

MIRA INFORM REPORT

Report No. :	519815
Report Date :	13.07.2018

IDENTIFICATION DETAILS

Name :	RAYONIER NEW ZEALAND LTD
Registered Office :	Level 5, 32-34 Mahuhu Crescent Auckland 1010
Country :	New Zealand
Financials (as on) :	31.12.2016
Date of Incorporation :	04.03.1987
Com. Reg. No.:	334608
Legal Form :	Private Limited Liability Company
Line of Business :	The Subject provides forest products. It owns commercial plantations and forest nurseries throughout New Zealand, and suppliers of logs to New Zealand processors and offshore markets.
No. of Employees :	334 (Rayonier Group)

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	No Complaints
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

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ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
New Zealand	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

NEW ZEALAND - ECONOMIC OVERVIEW

Over the past 40 years, the government has transformed New Zealand from an agrarian economy, dependent on concessionary British market access, to a more industrialized, free market economy that can compete globally. This dynamic growth has boosted real incomes, but left behind some at the bottom of the ladder and broadened and deepened the technological capabilities of the industrial sector.

Per capita income rose for 10 consecutive years until 2007 in purchasing power parity terms, but fell in 2008-09. Debt-driven consumer spending drove robust growth in the first half of the decade, fueling a large balance of payments deficit that posed a challenge for policymakers. Inflationary pressures caused the central bank to raise its key rate steadily from January 2004 until it was among the highest in the OECD in 2007 and 2008. The higher rate attracted international capital inflows, which strengthened the currency and housing market while aggravating the current account deficit. Rising house prices, especially in Auckland, have become a political issue in recent years, as well as a policy challenge in 2016 and 2017, as the ability to afford housing has declined for many.

Expanding New Zealand's network of free trade agreements remains a top foreign policy priority. New Zealand was an early promoter of the Trans-Pacific Partnership (TPP) and was the second country to ratify the agreement in May 2017. Following the United States' withdrawal from the TPP in January 2017, on 10 November 2017 the remaining 11 countries agreed on the core elements of a modified agreement, which they renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). In November 2016, New Zealand opened negotiations to upgrade its FTA with China; China is one of New Zealand's most important trading partners.

Source : CIA

IDENTIFICATION

Verified
Subject name: RAYONIER NEW ZEALAND LIMITED
Address: Level 5, 32-34 Mahuhu Crescent
Town: Auckland
Zip/postal code: 1010
Country: New Zealand
Telephone: +64 (9) 3022988
Fax: +64 (9) 3770249
Website: www.matarikiforests.co.nz
www.rayonier.com (Group)

Postal address: PO Box 9283
Newmarket
Town: Auckland
Zip/postal code: 1149

EXECUTIVE SUMMARY

Date registered: 04-03-1987
Legal form: Private Limited Liability Company
Shareholders' equity: NZD 39,188,000 (Non-consolidated 31-12-2016)
USD 1,692,940,000 (Group consolidated 31-12-2014)
Main activities: Provider of forestry services.
Employees: 334 (RAYONIER group)

REGISTRY DATA

Key Facts
Date registered: 04-03-1987
Legal form: Private Limited Liability Company
Registration no: 334608
Registry auth.: Registrar of Companies
Tax number: NZBN: 9429039639844
Registry status: Live/Active
Previous names: 1. RAYONIER NZ HOLDINGS LIMITED
2. ITT RAYONIER NZ HOLDINGS LIMITED
3. ITT NEW ZEALAND LIMITED
Present style adopted on 07-09-2005.

LEGAL FILINGS

Bankruptcy filings: None
Court judgements: None

Tax liens: None
Other: None

MANAGEMENT & STAFF

Key Managers

Name: Brendan Slui
Job title: Director

Name: Douglas Michael Long
Job title: Director

Name: Mark Roberts Bridwell
Job title: Director

Key Advisors

Auditor: ERNST & YOUNG
New Zealand

Staff

No of employees 334 (RAYONIER group)

BOARD OF DIRECTORS / OTHER APPOINTMENTS

Appointments

Name: Brendan Slui
Board function: Director
Date appointed: 19-02-2018
Address: 32 Seacrest Drive, West Harbour
Auckland, 0618
New Zealand

Name: Douglas Michael Long
Board function: Director
Date appointed: 10-11-2014
Address: 1882 Anchorage Place
Fernandina Beach, FL 32034
USA

Name: Mark Roberts Bridwell
Board function: Director
Date appointed: 06-08-2014
Address: 1719 McArthur Street
Fernandina Beach, FL 32034

USA

SHARE CAPITAL

Composition
Number/type: 1,015 shares

SHAREHOLDERS/OWNERS

How Listed Full List

Composition
Name: RAYONIER TRS OPERATING COMPANY
% of shares: 100%
Address: 1 Rayonier Way
Yulee, FL 32097
United States

CORPORATE AFFILIATIONS

Structure
Name: RAYONIER INC
Affiliation type: Ultimate Holding Company
Address: 1 Rayonier Way
Yulee, FL 32097
United States

Name: RAYONIER TRS OPERATING COMPANY
Affiliation type: Parent Company
Address: 1 Rayonier Way
Yulee, FL 32097
United States

Comments Other companies of the RAYONIER Group should also be considered as affiliates of the Subject.
A list of major affiliated companies is attached to this report.

BANKING & FINANCING

Bankers

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Bank name: BANK OF NEW ZEALAND
Address: New Zealand

Charges & Mortgages
Time of Registration: 13-Dec-2016 12:43
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: F57N4X70XB0B2634
Incorporation No: 334608
City/Town: AUCKLAND
Collateral Type: Goods - Other

Time of Registration: 12-Dec-2016 17:01
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: FP3447J9K2Y73S51/C0001
Incorporation No: 334608
City/Town: AUCKLAND
Collateral Type: Goods - Other

Time of Registration: 27-Oct-2015 11:22
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: F67ZV209PB0D4756/C0002
Incorporation No: 334608
City/Town: AUCKLAND
Collateral Type: Goods - Other

Time of Registration: 24-Sep-2015 11:22
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: FZ2RP82093827T9T
Incorporation No: 334608
City/Town: AUCKLAND
Collateral Type: Goods - Other

Time of Registration: 15-Jul-2015 10:34
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: F229RH22HV129V98/C0023
Incorporation No: 334608
City/Town: AUCKLAND
Collateral Type: Goods - Motor Vehicles; Goods - Other; Intangibles

Time of Registration: 05-Jun-2014 20:21
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: FN1DD0Z84X375742/C0001
Incorporation No: 334608
City/Town: AUCKLAND
Collateral Type: Goods - Motor Vehicles; Intangibles

Time of Registration: 11-Apr-2014 20:10
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: FH54T42F421DZ903/C0001
Incorporation No: 334608

City/Town: AUCKLAND 1010
Collateral Type: Goods - Motor Vehicles; Intangibles

Time of Registration: 10-Apr-2014 10:49
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: F57E4325K1NU099S/C0001
Incorporation No: 334608
City/Town: AUCKLAND
Collateral Type: All Present And After Acquired Personal Property; Goods - Other

Time of Registration: 31-Dec-2013 15:48
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: FC7AU50895E29S59/C0001
Incorporation No: 334608
City/Town: AUCKLAND
Collateral Type: All Present And After Acquired Personal Property; Chattel Paper; Documents Of Title; Goods - Other; Intangibles; Negotiable Instruments

Time of Registration: 29-Nov-2013 12:47
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: FB73KT1H32R73851/C0005
Incorporation No: 334608
City/Town: AUCKLAND
Collateral Type: Goods - Other

Time of Registration: 29-Nov-2013 12:43
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: F28K5692J0RP1357/C0005
Incorporation No: 334608
City/Town: AUCKLAND
Collateral Type: Goods - Other

Time of Registration: 29-Nov-2013 12:39
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: FM0CJ21K9Y499261/C0005
Incorporation No: 334608
City/Town: AUCKLAND
Collateral Type: Goods - Other

Time of Registration: 29-Nov-2013 12:35
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: FD8B4595A0462D3F/C0005
Incorporation No: 334608
City/Town: AUCKLAND
Collateral Type: Goods - Other

Time of Registration: 29-Nov-2013 12:26
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: FR0CX6429429KS69/C0005

Incorporation No: 334608
City/Town: AUCKLAND
Collateral Type: Goods - Other

Time of Registration: 29-Nov-2013 12:21
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: F95KM6841B55H1N9/C0005
Incorporation No: 334608
City/Town: AUCKLAND
Collateral Type: Goods - Other

Time of Registration: 29-Nov-2013 12:16
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: F5133E89M02HR471/C0005
Incorporation No: 334608
City/Town: AUCKLAND
Collateral Type: Goods - Other

Time of Registration: 29-Nov-2013 12:11
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: FW3993CW1RY31894/C0005
Incorporation No: 334608
City/Town: AUCKLAND
Collateral Type: Goods - Other

Time of Registration: 19-Nov-2013 11:53
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: F47DG7135VN680A4
Incorporation No: 334608
City/Town: AUCKLAND
Collateral Type: Goods - Other

Time of Registration: 14-Jun-2010 16:04
Debtor Name: RAYONIER NEW ZEALAND LIMITED
Financing Statement Registration No: F4047T87K518NJ19/C0001
Incorporation No: 334608
City/Town: AUCKLAND
Collateral Type: Goods - Other

Comments

It is generally not the policy of local banks to provide credit status information to non-bona fide applications, and interested parties would be advised to consult first with the Subject if banker's references are required.

FINANCIAL ACCOUNTS

Description

Required to file: Yes

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Source: Commercial Registry Filings
Group Consolidated Statements
Presentation: Attached to this report / Summarised below
Date of accounts: 31-12-2016
Type of accounts: Full audited
Currency: New Zealand Dollar (NZD)
US Dollar (USD)

Summarised

	31-12-2016	31-12-2015	31-12-2017
Currency:	New Zealand Dollar (NZD)	New Zealand Dollar (NZD)	US Dollar (USD)
Consolidation:	Non-consolidated	Non-consolidated	Group consolidated
Period:	12 months	12 months	12 months
Sales turnover:			819,596,000
Profit before tax:	1,234,000	1,611,000	183,260,000
Profit after tax:	962,000	1,047,000	161,579,000
Non-current assets:	2,565,000	2,138,000	2,674,954,000
Current assets:	39,458,000	39,182,000	183,527,000
Total assets:	42,023,000	41,320,000	2,858,481,000
Current liabilities:	2,835,000	3,094,000	68,548,000
Non-cur. liabilities:	0	0	1,096,993,000
Total liabilities:	2,835,000	3,094,000	1,165,541,000
Shareholders' equity:	39,188,000	38,226,000	1,692,940,000

Comments: Group consolidated figures relate to the Subject's Ultimate Holding Company RAYONIER INC and its subsidiaries.

OPERATIONS & HISTORY

Activities

Full description: The Subject provides forest products. It owns commercial plantations and forest nurseries throughout New Zealand, and suppliers of logs to New Zealand processors and offshore markets.

Products/services:

- Export logistics, sales and marketing
- Log production
- Tree crop management
- Technical forestry services
- Research and development
- Financial management, taxation, treasury and compliance

PROPERTY & ASSETS

Premises: The Subject's head office is located at the heading address.

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Branches The Subject also operates from the following locations:

Northland Regional Office:
Maruata Road, Glenbervie, Rd3
Whangarei 0173
New Zealand

Bay of Plenty Regional Office:
1st Floor, 181 Devonport Road
Tauranga 3110
New Zealand

Hawkes Bay Regional Office:
Ground Floor, 6B Ossian Street
Ahuriri, Napier 4110
New Zealand

Canterbury Regional Office:
200 King Street
Rangiora 7400
New Zealand

Southland Regional Office:
Level 1, 25 Victoria Avenue
Invercargill 9810
New Zealand

PAYMENTS

Purchase Terms

Local: Cash
Credits 14-30 days
Imports: Credits 30 days net

Sales Terms

Local: Cash
Credits 14-30 days
Exports: Credits 30 days net

Debt Collections / Judgements No negative information was found.

Payment Experience
Payment behaviour: No Complaints

INVESTIGATIVE NOTES

Sources: Interviews and material provided by the Subject
Other official and local business sources

ATTACHMENTS

Attachments: Financial statements
Group consolidated financial statements
List of affiliated companies

**Rayonier New Zealand Limited
Statement of Comprehensive Income
For the year ended 31 December 2016**

	Note	2016 \$000	2015 \$000
Other income		4	36
Other expense		(9)	-
Finance income	4	1,240	1,575
Finance expense	4	(1)	-
Profit before income tax		1,234	1,611
Income tax expense	6	(272)	(564)
Profit for the year		962	1,047
Attributable to:			
Equity holders of the parent		962	1,047
Comprehensive income for the year		962	1,047
Attributable to:			
Equity holders of the parent		962	1,047

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Rayonier New Zealand Limited
Balance Sheet
As at 31 December 2016

	Note	2016 \$000	2015 \$000
CURRENT ASSETS			
Cash and cash equivalents	8	870	1,722
Term deposits	8	36,830	35,986
Trade and other receivables	9	207	184
Related party receivables	13	1,551	1,290
		39,458	39,182
NON-CURRENT ASSETS			
Property, plant and equipment	10	748	976
Intangible asset	11	1,817	1,162
		2,565	2,138
TOTAL ASSETS		42,023	41,320
CURRENT LIABILITIES			
Trade and other payables	12	2,735	2,836
Related party payables	13	48	-
Current tax payable		52	258
		2,835	3,094
TOTAL LIABILITIES		2,835	3,094
NET ASSETS		39,188	38,226
EQUITY			
Issued capital	7	1,708	1,708
Retained earnings		37,480	36,518
TOTAL EQUITY		39,188	38,226

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Rayonier New Zealand Limited
Statement of Cash Flows
For the year ended 31 December 2016

	<i>Notes</i>	2016	2015
		\$000	\$000
Cash flows from operating activities			
Receipts from customers		18,391	20,020
Payments to suppliers		(16,400)	(15,135)
GST paid to IRD		(1,743)	(1,215)
Interest received		1,243	1,507
Tax paid		(479)	(304)
Net cash flows from operating activities		1,012	4,873
Cash flows from investing activities			
Purchase of intangible assets		(1,022)	(612)
Purchase of equipment		-	(8)
Proceeds from sale of equipment		2	-
Net cash flows used in investing activities		(1,020)	(620)
Net (decrease) / increase in cash and cash equivalents		(8)	4,253
Cash and cash equivalents at beginning of year		37,708	33,455
Cash and cash equivalents at end of year	8	37,700	37,708

Rayonier New Zealand Limited
Statement of Changes in Equity
As at 31 December 2016

		Issued capital	Retained earnings	Total equity
	Note	\$000	\$000	\$000
Balance at 1 January 2015		1,708	35,471	37,179
Total comprehensive income for the year, net of tax		-	1,047	1,047
Balance at 31 December 2015	7	1,708	36,518	38,266
Balance at 1 January 2016		1,708	36,518	38,266
Total comprehensive income for the year, net of tax		-	962	962
Balance at 31 December 2016	7	1,708	37,480	39,188

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RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the Years Ended December 31,
(Thousands of dollars, except per share data)

	2017	2016	2015
SALES	\$819,596	\$815,915	\$568,800
Costs and Expenses			
Cost of sales	568,253	526,439	441,718
Selling and general expenses	40,245	42,785	45,750
Other operating (income) expense, net (Note 17)	(4,393)	(9,086)	3,548
	604,105	560,138	491,016
OPERATING INCOME	215,491	255,777	77,784
Interest expense	(34,071)	(32,245)	(31,699)
Interest income and miscellaneous income (expense), net	1,840	(698)	(3,003)
INCOME BEFORE INCOME TAXES	183,260	222,834	43,082
Income tax (expense) benefit (Note 9)	(21,681)	(5,064)	859
NET INCOME	161,579	217,770	43,941
Less: Net income (loss) attributable to noncontrolling interest	12,737	5,798	(2,224)
NET INCOME ATTRIBUTABLE TO RAYONIER INC.	148,842	211,972	46,165
OTHER COMPREHENSIVE INCOME (LOSS)			
Foreign currency translation adjustment, net of income tax effect of \$0, \$0 and \$1,066	9,114	6,322	(32,451)
Cash flow hedges, net of income tax effect of \$594, \$545 and \$91	5,693	22,822	(9,961)
Actuarial change and amortization of pension and postretirement plan liabilities, net of income tax effect of \$0, \$0 and \$470	(208)	5,533	2,933
	14,599	34,677	(39,479)
COMPREHENSIVE INCOME	176,178	252,447	4,462
Less: Comprehensive income (loss) attributable to noncontrolling interest	14,775	9,555	(13,027)
COMPREHENSIVE INCOME ATTRIBUTABLE TO RAYONIER INC.	\$161,403	\$242,892	\$17,489
EARNINGS PER COMMON SHARE (NOTE 12)			
Basic earnings per share attributable to Rayonier Inc.	\$1.17	\$1.73	\$0.37
Diluted earnings per share attributable to Rayonier Inc.	\$1.16	\$1.73	\$0.37

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**RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31,
(Thousands of dollars)**

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$112,653	\$85,909
Accounts receivable, less allowance for doubtful accounts of \$23 and \$33	27,693	20,664
Inventory (Note 18)	24,141	21,379
Prepaid logging roads	11,207	10,228
Prepaid expenses	4,786	1,579
Assets held for sale (Note 21)	—	23,171
Other current assets	3,047	1,874
Total current assets	183,527	164,804
TIMBER AND TIMBERLANDS, NET OF DEPLETION AND AMORTIZATION HIGHER AND BETTER USE TIMBERLANDS AND REAL ESTATE DEVELOPMENT INVESTMENTS (NOTE 6)	80,797	70,374
PROPERTY, PLANT AND EQUIPMENT		
Land	3,962	2,279
Buildings	23,618	7,990
Machinery and equipment	4,440	4,658
Construction in progress	627	8,170
Total property, plant and equipment, gross	32,647	23,097
Less—accumulated depreciation	(9,269)	(9,063)
Total property, plant and equipment, net	23,378	14,034
RESTRICTED CASH (NOTE 19)	59,703	71,708
OTHER ASSETS (NOTE 20)	49,010	73,825
TOTAL ASSETS	\$2,858,481	\$2,685,760
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$25,148	\$22,337
Current maturities of long-term debt (Note 5)	3,375	31,676
Accrued taxes	3,781	2,657
Accrued payroll and benefits	9,662	9,277
Accrued interest	5,054	5,340
Deferred revenue	9,721	9,099
Other current liabilities	11,807	11,580
Total current liabilities	68,548	91,966
LONG-TERM DEBT, NET OF DEFERRED FINANCING COSTS (NOTE 5)	1,022,004	1,030,205
PENSION AND OTHER POSTRETIREMENT BENEFITS (NOTE 15)	31,905	31,856
OTHER NON-CURRENT LIABILITIES	43,084	34,981
COMMITMENTS AND CONTINGENCIES (NOTES 8 and 10)		
SHAREHOLDERS' EQUITY		
Common Shares, 480,000,000 shares authorized, 128,970,776 and 122,904,368 shares issued and outstanding	872,228	709,867
Retained earnings	707,378	700,887
Accumulated other comprehensive income (Note 22)	13,417	856
TOTAL RAYONIER INC. SHAREHOLDERS' EQUITY	1,593,023	1,411,610
Noncontrolling interest	99,917	85,142
TOTAL SHAREHOLDERS' EQUITY	1,692,940	1,496,752
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$2,858,481	\$2,685,760

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RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31,
(Thousands of dollars)

	2017	2016	2015
OPERATING ACTIVITIES			
Net income	\$161,579	\$217,770	\$43,941
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation, depletion and amortization	127,566	115,142	113,708
Non-cash cost of land and real estate sold	13,684	11,690	12,509
Stock-based incentive compensation expense	5,396	5,136	4,484
Amortization of debt discount/premium	—	(462)	604
Deferred income taxes	21,980	5,170	(1,475)
Non-cash adjustments to unrecognized tax benefit liability	—	—	135
Amortization of losses from pension and postretirement plans	465	2,513	3,403
Gain on sale of Large Dispositions	(66,994)	(143,933)	—
Other	(716)	336	350
Changes in operating assets and liabilities:			
Receivables	(6,362)	2,517	2,034
Inventories	(1,384)	(1,175)	(9,749)
Accounts payable	3,435	(559)	1,863
Income tax receivable/payable	(434)	(206)	(894)
All other operating activities	(1,931)	(10,138)	6,251
CASH PROVIDED BY OPERATING ACTIVITIES	256,284	203,801	177,164
INVESTING ACTIVITIES			
Capital expenditures	(65,345)	(58,723)	(57,293)
Real estate development investments	(15,784)	(8,746)	(2,676)
Purchase of timberlands	(242,910)	(366,481)	(98,409)
Assets purchased in business acquisition	—	(887)	—
Net proceeds from Large Dispositions	95,243	203,862	—
Proceeds from settlement of foreign currency hedge	—	—	2,804
Rayonier office building under construction	(6,084)	(6,307)	(908)
Change in restricted cash	12,005	(48,184)	(16,836)
Other	(373)	2,311	7,009
CASH USED FOR INVESTING ACTIVITIES	(223,248)	(283,155)	(166,309)
FINANCING ACTIVITIES			
Issuance of debt	63,389	695,916	472,558
Repayment of debt	(100,157)	(458,415)	(364,402)
Dividends paid	(127,069)	(122,845)	(124,936)
Proceeds from the issuance of common shares	4,751	1,576	2,117
Proceeds from the issuance of common shares from equity offering, net of costs	152,390	—	—
Repurchase of common shares	(176)	(690)	(100,000)
Debt issuance costs	—	(818)	(1,678)
Other	—	(301)	(122)
CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES	(6,872)	114,423	(116,463)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	580	(937)	(4,173)
CASH AND CASH EQUIVALENTS			
Change in cash and cash equivalents	26,744	34,132	(109,781)
Balance, beginning of year	85,909	51,777	161,558
Balance, end of year	\$112,653	\$85,909	\$51,777

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RAYONIER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Thousands of dollars, except share data)

	Common Shares		Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Non-controlling Interest	Shareholders' Equity
	Shares	Amount				
Balance, December 31, 2014	126,773,097	\$702,598	\$790,697	(\$4,825)	\$86,681	\$1,575,151
Net income	—	—	46,165	—	(2,224)	43,941
Dividends (\$1.00 per share)	—	—	(124,943)	—	—	(124,943)
Issuance of shares under incentive stock plans	205,219	2,117	—	—	—	2,117
Stock-based compensation	—	4,484	—	—	—	4,484
Tax deficiency on stock-based compensation	—	(250)	—	—	—	(250)
Repurchase of common shares	(4,208,099)	(122)	(100,000)	—	—	(100,122)
Actuarial change and amortization of pension and postretirement plan liabilities	—	—	—	2,933	—	2,933
Adjustments to Rayonier Advanced Materials	—	—	841	—	—	841
Foreign currency translation adjustment	—	—	—	(21,567)	(10,884)	(32,451)
Cash flow hedges	—	—	—	(10,044)	83	(9,961)
Balance, December 31, 2015	122,770,217	\$708,827	\$612,760	(\$33,503)	\$73,656	\$1,361,740
Net income	—	—	211,972	—	5,798	217,770
Dividends (\$1.00 per share)	—	—	(123,155)	—	—	(123,155)
Issuance of shares under incentive stock plans	179,743	1,576	—	—	—	1,576
Stock-based compensation	—	5,136	—	—	—	5,136
Repurchase of common shares	(45,592)	(178)	(690)	—	—	(868)
Actuarial change and amortization of pension and postretirement plan liabilities	—	—	—	5,533	—	5,533
Foreign currency translation adjustment	—	—	—	2,780	3,542	6,322
Cash flow hedges	—	—	—	22,608	214	22,822
Recapitalization of New Zealand Joint Venture	—	(5,398)	—	3,438	1,960	—
Recapitalization costs	—	(96)	—	—	(28)	(124)
Balance, December 31, 2016	122,904,368	\$709,867	\$700,887	\$856	\$85,142	\$1,496,752
Cumulative-effect adjustment due to adoption of ASU No. 2016-16	—	—	(14,365)	—	—	(14,365)
Net income	—	—	148,842	—	12,737	161,579
Dividends (\$1.00 per share)	—	—	(127,986)	—	—	(127,986)
Issuance of shares under incentive stock plans	322,314	4,751	—	—	—	4,751
Stock-based compensation	—	5,396	—	—	—	5,396
Repurchase of common shares	(5,906)	(176)	—	—	—	(176)
Actuarial change and amortization of pension and postretirement plan liabilities	—	—	—	(208)	—	(208)
Foreign currency translation adjustment	—	—	—	7,416	1,698	9,114
Cash flow hedges	—	—	—	5,353	340	5,693
Issuance of shares under equity offering, net of costs	5,750,000	152,390	—	—	—	152,390
Balance, December 31, 2017	<u>128,970,776</u>	<u>\$872,228</u>	<u>\$707,378</u>	<u>\$13,417</u>	<u>\$99,917</u>	<u>\$1,692,940</u>

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SUBSIDIARIES OF RAYONIER INC.
As of 12/31/2017

<u>Name of Subsidiary</u>	<u>State/Country of Incorporation/Organization</u>
Matariki Forests	New Zealand
Matariki Forestry Group	New Zealand
Rayonier Forest Resources, L.P.	Delaware
Rayonier Atlantic Timber Company	Delaware
Rayonier Washington Timber Company	Delaware
Rayonier Gulf Timberlands, LLC	Delaware
Rayonier Louisiana Timberlands, LLC	Delaware
Rayonier Mississippi Timberlands Company	Delaware
Rayonier Operating Company LLC	Delaware
Rayonier TRS Operating Company	Delaware
Rayonier TRS Forest Operations, LLC	Delaware
Rayonier TRS Holdings Inc.	Delaware
Raydient LLC	Delaware

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.63
UK Pound	1	INR 90.67
Euro	1	INR 80.16
NZD	1	INR 46.15

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	SYL

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)

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