

REITs | TIMBER REITs

JANUARY 7, 2020 | 3:45 AM EST
INDUSTRY COMMENT**Overweight the Timber REITs – Upgrading PCH to Outperform and Raising Price Targets**

Within this report, we are **1)** moving our recommended weighting on the timber REIT sector to **Overweight** from Market Weight in context of our overall REIT coverage universe; **2)** upgrading PotlatchDeltic to **Outperform** from Market Perform and establishing a \$48 price target; **3)** raising our price targets for Weyerhaeuser and Rayonier; **4)** introducing initial 2021 estimates; **5)** providing an update on Washington log prices; and **6)** offering a quick rundown on valuations across the sector as we enter the new year.

Collin Mings, CFA
(727) 567-2585
collin.mings@raymondjames.com

Marnie Georges, CFA, Sr. Res. Assoc.
(727) 567-2638
marnie.georges@raymondjames.com

John Paul Austin, Research Associate
(727) 567-5835
johnpaul.austin@raymondjames.com

Overweight the timber REITs to start 2020: We believe the stage is set for the timber REITs to continue to outperform the broader REIT universe in early 2020. The timber REITs collectively climbed 10% in 4Q19 — outpacing the broader REIT universe by more than 1,000 bp. We believe the multiple tailwinds that provided the sector a boost late in 2019 will likely continue into the new year. As such, we are moving our recommended weighting on the timber REIT sector to **Overweight** from Market Weight in context of our overall REIT coverage universe. Our constructive stance to start the year is based on three factors:

1) Residential construction activity is poised to accelerate in 2020. Our team's housing analyst believes the homebuilders are poised to enter 2020 with the strongest supply/demand fundamentals seen in the 10-year housing recovery to date (for details, see this update published by Buck Horne on December 30: [November Housing Market Monitor: Inventory Down 11% In Core Homebuilding Markets](#)). Incremental demand is being funneled into builder communities given the deepening inventory shortage of re-sale homes (particularly entry-level) and builder sentiment around current sales and buyer traffic are reaching new 20-year highs. Our team is now projecting 1.35 million housing starts in 2020 given the strong finish to new home sales in 2019 and the favorable outlook for 2020.

2) Wood product pricing set to improve amid better supply/demand dynamics. We expect the aforementioned improvement in residential construction activity to translate into higher lumber prices amid much tighter supply conditions given the curtailments in lumber production that occurred in 2019. Specifically, over two billion board feet of lumber capacity was permanently curtailed in 2019 (reflecting a ~3-4% reduction in North American capacity). Only Weyerhaeuser and PotlatchDeltic stand to directly benefit from higher lumber prices — but we believe any improvement in pricing will likely be viewed favorably for the overall sector and improve investor sentiment. Furthermore, we believe oriented strand board production curtailments by Norbord, Georgia-Pacific, and Louisiana Pacific last year will contribute to higher OSB pricing in 2020 (as it relates to the timber REITs, Weyerhaeuser would stand to directly benefit).

3) Valuations still offer upside — especially given the de-escalation in trade tensions with China (at least for now). Collectively, the timber REITs currently trade at a 2% discount to our NAV estimates, 22.1x our 2020 CAD/share estimates, and offer a 4.4% dividend yield. Despite the strong performance posted by the sector in 2019, we believe potential upside remains from current valuations. Trade policy remains a wild card — especially heading into what will likely be a particularly contentious election cycle. That said, with a signing of a "phase one" trade deal set for January 15 and the willingness on both sides to continue negotiations on a more comprehensive deal, it appears this issue (which has been a headwind for the timber REITs) could prove to be less of an overhang than it has been over the last ~18 months.

In conjunction with our shift to an Overweight recommendation on the sector, we are raising our rating on PotlatchDeltic (PCH) to **Outperform** from Market Perform. As detailed later in the report, we are also raising our price targets for Weyerhaeuser (WY) and Rayonier (RYN).

For more discussion of the timber REITs and industry news, see our recent industry and company-specific reports:

Sector Reports

- [Wood Product Pricing Update; Mass Timber Highlight \(12/31/19\)](#)
- [Wood Product Pricing, More on Weyerhaeuser's Montana Timberland Sale, & New Zealand Log Prices \(12/23/19\)](#)
- [November Washington Log Prices, Wood Product Pricing Update, and ESG Commentary \(12/2/19\)](#)
- [Quick Thoughts on Today's Volatility \(11/1/19\)](#)
- [Timber REITs | Timber Topics - October 2019; Thoughts Ahead of Upcoming Conference Calls \(10/23/19\)](#)

Weyerhaeuser (WY)

- [Thoughts on Weyerhaeuser's Montana Timberland Sale & Weekly Wood Product Pricing Update \(12/17/19\)](#)
- [WY | Updating Estimates, Raising Target, and Reiterating Strong Buy \(10/28/19\)](#)
- [WY | 3Q19 First Look: Core Results Mixed, Insurance Recovery Provides Boost to GAAP EPS \(10/25/19\)](#)

Rayonier (RYN)

- [RYN | Maintaining Outperform & Revising Estimates Following 3Q Results \(11/5/19\)](#)
- [RYN | 3Q19 First Look: Results Miss Expectations; Lower End of Adjusted EBITDA \(10/30/19\)](#)

PotlatchDeltic (PCH)

- [PCH | 3Q19 First Look: Real Estate Activity Boosts 3Q Results; Outlook Mixed/Possibly Conservative \(10/29/19\)](#)

CatchMark (CTT)

- [CTT | Updating Estimates Following 3Q Review; Maintaining Outperform \(11/11/19\)](#)
- [CTT | 3Q19 First Look: Adjusted EBITDA Slightly Below Our Forecast; Key Guidance Items Unchanged \(11/1/19\)](#)

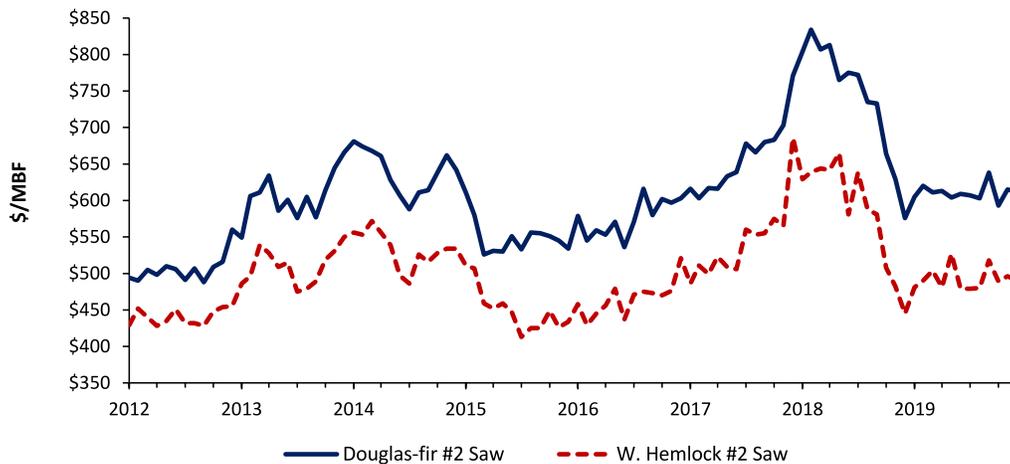
Company	Ticker	Current Price	Rating		Target Price		Div. Yield	Suitability
			Old	New	Old	New		
CatchMark Timber Trust, Inc.	CTT-NYSE	\$11.03	--	MO2		\$12.00	4.9%	M/INC
PotlatchDeltic Corporation	PCH-NASDAQ	\$42.64	MP3	MO2	NM	\$48.00	3.8%	M/INC
Rayonier Inc.	RYN-NYSE	\$32.54	--	MO2	\$31.00	\$34.00	3.3%	M/INC
Weyerhaeuser Company	WY-NYSE	\$29.44	--	SB1	\$32.00	\$34.00	4.6%	M/INC

Note: SB1 - Strong Buy, MO2 - Outperform, MP3 - Market Perform, MU4 - Underperform, UR - Under Review, S - Suspended; M/INC - Medium Risk/Income, M/GRW - Medium Risk/Growth, H/GRW - High Risk/Growth, H/INC - High Risk/Income, H/SPEC - High Risk/Speculation.

December Washington log prices: The Washington State Department of Natural Resources (DNR) compiles a monthly log price survey (quotes are collected from select producers/purchasers in Washington, Oregon, and Idaho). The prices are aggregated by species and log grade. Summaries are published by marketing area in Washington (Coast/Eastside). Data reflects the average price purchasers are willing to pay for domestically processed logs delivered at the mill. We note, this data is based on a domestic survey and does not directly capture export prices (but the trends are generally related).

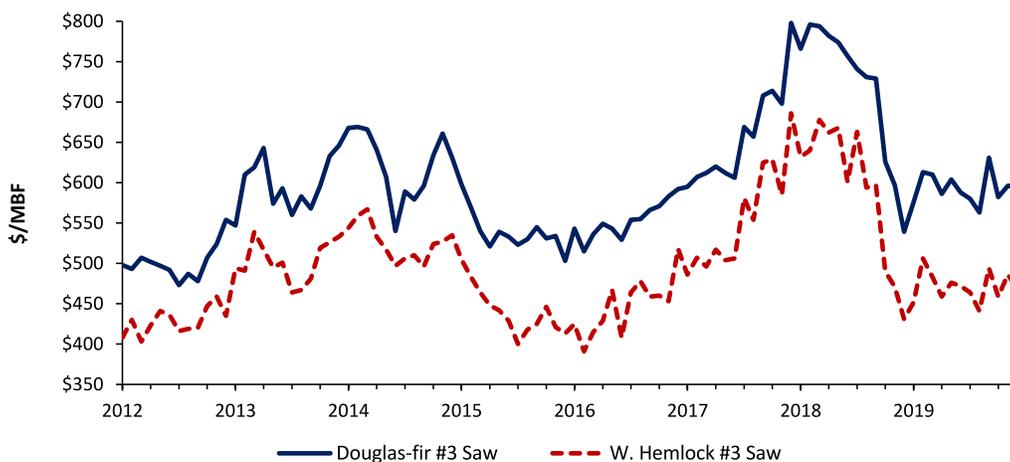
December data indicated Douglas-fir prices in the coastal region generally edged lower as compared to November (pricing ranged from flat to down -9.2% month/month based on the grades we track), but was generally above year-ago levels as comparisons have become materially easier (pricing ranged from -0.8% to +10.6% y/y based on grade). Coastal Hemlock prices also fell sequentially (-1.2% or -3.5%, based on grade), but are tracking higher y/y (+8.8% or +10.1%, depending on the grade). Moving inland to eastside delivered logs, camp run and chip-n-saw prices remained flat sequentially for both Douglas-fir and Eastside Hemlock.

Chart 1 - Washington – Coast: Douglas-Fir/W. Hemlock – Delivered Log Prices (Domestically Processed)



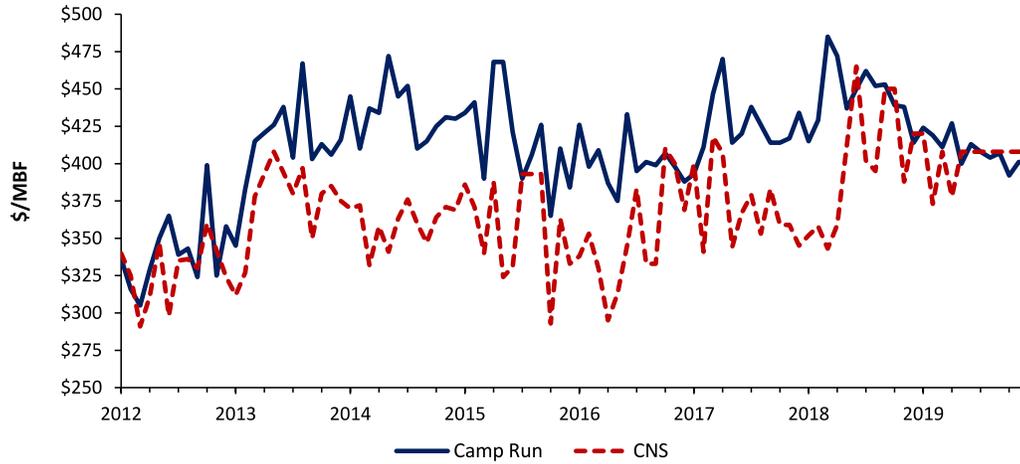
Source: Washington State Department of Natural Resources, Raymond James research. Data as of December 2019.

Chart 2 - Washington – Coast: Douglas-Fir/W. Hemlock – Delivered Log Prices (Domestically Processed)



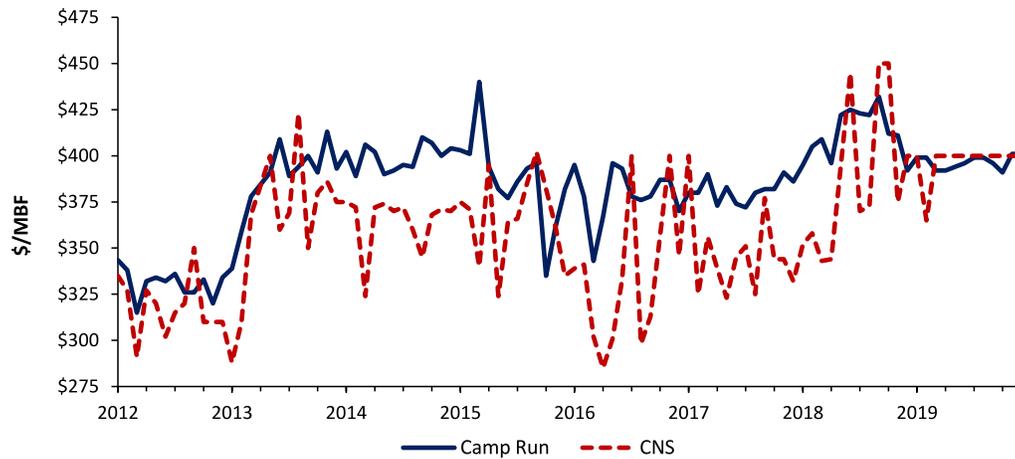
Source: Washington State Department of Natural Resources, Raymond James research. Data as of December 2019.

Chart 3 - Washington – Eastside: Douglas-Fir/Larch – Delivered Log Prices (Domestically Processed)



Source: Washington State Department of Natural Resources, Raymond James research. Data as of December 2019.

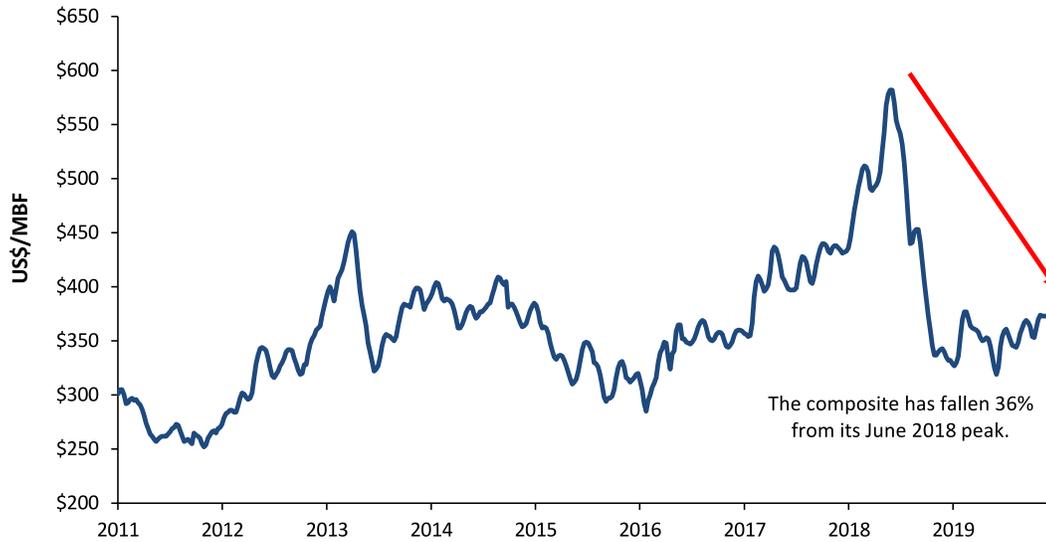
Chart 4 - Washington – Eastside: White Fir/Hemlock – Delivered Log Prices (Domestically Processed)



Source: Washington State Department of Natural Resources, Raymond James research. Data as of December 2019.

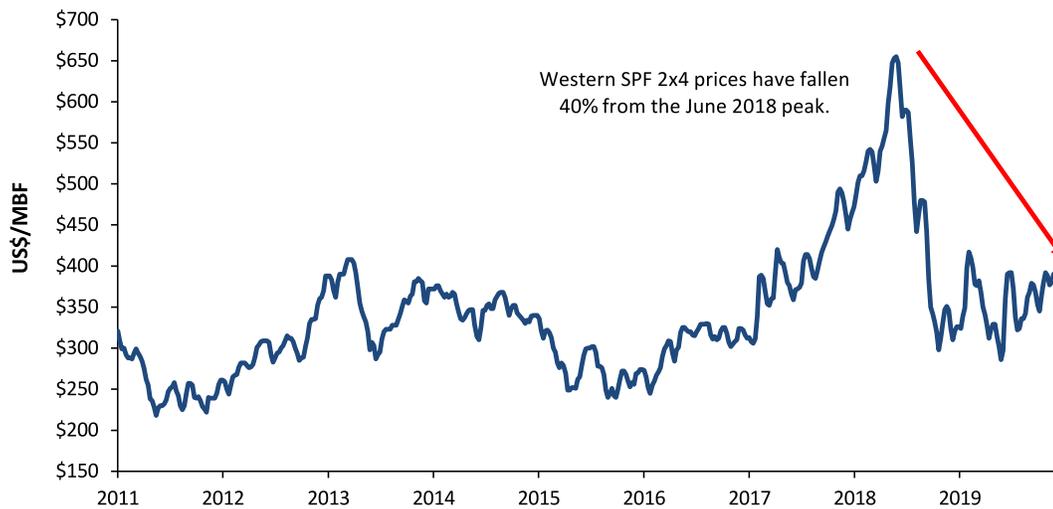
Wood Product Pricing: The Random Lengths Framing Lumber Composite edged slightly higher last week to \$375/MBF (from \$373/MBF) and was up 14% y/y. Drilling deeper, southern pine prices improved 1.1% to \$382/MBF (from \$378/MBF) and are now flat y/y. Western SPF prices were flat sequentially at \$395/MBF, but were up 21% y/y. Turning to panel markets, the Random Lengths Structural Panel Composite remained flat last week at \$338/MSF and was down 7% y/y. North Central 7/16-inch OSB prices also remained flat sequentially, but were up 6% y/y at \$220/MSF.

Chart 5 - Random Lengths Framing Lumber Composite Weekly Prices (US\$/MBF)



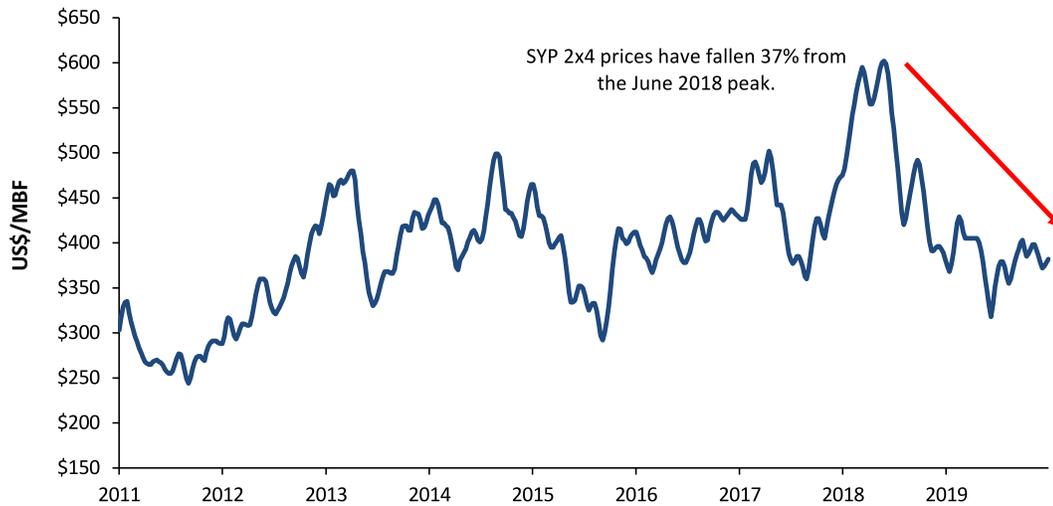
Source: Bloomberg Intelligence, Random Lengths, Raymond James Research. Note: The Random Lengths Framing Lumber Composite Price represents the weighted average of prices for 15 product items. Data as of January 3, 2020.

Chart 6 - Lumber: Western SPF 2x4 Weekly Prices (US\$/MBF)



Source: Bloomberg Intelligence, Random Lengths, Raymond James research. Data as of January 3, 2020.

Chart 7 - Lumber: Southern Yellow Pine 2x4 Weekly Prices (US\$/MBF)



Source: Bloomberg Intelligence, Random Lengths, Raymond James research. Data as of January 3, 2020.

Chart 8 - OSB: North Central 7/16-inch Oriented Strand Board Weekly Prices (US\$/MSF)

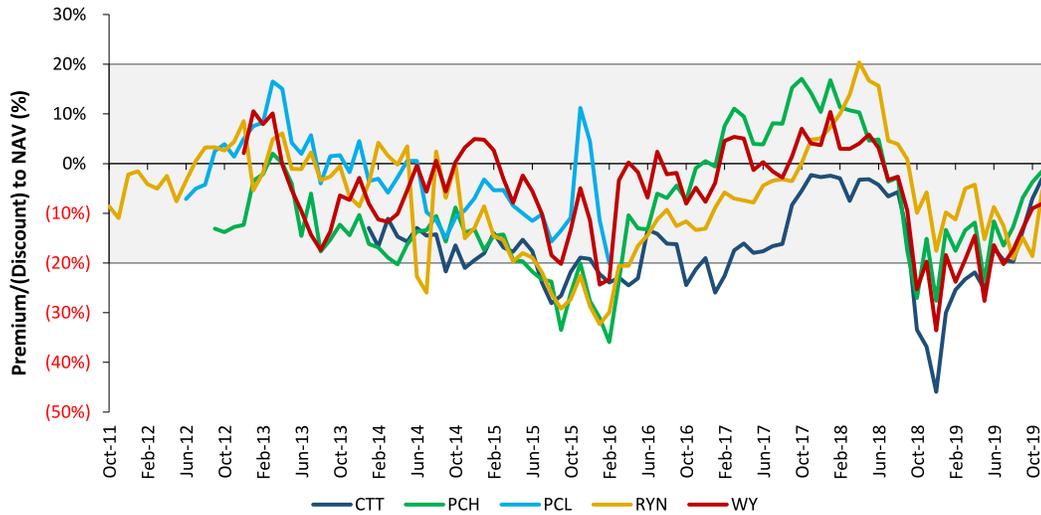


Source: Bloomberg Intelligence, Random Lengths, Raymond James research. Data as of January 3, 2020.

Valuation Update

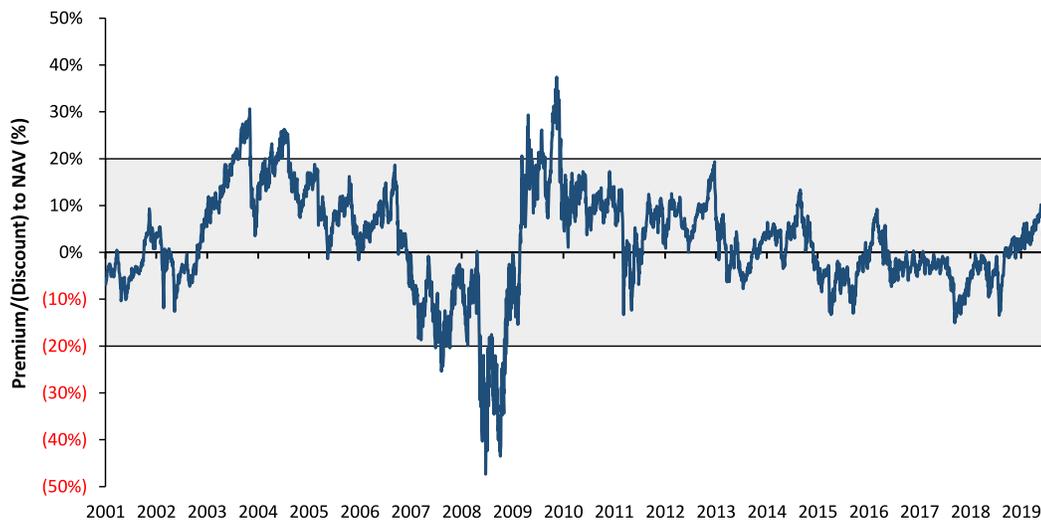
As we have previously discussed, we view NAV as the best approach to valuing the timber REITs and establishing a risk/reward framework. Below we provide a chart illustrating how the timber REITs have traded relative to our NAV estimates as well as a comparison chart that shows how the overall REIT universe has traded relative to consensus NAV estimates over the last several years.

Chart 9 - Timber REITs: Premium/(Discount) to Raymond James NAV Estimates



Source: FactSet, Raymond James research. Data as of January 3, 2020.

Chart 10 - REITs: Premium/(Discount) to Consensus NAV Estimates



Source: S&P Global Market Intelligence, Raymond James research. Note: REIT universe represented by SNL U.S. REIT Equity Index. Data as of January 3, 2020.

Exhibit 1 - Timber REITs: Comparable Company Analysis

RAYMOND JAMES & ASSOCIATES TIMBER REIT COMP SHEET													Collin Mings, (727) 567-2585 Marnie Georges, (727) 567-2638 John Paul Austin, (727) 567-5835	
<u>SYM</u>	<u>Company</u>	<u>Rating</u>	<u>Price</u> <u>01/03/20</u>	<u>2019</u> <u>% Change</u>	<u>YTD</u> <u>% Change</u>	<u>NAV</u> <u>Est.</u>	<u>Prem./Disc.</u> <u>to NAV</u>	<u>Div.</u> <u>Yield</u>	<u>Ent.</u> <u>Value</u>	<u>Net</u> <u>Debt</u>	<u>Market</u> <u>Cap</u>	<u>Debt to</u> <u>Ent. Val.</u>	<u>Short</u> <u>Interest</u>	
CTT	CatchMark Timber Trust, Inc.	MO2	\$11.03	61.5%	-3.8%	\$12.24	-9.9%	4.9%	\$976	\$436	\$541	45%	1.2%	
PCH	PotlatchDeltic Corporation	MO2	\$42.64	36.8%	-1.5%	\$43.65	-2.3%	3.8%	\$3,532	\$662	\$2,871	19%	5.2%	
RYN	Rayonier Inc.	MO2	\$32.54	18.3%	-0.7%	\$32.44	0.3%	3.3%	\$5,144	\$916	\$4,228	18%	1.9%	
WY	Weverhaeuser Company	SB1	\$29.44	38.2%	-2.5%	\$31.45	-6.4%	4.6%	\$28,398	\$6,437	\$21,961	23%	1.7%	
Market Cap Weighted Average				35.6%	-2.2%		-5.1%	4.4%				22%	2.1%	
<u>SYM</u>	<u>Company</u>	<u>Rating</u>	<u>Diluted Shares</u> <u>(in millions)</u>	<u>EPS</u> <u>2018A</u>	<u>EPS</u> <u>2019E</u>	<u>EPS</u> <u>2019E</u> <u>Cons.</u>	<u>EPS</u> <u>2020E</u>	<u>EPS</u> <u>2020E</u> <u>Cons.</u>	<u>EPS</u> <u>2021E</u>	<u>EPS</u> <u>2021E</u> <u>Cons.</u>	<u>P/E Multiples</u>			
CTT	CatchMark Timber Trust, Inc.	MO2	49.0	(\$2.55)	(\$1.87)	(\$1.94)	(\$0.19)	(\$0.20)	(\$0.17)	(\$0.22)	NM	NM	NM	NM
PCH	PotlatchDeltic Corporation	MO2	67.3	\$1.99	\$0.74	\$0.76	\$1.08	\$1.02	\$1.16	\$1.44	21.4x	57.6x	39.5x	36.8x
RYN	Rayonier Inc.	MO2	129.9	\$0.79	\$0.43	\$0.42	\$0.45	\$0.49	\$0.49	\$0.62	41.2x	75.7x	72.3x	66.4x
WY	Weverhaeuser Company	SB1	746.0	\$0.99	(\$0.11)	\$0.41	\$0.77	\$0.76	\$0.84	\$0.92	29.7x	NM	38.2x	35.0x
Market Cap Weighted Average											30.6x	68.4x	43.3x	39.8x
<u>SYM</u>	<u>Company</u>	<u>Rating</u>	<u>CAD Per Share</u>				<u>CAD Multiples</u>				<u>CAD Payout Ratio</u>			
CTT	CatchMark Timber Trust, Inc.	MO2	2018A	2019E	2020E	2021E	2018	2019	2020	2021	2018	2019	2020	2021
PCH	PotlatchDeltic Corporation	MO2	\$0.63	\$0.70	\$0.67	\$0.68	17.5x	15.8x	16.5x	16.2x	86%	77%	81%	79%
RYN	Rayonier Inc.	MO2	\$2.05	\$1.06	\$1.90	\$1.98	20.8x	40.2x	22.4x	21.5x	78%	151%	84%	81%
WY	Weverhaeuser Company	SB1	\$1.78	\$1.12	\$1.18	\$1.22	18.3x	29.1x	27.6x	26.7x	61%	96%	92%	89%
Market Cap Weighted Average			\$0.91	\$0.81	\$1.39	\$1.36	32.4x	36.3x	21.2x	21.6x	149%	168%	98%	100%
							28.9x	35.3x	22.1x	22.3x	129%	154%	95%	96%
<u>SYM</u>	<u>Company</u>	<u>Rating</u>	<u>Adj. EBITDA (in millions)</u>				<u>EV/EBITDA</u>				<u>Net Debt/EBITDA</u>			
CTT	CatchMark Timber Trust, Inc.	MO2	2018A	2019E	2020E	2021E	2018	2019	2020	2021	2018	2019	2020	2021
PCH	PotlatchDeltic Corporation	MO2	\$49.8	\$57.4	\$55.2	\$55.6	19.6x	17.0x	17.7x	17.5x	8.8x	7.6x	7.9x	7.8x
RYN	Rayonier Inc.	MO2	\$297	\$173	\$229	\$237	11.9x	20.4x	15.4x	14.9x	2.2x	3.8x	2.9x	2.8x
WY	Weverhaeuser Company	SB1	\$338	\$249	\$262	\$268	15.2x	20.6x	19.6x	19.2x	2.7x	3.7x	3.5x	3.4x
Market Cap Weighted Average			\$2,032	\$1,307	\$1,656	\$1,712	14.0x	21.7x	17.1x	16.6x	3.2x	4.9x	3.9x	3.8x
							14.1x	21.4x	17.3x	16.8x	3.1x	4.7x	3.8x	3.7x
<u>SYM</u>	<u>Company</u>	<u>Rating</u>	<u>Timber Adj. EBITDA (in millions)</u> ¹				<u>Timber Adj. Enterprise Value</u> ²				<u>Timber Adj. EV/EBITDA</u>			
CTT	CatchMark Timber Trust, Inc.	MO2	2018A	2019E	2020E	2021E	2018A	2019E	2020E	2021E	2018	2019	2020	2021
PCH	PotlatchDeltic Corporation	MO2	\$32.7	\$41.6	\$39.3	\$40.1	\$976	\$978	\$972	\$965	29.9x	23.5x	24.7x	24.0x
RYN	Rayonier Inc.	MO2	\$126.3	\$97.8	\$103.8	\$107.0	\$2,749	\$3,433	\$3,013	\$2,915	21.8x	35.1x	29.0x	27.2x
WY	Weverhaeuser Company	SB1	\$214.2	\$182.2	\$183.2	\$188.9	\$5,144	\$5,147	\$5,133	\$5,111	24.0x	28.2x	28.0x	27.1x
Market Cap Weighted Average			\$781.0	\$535.7	\$607.9	\$632.1	\$22,476	\$25,180	\$23,064	\$22,941	28.8x	47.0x	37.9x	36.3x
											27.4x	42.7x	35.4x	33.9x

Source: FactSet, Raymond James research. Data as of January 3, 2020.

SB1 = Strong Buy, MO2 = Outperform, MP3 = Market Perform, MU4 = Underperform

- 1) Represents adjusted EBITDA less adjusted EBITDA attributable to real estate and wood products operations (if applicable).
- 2) Represents EV adjusted for EV attributable to wood products segment using a 6.0x multiple, as well as anticipated changes in net debt, as well as share repurchases in 2019/2020/2021 (if applicable).

The following exhibit presents our updated examination of EBITDA multiples for the timber REITs that we first introduced in April 2018 (Timber Topics - April 2018; Thoughts Ahead of Upcoming Conference Calls; Examining EBITDA Multiples).

Exhibit 2 - Timber REITs: EBITDA Multiple Analysis

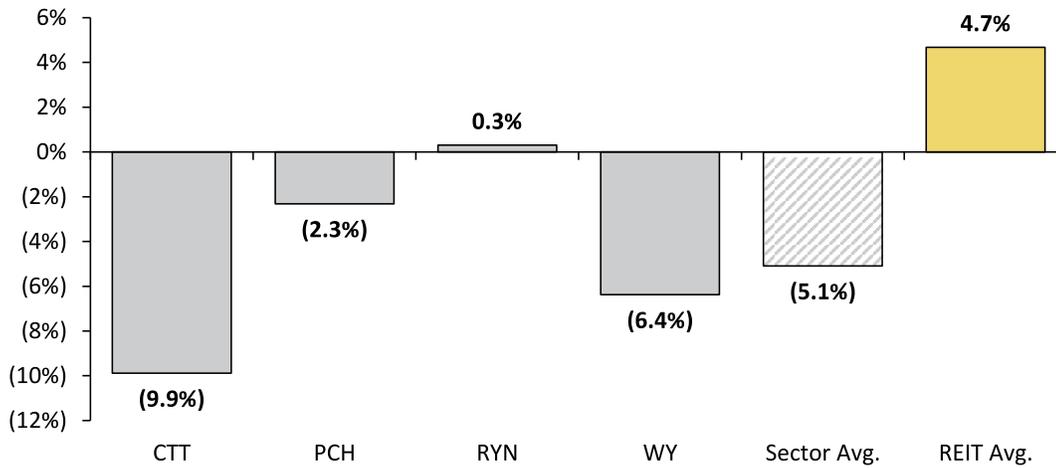
	CatchMark	PotlatchDeltic	Rayonier	Weyerhaeuser
Enterprise Value	<u>\$976</u>	<u>\$3,532</u>	<u>\$5,144</u>	<u>\$28,398</u>
Share Count	49.01	67.32	129.93	745.96
Price	\$11.03	\$42.64	\$32.54	\$29.44
Debt	\$453	\$756	\$973	\$6,590
Cash	\$17.1	\$94.7	\$57	\$153
2018A				
	CatchMark	PotlatchDeltic	Rayonier	Weyerhaeuser
Enterprise Value	\$976	\$3,532	\$5,144	\$28,398
2018 EBITDA	\$50	\$297	\$338	\$2,032
<i>EV / 2018 EBITDA</i>	19.6x	11.9x	15.2x	14.0x
Real Estate EBITDA	\$17	\$40	\$124	\$264
Manufacturing EBITDA	\$0	\$131	\$0	\$987
<i>Manufacturing Valuation Multiple (6.0x)</i>	6.0x	6.0x	6.0x	6.0x
2018 EBITDA (ex. real estate and manufacturing)	\$33	\$126	\$214	\$781
Enterprise Value (ex. estimated manufacturing value)	\$976	\$2,749	\$5,144	\$22,476
Adjusted EV / 2018 EBITDA	29.9x	21.8x	24.0x	28.8x
2019E				
	CatchMark	PotlatchDeltic	Rayonier	Weyerhaeuser
Estimated Enterprise Value	\$978	\$3,554	\$5,147	\$28,180
2019E EBITDA	\$57	\$173	\$249	\$1,307
<i>EV / 2019E EBITDA</i>	17.0x	20.5x	20.7x	21.6x
Real Estate EBITDA	\$16	\$55	\$67	\$271
Manufacturing EBITDA	\$0	\$20	\$0	\$500
<i>Manufacturing Valuation Multiple (6.0x)</i>	6.0x	6.0x	6.0x	6.0x
2019E EBITDA (ex. real estate and manufacturing)	\$42	\$98	\$182	\$536
Enterprise Value (ex. estimated manufacturing value)	\$978	\$3,433	\$5,147	\$25,180
Adjusted EV / 2019E EBITDA	23.5x	35.1x	28.2x	47.0x
2020E				
	CatchMark	PotlatchDeltic	Rayonier	Weyerhaeuser
Estimated Enterprise Value	\$972	\$3,533	\$5,133	\$27,648
2020E EBITDA	\$55	\$229	\$262	\$1,656
<i>EV / 2020E EBITDA</i>	17.6x	15.4x	19.6x	16.7x
Real Estate EBITDA	\$16	\$39	\$79	\$284
Manufacturing EBITDA	\$0	\$87	\$0	\$764
<i>Manufacturing Valuation Multiple (6.0x)</i>	6.0x	6.0x	6.0x	6.0x
2020E EBITDA (ex. real estate and manufacturing)	\$39	\$104	\$183	\$608
Enterprise Value (ex. estimated manufacturing value)	\$972	\$3,013	\$5,133	\$23,064
Adjusted EV / 2020E EBITDA	24.7x	29.0x	28.0x	37.9x
2021E				
	CatchMark	PotlatchDeltic	Rayonier	Weyerhaeuser
Estimated Enterprise Value	\$965	\$3,463	\$5,111	\$27,651
2021E EBITDA	\$56	\$237	\$268	\$1,712
<i>EV / 2021E EBITDA</i>	17.3x	14.6x	19.1x	16.1x
Real Estate EBITDA	\$16	\$39	\$79	\$295
Manufacturing EBITDA	\$0	\$91	\$0	\$785
<i>Manufacturing Valuation Multiple (6.0x)</i>	6.0x	6.0x	6.0x	6.0x
2021E EBITDA (ex. real estate and manufacturing)	\$40	\$107	\$189	\$632
Enterprise Value (ex. estimated manufacturing value)	\$965	\$2,915	\$5,111	\$22,941
Adjusted EV / 2021E EBITDA	24.0x	27.2x	27.1x	36.3x

Source: Company reports, Raymond James research. Note: All dollar amounts are presented in \$US millions except share price. Data as of January 3, 2020.

Key Metric Comparison

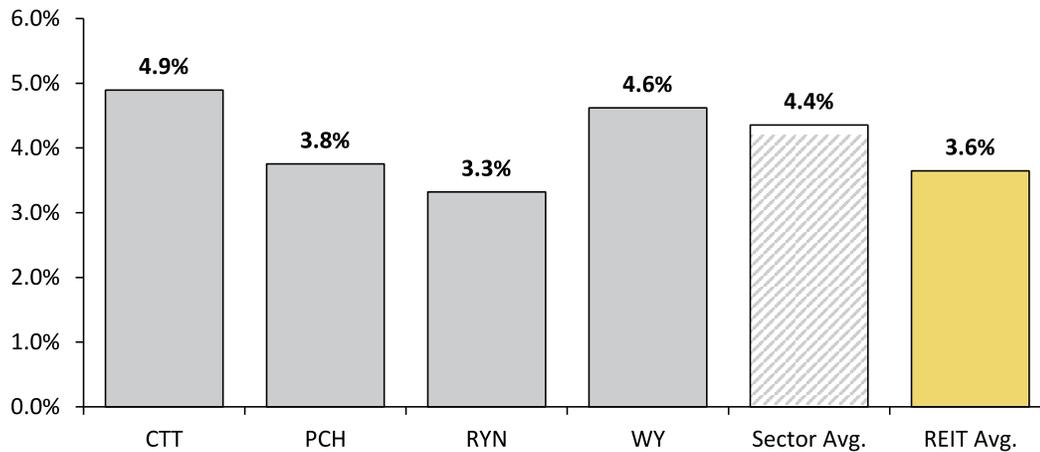
In the following charts we examine metrics relevant to the timber REITs.

Chart 11 - Timber REITs: Premium/(Discount) to NAV Estimates



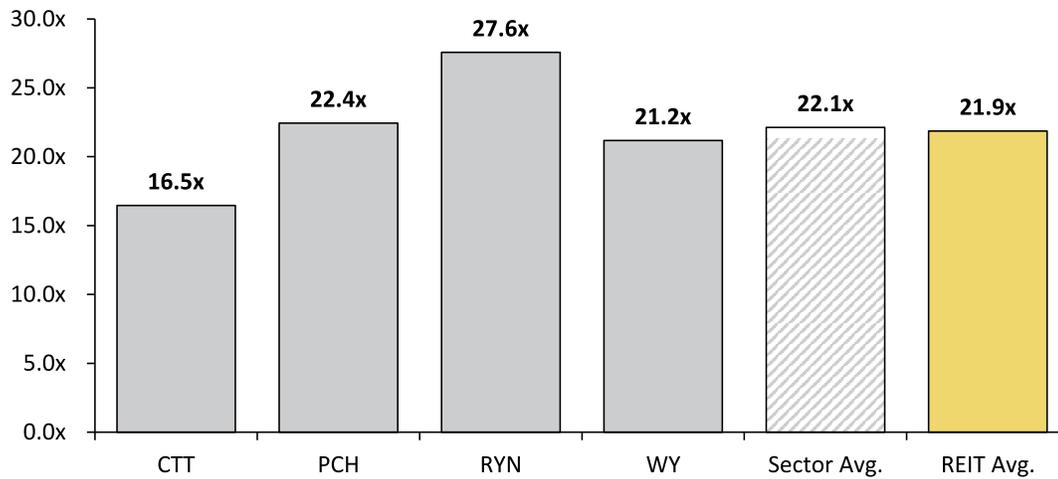
Source: FactSet, Raymond James research. Note: Raymond James estimates, except REIT Average, which is based on consensus estimates. Sector Average is weighted by market cap. Data as of January 3, 2020.

Chart 12 - Timber REITs: Dividend Yields



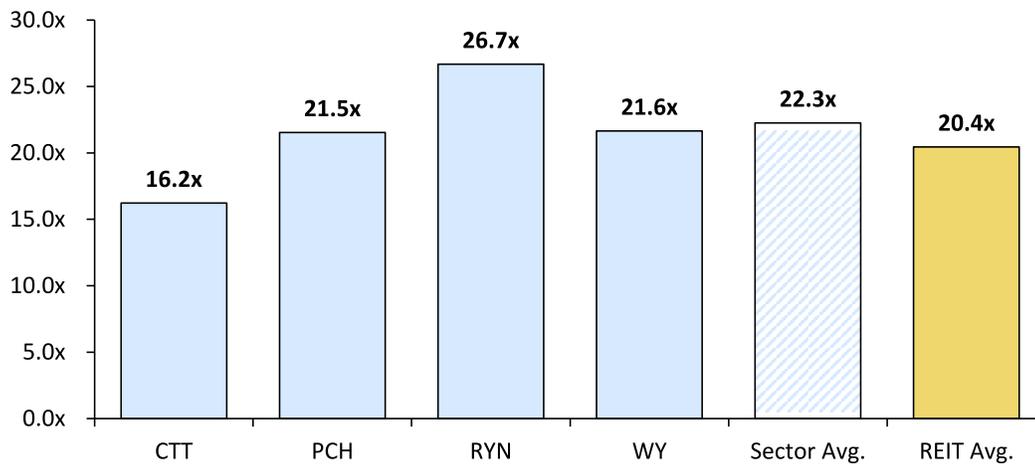
Source: FactSet, Raymond James research. Note: Sector average is weighted by market cap. Data as of January 3, 2020.

Chart 13 - Timber REITs: 2020E CAD Multiples



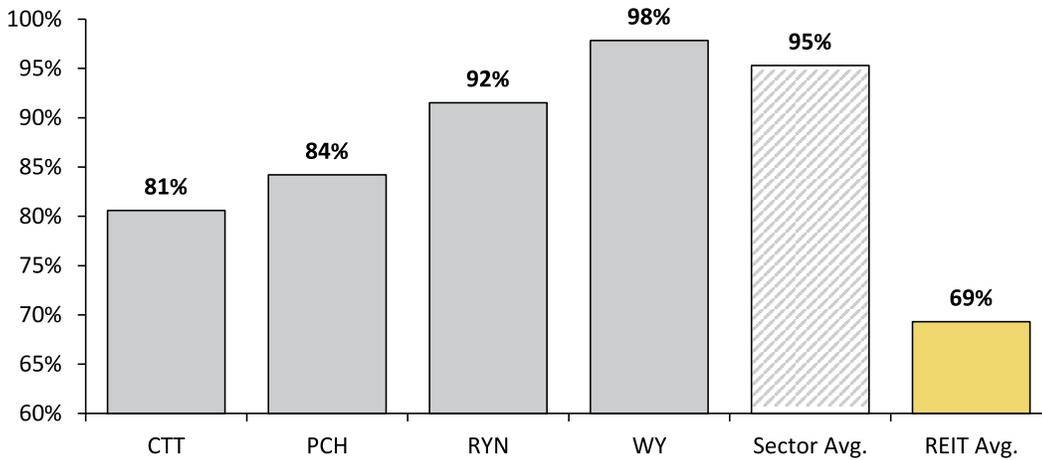
Source: FactSet, Raymond James research. Note: Raymond James estimates, except REIT Average, which is based on consensus estimates. Consensus AFFO estimates used for REIT Average in place of CAD. Sector Avg. is weighted by market cap. Data as of January 3, 2020.

Chart 14 - Timber REITs: 2021E CAD Multiples



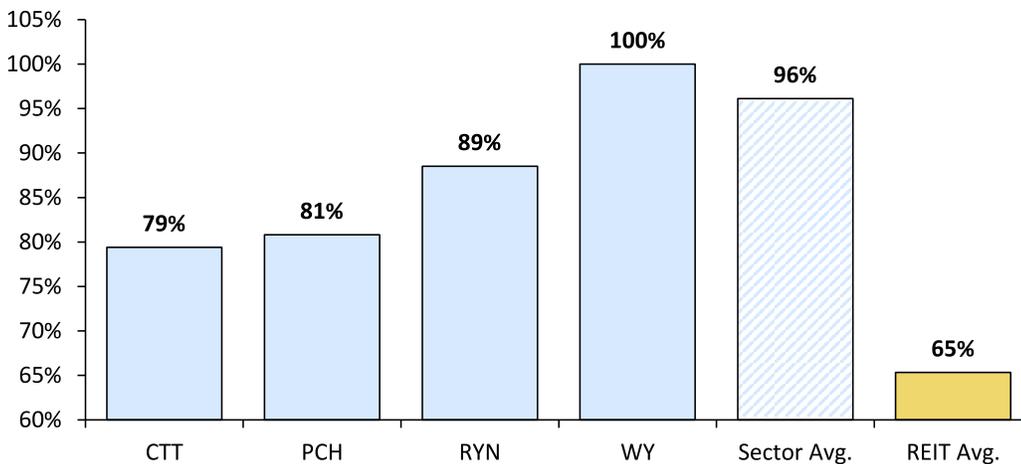
Source: FactSet, Raymond James research. Note: Raymond James estimates, except REIT Average, which is based on consensus estimates. Consensus AFFO estimates used for REIT Average in place of CAD. Sector Avg. is weighted by market cap. Data as of January 3, 2020.

Chart 15 - Timber REITs: 2020E CAD Payout Ratios



Source: FactSet, Raymond James research. Note: Raymond James estimates, except REIT Average, which is based on consensus estimates. Consensus AFFO estimates used for REIT Average in place of CAD. Sector Avg. is weighted by market cap. Data as of January 3, 2020.

Chart 16 - Timber REITs: 2021E CAD Payout Ratios



Source: FactSet, Raymond James research. Note: Raymond James estimates, except REIT Average, which is based on consensus estimates. Consensus AFFO estimates used for REIT Average in place of CAD. Sector Avg. is weighted by market cap. Data as of January 3, 2020.

Outperform from Market Perform. Our \$48 price target reflects PCH shares trading ~10% above our NAV estimate. As it relates to the total return potential, we would note PCH shares currently offer a 3.8% dividend yield. Our upgrade stems from the following three factors:

1) Residential construction activity is poised to accelerate. As we enter 2020, our team believes the homebuilders are poised to benefit from some of the strongest supply/demand fundamentals we've seen in the 10-year housing recovery to date (for more details, see this update from our housing analyst Buck Horne: [November Housing Market Monitor: Inventory Down 11% In Core Homebuilding Markets](#)). In turn, we expect an improvement in residential construction activity to translate into higher lumber prices amid much tighter supply conditions given the curtailments in lumber production that occurred in 2019. As we have previously discussed, PotlatchDeltic is the timber REIT most exposed to lumber price fluctuations — leaving PCH shares well-positioned to benefit from particularly favorable supply/demand dynamics.

2) PCH shares trade slightly below our NAV estimate. PCH shares underperformed timber REIT peers by nearly 500 bp in 4Q19 and currently trade 2% below our revised NAV estimate of \$43.65. We believe this leaves notable potential upside as PCH shares have previously traded at a significant premium to NAV when the outlook for residential construction/wood product pricing has been particularly favorable. While we believe the current valuation offers a reasonable entry-point given our current outlook, we would emphasize upside in PCH shares (which climbed 37% in 2019) is highly contingent on an increase in lumber prices. Notably, the correlation between the Random Lengths Framing Lumber Composite and PCH shares has been 0.82 over the past three years.

3) The company has some balance sheet flexibility. As we have previously discussed, we believe the company is taking some encouraging steps to unlock/create value following its merger with Deltic and has a balance sheet that will allow management to remain on offense through opportunistic investments in its existing mills and select acquisition opportunities — while also funding the current distribution.

Estimates: Stepping back, for details on 3Q results, see our report: [PCH | 3Q19 First Look: Real Estate Activity Boosts 3Q Results; Outlook Mixed/Possibly Conservative](#) (10/29/19). Factoring in the recent results and management's latest commentary, as well as our latest outlook, our new 2019 and 2020 GAAP EPS estimates stand at \$0.74 (from \$0.90) and \$1.08 (unchanged). We are also revising our CAD/share estimates to \$1.06 for 2019 (from \$1.50) and \$1.90 for 2020 (unchanged), as well as our adjusted EBITDA estimates to \$173 million (from \$193 million) and \$229 million (from \$227 million) for 2019 and 2020, respectively. Additionally, we are introducing 2021 EPS, CAD/share, and adjusted EBITDA estimates of \$1.16, \$1.98, and \$237 million, respectively.

Valuation: PCH shares (up 37% in 2019) trade 2% below our revised \$43.65 NAV estimate. We would also highlight that PCH shares now trade at 22.4x our 2020 CAD/share estimate and offer a 3.8% dividend yield. Our \$48 price target reflects PCH shares trading ~10% above our NAV estimate. We believe shares will trade at a premium amid an acceleration in residential construction activity and an improvement in lumber prices.

RAYONIER INC. (RYN-NYSE)

Outperform 2		KEY FINANCIAL METRICS								
Target Price \$34.00 ↑ old: \$31.00		1Q	2Q	3Q	4Q	2018A	2019E	2020E	2021E	
Suitability	Medium Risk/ Income	GAAP EPS (\$, Dec FY)				Revenue (mln) (\$, Dec FY)				
		2018A	0.31	0.28	0.18	0.02	816	728	750	764
		2019E	0.19 A	0.14 A	(0.00) A	0.10	Adj. EBITDA (mln) (\$, Dec FY)			
		2020E	0.12	0.08	0.13	0.13	338	249	262	268
		2021E	0.13	0.09	0.13	0.14	EV/EBITDA (Adj.)			
							15.2x	20.6x	19.6x	19.2x
							CAD/Share (Dec FY)			
							1.78	1.12	1.18	1.22
							P/CAD			
							18.3x	29.0x	27.6x	26.8x
MARKET DATA										
Current Price (Jan-3-20)	\$32.54									
Market Cap (mln)	\$4,208									
Current Net Debt (mln)	\$916									
Enterprise Value (mln)	\$5,124									
Shares Outstanding (mln)	129.3									
30-Day Avg. Daily Value (mln)	\$13.5									
Dividend	\$1.08									
Dividend Yield	3.3%									
52-Week Range	\$25.83 - \$33.09									
NAV	\$32.44									

Source: Thomson One, Raymond James & Associates. Quarterly figures may not add to full year due to rounding.

Recommendation: We are reiterating our **Outperform** rating and raising our price target to \$34 (from \$31). RYN bounced back sharply in 4Q19 following the disappointing 3Q19 results and guidance update provided in October. For additional thoughts/commentary on this front, see our reports: [Timber REITs | Quick Thoughts on Today's Volatility](#) (11/1/19), [RYN | Maintaining Outperform & Revising Estimates Following 3Q Results](#)

(11/5/19), and [RYN | 3Q19 First Look: Results Miss Expectations; Lower End of Adjusted EBITDA Guidance Now Expected \(10/30/19\)](#).

Moving forward, we believe additional upside exists in RYN shares as residential construction activity improves, management uses its balance sheet/cash flow to engage in acquisition activity, and trends across some of its operating regions stabilize/improve on the margin. While we believe Rayonier's timberland portfolio is relatively well-positioned within the U.S. South, we do not expect any significant improvement in sawlog prices in the region over the next few quarters. That said, we have previously noted evidence of some improving trends in the Pacific Northwest and New Zealand. While the company will not *directly* benefit from the potential upside in lumber prices, we believe better wood product pricing will likely improve investor sentiment toward all the timber REITs to some extent.

Estimates: Our 2019 and 2020 adjusted EBITDA, EPS, and CAD/share estimates are unchanged. However, we are introducing 2021 EPS, CAD/share, and adjusted EBITDA estimates of \$0.49, \$1.22, and \$268 million, respectively. For reference, our CAD per share estimates include our forecast for real estate development investments.

Valuation: Our upwardly revised \$34 target reflects RYN shares trading at a ~5% premium to our NAV estimate of \$32.44. RYN shares currently trade roughly in line with our NAV estimate. We would also highlight that RYN shares trade at 27.6x our 2020 CAD/share estimate and offer a 3.3% dividend yield. We believe shares will trade at a premium amid an acceleration in residential construction activity and a de-escalation in trade tensions with China (at least on the margin) — especially given the company has ample flexibility to execute on timberland acquisitions/share repurchases (we expect management to continue to prudently allocate capital) and a portfolio that is diversified across wood baskets that have relatively favorable long-term supply/demand dynamics.

WEYERHAEUSER COMPANY (WY-NYSE)

Strong Buy 1		KEY FINANCIAL METRICS								
Target Price \$34.00 ↑ old: \$32.00		1Q	2Q	3Q	4Q	2018A	2019E	2020E	2021E	
Suitability	Medium Risk/ Income	GAAP EPS (\$, Dec FY)					Revenue (mln) (\$, Dec FY)			
		2018A	2019E	2020E	2021E	old	new			
		0.35	0.42	0.34	(0.12)	7,476	6,536	6,793	NA	
		(0.39)	0.17	0.13	0.09	7,476	6,530	6,782	6,914	
		(0.39) A	0.17 A	0.13 A	(0.02)	CAD/Share (Dec FY)				
		0.19	0.21	0.18	0.20	old	new			
		0.18	0.21	0.18	0.20	0.91	0.82	1.40	NA	
		0.20	0.22	0.20	0.22	0.91	0.81	1.39	1.36	
		2018A 2019E 2020E 2021E				P/CAD				
		GAAP EPS (\$, Dec FY)				32.5x	36.4x	21.1x	21.7x	
		old	new			Adj. EBITDA (mln) (\$, Dec FY)				
		0.99	0.01	0.78	NA	old	new			
		0.99	(0.11)	0.77	0.84	2,032	1,307	1,663	NA	
		P/E (GAAP EPS)				EV/EBITDA (Adj.)				
		29.8x	NM	38.0x	35.2x	13.8x	21.5x	16.9x	16.4x	
		NAV								
		\$31.45								

Source: Thomson One, Raymond James & Associates. Quarterly figures may not add to full year due to rounding.

Recommendation: We are reiterating our **Strong Buy** rating and raising our price target to \$34 (from \$32). Our constructive stance reflects **1)** our view that improving supply/demand dynamics should translate into higher lumber and OSB prices; **2)** WY shares still trade below our NAV estimate and offer a 4.6% dividend yield (importantly, we believe the company is committed to its current distribution); and **3)** our belief that recent results underscore Weyerhaeuser's focus on operational excellence and balancing its capital allocation priorities.

We believe the momentum in WY shares (and the timber REITs more broadly) is poised to continue into early 2020 as we expect shares to benefit from an improvement in wood product pricing and residential construction activity. We note, WY shares rose 9% in 4Q19, outperforming the broader REIT universe by nearly 1,000 bp.

We were 1) a bit underwhelmed by the 4Q outlook offered by Weyerhaeuser in October; and 2) disappointed by the sale price of its Montana timberlands (for more details, see our report from December 17: [Thoughts on Weyerhaeuser's Montana Timberland Sale & Weekly Wood Product Pricing Update](#)). Still, we believe the stage is set for WY shares to climb amid favorable residential construction activity, higher wood product pricing, and a further improvement in investor sentiment.

Estimates: After incorporating the Montana timberland sale announced in December and our latest outlook into our model, our EPS estimates for 2019 and 2020 stand at \$(0.11) (from \$0.01) and \$0.77 (from \$0.78), respectively. Our new CAD/share estimates stand at \$0.81 (from \$0.82) for

2019 and \$1.39 (from \$1.40) for 2020. Additionally, we are introducing 2021 EPS, CAD/share, and adjusted EBITDA estimates of \$0.84, \$1.36, and \$1.7 billion, respectively.

Valuation: WY shares (which jumped 38% in 2019) still trade ~6% below our revised \$31.45 NAV estimate. WY shares now trade at 21.2x our 2020 CAD/share estimate. Also of note, WY shares offer an attractive 4.6% dividend yield (we continue to view the dividend as safe). Our new \$34 target (revised up from \$32) reflects WY shares trading ~8% above our NAV estimate. We believe shares will trade at a premium amid **1**) an acceleration in residential construction activity; **2**) an improvement in lumber and OSB prices; and **3**) a de-escalation in trade tensions with China (at least on the margin).

CatchMark Timber Trust, Inc. (CTT)

Exhibit 1 – CTT: Income Statement Summary

CatchMark Timber Trust, Inc. Income Statement																
	FY 2018	(Mar.) Q1:19	(June) Q2:19	(Sept.) Q3:19	(Dec.) Q4:19E	FY 2019	(Mar.) Q1:20E	(June) Q2:20E	(Sept.) Q3:20E	(Dec.) Q4:20E	FY 2020	(Mar.) Q1:21E	(June) Q2:21E	(Sept.) Q3:21E	(Dec.) Q4:21E	FY 2021
Timber sales	\$69.5	\$16.6	\$16.3	\$19.7	\$23.3	\$75.8	\$18.8	\$19.0	\$20.1	\$20.6	\$78.5	\$19.1	\$19.3	\$20.5	\$21.1	\$79.9
Timberland sales	17.5	2.1	8.2	2.3	3.6	16.2	4.1	4.1	4.1	4.2	16.5	4.0	4.0	4.0	4.1	16.1
Asset management fees	5.5	2.8	2.8	3.4	2.9	12.0	2.9	2.9	2.9	2.9	11.5	2.9	2.9	2.9	2.9	11.5
Other revenue	5.3	1.1	1.3	1.0	1.3	4.7	1.4	1.4	1.4	1.4	5.4	1.4	1.4	1.4	1.4	5.4
Total Revenues:	\$97.9	\$22.6	\$28.7	\$26.4	\$31.1	\$108.7	\$27.1	\$27.3	\$28.4	\$29.1	\$111.9	\$27.3	\$27.5	\$28.7	\$29.4	\$113.0
Contract logging and hauling costs	31.5	7.4	7.2	8.3	10.0	32.8	7.8	8.0	8.3	8.6	32.8	7.9	8.1	8.4	8.7	33.1
Depletion	25.9	5.3	6.0	8.2	9.0	28.6	7.6	7.8	8.1	8.4	31.9	7.6	7.8	8.1	8.4	31.9
Cost of timberland sales	13.5	1.6	6.9	2.1	2.7	13.3	3.1	3.1	3.0	3.2	12.3	3.0	3.0	3.0	3.1	12.1
Forestry management fees	6.3	1.7	1.6	1.7	2.3	7.3	1.9	1.9	1.9	1.9	7.6	1.9	1.9	1.9	1.9	7.6
General and administrative expenses	12.4	3.4	3.2	3.0	3.2	12.8	3.2	3.2	3.3	3.6	13.4	3.2	3.2	3.3	3.6	13.4
Land rent expense	0.7	0.1	0.1	0.1	0.2	0.6	0.2	0.2	0.2	0.2	0.6	0.2	0.2	0.2	0.2	0.6
Other operating expenses	6.3	1.6	1.6	1.3	1.4	6.0	1.5	1.5	1.6	1.6	6.1	1.5	1.5	1.6	1.6	6.1
Operating income:	\$1.3	\$1.5	\$2.0	\$1.7	\$2.2	\$7.4	\$1.8	\$1.7	\$1.9	\$1.6	\$7.0	\$2.0	\$1.9	\$2.2	\$1.9	\$8.1
Interest income	0.3	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Triple T	(109.6)	(27.5)	(28.6)	(25.7)	(8.7)	(90.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dawsonville Bluffs	2.6	0.2	(0.1)	0.7	0.5	1.3	0.1	0.1	0.1	0.1	0.4	0.0	0.0	0.0	0.0	0.0
Income from unconsolidated joint ventures	(106.9)	(27.3)	(28.7)	(25.1)	(8.2)	(89.2)	0.1	0.1	0.1	0.1	0.4	0.0	0.0	0.0	0.0	0.0
Interest expense	(16.3)	(4.6)	(4.7)	(4.5)	(4.2)	(18.0)	(4.2)	(4.2)	(4.2)	(4.2)	(16.7)	(4.2)	(4.2)	(4.2)	(4.2)	(16.7)
Loss on large dispositions	(0.4)	0.0	0.8	7.2	0.0	8.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net loss available to common stockholders:	(\$122.0)	(\$30.4)	(\$30.6)	(\$20.6)	(\$10.1)	(\$91.6)	(\$2.3)	(\$2.4)	(\$2.2)	(\$2.5)	(\$9.3)	(\$2.2)	(\$2.2)	(\$2.0)	(\$2.2)	(\$8.6)
Weighted Average Shares Outstanding	47.9	49.1	49.1	49.0	49.1	49.1	49.3	49.4	49.5	49.6	49.4	49.7	49.9	50.0	50.1	49.9
EPS	(\$2.55)	(\$0.62)	(\$0.62)	(\$0.42)	(\$0.21)	(\$1.87)	(\$0.05)	(\$0.05)	(\$0.04)	(\$0.05)	(\$0.19)	(\$0.04)	(\$0.05)	(\$0.04)	(\$0.04)	(\$0.17)

Note: All figures in \$ millions except per-share items.

Source: CatchMark Timber Trust, Raymond James research.

Exhibit 2 – CTT: CAD Summary

CatchMark Timber Trust, Inc. Cash Available for Distribution																
	FY 2018	(Mar.) Q1:19	(June) Q2:19	(Sept.) Q3:19	(Dec.) Q4:19E	FY 2019	(Mar.) Q1:20E	(June) Q2:20E	(Sept.) Q3:20E	(Dec.) Q4:20E	FY 2020	(Mar.) Q1:21E	(June) Q2:21E	(Sept.) Q3:21E	(Dec.) Q4:21E	FY 2021
Cash Available for Distribution																
Cash provided by operating activities	\$29.8	\$5.2	\$12.0	\$11.3	\$7.0	\$35.5	\$9.3	\$9.3	\$9.8	\$9.9	\$38.3	\$9.4	\$9.5	\$10.1	\$10.2	\$39.2
JV distributions (embedded in investing cash flows)	4.7	0.8	0.1	3.2	0.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital expenditures - ex. acquisitions	(4.6)	(1.3)	(0.9)	(0.8)	(2.1)	(5.2)	(1.2)	(1.1)	(1.4)	(1.4)	(5.2)	(1.2)	(1.1)	(1.4)	(1.4)	(5.2)
Cash Available for Distribution	\$30.0	\$4.8	\$11.1	\$13.6	\$4.8	\$34.3	\$8.0	\$8.2	\$8.4	\$8.5	\$33.2	\$8.1	\$8.3	\$8.7	\$8.8	\$34.0
Shares outstanding	47.9	49.1	49.1	49.0	49.1	49.1	49.3	49.4	49.5	49.6	49.4	49.7	49.9	50.0	50.1	49.9
CAD/share	\$0.63	\$0.10	\$0.23	\$0.28	\$0.10	\$0.70	\$0.16	\$0.17	\$0.17	\$0.17	\$0.67	\$0.16	\$0.17	\$0.17	\$0.18	\$0.68

Note: All figures in \$ millions except per-share items.

Source: CatchMark Timber Trust, Raymond James research.

Exhibit 3 – CTT: NAV Summary

CatchMark Timber Trust, Inc.	
NAV Summary	
<u>NAV Summary</u>	
Timberlands (owned & leased)	\$847
<i>Balance Sheet</i>	
<i>Assets</i>	
Cash and cash equivalents	\$17.1
Accounts receivable	\$4.5
Prepaid expenses and other assets	\$4.6
Investment in unconsolidated joint ventures	\$201.8
<i>Liabilities</i>	
Accounts payable and accrued expenses	(\$5.0)
Other liabilities	(\$17.6)
Debt	(\$452.8)
Net Balance Sheet Assets	(\$247.5)
Current NAV	\$599.9
Shares outstanding (mil.)	49.0
NAV Per Share	\$12.24

Note: All figures in \$ millions except per-share items.

Source: CatchMark Timber Trust Inc., Raymond James research.

PotlatchDeltic Corporation (PCH)

Exhibit 4 - PCH: Income Statement Summary

PotlatchDeltic Corporation																
Income Statement																
		(Mar.)	(June)	(Sept.)	(Dec.)		(Mar.)	(June)	(Sept.)	(Dec.)		(Mar.)	(June)	(Sept.)	(Dec.)	
	FY 2018	Q1:19	Q2:19	Q3:19	Q4:19E	FY 2019	Q1:20E	Q2:20E	Q3:20E	Q4:20E	FY 2020	Q1:21E	Q2:21E	Q3:21E	Q4:21E	FY 2021
Resource	\$355.0	\$68.2	\$66.9	\$98.8	\$87.2	\$321.1	\$68.6	\$83.3	\$105.4	\$89.7	\$347.0	\$69.5	\$85.0	\$107.9	\$90.9	\$353.4
Real Estate	54.6	6.2	36.4	18.9	10.4	71.9	11.4	11.4	13.2	15.2	51.4	11.4	11.4	13.2	15.2	51.4
Wood Products	680.9	132.3	138.0	143.6	140.9	554.9	136.7	155.5	164.0	160.2	616.3	143.3	161.7	170.7	166.8	642.6
Elimination of intersegment revenues - Resource	(115.9)	(24.9)	(25.8)	(35.0)	(25.0)	(110.7)	(25.0)	(25.0)	(25.0)	(25.0)	(100.0)	(25.0)	(25.0)	(25.0)	(25.0)	(100.0)
Total Consolidated Revenues:	\$974.6	\$181.7	\$215.6	\$226.3	\$213.5	\$837.1	\$191.7	\$225.2	\$257.6	\$240.2	\$914.6	\$199.3	\$233.2	\$266.9	\$247.9	\$947.3
Selling, general and administrative expenses	\$59.9	\$16.6	\$15.0	\$12.5	\$15.0	\$59.0	\$15.0	\$15.0	\$15.0	\$15.0	\$60.0	\$15.5	\$15.5	\$15.5	\$15.5	\$62.0
Resource	\$169.8	\$26.9	\$26.2	\$43.5	\$34.0	\$130.6	\$27.4	\$32.5	\$45.8	\$35.4	\$141.2	\$28.5	\$33.6	\$47.5	\$36.8	\$146.4
Real Estate	23.3	1.1	23.8	9.5	2.1	36.5	4.1	4.2	4.4	5.0	17.7	4.1	4.2	4.4	5.0	17.7
Wood Products	129.8	7.2	(2.0)	5.6	9.2	19.9	18.3	22.9	23.0	22.4	86.6	19.6	24.1	24.1	23.5	91.3
Other	(64.9)	1.2	(5.8)	(8.2)	(8.7)	(21.5)	(8.7)	(8.7)	(10.0)	(10.0)	(37.4)	(9.2)	(9.2)	(10.5)	(10.5)	(39.4)
Total EBITDA	\$258.1	\$36.4	\$42.1	\$50.4	\$36.6	\$165.4	\$41.2	\$51.0	\$63.2	\$52.9	\$208.2	\$43.1	\$52.7	\$65.4	\$54.9	\$216.1
Resource	\$121.6	\$16.6	\$15.7	\$30.9	\$18.8	\$82.0	\$16.1	\$18.0	\$30.8	\$20.3	\$85.2	\$17.2	\$19.1	\$32.3	\$21.7	\$90.2
Real Estate	22.9	0.9	23.7	9.3	2.0	35.9	4.0	4.1	4.3	4.9	17.3	4.0	4.1	4.3	4.9	17.3
Wood Products	108.4	2.2	(7.9)	(0.2)	3.5	(2.4)	13.1	17.0	16.7	16.3	63.2	14.2	18.0	17.6	17.2	66.9
Eliminations and adjustments	(5.5)	2.2	3.0	(1.6)	(0.5)	3.1	0.5	0.5	(0.5)	(0.5)	0.0	0.5	0.5	(0.5)	(0.5)	0.0
Corporate	(62.5)	(1.8)	(9.5)	(7.2)	(9.0)	(27.5)	(10.0)	(10.0)	(10.3)	(10.3)	(40.6)	(10.5)	(10.5)	(10.8)	(10.8)	(42.6)
Operating income	\$185.0	\$20.1	\$25.0	\$31.2	\$14.8	\$91.1	\$23.8	\$29.6	\$40.9	\$30.8	\$125.1	\$25.4	\$31.2	\$42.8	\$32.5	\$131.9
Interest expense	35.2	11.0	7.9	8.5	8.0	35.3	4.5	8.0	8.0	8.0	28.5	4.5	8.0	8.0	8.0	28.5
Non-operating pension and other postretirement costs	7.6	1.0	0.9	0.9	1.0	3.8	1.0	1.0	1.0	1.0	4.0	1.0	1.0	1.0	1.0	4.0
Income before income taxes	\$142.1	\$8.2	\$16.2	\$21.8	\$5.8	\$51.9	\$18.3	\$20.6	\$31.9	\$21.8	\$92.6	\$19.9	\$22.2	\$33.8	\$23.5	\$99.4
Income tax provision	(19.2)	(1.6)	1.0	(1.2)	0.0	(1.9)	(4.4)	(5.1)	(5.1)	(5.2)	(19.8)	(4.8)	(5.4)	(5.2)	(5.4)	(20.9)
Net income	\$122.9	\$6.6	\$17.1	\$20.6	\$5.8	\$50.1	\$13.9	\$15.6	\$26.8	\$16.5	\$72.8	\$15.1	\$16.8	\$28.6	\$18.1	\$78.5
Diluted shares	61.8	67.9	67.7	67.5	67.6	67.7	67.6	67.6	67.6	67.6	67.6	67.6	67.7	67.7	67.7	67.7
GAAP EPS	\$1.99	\$0.10	\$0.25	\$0.30	\$0.09	\$0.74	\$0.21	\$0.23	\$0.40	\$0.24	\$1.08	\$0.22	\$0.25	\$0.42	\$0.27	\$1.16

Note: All figures in \$ millions except per-share items.

Source: PotlatchDeltic Corporation, Raymond James research.

Exhibit 5 - PCH: CAD Summary

PotlatchDeltic Corporation																
Cash Available for Distribution																
	(FY 2018)	(Mar.) Q1:19	(June) Q2:19	(Sept.) Q3:19	(Dec.) Q4:19E	(FY 2019)	(Mar.) Q1:20E	(June) Q2:20E	(Sept.) Q3:20E	(Dec.) Q4:20E	(FY 2020)	(Mar.) Q1:21E	(June) Q2:21E	(Sept.) Q3:21E	(Dec.) Q4:21E	(FY 2021)
Cash provided by operating activities	\$178.9	\$19.1	\$48.5	\$37.9	\$34.5	\$139.9	\$40.5	\$46.1	\$59.8	\$50.8	\$197.2	\$42.0	\$47.5	\$61.9	\$52.6	\$204.0
Capital expenditures	(\$52.1)	(\$8.0)	(\$16.0)	(\$15.2)	(\$29.0)	(\$68.1)	(\$15.0)	(\$16.0)	(\$18.5)	(\$19.0)	(\$68.5)	(\$15.0)	(\$16.0)	(\$19.5)	(\$19.5)	(\$70.0)
Cash Available for Distribution	\$126.8	\$11.1	\$32.5	\$22.7	\$5.5	\$71.8	\$25.5	\$30.1	\$41.3	\$31.8	\$128.7	\$27.0	\$31.5	\$42.4	\$33.1	\$134.0
Shares outstanding	61.8	67.9	67.7	67.5	67.6	67.7	67.6	67.6	67.6	67.6	67.6	67.6	67.7	67.7	67.7	67.7
CAD/share	\$2.05	\$0.16	\$0.48	\$0.34	\$0.08	\$1.06	\$0.38	\$0.45	\$0.61	\$0.47	\$1.90	\$0.40	\$0.47	\$0.63	\$0.49	\$1.98

Note: All figures in \$ millions except per-share items.

Source: PotlatchDeltic Corporation, Raymond James research.

Exhibit 6 – PCH: NAV Summary

PotlatchDeltic Corporation	
NAV Summary	
Core Timberlands (Includes Deltic)	\$2,855
Non-Core Timberlands (Includes Deltic)	\$353
<i>Wood Products</i>	
Twelve Month Forward EBITDA	\$73
Multiple	<u>6.0x</u>
Manufactured Products	\$440
<i>Real Estate Development</i>	
Investment in real estate held for development and sale	\$77
Multiple	<u>1.0x</u>
Real Estate (Legacy Deltic)	\$77
<i>Balance Sheet</i>	
<i>Assets</i>	
Cash and cash equivalents	\$94.7
Receivables, net	\$27.2
Inventories	\$54.2
Other assets	\$58.9
<i>Liabilities</i>	
Current installments on long-term debt	(\$40.0)
Accounts payable and accrued liabilities	(\$78.3)
Long-term debt and line of credit borrowings	(\$716.4)
Liability for pensions and other postretirement employee benefits	(\$116.5)
Deferred tax liabilities, net	(\$14.9)
Other long-term obligations	(\$55.2)
Net Balance Sheet Assets (ex. RE and PP&E)	(\$786.2)
Current NAV	\$2,938.6
Shares outstanding (mil.)	67.3
NAV Per Share	\$43.65

Note: All figures in \$ millions except per-share items.

Source: PotlatchDeltic Corporation, Raymond James research.

Rayonier Inc. (RYN)

Exhibit 7 - RYN: Income Statement Summary

Rayonier Inc. Income Statement																
	(Mar.)	(June)	(Sept.)	(Dec.)		(Mar.)	(June)	(Sept.)	(Dec.)		(Mar.)	(June)	(Sept.)	(Dec.)		
	FY 2018	Q1:19	Q2:19	Q3:19	Q4:19E	FY 2019	Q1:20E	Q2:20E	Q3:20E	Q4:20E	FY 2020	Q1:21E	Q2:21E	Q3:21E	Q4:21E	FY 2021
Total sales:	\$816.1	\$191.5	\$184.8	\$156.4	\$195.0	\$727.7	\$185.7	\$171.1	\$192.2	\$201.0	\$750.1	\$189.1	\$174.1	\$195.7	\$205.0	\$763.9
Depreciation, depletion, and amortization	144.1	36.4	27.6	27.9	37.0	128.9	37.0	29.6	33.1	37.6	137.4	37.0	29.6	33.1	37.7	137.5
Cost of sales:	\$605.2	\$143.3	\$144.4	\$136.1	\$161.9	\$585.7	\$149.9	\$141.8	\$153.8	\$161.2	\$606.7	\$151.2	\$143.1	\$156.0	\$163.7	\$614.1
Selling and general expenses	41.9	9.8	11.0	10.1	9.8	40.7	11.1	10.3	11.5	12.1	45.0	11.3	10.4	11.7	12.3	45.8
Other operating income, net	(1.1)	(0.1)	(2.0)	(0.8)	(2.0)	(4.9)	(2.0)	(2.0)	(2.0)	(2.0)	(8.0)	(2.0)	(2.0)	(2.0)	(2.0)	(8.0)
Total operating expenses	\$646.0	\$153.0	\$153.4	\$145.4	\$169.7	\$621.5	\$159.1	\$150.0	\$163.3	\$171.2	\$643.7	\$160.6	\$151.6	\$165.7	\$174.0	\$651.9
Total EBITDA	\$314.3	\$74.9	\$59.0	\$38.9	\$62.4	\$235.2	\$63.6	\$50.7	\$62.0	\$67.4	\$243.8	\$65.6	\$52.1	\$63.1	\$68.8	\$249.5
Adjusted EBITDA	\$337.7	\$79.0	\$60.6	\$43.2	\$66.4	\$249.2	\$66.6	\$53.7	\$68.0	\$73.4	\$261.8	\$68.6	\$55.1	\$69.1	\$74.8	\$267.5
Operating income:	\$170.1	\$38.5	\$31.4	\$11.0	\$25.3	\$106.2	\$26.7	\$21.1	\$28.9	\$29.8	\$106.4	\$28.5	\$22.5	\$29.9	\$31.0	\$112.0
Interest expense	(32.1)	(7.7)	(7.9)	(8.0)	(8.0)	(31.6)	(8.0)	(8.0)	(8.0)	(8.0)	(32.0)	(8.0)	(8.0)	(8.0)	(8.0)	(32.0)
Interest and other income, net	4.6	1.3	1.0	0.8	0.3	3.4	0.3	0.3	0.3	0.3	1.2	0.3	0.3	0.3	0.3	1.2
Income before taxes:	\$142.6	\$32.1	\$24.5	\$3.8	\$17.6	\$78.0	\$19.0	\$13.4	\$21.2	\$22.1	\$75.6	\$20.8	\$14.8	\$22.2	\$23.3	\$81.2
Income tax expense	(25.3)	(4.3)	(3.6)	(2.3)	(3.1)	(13.3)	(2.7)	(1.9)	(3.1)	(3.2)	(11.0)	(3.0)	(2.2)	(3.2)	(3.4)	(11.8)
Net income attributable to noncontrolling interest	15.1	3.0	2.1	1.9	1.5	8.5	1.3	1.6	1.9	1.6	6.4	1.3	1.6	1.9	1.6	6.4
Net income attributable to Rayonier:	\$102.2	\$24.8	\$18.8	(\$0.4)	\$13.0	\$56.2	\$14.9	\$9.8	\$16.2	\$17.3	\$58.2	\$16.5	\$11.1	\$17.1	\$18.4	\$63.1
Diluted shares	129.7	129.8	129.6	129.3	129.4	129.5	129.4	129.4	129.5	129.5	129.4	129.5	129.6	129.6	129.6	129.6
GAAP EPS	\$0.79	\$0.19	\$0.14	(\$0.00)	\$0.10	\$0.43	\$0.12	\$0.08	\$0.13	\$0.13	\$0.45	\$0.13	\$0.09	\$0.13	\$0.14	\$0.49

Note: All figures in \$ millions except per-share items.

Source: Rayonier Inc., Raymond James research.

Exhibit 8 - RYN: CAD Summary

Rayonier Inc. Cash Available for Distribution																
	(Mar.)	(June)	(Sept.)	(Dec.)		(Mar.)	(June)	(Sept.)	(Dec.)		(Mar.)	(June)	(Sept.)	(Dec.)		
	FY 2018	Q1:19	Q2:19	Q3:19	Q4:19E	FY 2019	Q1:20E	Q2:20E	Q3:20E	Q4:20E	FY 2020	Q1:21E	Q2:21E	Q3:21E	Q4:21E	FY 2021
Cash Available for Distribution																
Operating income	\$172.2	\$38.8	\$31.7	\$11.1	\$25.3	\$106.9	\$26.7	\$21.1	\$28.9	\$29.8	\$106.4	\$28.5	\$22.5	\$29.9	\$31.0	\$112.0
Depreciation, depletion, amortization	144.1	36.5	27.6	27.8	37.0	128.9	37.0	29.6	33.1	37.6	137.4	37.0	29.6	33.1	37.7	137.5
Non-cash cost of land sold	23.6	4.0	1.6	4.4	4.0	14.0	3.0	3.0	6.0	6.0	18.0	3.0	3.0	6.0	6.0	18.0
Other	(2.2)	(0.3)	(0.3)	(0.2)	0.0	(0.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDA	\$337.7	\$79.0	\$60.6	\$43.2	\$66.4	\$249.1	\$66.6	\$53.7	\$68.0	\$73.4	\$261.8	\$68.6	\$55.1	\$69.1	\$74.8	\$267.5
Cash interest paid	(\$33.1)	(\$2.1)	(\$12.3)	(\$6.2)	(\$8.0)	(\$28.6)	(\$3.0)	(\$13.0)	(\$8.0)	(\$8.0)	(\$32.0)	(\$3.0)	(\$13.0)	(\$8.0)	(\$8.0)	(\$32.0)
Cash taxes paid	(2.2)	(0.6)	(0.1)	(0.7)	0.0	(1.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Real estate development investments	(9.5)	(1.7)	0.7	(2.3)	(4.0)	(7.3)	(2.0)	(2.0)	(2.0)	(2.0)	(8.0)	(2.0)	(2.0)	(2.0)	(2.0)	(8.0)
Capital expenditures	(62.3)	(14.1)	(15.4)	(15.8)	(21.5)	(66.8)	(16.5)	(16.5)	(18.0)	(18.0)	(69.0)	(16.5)	(16.5)	(18.5)	(18.5)	(70.0)
Cash Available for Distribution	\$230.6	\$60.5	\$33.5	\$18.2	\$32.9	\$145.0	\$45.1	\$22.2	\$40.0	\$45.4	\$152.8	\$47.1	\$23.6	\$40.6	\$46.3	\$157.5
Shares outstanding	129.5	129.5	129.6	129.3	129.3	129.3	129.4	129.4	129.4	129.5	129.5	129.5	129.6	129.6	129.6	129.6
CAD/share	\$1.78	\$0.47	\$0.26	\$0.14	\$0.25	\$1.12	\$0.35	\$0.17	\$0.31	\$0.35	\$1.18	\$0.36	\$0.18	\$0.31	\$0.36	\$1.22

Note: All figures in \$ millions except per-share items.

Source: Rayonier Inc., Raymond James research.

Exhibit 9 – RYN: NAV Summary

Rayonier Inc.	
NAV Summary	
<u>NAV Summary</u>	
Timber	\$4,140
Real Estate	\$1,095
Balance Sheet	
Assets	
Cash & securities	\$56.9
Accounts receivable	\$26.1
Other assets	\$66.7
Liabilities	
Total debt	(\$973.0)
Pension and other postretirement benefits	(\$24.0)
Accounts payable	(\$19.6)
Accrued interest	(\$8.0)
Other current liabilities	(\$56.2)
Other non-current liabilities	(\$82.4)
Adjustment for maximum potential payment of guarantees	(\$6.7)
Net Balance Sheet Assets (ex. RE and PP&E)	(\$1,020.0)
Current NAV	\$4,215.3
Shares outstanding (mil.)	129.9
NAV Per Share	\$32.44

Note: All figures in \$ millions except per-share items.
Source: Rayonier Inc., Raymond James research.

Weyerhaeuser Company (WY)

Exhibit 10 - WY: Income Statement Summary

Weyerhaeuser Company																
Income Statement																
		(Mar.)	(June)	(Sept.)	(Dec.)		(Mar.)	(June)	(Sept.)	(Dec.)		(Mar.)	(June)	(Sept.)	(Dec.)	
	<u>FY 2018</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>Q4:19E</u>	<u>FY 2019</u>	<u>Q1:20E</u>	<u>Q2:20E</u>	<u>Q3:20E</u>	<u>Q4:20E</u>	<u>FY 2020</u>	<u>Q1:21E</u>	<u>Q2:21E</u>	<u>Q3:21E</u>	<u>Q4:21E</u>	<u>FY 2021</u>
Net sales and revenues	\$7,476	\$1,643	\$1,692	\$1,671	\$1,524	\$6,530	\$1,615	\$1,737	\$1,752	\$1,677	\$6,782	\$1,652	\$1,769	\$1,785	\$1,707	\$6,914
Depreciation, depletion, and amortization	486	123	124	135	126	508	127	124	127	125	503	127	124	127	125	503
Total EBITDA	\$1,880	\$297	\$310	\$337	\$201	\$1,145	\$377	\$402	\$381	\$384	\$1,545	\$393	\$411	\$390	\$400	\$1,595
Adjusted EBITDA	\$2,032	\$365	\$343	\$308	\$291	\$1,307	\$390	\$425	\$413	\$427	\$1,656	\$409	\$435	\$423	\$444	\$1,712
Operating income	\$1,394	\$174	\$186	\$202	\$75	\$637	\$250	\$278	\$253	\$260	\$1,041	\$266	\$287	\$263	\$276	\$1,092
Interest income and other	60	10	6	6	8	30	8	8	8	8	32	8	8	8	8	32
Non-operating pension and postretirement credits	(272)	(470)	(10)	(15)	(15)	(510)	(15)	(15)	(15)	(15)	(60)	(15)	(15)	(15)	(15)	(60)
Interest expense, net of capitalized interest	(375)	(107)	(91)	(91)	(91)	(380)	(90)	(90)	(90)	(90)	(360)	(90)	(90)	(90)	(88)	(358)
Earnings from continuing operations before income taxes	\$807	(\$393)	\$91	\$102	(\$23)	(\$223)	\$153	\$181	\$156	\$163	\$653	\$169	\$190	\$166	\$181	\$706
Income taxes	(59)	104	37	(3)	6	144	(18)	(22)	(19)	(16)	(75)	(20)	(23)	(20)	(18)	(81)
Net earnings attributable to common shareholders	\$748	(\$289)	\$128	\$99	(\$18)	(\$80)	\$135	\$160	\$138	\$146	\$578	\$149	\$168	\$146	\$163	\$625
Diluted shares	756.9	746.6	746.2	746.5	746.7	746.5	746.9	747.1	747.3	747.4	747.2	747.6	747.8	748.0	748.2	747.9
GAAP EPS	\$0.99	(\$0.39)	\$0.17	\$0.13	(\$0.02)	(\$0.11)	\$0.18	\$0.21	\$0.18	\$0.20	\$0.77	\$0.20	\$0.22	\$0.20	\$0.22	\$0.84

Note: All figures in \$ millions except per-share items.
Source: Weyerhaeuser Company, Raymond James research.

Exhibit 11 - WY: CAD Summary

Weyerhaeuser Company																
Cash Available for Distribution																
		(Mar.)	(June)	(Sept.)	(Dec.)		(Mar.)	(June)	(Sept.)	(Dec.)		(Mar.)	(June)	(Sept.)	(Dec.)	
	<u>FY 2018</u>	<u>Q1:19</u>	<u>Q2:19</u>	<u>Q3:19</u>	<u>Q4:19E</u>	<u>FY 2019</u>	<u>Q1:20E</u>	<u>Q2:20E</u>	<u>Q3:20E</u>	<u>Q4:20E</u>	<u>FY 2020</u>	<u>Q1:21E</u>	<u>Q2:21E</u>	<u>Q3:21E</u>	<u>Q4:21E</u>	<u>FY 2021</u>
Cash Available for Distribution	\$1,112	(\$14)	\$396	\$292	\$310	\$984	\$391	\$333	\$323	\$340	\$1,387	\$318	\$341	\$333	\$357	\$1,349
Cash provided by operating activities	(427)	(59)	(84)	(98)	(139)	(380)	(80)	(80)	(90)	(95)	(345)	(80)	(80)	(85)	(90)	(335)
Cash Available for Distribution	\$685	(\$73)	\$312	\$194	\$171	\$604	\$311	\$253	\$233	\$245	\$1,042	\$238	\$261	\$248	\$267	\$1,014
Shares outstanding	757	747	746	747	747	747	747	747	747	747	747	748	748	748	748	748
CAD/share	\$0.91	(\$0.10)	\$0.42	\$0.26	\$0.23	\$0.81	\$0.42	\$0.34	\$0.31	\$0.33	\$1.39	\$0.32	\$0.35	\$0.33	\$0.36	\$1.36

Note: All figures in \$ millions except per-share items.
Source: Weyerhaeuser Company, Raymond James research.

Exhibit 12 – WY: NAV Summary

Weyerhaeuser Company	
NAV Summary	
<u>NAV Summary</u>	
Timberlands / Real Estate	\$24,945
<u>Wood Products</u>	
Twelve Month Forward EBITDA	\$717
<u>Multiple</u>	<u>6.0x</u>
Wood Products	\$4,304
<u>Energy & Natural Resources</u>	
2018 Revenue	\$78
<u>Multiple</u>	<u>5.0x</u>
Energy & Natural Resources	\$390
<u>Balance Sheet</u>	
<u>Assets</u>	
Cash & securities	\$153
Accounts receivable	\$517
Inventories	\$393
Other assets	\$987
<u>Liabilities</u>	
Total debt	(\$6,590)
Accounts payable	(\$242)
Accrued liabilities	(\$487)
Deferred income taxes	(\$25)
Deferred pension and other postretirement benefits	(\$506)
Other non-current liabilities	(\$383)
Net Balance Sheet Assets (ex. RE and PP&E)	(\$6,183)
Current NAV	\$23,457
Shares Outstanding (mil.)	746.0
NAV Per Share	\$31.45

Note: All figures in \$ millions except per-share items.

Source: Weyerhaeuser Company, Raymond James research.

IMPORTANT INVESTOR DISCLOSURES

Raymond James & Associates (RJA) is a FINRA member firm and is responsible for the preparation and distribution of research created in the United States. Raymond James & Associates is located at The Raymond James Financial Center, 880 Carillon Parkway, St. Petersburg, FL 33716, (727) 567-1000. Non-U.S. affiliates, which are not FINRA member firms, include the following entities that are responsible for the creation or distribution of research in their respective areas: in Canada, Raymond James Ltd. (RJL), Suite 2100, 925 West Georgia Street, Vancouver, BC V6C 3L2, (604) 659-8200; in Europe, Raymond James Euro Equities SAS (also trading as Raymond James International), 45 Avenue George V, 75008, Paris, France, +33 1 45 64 0500 and Raymond James Financial International Ltd., Ropemaker Place, 25 Ropemaker Street, London, England, EC2Y 9LY, +44 203 798 5600.

This document is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. The securities discussed in this document may not be eligible for sale in some jurisdictions. This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. **Investors should consider this report as only a single factor in making their investment decision.**

For clients in the United States: Any foreign securities discussed in this report are generally not eligible for sale in the U.S. unless they are listed on a U.S. exchange. This report is being provided to you for informational purposes only and does not represent a solicitation for the purchase or sale of a security in any state where such a solicitation would be illegal. Investing in securities of issuers organized outside of the U.S., including ADRs, may entail certain risks. The securities of non-U.S. issuers may not be registered with, nor be subject to the reporting requirements of, the U.S., including ADRs, may entail certain risks. The securities of non-U.S. issuers may not be registered with, nor be subject to the reporting requirements of, the U.S. Securities and Exchange Commission. There may be limited information available on such securities mentioned in this report. Please ask your Financial Advisor for additional details and to determine if a particular security is eligible for purchase in your state.

The information provided is as of the date above and subject to change, and it should not be deemed a recommendation to buy or sell any security. Certain information has been obtained from third-party sources we consider reliable, but we do not guarantee that such information is accurate or complete. Persons within the Raymond James family of companies may have information that is not available to the contributors of the information contained in this publication. Raymond James, including affiliates and employees, may execute transactions in the securities listed in this publication that may not be consistent with the ratings appearing in this publication.

Raymond James ("RJ") research reports are disseminated and available to RJ's retail and institutional clients simultaneously via electronic publication to RJ's internal proprietary websites ([RJ Client Access](#) & [RaymondJames.com](#)). Not all research reports are directly distributed to clients or third-party aggregators. Certain research reports may only be disseminated on RJ's internal Proprietary websites; however, such research reports will not contain estimates or changes to earnings forecasts, target price, valuation or investment or suitability rating. Individual Research Analysts may also opt to circulate published research to one or more clients electronically. This electronic communication is discretionary and is done only after the research has been publically disseminated via RJ's internal factors including, but not limited to, the client's individual preference as to the frequency and manner of receiving communications from Research Analysts. For research reports, models, or other data available on a particular security, please contact your Sales Representative or visit [RJ Client Access](#) or [RaymondJames.com](#).

Links to third-party websites are being provided for information purposes only. Raymond James is not affiliated with and does not endorse, authorize, or sponsor any of the listed websites or their respective sponsors. Raymond James is not responsible for the content of any third-party website or the collection of use of information regarding any website's users and/or members.

Additional information is available on request.

Analyst Information

Registration of Non-U.S. Analysts: The analysts listed on the front of this report who are not employees of Raymond James & Associates, Inc., are not registered/qualified as research analysts under FINRA rules, are not associated persons of Raymond James & Associates, Inc., and are not subject to FINRA Rule 2241 restrictions on communications with covered companies, public companies, and trading securities held by a research analyst account.

Analysts Holdings and Compensation: Equity analysts and their staffs at Raymond James are compensated based on a salary and bonus system. Several factors enter into the bonus determination, including quality and performance of research product, the analyst's success in rating stocks versus an industry index, and support effectiveness to trading and the retail and institutional sales forces. Other factors may include but are not limited to: overall ratings from internal (other than investment banking) or external parties and the general productivity and revenue generated in covered stocks.

The analyst Collin Mings, primarily responsible for the preparation of this research report, attests to the following: (1) that the views and opinions rendered in this research report reflect his or her personal views about the subject companies or issuers and (2) that no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views in this research report. In addition, said analyst(s) has not received compensation from any subject company in the last 12 months.

Ratings and Definitions

Raymond James & Associates (U.S.) definitions: **Strong Buy (SB1)** Expected to appreciate, produce a total return of at least 15%, and outperform the S&P 500 over the next six to 12 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, a total return of 15% is expected to be realized over the next 12 months. **Outperform (MO2)** Expected to appreciate and outperform the S&P 500 over the next 12-18 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, an Outperform rating is used for securities where we are comfortable with the relative safety of the dividend and expect a total return modestly exceeding the dividend yield over the next 12-18 months. **Market Perform (MP3)** Expected to perform generally in line with the S&P 500 over the next 12 months. **Underperform (MU4)** Expected to underperform the S&P 500 or its sector over the next six to 12 months and should be sold. **Suspended (S)** The rating and price target have been suspended temporarily. This action may be due to market events that made coverage impracticable, or to comply with applicable regulations or firm policies in certain circumstances, including when Raymond James may be providing investment banking services to the company. The previous rating and price target are no longer in effect for this security and should not be relied upon.

Raymond James Ltd. (Canada) definitions: **Strong Buy (SB1)** The stock is expected to appreciate and produce a total return of at least 15% and outperform the S&P/TSX Composite Index over the next six months. **Outperform (MO2)** The stock is expected to appreciate and outperform the S&P/TSX Composite Index over the next twelve months. **Market Perform (MP3)** The stock is expected to perform generally in line with the S&P/TSX Composite Index over the next twelve months and is potentially a source of funds for more highly rated securities. **Underperform (MU4)** The stock is expected to underperform the S&P/TSX Composite Index or its sector over the next six to twelve months and should be sold. **Suspended (S)** The rating and price target have been suspended temporarily. This action may be due to market events that made coverage impracticable, or to comply with applicable regulations or firm policies in certain circumstances, including when Raymond James may be providing investment banking services to the company. The previous rating and price target are no longer in effect for this security and should not be relied upon.

In transacting in any security, investors should be aware that other securities in the Raymond James research coverage universe might carry a higher or lower rating. Investors should feel free to contact their Financial Advisor to discuss the merits of other available investments.

	Coverage Universe Rating Distribution*		Investment Banking Relationships	
	RJA	RJL	RJA	RJL
Strong Buy and Outperform (Buy)	55%	60%	20%	22%
Market Perform (Hold)	41%	37%	11%	18%
Underperform (Sell)	4%	3%	6%	0%

* Columns may not add to 100% due to rounding.

Suitability Ratings (SR)

Medium Risk/Income (M/INC) Lower to average risk equities of companies with sound financials, consistent earnings, and dividend yields above that of the S&P 500. Many securities in this category are structured with a focus on providing a consistent dividend or return of capital.

Medium Risk/Growth (M/GRW) Lower to average risk equities of companies with sound financials, consistent earnings growth, the potential for long-term price appreciation, a potential dividend yield, and/or share repurchase program.

High Risk/Income (H/INC) Medium to higher risk equities of companies that are structured with a focus on providing a meaningful dividend but may face less predictable earnings (or losses), more leveraged balance sheets, rapidly changing market dynamics, financial and competitive issues, higher price volatility (beta), and potential risk of principal. Securities of companies in this category may have a less predictable income stream from dividends or distributions of capital.

High Risk/Growth (H/GRW) Medium to higher risk equities of companies in fast growing and competitive industries, with less predictable earnings (or losses), more leveraged balance sheets, rapidly changing market dynamics, financial or legal issues, higher price volatility (beta), and potential risk of principal.

High Risk/Speculation (H/SPEC) High risk equities of companies with a short or unprofitable operating history, limited or less predictable revenues, very high risk associated with success, significant financial or legal issues, or a substantial risk/loss of principal.

Raymond James Relationship Disclosures

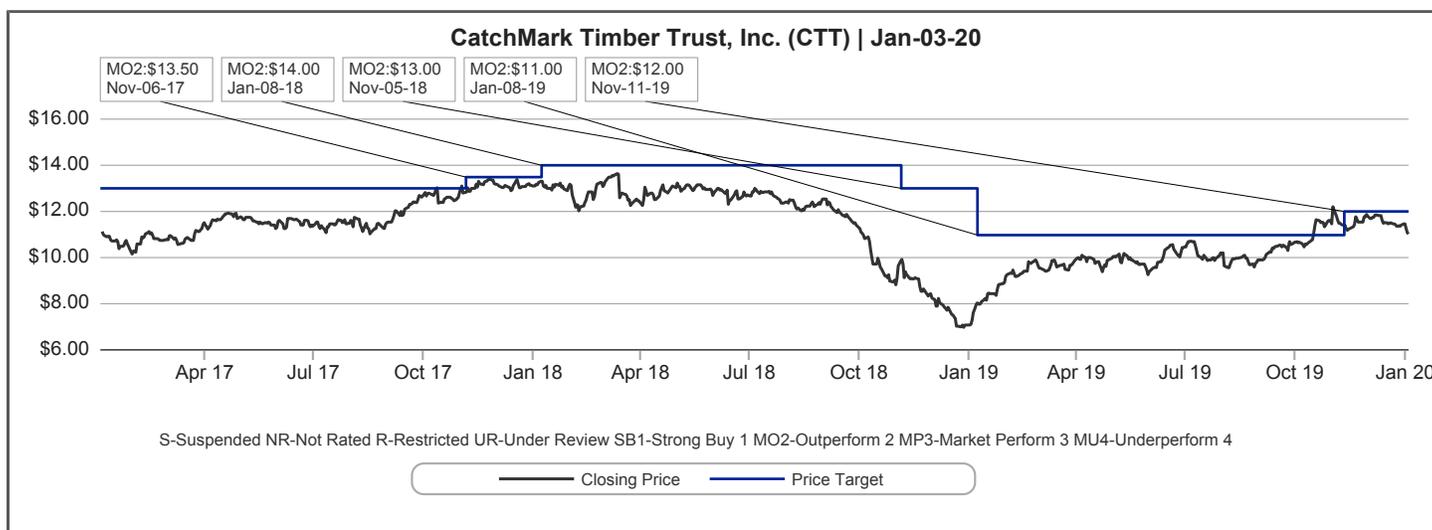
Certain affiliates of the RJ Group expect to receive or intend to seek compensation for investment banking services from all companies under research coverage within the next three months.

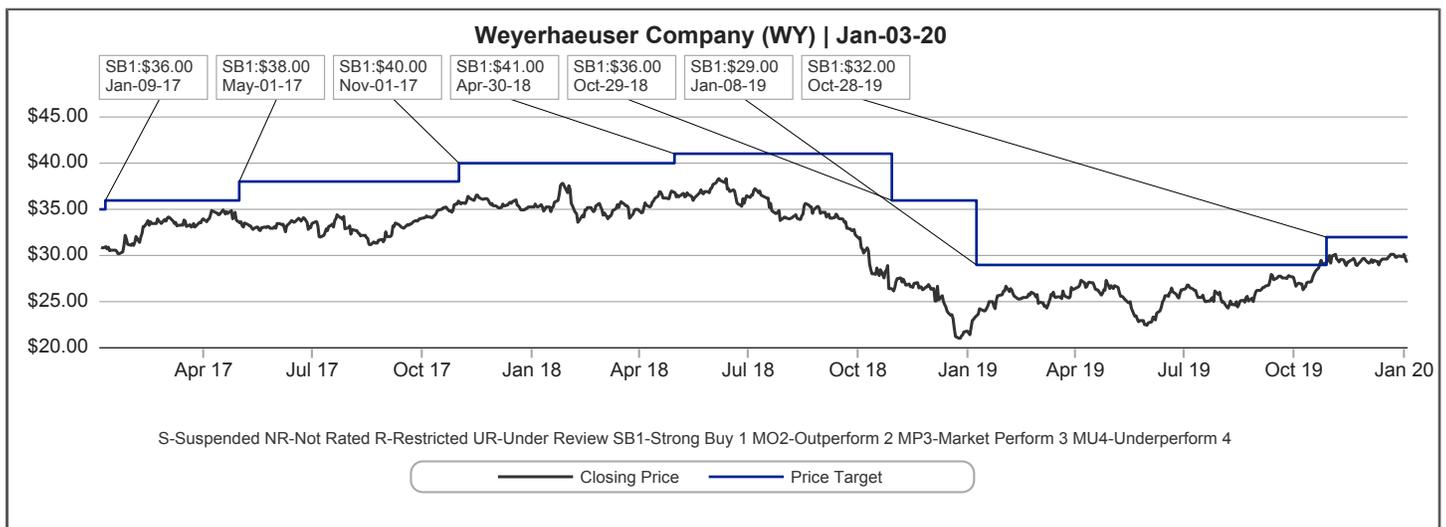
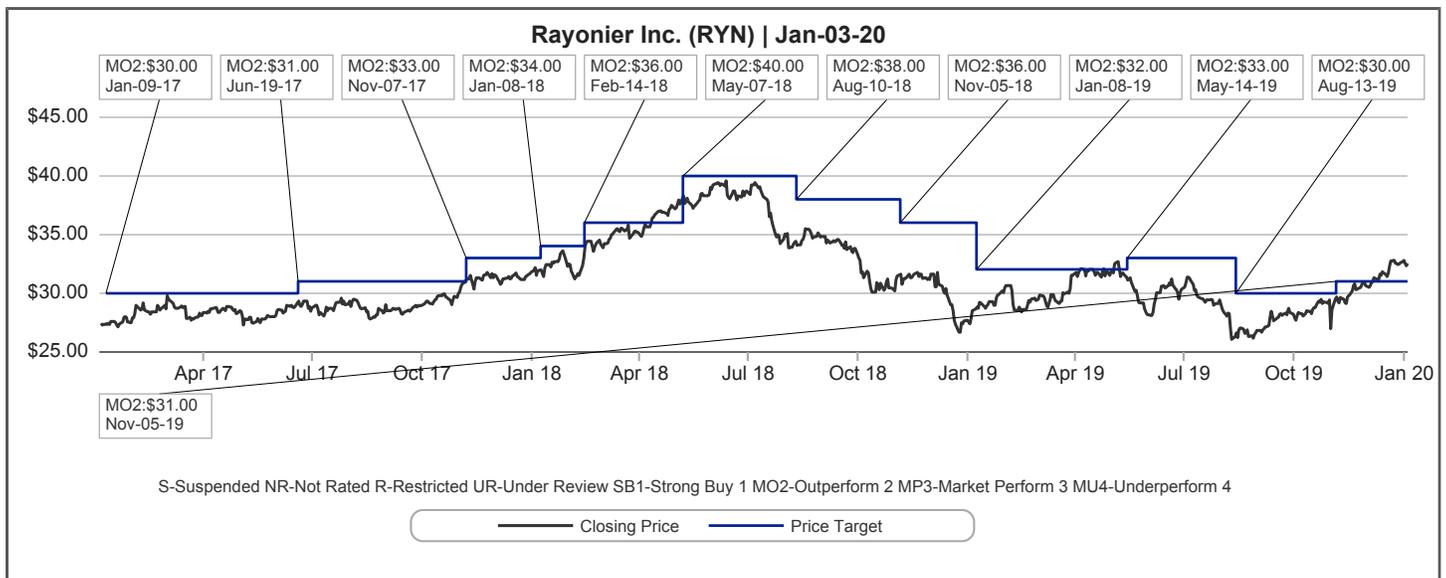
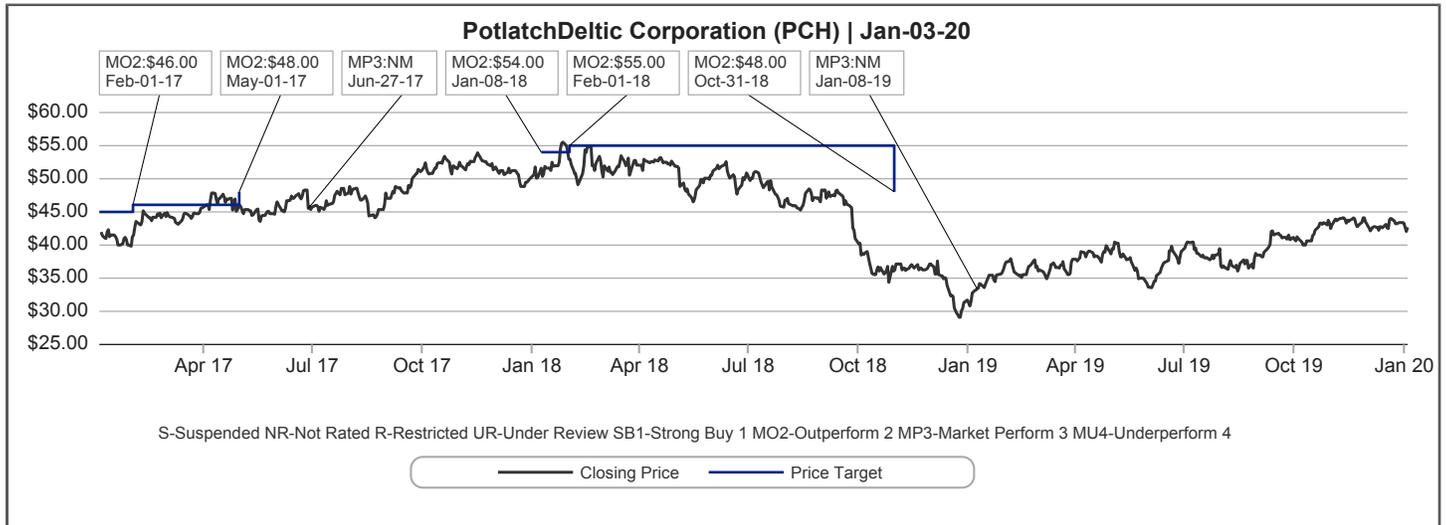
Company Name	Disclosure
CatchMark Timber Trust, Inc., PotlatchDeltic Corporation, Rayonier Inc. and Weyerhaeuser Company	Raymond James & Associates, Inc. makes a market in the shares of CatchMark Timber Trust, Inc., PotlatchDeltic Corporation, Rayonier Inc. and Weyerhaeuser Company.
CatchMark Timber Trust, Inc., PotlatchDeltic Corporation and Rayonier Inc.	Raymond James & Associates received non-investment banking securities-related compensation from CatchMark Timber Trust, Inc., PotlatchDeltic Corporation and Rayonier Inc. within the past 12 months.

Stock Charts, Target Prices, and Valuation Methodologies

Valuation Methodology: The Raymond James methodology for assigning ratings and target prices includes a number of qualitative and quantitative factors, including an assessment of industry size, structure, business trends, and overall attractiveness; management effectiveness; competition; visibility; financial condition; and expected total return, among other factors. These factors are subject to change depending on overall economic conditions or industry- or company-specific occurrences.

Target Prices: The information below indicates our target price and rating changes for the subject companies over the past three years.





Valuation Methodology

CatchMark Timber Trust, Inc.

Our valuation methodology for CatchMark includes a comparison of the company's share price to our estimate of NAV (net asset value) and the value of its owned timberland being implied by its share price. We also consider the company's dividend yield and cash available for distribution/share multiple.

PotlatchDeltic Corporation

Our valuation methodology for Potlatch includes a comparison of the company's share price to our estimate of NAV (net asset value) and a peer group multiple comparison. We also consider the company's dividend yield.

Rayonier Inc.

Our valuation methodology for Rayonier includes a comparison of the company's share price to our estimate of NAV (net asset value) and a peer group multiple comparison. We also consider the company's dividend yield.

Weyerhaeuser Company

Our valuation methodology for Weyerhaeuser includes a comparison of the company's share price to our estimate of NAV (net asset value) and a peer group multiple comparison. We also consider the company's dividend yield.

Risk Factors

General Risk Factors: Following are some general risk factors that pertain to the business of the subject companies and the projected target prices and recommendations included on Raymond James research: (1) Industry fundamentals with respect to customer demand or product/service pricing could change and adversely impact expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes toward the sector or this stock; (3) Unforeseen developments with respect to the management, financial condition or accounting policies or practices could alter the prospective valuation; or (4) External factors that affect the U.S. economy, interest rates, the U.S. dollar or major segments of the economy could alter investor confidence and investment prospects. International investments involve additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability.

Company-Specific Risks

CatchMark Timber Trust, Inc.

Global Economy: CatchMark (along with the other timber REITs) is partially protected from economic downturns by the fact that trees (until harvested) are continually growing. Older/bigger trees (representing more merchantable timber) are typically more valuable. This contrasts with many companies, who must move standing inventory before it becomes outdated. Moreover, while demand for sawtimber is levered to construction activity, pulpwood is vital in the production of many everyday consumer products. Still, prolonged declines in employment, consumer spending, and new home starts can significantly weigh on operating results. We also believe CatchMark's "higher and better use" land sales activity (and its corresponding pricing power) will be levered to the strength of the economy. In our view, when households are more comfortable in their financial situation their willingness to make discretionary purchases (such as buying recreational land) increases. Even in an improving real estate environment, we caution that CatchMark's assets could face competition from a re-emergence of land sellers as market conditions improve.

Cyclical Nature of Construction Activity/Deferred Harvest Volume: The demand for sawtimber is primarily affected by the level of new residential construction activity. A weaker-than-expected housing market over the next few years (driven by consumer sentiment, mortgage rates, or mortgage availability) would negatively impact the company's overall financial results.

Sawlog and Pulpwood Markets are Highly Competitive: CatchMark faces competition in selling its timber from various public and private competitors. We expect significant price competition, but would note that CatchMark maintains some advantages relative to smaller timberland owners and has supply agreements which will provide a stable outlet for a significant portion of its harvest volume.

Relatively Small Size: If sawlog prices materially decline, CatchMark may find it more challenging to provide a competitive dividend given its relatively small asset base (compared to the other timber REITs). The company has a relatively lower ability to increase harvest activity (beyond a sustainable run-rate) or sell more land without depleting its asset base.

Lack of Diversification: Relative to timber REIT peers, we believe CatchMark's portfolio of timberlands is geographically concentrated. We believe this increases the risk profile of the company, as one mill closure (or other regional event) could materially impact CatchMark's results and/or ability to fund its dividend from operations. Similarly, this lack of diversification could negatively impact results if harvests in some markets are limited due to weather conditions, restrictions on access, the availability of loggers, or regulatory issues associated with the protection of wildlife and water resources.

Potential for Natural Disasters: Fire, insect infestation, disease, severe weather (such as hurricanes, tornadoes, or a prolonged drought), and other natural disasters could negatively impact CatchMark's timberlands. The company does not maintain insurance for the loss of standing timber on its timberlands due to natural disasters. Although not carrying insurance for timber holdings is typical for the industry, it clearly exposes the company to losses should natural disasters strike.

Interest Rates: We believe higher interest rates could negatively impact CatchMark by slowing the recovery in real estate development activity (reducing the demand for sawtimber) and adversely impact the company's "higher-and-better use" land sales opportunities. In addition, a higher interest rate environment would likely place downward pressure on CTT shares as investors require a higher dividend yield.

Acquisition Environment is Highly Competitive: We believe it is important to highlight the company will be competing for timberlands with other REITs, TIMOs, and other entities. Many of CatchMark's competitors will have greater financial resources and a greater ability or willingness to take on leverage to acquire properties.

Exposure to Changes in Environmental Laws and Climate-Related Initiatives: The risks associated with environmental policies will vary depending on changes in the political winds influencing state and local policymakers. However, we believe it is important to note, relative to other REIT sectors, that timber REITs are the most exposed to changes in environmental policies and laws.

PotlatchDeltic Corporation

Cyclical Nature of Construction Activity: The demand for sawtimber is primarily affected by the level of new residential construction activity. Accordingly, PotlatchDeltic's timber and wood products operations were negatively impacted by the unprecedented decline in U.S. housing starts and the tightening of credit availability for construction-related projects. Even as domestic construction activity improves, we caution that deferred timber harvesting will allow the industry to match rising demand with additional sawtimber (to some degree). Consequently, we believe this will likely prevent any sharp rise in stumpage/delivered log pricing in the near term. Similarly, we believe demand/pricing for the land it sells through its real estate platform will depend on local market conditions. Also, lumber prices (which are linked to construction activity trends, among other factors) impact operating results and share price performance.

Lack of Diversification: We believe PotlatchDeltic's portfolio of timberlands is geographically concentrated, relative to timber REIT peers. We believe this increases the risk profile of the company, as one mill closure (or other regional event) could materially impact PotlatchDeltic's results and/or ability to fund its dividend from operations. Similarly, this lack of diversification could negatively impact results if harvests in some markets are limited due to weather conditions, restrictions on access, the availability of loggers, and regulatory issues associated with the protection of wildlife and water resources.

Fluctuations in Energy and Raw Material Costs: Higher energy and raw material costs could place pressure on the profitability of PotlatchDeltic's timber and manufacturing operations. Rising fuel costs could adversely impact the cost of manufacturing PotlatchDeltic's wood products, as well as the cost and availability of third-party logging and trucking services that facilitate timber harvesting.

Potential for Natural Disasters: Fire, insect infestation, disease, severe weather (such as hurricanes, tornadoes or a prolonged drought), and other natural disasters could negatively impact PotlatchDeltic's timberlands. The company does not maintain insurance for the loss of standing timber on its timberlands due to natural disasters. Although not carrying insurance for timber holdings is typical for the industry, it clearly exposes the company to losses should natural disasters strike.

Interest Rates: We believe higher interest rates could negatively impact PotlatchDeltic by slowing the recovery in real estate development activity (reducing the demand for sawtimber) and adversely impact the company's real estate platform and land sales opportunities. In addition, a higher interest rate environment would likely place downward pressure on PCH shares as investors require a higher dividend yield.

Exposure to Changes in Environmental Laws and Climate-Related Initiatives: The risks associated with environmental policies will vary depending on changes in the political winds influencing state and local policymakers. However, we believe it is important to note, relative to other REIT sectors, that timber REITs are the most exposed to changes in environmental policies and laws.

Rayonier Inc.

Cyclical Nature of Construction Activity: The demand for sawtimber is primarily affected by the level of new construction activity. Accordingly, Rayonier's timber business was negatively impacted by the unprecedented decline in housing starts and the tightening of credit availability for construction related projects. Even as construction activity begins to rebound, we caution that years of deferred timber harvesting allows the industry to match rising demand with a healthy supply of sawtimber.

Potential for Natural Disasters: Fire, insect infestation, disease, severe weather (such as hurricanes, tornadoes, or a prolonged drought), and other natural disasters could negatively impact Rayonier's timberlands. Notably, the company does not maintain insurance for any loss to its timber. Although not carrying insurance for timber holdings is typical for the industry, it clearly exposes the company to losses should natural disasters strike.

Exposure to Changes in Environment Laws and Climate-Related Initiatives: The risks associated with environmental policies will vary depending on changes in the political winds influencing state and local policy makers. However, we believe it is important to note, relative to other REIT subsectors, timber REITs are the most exposed to changes in environmental policies and laws.

Dependence on Approval of Real Estate Entitlements: One of Rayonier's key strategies is to add long-term value to its timberlands. Often, this requires obtaining land entitlements and evaluating joint venture opportunities. We caution changes in legal and regulatory requirements by state and local governments could raise the costs, alter the tax implications, and extend the time horizon to take land through the entitlement process, thereby reducing the attractiveness of this segment of Rayonier's operations.

Interest Rates: We believe higher interest rates could negatively impact Rayonier by slowing the recovery in real estate development activity (reducing the demand for sawtimber) and adversely impact the company's real estate platform and land sales opportunities. In addition, a higher interest rate environment would likely place downward pressure on RYN shares as investors require a higher dividend yield.

Currency Exchange Rates: Rayonier owns timberlands in New Zealand. The company also competes with producers of similar products in export markets. Therefore, the company is affected by changes in currency exchange rates.

Weyerhaeuser Company

Cyclical Nature of Construction Activity: Weyerhaeuser's real estate, timber, and wood products business were negatively impacted by the unprecedented decline in U.S. housing starts and new home sales, as well as the tightening of credit availability for all construction projects. The demand for sawtimber is primarily affected by the level of residential construction activity and we caution that the decision to defer some harvest activity throughout the downturn will allow the industry to readily match rising demand with additional sawtimber (to some degree). Consequently, we believe this will likely prevent any sharp rise in stumpage/delivered log pricing in the near term.

Timber, Pulpwood, and Wood Products Markets Are Highly Competitive: Weyerhaeuser faces competition in selling its timber from various public and private competitors. We expect price competition will remain fierce, but do believe Weyerhaeuser has some advantages relative to smaller timberland owners. We would also note its products may compete with alternative products in certain market segments. For example, plastic, wood/plastic or composite materials may be used by builders as alternatives to the products produced by Weyerhaeuser's businesses such as lumber, veneer, plywood and oriented strand board.

Fluctuations in Energy and Raw Material Costs: Higher energy and raw material costs could negatively impact the profitability of Weyerhaeuser. Rising fuel costs could adversely impact the cost of manufacturing Weyerhaeuser's wood products and real estate businesses, as well as the cost and availability of third-party logging and trucking services that facilitate timber harvesting.

Potential for Natural Disasters: Fire, insect infestation, disease, severe weather (such as hurricanes, tornadoes or a prolonged drought), and other natural disasters could negatively impact Weyerhaeuser's timberlands. The company does not maintain insurance for the loss of standing timber on its timberlands due to natural disasters. Although not carrying insurance for timber holdings is typical for the industry, it exposes the company to losses should natural disasters strike. Notably, because Weyerhaeuser's manufacturing operations uses wood fiber from its own timberlands in many cases, damages to the company's timberlands may also have an adverse impact (disruption in production or higher costs) on its wood products business.

Pension Plan Liabilities: Weyerhaeuser's pension plan is underfunded, and the company may be required to make contributions.

Currency Exchange Rates: Weyerhaeuser has manufacturing operations in Canada. The company is also a large exporter and competes with producers of similar products. Therefore, the company is affected by changes in the strength of the U.S. dollar relative to the Canadian dollar, euro and yen, and the strength of the euro relative to the yen.

Exposure to Changes in Environment Laws and Climate-Related Initiatives: The risks associated with environmental policies will vary depending on changes in the political winds influencing state and local policymakers. However, we believe it is important to note that relative to other REIT subsectors, timber REITs are the most exposed to changes in environmental policies and laws.

Additional Risk and Disclosure information, as well as more information on the Raymond James rating system and suitability categories, is available at raymondjames.bluematrix.com/sellside/Disclosures.action. Copies of research or Raymond James' summary policies relating to research analyst independence can be obtained by contacting any Raymond James & Associates or Raymond James Financial Services office (please see RaymondJames.com for office locations) or by calling 727-567-1000, toll free 800-237-5643.

International Disclosures

For clients in the United Kingdom:

For clients of Raymond James Financial International Limited (RJFI): This document and any investment to which this document relates is intended for the sole use of the persons to whom it is addressed, being persons who are Eligible Counterparties or Professional Clients as described

in the FCA rules or persons described in Articles 19(5) (Investment professionals) or 49(2) (high net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) or any other person to whom this promotion may lawfully be directed. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons and may not be relied upon by such persons and is, therefore, not intended for private individuals or those who would be classified as Retail Clients.

For clients of Raymond James Investment Services, Ltd.: This report is for the use of professional investment advisers and managers and is not intended for use by clients.

For purposes of the Financial Conduct Authority requirements, this research report is classified as independent with respect to conflict of interest management. RJFI, and Raymond James Investment Services, Ltd. are authorised and regulated by the Financial Conduct Authority in the United Kingdom.

For clients in France:

This document and any investment to which this document relates is intended for the sole use of the persons to whom it is addressed, being persons who are Eligible Counterparties or Professional Clients as described in "Code Monétaire et Financier" and Règlement Général de l'Autorité des marchés Financiers. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons and may not be relied upon by such persons and is, therefore, not intended for private individuals or those who would be classified as Retail Clients.

For clients of Raymond James Euro Equities: Raymond James Euro Equities is authorised and regulated by the Autorité de Contrôle Prudentiel et de Résolution and the Autorité des Marchés Financiers.

For institutional clients in the European Economic Area (EEA) outside of the United Kingdom:

This document (and any attachments or exhibits hereto) is intended only for EEA institutional clients or others to whom it may lawfully be submitted.

For Canadian clients:

This report is not prepared subject to Canadian disclosure requirements, unless a Canadian analyst has contributed to the content of the report. In the case where there is Canadian analyst contribution, the report meets all applicable IIROC disclosure requirements.

Proprietary Rights Notice: By accepting a copy of this report, you acknowledge and agree as follows:

This report is provided to clients of Raymond James only for your personal, noncommercial use. Except as expressly authorized by Raymond James, you may not copy, reproduce, transmit, sell, display, distribute, publish, broadcast, circulate, modify, disseminate, or commercially exploit the information contained in this report, in printed, electronic, or any other form, in any manner, without the prior express written consent of Raymond James. You also agree not to use the information provided in this report for any unlawful purpose.

This report and its contents are the property of Raymond James and are protected by applicable copyright, trade secret, or other intellectual property laws (of the United States and other countries). United States law, 17 U.S.C. Sec. 501 et seq, provides for civil and criminal penalties for copyright infringement. No copyright claimed in incorporated U.S. government works.