in our Wildlight and Heartwood development projects. Slide 21 provides a high-level overview of our development pipeline as well as a map of our holdings in southeast Georgia and northeast Florida.

Now, let me take a step back. Rayonier has long held a large land position as well as some very high-level entitlements in this area. What we didn't have until 2016 was a comprehensive strategy to unlock value. So, what happened in 2016 is that we launched Wildlight. The initial phase of Wildlight was contemplated as a 300-acre village center with a 10-year development horizon, and it came with a lot of questions. Candidly, you're a forestry company; would you really want to be in the real estate business? Why are you doing this?

What we said at the time is that the logic is really a scale of our holdings in the surrounding area. We own 25,000 acres in a five-mile radius of Wildlight. We own 50,000 acres in a 10-mile radius of Wildlight, directly north of Jacksonville in the path of growth. So, our strategy at Wildlight, it was never about the IRR that we expected to earn on that initial investment. It was really about the value creation potential that we had around our surrounding land base.

So, fast-forward almost 10 years, and that value potential is really taking shape. We're much more confident of the specific areas that have long-term development potential. We're no longer talking about the 200,000 acres and the coastal corridor that Rayonier owns; we're now dialed into roughly 50,000 acres that we believe has development potential over the next 5-10 years, and another 70,000 acres that we believe has longer-term development potential.

Now, I want to shift gears and talk about land-based solutions. We're all familiar with this chart on the left here. This is a global path to net-zero to limit global warming to one and a half degrees. It assumes a 50% reduction in emissions by 2030 and a 90% reduction in emissions by 2050, with the balance of roughly five gigatons of residual emissions assumed to be offset with some form of negative emissions or carbon removals.

Now, the reality is we don't know exactly what this path will look like over the course of the next 25 years, but what we do know is that there's significant global action currently underway to mitigate emissions and the negative impacts of climate change. Over 75% of countries and over 50% of the 2,000 largest global companies have made net-zero commitments. As a result, we're seeing tremendous amounts of capital flowing into this sector to decarbonize the economy. For example, between 2020 and 2030, utility-scale solar capacity is projected to grow by seven times; carbon capture and storage demand is projected to grow by 11 times; and voluntary carbon market issuance is projected to grow by six times. As a large owner of timberlands, which also comprise a massive carbon sink, we believe that these trends represent significant opportunities for Rayonier.

So, when we talk about land-based solutions, what exactly do we mean? Slide 23 provides an overview of how we broadly think about this business. We generally think of land-based solutions as falling into three categories: The first is alternative and additional land use, and that would include things like leasing land for wind farms or solar farms, or leasing pore space for carbon capture and storage. The second category is carbon markets, and that includes compliance markets like the New Zealand emissions trading scheme that we participate in there, as well as voluntary markets where corporations can purchase offsets to meet their net-zero claims. This is primarily what we're dealing with here in the US. The third category is fiber for bioenergy and biofuels, and that includes things like using wood fiber for bioenergy with carbon capture and storage, or BECCS, or using wood fiber for the production of biofuels like sustainable aviation fuel or green methanol. Long-term, we think that all of these land-based solutions are very promising, and we have active discussions ongoing with very credible counterparties within each of these different categories. That said, we really see solar and CCS as being the most significant near-term opportunities for Rayonier.

So, let's do a deeper dive on solar and CCS to highlight we're seeing here. As I noted earlier, we expect significant growth in both solar and CCS for the foreseeable future. Third-party forecasts point to annual utility, solar capacity additions of roughly 40 gigawatts over the next decade. This implies an annual land need of roughly 275,000 acres, so significant demand for land coming from utility solar. We're seeing the impact of this in the ramp up of our own solar option pipeline, which we expect to grow from 7,000 acres in 2021 to over 50,000 acres by the end of this year.

We're likewise seeing a significant ramp in our CCS pipeline. The Inflation Reduction Act has really bolstered CCS development, and we're expecting it to grow significantly over the next several years. We announced last week that we have 59,000 acres under CCS lease with ExxonMobil, and we expect to have over 70,000 acres under CCS lease by year-end, and that's up from zero three years ago. So, again, we're very excited about the growth that we're seeing in both solar and CCS, and we're optimistic that our pipeline will continue to grow from here.

So, now that I've gone through our portfolio advantages, I also want to drill down into our organizational advantages, which I believe are equally powerful. There are three key advantages that I want to highlight: The first is our pure-play timber REIT structure and the flexibility that it affords us. The second is our nimble approach to capital allocation, including the initiatives to enhance shareholder value that we announced last November. And the third is our organizational culture, which I believe is very well-aligned with our vision and strategy.

So let's start with our pure-play structure. As I noted earlier, Rayonier is one of three publicly traded timber REITs, but we're the only pure-play timber REIT. What I mean by pure-play is that we don't have any exposure to downstream wood products manufacturing. Now, we believe this provides a number of key benefits: First, much greater earning stability. Timber cash flows have historically been very stable over time, whereas wood product cash flows have tended to be more volatile. One of the hallmarks of timberland investing is a safety and stability of cash flows, and we believe that our pure-play structure is much better suited to provide this. Second, our pure-play structure provides greater optionality in terms of how we manage our lands because we're not beholden to feeding a mill infrastructure. This optionality applies both to how we manage our lands from an operational standpoint as well as from a portfolio management standpoint. The third is that as a pure-play timber REIT with over two-thirds of our assets in the US South, we have greater relative upside potential around land-based solutions and HBU because most of this is occurring in the US South.

Next, I want to talk about our approach to capital allocation. Our mantra around capital allocation has always been to be nimble and opportunistic with a view towards building long-term value per share, but we've often pivoted as we've seen different opportunities become available. We've grown and improved our portfolio through acquisitions, but we've also not been afraid to sell assets when we felt that our capital could be better deployed elsewhere. We've bought back stock when we've seen a big disconnect between the underlying value of our assets and our stock price, but we've also issued stock through our ATM when we saw attractive opportunities to deploy that capital. We've increased our leverage to pursue strategic growth initiatives, but we've also carefully managed our balance sheet to maintain an investment-grade credit profile at a very low cost of debt. And of course, we recently announced a plan to execute on $1 billion of dispositions, which was designed to reduce leverage in a higher interest rate environment and capitalize on what we saw as an unprecedented disconnect between public and private market timberland values. So, again, we've been very nimble and opportunistic in our approach to capital allocation and balance sheet management.

Next, I want to talk about our organizational culture, and it starts with our focus on sustainability. As a forestry company, sustainability isn't just a buzzword, it is truly ingrained in everything that we do. When we plant a seedling or when we make an investment in silviculture, we're generally not going to realize the benefit of that investment for decades. So, forestry is inherently very long-term in nature and practically synonymous with the concept of sustainable growth.

Now, I want to highlight just a few aspects of our ESG profile that I believe are especially important and it starts with our carbon footprint. Climate change is top of mind for most companies today. Fortunately at Rayonier, we're not focused on solving a big emissions problem. We're really focused on creating value from our massive carbon sink. Our trees sequester over 14 million tons of carbon annually relative to emissions of only 300,000 tons. To put that in context, our forests sequester roughly one ton of carbon every two seconds. Since we started this presentation today, our forests have sequestered roughly a thousand tons of carbon. So, our business and our assets are already playing a vital role in climate change mitigation.

On the social front, we've been at the forefront of contractor safety. You know, candidly, this is an area where our industry was lagging several years ago, but we made it a priority at Rayonier to focus not only on employee safety but the safety of our contractor workforce as well, and we're seeing results. Last year, we saw 50% year-over-year reduction in US contractor recordable injuries, so we've made significant strides here and this is something that we're very proud of. Lastly, on governance, we're in a very strong place. We employ best in class governance practices across the organization, including with respect to board independence, board diversity, and executive compensation. I could tell you based on the number of directors that we have in attendance today, we have a very, very engaged board.

We also have a team and a culture at Rayonier that is very well-aligned with our vision and strategy. I don't think that I ever truly appreciated the power of culture until I joined Rayonier. No offense to my former colleagues on Wall Street. This is an organization that really cares. We care about our lands, we care about the environment, we care about our communities, we care about each other. We define our culture as one Rayonier, and the key principle is that we all work together to find the best outcome for the company and our stakeholders.

Our corporate values form the trust acronym, and they revolve around working together as a team; serving as a responsible steward of our land and communities; unleashing empowerment so that our employees can grow and develop as the company grows and develops; embracing safety as a way of life, so that we ensure that every single one of our employees and contractors goes home safely every night; and acting like an owner in how we make decisions and care for our land resources. I believe that our culture, our values, and the talent and dedication of our people position us very well for the future.

So, putting all this together, we're executing a clear strategy to build long-term value per share and to realize the full potential of our land resources. This strategy focuses on optimizing our core timber operations to generate increased productivity and operational efficiencies across our land base, growing our land-based solutions business with a near-term focus on solar and CCS, and a longer-term focus on bioenergy and voluntary carbon markets. And leveraging our differentiated real estate platform to create unique and inspirational places that add value for our shareholders and other stakeholders.

As we look to execute this strategy, we're also establishing long-term financial targets for both land-based solutions and real estate development. In land-based solutions, we're setting a 2030 adjusted EBITDA target of $75 million and an interim 2027 target of $30 million. Now Doug will go into some more detail about why we see this lift after 2027, but it's primarily due to the permitting timetable that we see for these projects. We're building up a significant pipeline of solar options and CCS leases currently, but it generally takes three to five years to get sites permitted. So, we expect that the big ramp will occur as our solar options convert to leases and as our CCS leases convert to injection royalties over the next several years.

Now, moving on to our real estate development targets. Given the lumpiness of real estate transactions, rather than establish a target at a single point in time, we've laid out our targets in five-year averages, and we're likewise expecting significant growth over the next several years. Specifically, we expect 2026-2030 average real estate development adjusted EBITDA of $40 million, which is up 40% over the prior five-year period. In total, we expect that these two businesses combined will generate over $100 million of adjusted EBITDA for Rayonier by 2030, and that's up from essentially nothing six or seven years ago.

So, in closing, I just want to reiterate how excited we are about these new growth opportunities that we're seeing emerge for our timberland assets. We look forward to doing a much deeper dive about each of these opportunities today, and we look forward to engaging with our shareholders during the course of the day.

So, with that, I'm going to turn the mic over to Doug Long, our Chief Resource Officer who's going to tell you more about our land-based solutions business. Thank you.