

RAYONIER INC
Form 424B5
March 20, 2017
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Filed Pursuant to Rule 424(b)(5)

Registration No. 333-203733

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price Per Share	Maximum Aggregate Offering Price	Amount of Registration Fee(2)
Common Shares, no par value	5,750,000(1)	\$27.75	\$159,562,500	\$18,494

(1) Includes 750,000 common shares that the underwriters have the option to purchase.

(2) Calculated in accordance with Rule 457(r) under the Securities Act of 1933. This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in the Registrant's Registration Statement on Form S-3, as amended by Post-Effective Amendment No. 1 thereto (File No. 333-203733).

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5,000,000 Shares

Common Shares

We are offering 5,000,000 common shares, no par value, as described in this prospectus supplement and the accompanying prospectus.

Our common shares are listed on the New York Stock Exchange under the symbol RYN. On March 15, 2017, the reported closing price of our common shares on the New York Stock Exchange was \$28.86 per share.

We have granted the underwriters a 30-day option to purchase up to an additional 750,000 common shares on the same terms and conditions as set forth above if the underwriters sell more than 5,000,000 common shares in this offering.

In order to maintain our qualification as a real estate investment trust, we must abide by certain provisions in the Internal Revenue Code of 1986, as amended, including rules restricting concentration of ownership. For more information, see Additional Material U.S. Federal Income Tax Considerations in this prospectus supplement and Certain Federal Income Tax Consequences in the accompanying prospectus.

Investing in our common shares involves risks. Before buying any shares, you should carefully consider the risk factors described in the section titled Risk Factors beginning on page S-7 of this prospectus supplement.

	<i>Per Share</i>	<i>Total</i>
<i>Public offering price</i>	\$27.75	\$138,750,000
<i>Underwriting discounts and commissions (1)</i>	\$1.11	\$5,550,000
<i>Proceeds, before expenses, to us</i>	\$26.64	\$133,200,000

(1) We have agreed to reimburse the underwriters for certain expenses. See Underwriters. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The common shares will be ready for delivery on or about March 22, 2017.

MORGAN STANLEY

RAYMOND JAMES

J.P. Morgan

Credit Suisse

SunTrust Robinson Humphrey

BMO Capital Markets

The Buckingham Research Group

D.A. Davidson & Co.

The date of this prospectus supplement is March 17, 2017

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement and the information incorporated by reference herein, which, among other things, describes the specific terms of this offering and adds to and updates the information contained in the accompanying prospectus. The second part is the accompanying prospectus and the information incorporated by reference therein, which, among other things, provides more general information about the Company and its business, some of which may not apply to this offering. If any information varies between this prospectus supplement and the information incorporated by reference herein and the accompanying prospectus and the information incorporated by reference therein, you should rely on the information in this prospectus supplement and the information incorporated by reference herein.

Additional information about us is incorporated in this prospectus supplement and the accompanying prospectus by reference to certain of our filings with the Securities and Exchange Commission (the "SEC"). You are urged to read carefully this prospectus supplement and the accompanying prospectus and the information incorporated by reference into this prospectus supplement and the accompanying prospectus, including the risk factors and other cautionary statements described under the heading "Risk Factors" elsewhere in this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2016, before deciding whether to invest in our common shares. See "Where You Can Find More Information" and "Incorporation by Reference" in this prospectus supplement.

References in this prospectus supplement to the terms "we," "us," "our," "Rayonier," the "Company" or other similar terms mean Rayonier Inc. and its subsidiaries, unless we state otherwise or the context indicates otherwise.

FORWARD-LOOKING STATEMENTS

Some of the information included in this prospectus supplement, the accompanying prospectus and in the documents incorporated by reference into this prospectus supplement and the accompanying prospectus regarding anticipated financial outcomes, including Rayonier's earnings guidance, if any, Rayonier's ability to complete this offering, the gross proceeds and uses of those proceeds, business and market conditions, outlook, expected dividend rate, Rayonier's business strategies, including expected harvest schedules, timberland acquisitions, Rayonier's targets for incremental Adjusted EBITDA and Cash Available for Distribution ("CAD") from timberland acquisitions, sales of non-strategic timberlands, the anticipated benefits of Rayonier's business strategies, and other similar statements relating to Rayonier's future events, developments or financial or operational performance or results, are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. These forward-looking statements are identified by the use of words such as "may," "will," "should," "expect," "estimate," "believe," "intend," "project," "anticipate," "target" and other similar language. However, the use 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. These statements are based on beliefs and assumptions of management, which in turn are based on currently available information. In particular, Rayonier's targets for incremental Adjusted EBITDA and CAD from timberland acquisitions are based on a range of assumptions, including the price realized and cost associated with harvesting acquired timber, the harvest yield of the timberlands acquired and estimates of merchantable timber inventories, growth rates and end-product yields. These assumptions could prove inaccurate.

The forward-looking statements also involve significant business, economic, regulatory and competitive uncertainties, many of which are outside of our control. In addition, the following important factors, together with those identified in the sections titled **Risk Factors** in this prospectus supplement, the accompanying

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prospectus and any documents we incorporate by reference in this prospectus supplement or the accompanying prospectus, among others, could cause actual results or events to differ materially from those expressed in forward-looking statements that may have been made in this document:

the cyclical and competitive nature of the industries in which we operate;

fluctuations in demand for, or supply of, our forest products and real estate offerings;

entry of new competitors into our markets;

changes in global economic conditions and world events;

fluctuations in demand for our products in Asia, and especially China;

various lawsuits relating to matters arising out of our previously announced internal review and restatement of our consolidated financial statements;

the uncertainties of potential impacts of climate-related initiatives;

the cost and availability of third party logging and trucking services;

the geographic concentration of a significant portion of our timberland;

our ability to identify, finance and complete timberland acquisitions, including the Acquisitions (as defined below);

changes in environmental laws and regulations regarding timber harvesting, delineation of wetlands, and endangered species, that may restrict or adversely impact our ability to conduct our business, or increase the cost of doing so;

adverse weather conditions, natural disasters and other catastrophic events such as hurricanes, wind storms and wildfires, which can adversely affect the availability of our timberlands;

interest rate and currency movements;

our capacity to incur additional debt;

changes in tariffs, taxes or treaties relating to the import and export of our products or those of our competitors;

changes in key management and personnel;

our ability to meet all necessary legal requirements to continue to qualify as a real estate investment trust (REIT) and changes in tax laws that could adversely affect beneficial tax treatment;

the cyclical nature of the real estate business generally;

a delayed or weak recovery in the housing market;

the lengthy, uncertain and costly process associated with the ownership, entitlement and development of real estate, especially in Florida, which also may be affected by changes in law, policy and political factors beyond our control;

unexpected delays in the entry into or closing of real estate transactions;

changes in environmental laws and regulations that may restrict or adversely impact our ability to sell or develop properties;

the timing of construction and availability of public infrastructure; and

the availability of financing for real estate development and mortgage loans.

The above description of risks and uncertainties is not all-inclusive but is designed to highlight what we believe are important factors to consider. For additional factors that could impact future results, please see Risk Factors herein and similar discussions in our other SEC filings, including, without limitation, our Annual Report on Form 10-K for the year ended December 31, 2016 and subsequent reports we file with the SEC.

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

You may rely on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus and any free writing prospectus we may authorize to be delivered to you. Neither we nor the underwriters have authorized anyone to provide information different from that contained in this prospectus supplement or the accompanying prospectus. Neither we nor the underwriters take any responsibility for, or provide any assurance as to the reliability of, any other information that others may give you. This prospectus supplement, the accompanying prospectus and any such free writing prospectus may be used only for the purposes for which they have been published. Neither the delivery of this prospectus supplement nor the sale of common shares means that information contained in this prospectus supplement or the accompanying prospectus is correct after the date of this prospectus supplement. This prospectus supplement is not an offer to sell or the solicitation of an offer to buy these common shares in any circumstances under which the offer or solicitation is unlawful.

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PROSPECTUS SUPPLEMENT SUMMARY

*This summary highlights selected information contained elsewhere in or incorporated by reference into this prospectus supplement and the accompanying prospectus. It does not contain all of the information that you should consider before making an investment decision. You should carefully read this prospectus supplement, the accompanying prospectus and the information incorporated by reference into this prospectus supplement and the accompanying prospectus in their entirety, including especially the **Risk Factors** section, as well as the documents that we have referred you to under **Where You Can Find More Information** below, before making an investment decision.*

The Company

We are a leading timberland REIT with assets located in some of the most productive softwood timber growing regions in the U.S. and New Zealand. The focus of our business is to invest in timberlands and to actively manage them to provide current income and attractive long-term returns to our shareholders. As of December 31, 2016, we owned, leased or managed approximately 2.7 million acres of timberlands located in the U.S. South (1.85 million acres), U.S. Pacific Northwest (378,000 acres) and New Zealand (433,000 gross acres, or 299,000 net plantable acres). In addition, we engage in the trading of logs from New Zealand and Australia to Pacific Rim markets, primarily to support our New Zealand export operations. We have an added focus to maximize the value of our land portfolio by pursuing higher and better use (HBU) land sales opportunities.

On June 27, 2014, Rayonier completed the tax-free spin-off of its Performance Fibers manufacturing business from its timberland and real estate operations, thereby becoming a pure-play timberland REIT. As a REIT, we are generally not required to pay U.S. federal income taxes on our earnings from timber harvest operations and other REIT-qualifying activities contingent upon meeting applicable distribution, income, asset, shareholder and other tests.

Our U.S. timber operations are primarily conducted by our wholly-owned REIT subsidiaries. Our New Zealand timber operations are conducted by Matariki Forestry Group, a majority-owned joint venture subsidiary (the New Zealand JV). Our non-REIT qualifying operations, which are subject to corporate-level tax, are held by various taxable REIT subsidiaries. These operations include our log trading business and certain real estate activities, such as the sale and entitlement of development HBU properties.

Our common shares are publicly traded on the New York Stock Exchange (NYSE) under the symbol RYN. We are a North Carolina corporation with executive offices located at 225 Water Street, Suite 1400, Jacksonville, Florida 32202. Our telephone number is (904) 357-9100. Our website address is www.rayonier.com. The information contained on our website is not part of this prospectus supplement unless it is otherwise filed with the SEC. Computershare is the transfer agent and registrar of our common shares.

Recent Developments

Proposed Acquisitions

In March 2017, we entered into three transactions with separate sellers, pursuant to which we agreed to purchase approximately 95,100 acres of industrial timberlands located in Florida, Georgia, and South Carolina for an aggregate purchase price of approximately \$217 million, or \$2,280 per acre (the Acquisitions), in each case, subject to customary closing conditions. The Acquisitions are expected to close in the second quarter of 2017. We expect to finance the Acquisitions, in part, with the net proceeds of this offering. The Acquisitions are comprised of highly productive timberlands located in some of the strongest timber markets in the U.S. South (based on average composite

stumpage price by region), primarily along the I-95 coastal corridor near Savannah, Georgia. The timberlands are complementary to our existing holdings and increase our ownership in

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the U.S. South Coastal Atlantic markets by approximately 15%. Approximately 89% of the acreage is held in fee simple interest, while the remaining 11% is held in timber leases. The Acquisitions are comprised of approximately 73% planted/plantable lands supporting predominantly loblolly plantations with an average site index of 78 and an average plantation age of approximately 14 years. The Acquisitions contain merchantable timber inventory of approximately 4.3 million tons (45 tons per gross acre) and are expected to improve our sustainable yield by approximately 450,000 tons annually (or 4.7 tons per acre per year on the acquired lands). As a result of the Acquisitions, we are targeting an annual increase in Adjusted EBITDA and CAD of approximately \$13 million and \$10 million, respectively, over the medium-term.

For a description of, and further discussion on, merchantable timber inventory and sustainable yield, see Item 1 Business Discussion of Timber Inventory and Sustainable Yield in our Annual Report on Form 10-K for the year ended December 31, 2016, which is incorporated by reference into this prospectus supplement. For definitions of Adjusted EBITDA and CAD, and a reconciliation of each measure to the most comparable GAAP (as defined below) measure for our historical periods, see Summary Historical Consolidated Financial Data Non-GAAP Financial Measures. We have not provided a reconciliation of these forward-looking non-GAAP financial measures to the most comparable GAAP measures because Adjusted EBITDA and CAD exclude the impact of certain items, as described in further detail below, and management cannot estimate the impact these items will have on Adjusted EBITDA or CAD on a forward-looking basis without unreasonable effort. We believe that the probable significance of providing these forward-looking non-GAAP financial measures without a reconciliation to net income and cash provided by operating activities, as applicable, is that investors and analysts will have certain information that we believe is useful and meaningful regarding the Acquisitions, but will not have that information on a GAAP basis. As a result, investors and analysts may be unable to accurately compare the expected impact of the Acquisitions to our historical results or the results or expected results of other companies who may have treated such matters differently. Management believes that, given the inherent uncertainty of forward-looking statements, investors and analysts will be able to understand and appropriately take into account the limitations in the information we have provided. Investors are cautioned that we cannot predict the occurrence, timing or amount of all non-GAAP items that we exclude from Adjusted EBITDA or CAD. Accordingly, the actual effect of these items, when determined, could potentially be significant to the calculation of Adjusted EBITDA or CAD over the medium-term.

Further, these medium-term targets for Adjusted EBITDA and CAD are based on assumptions and are subject to significant uncertainties, many of which are outside of our control. While management believes these targets and the underlying assumptions are reasonable, they are not guarantees of future performance. Actual results will vary, and those variations may be material. Please see Forward-Looking Statements in this prospectus supplement for a discussion of some of the factors that may cause variations. Nothing herein is a representation by any person that these targets will be achieved, and we undertake no duty to update these targets.

Settlement Agreement

On March 13, 2017, we announced that we had reached an agreement in principle to settle the securities class action litigation pending against us in the United States District Court for the Middle District of Florida (the District Court), entitled *In re Rayonier Inc. Securities Litigation*, Case No. 3:14-cv-01395-TJC-JBT. The settlement will resolve the claims currently asserted against all defendants in the action, including the Company and three former executive officers. The terms agreed upon by the parties contemplate a settlement payment to the class of \$73 million, all of which will be funded by our directors and officers liability insurance carriers. We expect to incur approximately \$740,000 of costs in the first half of 2017 for reimbursement of certain pre-litigation legal expenses in connection with the settlement. The proposed settlement is subject to completion of formal documentation and approval by the District Court following notice to all class members.

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THE OFFERING

Issuer	Rayonier Inc., a North Carolina corporation.
Common shares offered by us	5,000,000 shares, plus up to an additional 750,000 shares if the underwriters exercise their option to purchase additional shares in full.
Common shares to be outstanding after this offering	128,009,175 shares (or 128,759,175 shares if the underwriters exercise their option to purchase additional shares in full).
Use of proceeds	The net proceeds from this offering, after deducting estimated underwriting discounts and commissions and estimated offering expenses, are expected to be approximately \$132.5 million (or \$152.4 million if the underwriters exercise their option to purchase additional shares in full).
Option to purchase additional shares	We intend to use the net proceeds from this offering to finance a portion of the Acquisitions and the remainder, if any, for general corporate purposes. This offering is not contingent on the completion of the Acquisitions. See Use of Proceeds. To the extent that the underwriters sell more than 5,000,000 common shares, the underwriters will have a 30-day option to purchase up to an additional 750,000 common shares from us at the initial price to public less the underwriting discount.
NYSE symbol	RYN
Risk Factors	You should carefully read and consider the information set forth in Risk Factors beginning on page S-7 of this prospectus supplement, including the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2016, incorporated by reference into this prospectus supplement before deciding whether to invest in our common shares.
The total number of common shares to be outstanding following this offering is based on 123,009,175 common shares outstanding as of March 15, 2017 and does not include any securities convertible into or exercisable for common shares (including common shares issuable pursuant to awards outstanding under, or common shares available for issuance under, our existing shareholder-approved incentive plans).	
Unless we specifically state otherwise, the information contained in this prospectus supplement is based upon the assumption that the underwriters will not exercise the option to purchase additional shares.	

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The following tables set forth our summary historical consolidated financial data as of and for the periods and the dates indicated. Our summary historical consolidated financial data as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014 have been derived from, and should be read together with, and are qualified in their entirety by reference to, our audited consolidated financial statements and related notes thereto incorporated by reference into this prospectus supplement and the accompanying prospectus.

The summary historical consolidated financial data presented below does not contain all of the information you should consider before deciding whether or not to invest in our common shares, and should be read in conjunction with

Management's Discussion and Analysis of Financial Condition and Results of Operations and our audited consolidated financial statements and related notes, each of which are incorporated by reference into this prospectus supplement. See [Where You Can Find More Information](#) and [Incorporation by Reference](#).

	Year Ended December 31,		
	2016	2015	2014
	(in thousands)		
Income Statement Data:			
Sales ^(a)	\$ 788,278	\$ 544,874	\$ 603,521
Costs and expenses			
Cost of sales	524,707	441,099	483,860
Selling and general expenses	42,785	45,750	47,883
Other operating income, net	(34,991)	(19,759)	(26,511)
	532,501	467,090	505,232
Operating income ^(a)	255,777	77,784	98,289
Interest expense	(32,245)	(31,699)	(44,248)
Interest and miscellaneous expense, net	(698)	(3,003)	(9,199)
Income from continuing operations before income taxes	222,834	43,082	44,842
Income tax (expense) benefit	(5,064)	859	9,601
Income from continuing operations	217,770	43,941	54,443
Discontinued Operations, net			
Income from discontinued operations, net of income tax expense			43,403
Net Income	217,770	43,941	97,846
Net income (loss) attributable to noncontrolling interest	5,798	(2,224)	(1,491)
Net income attributable to Rayonier Inc.	211,972	46,165	99,337
Other comprehensive income (loss)			
Foreign currency translation adjustment, net of income tax expense	6,322	(32,451)	(15,847)
Cash flow hedges, net of income tax (expense) benefit	22,822	(9,961)	(1,855)
	5,533	2,933	54,046

Actuarial change and amortization of pension and postretirement plan liabilities, net of income tax effect

34,677	(39,479)	36,344
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- (a) The 2016 results included sales and operating income of \$207.3 million and \$143.9 million, respectively, related to Large Dispositions. The 2014 results included sales and operating income of \$22 million and \$21.4 million, respectively, related to Large Dispositions. Large Dispositions are defined as transactions involving the sale of timberland that exceed \$20 million in size and do not have any identified HBU premium relative to timberland value.

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	Year Ended December 31,		
	2016	2015	2014
	(in thousands)		
Comprehensive Income	252,447	4,462	134,190
Comprehensive income (loss) attributable to noncontrolling interest	9,555	(13,027)	(6,462)
Comprehensive Income Attributable to Rayonier Inc.	\$ 242,892	\$ 17,489	\$ 140,652

Other Data:**Cash provided by (used for):**

Operating activities	\$ 203,801	\$ 177,164	\$ 320,416
Investing activities	(283,155)	(166,309)	(196,676)
Financing activities	114,423	(116,463)	(161,449)
Ratio of earnings to fixed charges	7.82x	2.35x	2.01x

Balance Sheet Data (at end of period):

Cash and cash equivalents	\$ 85,909	\$ 51,777	
Restricted deposits	71,708	23,525	
Total assets	2,685,760	2,315,938	
Long-term debt, net of deferred financing costs	1,030,205	830,554	
Total debt, net of deferred financing costs	1,061,881	830,554	
Total shareholders' equity	1,496,752	1,361,740	

Non-GAAP Financial Measures

We include or incorporate by reference into this prospectus supplement certain financial measures, including Adjusted EBITDA and Cash Available for Distribution (CAD), which are not defined by generally accepted accounting principles (GAAP) and should not be considered as alternatives to net income, cash provided by operating activities, or any other financial performance measure derived in accordance with GAAP. Management considers Adjusted EBITDA and CAD to be important in order to estimate the enterprise and shareholder values of the Company as a whole and of its core segments, and for allocating capital resources. In addition, analysts, investors and creditors use these measures when analyzing our operating performance, financial condition and cash generating ability. Management uses Adjusted EBITDA as a performance measure and CAD as a liquidity measure. Adjusted EBITDA and CAD as defined may not be comparable to similarly titled measures reported by other companies.

Adjusted EBITDA is a non-GAAP financial measure and is defined as earnings before interest, taxes, depreciation, depletion, amortization, the non-cash cost of land and real estate sold, costs related to shareholder litigation, gain on foreign currency derivatives, costs related to the spin-off of the Performance Fibers business, internal review and restatement costs, Large Dispositions and discontinued operations.

The following table presents our Adjusted EBITDA and reconciles our net income to our Adjusted EBITDA for the periods indicated:

Year Ended December 31,
2016 2015 2014
(in millions)

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Net income	\$ 217.8	\$ 43.9	\$ 97.8
Interest, net, continuing operations	33.0	34.7	49.7
Income tax expense (benefit), continuing operations	5.0	(0.9)	(9.6)
Depreciation, depletion and amortization	115.1	113.7	120.0
Non-cash cost of land and improved development	11.7	12.5	13.2
Costs related to shareholder litigation ^(a)	2.2	4.1	

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	Year Ended December 31,		
	2016	2015	2014
	(in millions)		
Gain on foreign currency derivatives ^(b)	\$ (1.2)	\$	\$
Large Dispositions	(143.9)		(21.4)
Cost related to spin-off of Performance Fibers			3.8
Internal review and restatement costs			3.4
Net income from discontinued operations			(43.4)
Adjusted EBITDA	\$ 239.7	\$ 208.0	