Rhett Rogers:

Good morning, everybody. My name is Rhett Rogers. I lead up our portfolio management team responsible for acquisitions, disposition, our rural real estate sales program, and our land information services groups. I've been with the company approximately 23 years. Let me tell you, Rayonier has been a great place to make a career. I'm very optimistic about our future and believe in our new vision that we've casted out.

Today, I'm going to give you an overview of how we create value through our active portfolio management approach. I'll first start by giving you a broad overview of our rural HBU sales program, and then I'll go into an overview of how we underwrite transactions, both on the acquisition and the disposition side, and I'll illustrate this through three case studies, three acquisitions that we've consummated in the last decade, and then I'll provide a brief update on M&A markets, and conclude with an update on our $1 billion planned disposition that we announced in November of last year.

But what I want you to walk away with today is four key points. First, we have a disciplined approach that's multifaceted and a seasoned team of leaders that we use to underwrite transactions. We firmly believe in using a bottoms-up approach to vet and create assumptions in the underwriting process, as opposed to a top-down approach. Second, we have a proven track record of generating significant HBU premiums through our rural HBU sales program, something we've had in place for more than 20 years. Third, we've taken steps and positioned our portfolio to realize upside in some of the things that have been discussed today, including land-based solutions, rural HBU development, and other opportunities. And then fourth, we've demonstrated a capacity and ability to take opportunistic actions as market conditions change by being a nimble decision-maker.

We create value through our active portfolio management in three primary ways. The first is by selling rural HBU at a premium above timberland value. It starts with us understanding what we own. So we identify the highest and best use of every acre that we own in a comprehensive land classification process. The second is by acquiring timberland that upgrades the quality of our portfolio, but here, we're looking at increasing our productivity and also our percent plantation, but also positioning us to be in better markets with assets that have more upside in terms of optionality to transition to higher values. And the third way we create value is by divesting less strategic land and recycling that capital into higher returning assets.

Now, I'm going to talk about our rural HBU sales program. It's a business, as I said before, we've had in place for more than 20 years and it's different than the business that Chris discussed earlier, which is our improved development and unimproved development.

We're seeing great demand across our land base in the areas where we have rural HBU transactions. This has been driven by an uptick in demand since COVID as people continue to realize the benefits of living a more rural lifestyle in terms of space, privacy, but also connection to nature and opportunity to make memories with their loved ones.

Rayonier has two primary platforms which it creates value through its rural HBU sales program. The first is our rural properties business. This is a business where we're selling mostly 25 to 500-

plus acre tracts of land primarily to high-net-worth individuals who are looking for both recreation, a chance to pass down a durable asset to their family, but also looking for investment. The second line of business is our rural places business, something that we've had in place for about 10 years. This is a growth business for us. In this business, we're selling a smaller average parcel, generally between one to 25 acres in size, at a much higher price point. We're investing a modest amount of capital, and in turn for that, we're getting a significantly higher price per acre on the backend. Now, this is one of our highest return on capital investments in the company because you make a small modest investment and you realize that upside in price per acre.

As Mark mentioned earlier in his presentation, we have a strong history of capturing HBU premiums, and here of late, we've seen increasing prices across all of our markets. We target around 1 to 2% annually to sell. Generally, premiums are anywhere between 50 and 100% when you compare them to the average timberland value as measured by NCREIF. This business generates around $50 to $80 million a year in adjusted EBITDA for Rayonier.

All right, let me shift gears now and give you a brief overview of our acquisition and disposition underwriting process and then I'll go into the three case studies.

As you think about our acquisition and disposition framework, really it comes down to three different questions you have to ask yourself. The first is, where do you play? Where can you be successful and what aligns with your core competencies? Rayonier has had a strategy to be located in the premier softwood growing regions in the world, in deep and diverse markets with strong domestic customers, but also with export optionality. We also look at markets quite frequently in terms of which markets have the greatest supply-demand tension, and we do a lot of modeling around that to identify the markets that we believe are going to offer the most upside long-term on price, as well as which markets have rural HBU land demand, and finally, which markets have a favorable business climate and a good regulatory environment?

After you get that question answered, then it comes down to what assets do you want to buy and what assets do you want to sell? And in the case of that, we're really looking at buying to upgrade the portfolio and improve financial performance. We're looking to sell to actually improve the portfolio also and get rid of assets we believe we can generate a higher return on through investing in other assets.

When it comes to what to buy and sell, it really is situational. It's based on what opportunities are presented in the market, but generally speaking, we look at forest productivity as measured by site index, we look at operability, and then we also look at how each asset fits in with our existing ownership and how it can be managed to capture both synergies but also be managed in terms of realizing lower overall incremental overhead.

In terms of how we win or how we capitalize, we always look at total return. That's our key measure to make all of our decisions, but we also look at cash yield and CAD, our ability to fund the dividend. We also look at how each acquisition or disposition can upgrade our portfolio in terms of improving our biological productivity, which I'll go over a little bit more in greater detail, but also how we can buy assets to position us for upside. We want to identify assets that have transition value long-term. They may be timberland today, but we look at it and say, "There's a high probability this will transition to a higher use over time."

We have a disciplined data-driven underwriting process. We have a staged gating process that we've used now for more than a decade, it's well known within the company, and we have a seasoned team of leaders that have deep institutional and technical expertise that help us to develop good assumptions. That's one of the key differences between Rayonier and others and I think is one of the things that makes us unique in this respect is our team has been working on acquisitions together, the same people, for more than a decade. That really makes a big difference. They understand the process, they understand what's expected, and they understand their role in the process.

In terms of valuation, we triangulate value using three different valuation methodologies with our ultimate buy-hold-sell analysis being predicated on our DCF analysis. We do use comparable sales to identify arbitrage opportunities. We also do sensitivity analysis on each acquisition or disposition to answer the question, what could go wrong? What do we miss? What's the upside? And finally, we have a habit of looking in the mirror and identifying ways we can get better in our process and we look at our acquisition results. We do a post-acquisition audit, internal audit, to identify what we got right and what we could get better at in the future.

We've taken steps to position our portfolio to capture a lot of optionality, much of which we've discussed here today. We've acquired significant acreage and coastal Atlantic markets in north Florida, southeast Georgia and South Carolina. We exited our Mississippi portfolio in 2020, selling 67,000 acres and using proceeds to recycle into the Pope acquisition. We've trimmed our Alabama portfolio by selling assets that were more distant from our core operations. We scaled up our southeast Texas portfolio by adding approximately 140,000 acres net in areas about two hours from Houston and Lake Charles, Louisiana. And then we've also scaled up our Washington portfolio through the Pope acquisition, and more recently, we decided to exit the southwest Oregon area.

Now, all these moves have really helped position us to be able to take advantage of what we believe are a lot of new opportunities that this asset class will realize that are discussed today: land-based solutions, increasing the amount of non-timber income, and HBU.

Now, we've also been intentional about buying assets that are closer to major population centers. Most of what we own in Texas and Florida and coastal Georgia is within a two-hour drive of major metro areas, including Houston, Jacksonville, and Savannah. And on the West Coast, what we acquired through Pope was we got about 100,000 acres net that is within about a two-hour drive of the Seattle metro area, and this is a key driver in demand for non-timber income, HBU, rural HBU, development HBU, and then also our land-based solutions business. And importantly, our pure play timber REIT has provided us a lot of flexibility to make these moves and position us.

Another important focus area for us is improving the biological factory as measured by sustainable yield. The chart right here on the far left shows our acquisition and disposition activities over the last decade. We've been an active buyer and seller. Over that same period, we have a relatively constant amount of acreage under management at around 2.7 million acres. Some of this is driven by the expiration of long-term leases in the South. However, over that 10-year period, as Dave mentioned at the beginning of his presentation, we've improved our sustainable yield by about 19% from 9.2 million tons to 10.9 million tons. This will be an important source of recurring cash flow for the future that will help shareholders realize good value.

So our active buying and selling by buying land in better markets that's more productive and selling land that's less productive, but also the things that Doug discussed earlier around our productivity gains and our genetic improvements, have been a key reason we were seeing an increase in our sustainable yield.

Okay, let me shift gears now and give you three case studies to illustrate our active portfolio management approach. The first is Pope Resources. This was the acquisition of a publicly traded master limited partnership that we acquired in May of 2020 through an UPREIT structure for $656 million. Through the acquisition of Pope, we got 125,000 acres of high-quality Douglas-fir timberland in western Washington in strong domestic and export markets. We also got five development projects in the West Puget Sound area and a 12% co-investment in three timber funds owning 141,000 acres.

During the underwriting process, we took steps to integrate those assets before we even closed, and those steps positioned us to be successful to execute. We quickly integrated forestry and harvest operations to maximize synergies of a larger log sales program with greater scale. We identified and developed new sources of non-timber income that generate recurring cash flow. We identified HBU through our land classification process that we wanted to position for future value creation. We did a strategic review of our timber funds business and ultimately decided that business was not strategic to us and we were able to sell that at a premium. And finally, as Chris mentioned earlier, we captured significant alpha through selling 359 acres of unimproved development for $40 million or approximately $111,000 per acre. We're very pleased with our performance to-date and are on track to exceed our underwriting discount rate. We've also returned $237 million of cash, which is around 36% of the purchase price.

The second case study is my favorite case study. It's probably my favorite acquisition in my career. I worked on it for about nine months. It was a lot of fun. We acquired 63,000 acres in East Texas from a family for $88 million. There were 27 individual owners. It was very fun.

At that time, we did a deep dive on the portfolio and we identified higher and better use land sales, opportunities to improve productivity through an intensive silviculture program, and also opportunities to generate cash flow from mineral resources. During the underwriting process, we identified about 10,000 acres that we thought we could sell for around $30 million. We have sold 16,000 acres to-date as of the end of last year for $55 million, around $3,400 per acre. We've beat our pro forma on pricing and absorption. This represents around 63% of the original purchase price. In addition to that, we generated $10 million from easement income alone. We continue to manage the 47,000-acre residual portfolio for intensive silviculture, HBU, non-timber income, and land-based solutions. We've identified a significant number of CCS and solar opportunities on the residual portfolio.

This is a great example of using our land classification process, being thorough in the underwriting process, executing, and ultimately implementing a buy wholesale, sell retail strategy.

The final case study involves a large US South acquisition that we announced in December of 2022 involving 138,000 acres that we acquired from clients of Manulife for $454 million or approximately $3,300 per acre. These are exceptional assets, ones you don't see coming to market but about once about every 15 to 20 years. We're very pleased we were able to acquire these strong assets because they positioned us in better markets with better assets. They improved our percent plantation, our productivity, and they had significant near-term cash flow. For example, the harvest of around 725,000 tons per year is going to generate approximately $166 per acre per year in EBITDA. Now, to put this in context, this is significantly higher than the overall South average on a large portfolio of assets, and about double what our US South portfolio generated last year on an EBITDA per acre per year basis.

In addition to that, the acquisition put us in markets that are very tensioned, but also assets that have optionality for some of the land-based solutions that Doug mentioned today, in particular in east Texas where we added 63,000 acres, in south Alabama, and then coastal Georgia as well. We're excited about operating these assets, and after one year of ownership, we are on track to achieve our pro forma. In particular, we've seen great results on our coastal Georgia markets.

Let me shift gears now and close the presentation by giving you a brief overview of the M&A markets right now as well as our plans on our $1 billion disposition that we announced last year.

The M&A markets right now are fairly slow. On average over the last decade, about $3 billion has transacted in the US in terms of transactions pace per year. We're seeing increased demand right now from new players coming into the market that we have not seen participate in bid sales in the past. In particular, we're seeing a lot of foreign ownership come into the asset class chasing timberland. In addition, we're seeing a lot of domestic impact investors as well as high-net-worth individuals chase timberland as well.

Since 2014, we've actually seen a compression in discount rates. Why is that? We've seen increasing interest in the asset class, and that's only been buoyed here recently by nature-based solutions, carbon and other opportunities, and we've also seen the institutional investors that do own timberland be more disciplined in their selling process, and we've seen a number of funds converted into evergreen funds. Now, all that has had the effect of limiting supply of timberland that comes to the market. Demand's actually increased, and so that's one of the things that's pushing discount rates down. For example, in 2014, the average reported real discount rate was 5.5% based on the Sewell survey. The average discount rate last year was 4.25% or 125 basis points lower.

The US South is the largest, most liquid market for timberland transactions in the world. You've seen an increased interest in the US South from all parts of the world in terms of institutional investment in timberland. This is driving strong capital appreciation in the asset class. Between 2000 and 2023, timberland went from $1,000 an acre on average to around $2,100 per acre, which is about a 3% CAGR. We've also seen timberland trade consistently trade at high multiples, specifically around a 40-times multiple. Now, why is that? Well, one of the things the EBITDA does not capture is the incremental components of return that are unique to the timberland asset class, some of which we discussed today, productivity, HBU, land-based solutions. And so the EBITDA multiples, again, are not... The incremental components of return are not captured in the EBITDA multiples.

At the time that we made our $1 billion disposition, we were seeing a big disconnect between public and private values. At that time, Rayonier's implied share price was equal to about a 23-

times multiple. Since then, it's traded up to around 26-times, but it's still materially below what we think the market bears on the private side. For example, if you look at the NCREIF US South EBITDA multiple, around 35 times, significantly higher than what we're trading right now in the Northwest, around 55 times, we still see a big gap in the public-private market.

Concurrently with our announcement in November, we announced we had entered into an agreement to sell 55,000 acres for $242 million or approximately $4,400 per acre. Shortly after our announcement, we closed in December of last year, and we were able to use proceeds from that transaction to pay off $150 million of high-interest debt, as well as issue a special dividend to our shareholders of about $30 million. Since making our announcement, we've had significant interest in investors that have called us, more than 20 institutional investors that called us interested in assets in every area where we have ownership.

Key objectives of our $1 billion plan are reduce leverage at a higher-for-longer rate environment, and also to capitalize on the public-private valuation gap. However, we're going to do this in a disciplined way. We want to continue to concentrate our capital and markets that have the strongest cash flow attributes and most favor long-term prospects that we discussed today. We're providing an update on our approach by region today, in the US South we've identified approximately 100,000 acres of less strategic timberland that we think are suitable for disposition.

We're focused on maintaining HBU and land-based solutions upside. In the US Pacific Northwest, we've identified more than 100,000 acres of less strategic lands suitable for disposition. In the Northwest, we're focused on improving the residual quality of the portfolio in terms of age, class and species mix, but also driving efficiencies within our operations. And in New Zealand, we're evaluating our joint venture structure and options to maximize long-term value. We anticipate a lengthier evaluation process due to the JV governance structure. We have clear actions in place and are confident in our ability to deliver on our $1 billion target.

So in closing today, I hope you have a greater sense for our active portfolio management approach. We have a disciplined multifaceted approach and a seasoned team of leaders. We have a proven track record of generating premiums through our HBU sales program. We have and are positioning our portfolio to maximize optionality long term, and we have a demonstrated ability to take opportunistic actions as market conditions change. We're confident in our ability to deliver our $1 billion plan. With that, let me turn it over to April Tice, our incoming CFO.