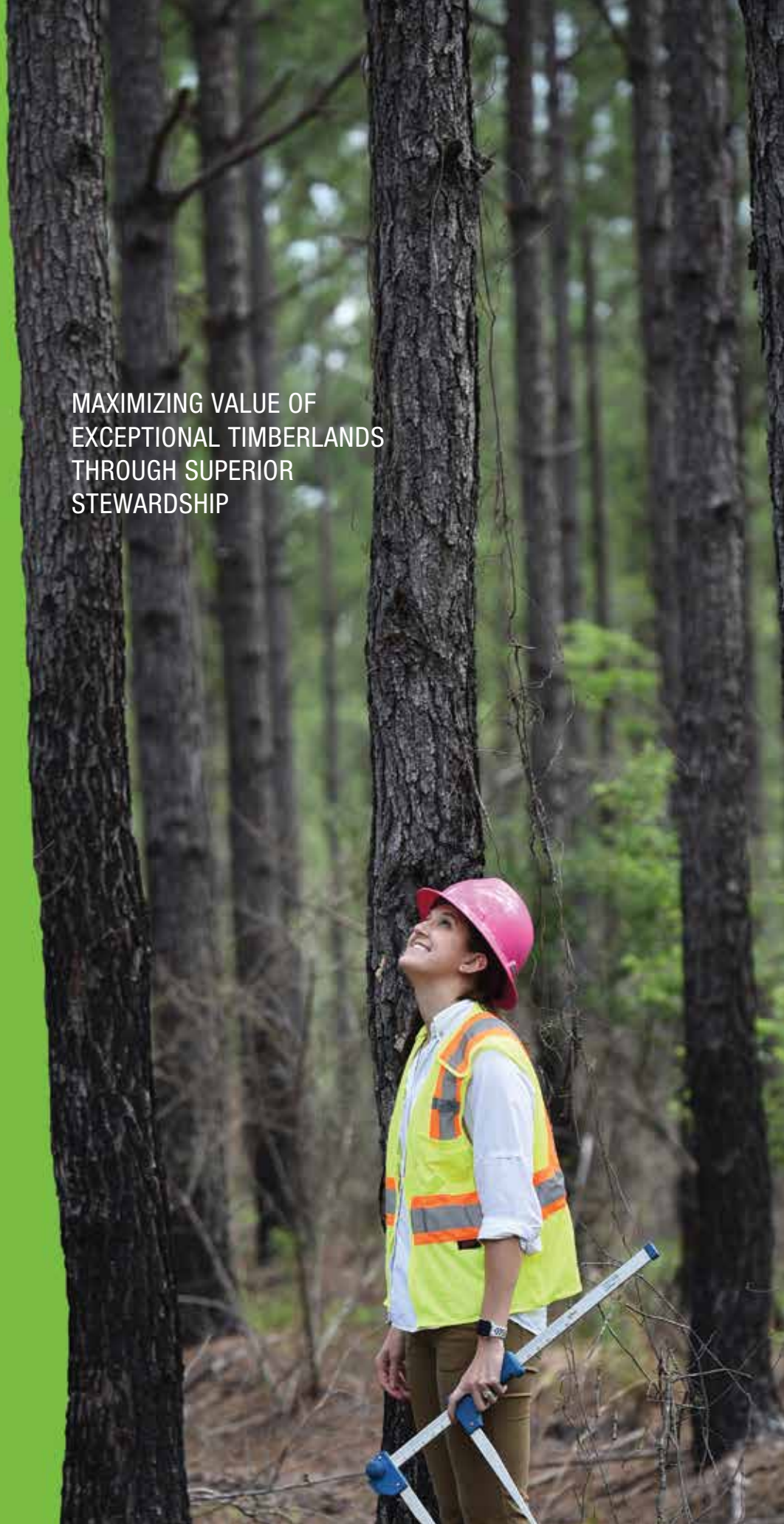


## 2021 ANNUAL REPORT

MAXIMIZING VALUE OF  
EXCEPTIONAL TIMBERLANDS  
THROUGH SUPERIOR  
STEWARDSHIP



# Prime Timberlands | High-Demand Mill Markets | Superior Stewardship

CatchMark (NYSE: CTT) invests in prime timberlands located in the nation's leading mill markets, seeking to capture the highest value per acre and to generate sustainable yields through disciplined management and superior stewardship of its exceptional resources. Headquartered in Atlanta and focused exclusively on timberland ownership and management, CatchMark began operations in 2007 and owns interests in 369,700 acres<sup>1</sup> of timberlands located in the U.S. South.

## 2021 PERFORMANCE HIGHLIGHTS

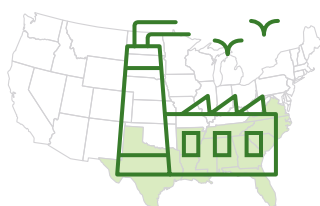
Revenues	\$102.2M
Net Income	\$58.4M
Adjusted EBITDA	\$49.4M
Harvest Volume (tons)	2.05M
HBU Acres Sold	7,500

### PRIME TIMBERLANDS



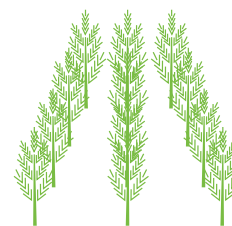
Acquiring and owning prime timberlands through prudent and disciplined allocation of capital

### HIGH-DEMAND MILL MARKETS



Expanding acquisition activity and harvest operations in leading mill markets in the U.S. South, the nation's premier timber basket

### SUPERIOR STEWARDSHIP

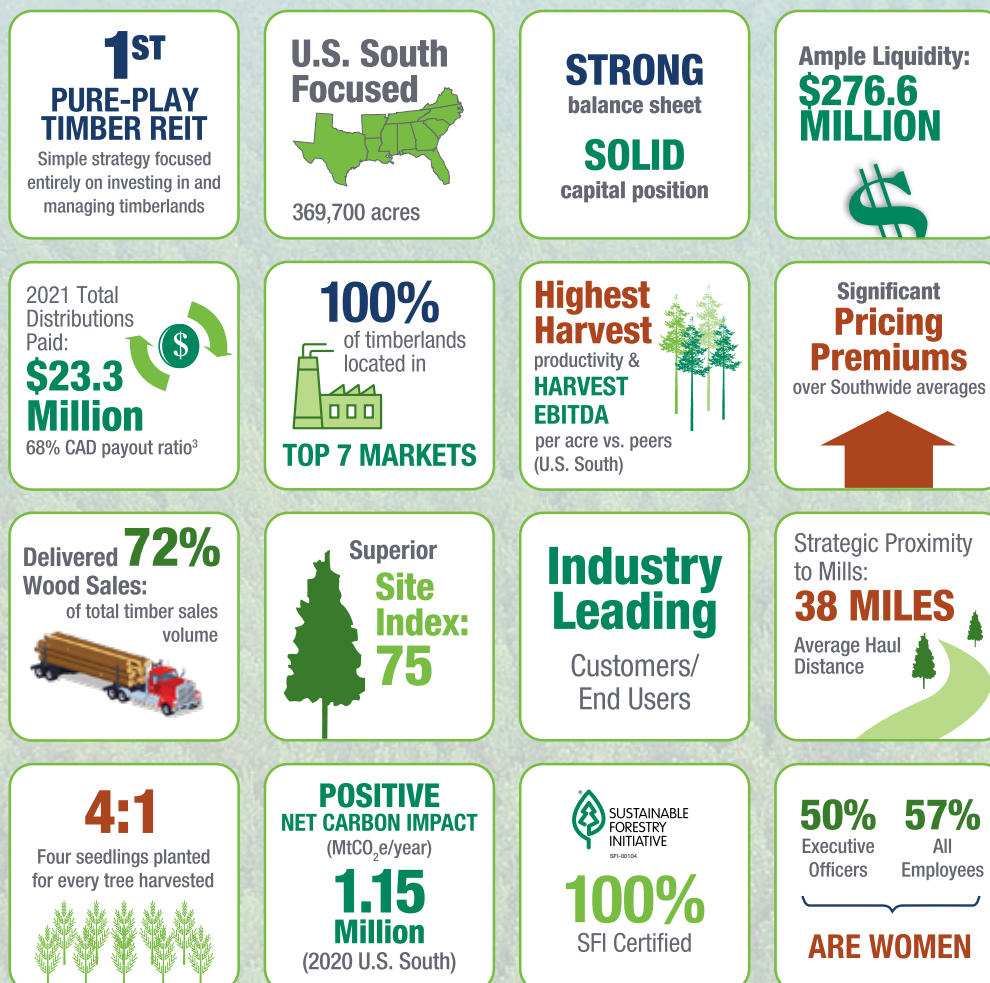


Optimizing results through disciplined management, which historically has produced industry-leading productivity on a per-acre basis, and the value realization of environmental initiatives

**STRATEGIC FOCUS DRIVES STABLE AND PREDICTABLE CASH FLOW**

1. As of December 31, 2021





## Portfolio Highlights<sup>2</sup>

Our portfolio comprises 369,700 acres of timberland located in the nation's leading timber markets in the U.S. South, where we implement our sustainable harvesting strategy while ensuring good stewardship of the environment.

ACREAGE BY STATE	
Alabama	67,200
Georgia	232,900
South Carolina	69,600
<b>TOTAL</b>	<b>369,700</b>

What We Grow:	<b>72% Pine by Acreage</b>
Inventory Volume:	<b>54% Sawtimber / 46% Pulpwood</b>
Tons of Merchantable Timber:	<b>14.6 Million</b>
Average Pine Plantation Age:	<b>12</b>
Average Site Index:	<b>75</b>
Delivered Wood Sales (by tons):	<b>72%</b>
Strategic Proximity to Mills:	<b>38 Miles - Average Haul Distance</b>

2. As of or for the year ended December 31, 2021 unless otherwise noted.

# Message to Stockholders

Dear Stockholders,

**2021** was an important year for CatchMark in meeting our long-term business objectives for strengthening the company and simplifying our business model to focus operations in one of the world's most important and increasingly dominant wood baskets — the U.S. South.

The company now is well positioned to maximize the value of its exceptional timberlands, strategically located in the nation's leading mill markets, through ongoing superior stewardship focused on delivering durable returns for stockholders.

As powerful macro forces are working to drive sustainable product price appreciation in CatchMark markets, the company's operating model based on delivered wood sales, supplemented by opportunistic stumpage sales, continues to generate substantial timber sales pricing premiums. Our operations also reliably achieve the highest productivity per acre among our peer set while maintaining consistent per-acre stocking levels, and we continue to capitalize on robust demand for our retail land sales.

After completing a series of strategic large dispositions and exiting the Triple T joint venture, CatchMark has significantly strengthened its balance sheet and has ample capital available for executing a disciplined acquisition strategy.



The company also is pursuing exciting environmental initiatives, including wetlands mitigation banking, solar projects and carbon sequestration, to maximize both the near-term cash flow potential and long-term-value of its timberlands.

## U.S. SOUTH FOCUS

Following the highly-profitable sale of the Bandon timberlands in Oregon in the third quarter, CatchMark now concentrates its operations entirely in the U.S. South, the nation's premier timber region and the locus of ongoing mill expansions and development activity. It is the largest wood market in North America and the only region appreciably increasing global market share.

Regional household formation and home construction, combined with the ongoing decline of Canadian market competition due to pine beetle infestation and British Columbia harvest deferrals, should continue to help increase demand in the U.S. South. These trends are encouraging the new mill projects while creating sustainable pricing tension, particularly in CatchMark's premier mill markets where the company has consistently outperformed broader market averages.

More specifically, indicators point to significant growth in the U.S. South for the lumber, pulp, and pellet industries, leading to tightening wood markets and price appreciation over time. The regional pellet industry is the fastest growing not only in North America, but also globally. And sawmills are expanding to meet the increased demand given ongoing population growth in the region.

By strategically concentrating operations in the U.S. South and focusing on prime timberlands in leading mill markets, we believe CatchMark is in the right place at the right time.





**THE COMPANY ALSO IS PURSUING EXCITING OPTIONS FOR WETLANDS MITIGATION BANKING, SOLAR PROJECTS AND CARBON SEQUESTRATION TO MAXIMIZE BOTH THE NEAR-TERM CASH FLOW POTENTIAL AND LONG-TERM-VALUE OF ITS TIMBERLANDS.**

## ACHIEVING PRICING PREMIUMS

A hallmark and key differentiator of CatchMark is the consistently high pricing we achieve above market averages on timber sales for both pulpwood and sawtimber. The company continued to deliver on this important performance metric in 2021 and expects to continue to do so going forward.

During the year in the U.S. South, CatchMark's stumpage prices for pulpwood and sawtimber were 17% and 14% higher, respectively, compared to the prior year, trending in general with increases in South-wide prices. At the same time, we also realized 54% and 20% premiums for pulpwood and sawtimber respectively over U.S. South-wide averages.

These results are directly attributable to investments in prime timberlands and operations in leading mill markets, using delivered and opportunistic stumpage sales.

This business model generates predictable, stable cash flow and allows for delivering fully-covered dividends as a percent of cash available for distribution.



## 2021 RESULTS

Looking at CatchMark's full-year 2021 results, the company:

- Realized net income of \$58.4 million or \$1.20 per share.
- Achieved Adjusted EBITDA of \$49.4 million, at the upper-end of the guidance range.
- Generated a record \$47.2 million of net cash provided by operating activities, 17% higher than in 2020.
- Produced cash available for distribution (CAD) of \$34.1 million and paid total cash distributions of \$23.3 million to stockholders.<sup>3</sup> The resulting payout ratio was below the company's historical range of 75% to 85% of cash available for distribution.

3. Cash Available for Distribution (in thousands)	Year Ended December 31, 2021
<b>Cash Provided by Operating Activities</b>	<b>\$47,169</b>
Capital expenditures (excluding timberland acquisitions)	(4,908)
Working capital change	(3,152)
Distributions from unconsolidated joint ventures	157
Post-employment benefits	41
Interest paid under swaps with other-than-insignificant financing element	(5,772)
Other	558
<b>Cash Available for Distribution</b>	<b>\$34,093</b>



**OUR STRATEGY SEEKS TO SUSTAIN OUR INDUSTRY-LEADING HARVEST EBITDA PER ACRE AND MARKET PRICING PREMIUMS, WHILE ALSO MAINTAINING STABLE PER-ACRE MERCHANTABLE INVENTORY.**

For the year, higher timber sales pricing drove strong operating results despite lower planned harvest volumes in the wake of the large dispositions, as productivity per acre remained consistent with recent historical averages.

- Revenues of \$102.1 million were comparable to \$104.3 million in 2020.
- Timber sales revenue of \$72.5 million was slightly higher than prior year's \$72.3 million, highlighting the strength of product pricing as harvest volumes were 12% lower than prior year and near the low-end of guidance at just over two million tons.
- Timberland sales revenue met guidance, decreasing 10% to \$14.1 million from \$15.6 million dollars in 2020, due to selling fewer acres but achieving an 11% higher average per-acre price and increasing average margin to 31%, despite lower stocking levels.
- Asset management fees declined 6% due to the exit from Triple T. CatchMark's exit avoided the risk of further value erosion to the company's Triple T investment given its subordinated position and our partners' accruing preferred return.

CatchMark also completed a capital recycling program with two profitable dispositions — Bandon in the Pacific Northwest and Oglethorpe in Georgia. Comprising 23,100 acres and totaling \$107.5 million, the two sales generated a gain of \$24.2 million. Bandon sold for \$100 million, on which a \$23.4 million gain was recognized.

Proceeds from the Triple T exit and recycling transactions were used to pay down outstanding debt and further strengthen the company's balance sheet.

## **POSITIONED FOR GROWTH**

As a result of the reduction in outstanding debt, the company's liquidity increased from \$180 million at the end of the second quarter to \$277 million at year-end with \$254 million of borrowing capacity and \$23 million of cash on-hand. Our credit agreement was also amended to improve available debt capacity for future growth, extend the weighted-average life of debt and improve overall liquidity.

The company's \$300 million of debt outstanding at year-end has an attractive 2.9% cost of debt capital with no near-term maturities and the company is well within financial covenants.



CatchMark is now primed for growth. The company has the capital to proceed with a disciplined and prudent acquisition strategy designed to expand premier timberland holdings in leading U.S. South mill markets where we have been able to realize consistently favorable pricing premiums for our harvests. Our strategy seeks to sustain industry-leading Harvest EBITDA per acre and market pricing premiums, while also maintaining stable per-acre merchantable inventory. Opportunities pursuing wetlands mitigation banking, solar projects and carbon sequestration also remain underway.



## OUTLOOK

CatchMark enters 2022 stronger and more focused than ever. Our business model of investing in prime timberlands in leading mill markets is tested, proven and consistently successful at achieving timber sales price premiums and industry-leading Harvest EBITDA per acre while maintaining stable per acre stocking. Operations should benefit from dynamic long-term forces driving demand in U.S. South markets as we continue to strategically utilize delivered wood sales as well as opportunistic stumpage sales. And we are poised for growth as a result of recent strategic decisions to strengthen our balance sheet.

The company intends to continue to produce durable cash flow to cover our dividend comfortably and seek to increase stockholder value. It will be a disciplined, prudent, step-by-step process that we expect to show meaningful results over time as we gather further momentum.

We continue our abiding pledge to incorporate sustainable practices into all operations, seeking to produce more profitable and beneficial results for all stakeholders. Environmental stewardship is essential to ensuring the long-term biodiversity, productivity and viability of our timberlands, the very basis of generating durable cash flows and creating stockholder value.

Our dedicated team thanks you for your commitment and confidence in CatchMark. We look forward to a successful 2022, continuing to advance our operational objectives and meaningfully grow the company.

Brian Davis

A handwritten signature in black ink, appearing to read 'B. Davis', with a stylized, flowing script.

Chief Executive Officer, President and Director

## 100% COMMITTED TO SUSTAINABILITY

CatchMark is committed to incorporating sustainable practices into operations, seeking to produce more profitable and beneficial results for all stakeholders. In addition, Environmental, Social and Governance (ESG) best practices are integrated into all business and management practices.

**100%**

All of our fee timberlands are certified sustainable by the Sustainable Forestry Initiative®<sup>4</sup>

**4:1**

For every tree we harvest, we plant 4 seedlings<sup>5</sup>

**8M+**

We planted more than 8 million trees in 2021

**65M+**

Since 2013, we've planted over 65 million trees

### OUR COMMITMENT

- Adhere to environmental, social, health and safety laws, regulations and standards.
- Promote environmental protection, enhance biodiversity and conservation and meet the highest standards in forestry, measured through forest certification.
- Respect and promote human rights in accordance with the UN Guiding Principles on Business and Human Rights across our operations and the communities where we operate.
- Provide and maintain a safe and healthy workplace for all workers (including vendors, contractors, temporary employees and volunteers) as well as customers, visitors and members of the public.
- Promote the long-term interests of stockholders through comprehensive corporate governance practices including risk management/oversight; code of ethics; strict compliance with anti-corruption and bribery regulations and other applicable laws and regulations.
- Engage in public initiatives that promote sustainability, especially those addressing climate change.
- Promote ESG awareness among employees, contractors and throughout the supply chain.
- Regularly communicate ESG performance and progress to stakeholders.

4. Excludes property held through long-term leases and property subject to a contract for sale or solar option or lease.

5. Excludes trees harvested in thinning operations.



VISIT <https://catchmark.com/sustainability-at-catchmark/>

for important information about sustainability at CatchMark including our latest Carbon Report.



## ENVIRONMENTAL STEWARDSHIP

Conscientious forest management serves investors and stakeholders by promoting a healthier environment and enhancing the potential market value of timberland assets. CatchMark is dedicated to meeting the highest standards in forestry, measured through forest certifications. We're proud that 100% of our fee timberlands are certified as a sustainable forest according to the high standards of the Sustainable Forestry Initiative® (SFI).<sup>4</sup> We voluntarily maintain the rigorous standards required to be certified, working with independent third-party auditors to ensure our practices measure up to these standards. SFI standards promote sustainable forest management through recognized core principles, including measures to protect water quality, biodiversity, wildlife habitat and at-risk species, including the prevention of natural habitat conversion.

We seek to maximize long-term returns by actively managing our timberlands to achieve an optimum balance among biological timber growth, current harvest cash flow, and responsible environmental stewardship. Our dedication to environmental stewardship is evidenced by our strong commitment to sustainable forestry. Since 2013, we've planted over 65 million trees in CatchMark's forests, and that number continues to grow each year with our reforestation programs. This, combined with our target of maintaining between 38 and 43 tons per acre of merchantable timber inventory, demonstrates our commitment to sustainability.

### CARBON SEQUESTRATION/CARBON SOLUTION

Carbon sequestration is the process by which atmospheric carbon dioxide is taken up by trees, grasses, and other plants through photosynthesis and stored as carbon in biomass (trunks, branches, foliage, and roots) and soils. Carbon sequestration in forests and wood products helps to offset sources of carbon dioxide emissions into the atmosphere.

CatchMark's sustainable forestry practices can increase the ability of our timberlands to sequester atmospheric carbon while enhancing other ecosystem services, such as improved soil and water quality. Planting new trees and improving forest health through thinning and prescribed burning are some of the ways to increase forest carbon sequestration in the long run.



#### Protection of the Gopher Tortoise

Native in the southeastern U.S., the Gopher Tortoise is seen as a keystone species because it digs burrows that provide shelter for at least 360 other animal species. CatchMark takes special attention to protecting the Gopher Tortoises' habitat by tracking known burrows – avoiding mechanical site preps or harvests near them. In addition, we regularly plant with wider spacing between rows for lower seedling densities.

## SOCIAL RESPONSIBILITY

CatchMark considers the impact of our operations on the well-being of employees, contractors, suppliers and the communities in which we operate. We also focus on ensuring a safe and healthy workplace and doing business in accordance with UN Guiding Principles on Business and Human Rights.

Our efforts and policies aim to provide quality employee benefits and development, a work environment of diversity and inclusion, and ways to give back in the local communities where we operate.

**50%** Executive Officers Are Women

**57%** Employees Are Women

**24%** Employees are Members of an Ethnic or Racial Minority

**16 HOURS** Average Annual Training/Education per Employee

**9.7%** Low Average Employee Turnover



L-R: Lesley Solomon, Ursula Godoy-Arbelaez.

## GOVERNANCE BEST PRACTICES

CatchMark's corporate governance policies promote the long-term interests of stockholders. Accountability, integrity and trust are paramount at CatchMark. In addition, our overall approach to risk management preserves our business value and enables us to deliver results to our stakeholders.

Below is a summary of some of the highlights of our corporate governance framework.

- Programs and policies aimed at advancing ESG measures and engaging stakeholders in a collaborative manner
- Strict code of business and ethics
- Whistleblower policy
- Clawback policy
- Expansive policies that address:
  - Risk oversight
  - Political contributions
  - Conflicts of interest



**"CatchMark is fully committed to conduct its business to meet the highest standards of corporate governance for the ultimate benefit of stockholders, employees, and all other stakeholders."**

- Douglas Rubenstein,  
Chairman



**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-K**

(Mark One)

- ☒ **Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2021**
- or
- ☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_.**

Commission File Number 001-36239

**CATCHMARK TIMBER TRUST, INC.**

(Exact name of registrant as specified in its charter)

**Maryland**  
(State or other jurisdiction of incorporation or organization)  
**5 Concourse Parkway, Suite 2650, Atlanta, GA**  
(Address of principal executive offices)

**20-3536671**  
(I.R.S. Employer Identification Number)  
**30328**  
(Zip Code)

**(855) 858-9794**  
Registrant's telephone number, including area code

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of exchange on which registered</u>
<b>Class A Common Stock, \$0.01 Par Value Per Share</b>	<b>CTT</b>	<b>New York Stock Exchange</b>

**Securities registered pursuant to Section 12(g) of the Act: NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐  
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13 (a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the Class A common stock held by non-affiliates of the registrant as of June 30, 2021 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately \$567.1 million, computed by using the closing price of the Class A common stock as of that date on the New York Stock Exchange of \$11.70 per share.

**As of February 28, 2022: 49,020,939 shares of the registrant's Class A common stock were outstanding**

**Documents Incorporated by Reference**

Certain portions of the registrant's definitive proxy statement filed pursuant to Regulation 14A of the Securities Exchange Act of 1934 in connection with the 2022 annual meeting of the registrant's stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K as indicated herein.

## GLOSSARY

The following abbreviations or acronyms may be used in this document, including the consolidated financial statements and the notes thereto, and shall have the adjacent meanings set forth below:

AFM	American Forestry Management, Inc.
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
CoBank	CoBank, ACB
Common Stock	Class A common stock, \$0.01 par value per share of CatchMark Timber Trust, Inc.
Common Unit	Common partnership unit of CatchMark Timber Operating Partnership, L.P.
Code	Internal Revenue Code
EBITDA	Earnings from Continuing Operations before Interest, Taxes, Depletion, and Amortization
FASB	Financial Accounting Standards Board
FCCR	Fixed Charge Coverage Ratio
FRC	Forest Resource Consultants, Inc.
GAAP	Generally Accepted Accounting Principles in the United States
GP	Georgia-Pacific WFS LLC
HBU	Higher and Better Use
HLBV	Hypothetical Liquidation at Book Value
IP	International Paper Company
IRS	Internal Revenue Service
LIBOR	London Interbank Offered Rate
LTIP	Long-Term Incentive Plan
LTIP Unit	Limited partnership unit of CatchMark Timber Operating Partnership, L.P.
LTV	Loan-to-Value
MPERS	Missouri Department of Transportation & Patrol Retirement System
NYSE	New York Stock Exchange
Rabobank	Coöperatieve Centrale Raiffeisen-Boerenleenbank, B.A.
REIT	Real Estate Investment Trust
ROU	Right-of-use
RSU	Restricted Stock Unit
SEC	Securities and Exchange Commission
SFI	Sustainable Forest Initiative
SOFR	Secured Overnight Financing Rate
SRP	Share Repurchase Program
TRS	Taxable REIT Subsidiary
TSR	Total Shareholder Return
U.S.	United States
VIE	Variable Interest Entity
WestRock	WestRock Company



FORM 10-K

CATCHMARK TIMBER TRUST, INC.

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## FORWARD-LOOKING STATEMENTS; RISK FACTOR SUMMARY

Certain statements contained in this Annual Report on Form 10-K of CatchMark Timber Trust, Inc. and subsidiaries (“CatchMark,” “we,” “our,” or “us”) may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In addition, CatchMark, or the executive officers on CatchMark’s behalf, may from time to time make forward-looking statements in other reports and documents CatchMark files with the SEC or in connection with written or oral statements made to the press, potential investors, or others. We intend for all such forward-looking statements to be covered by the applicable safe harbor provisions for forward-looking statements contained in the Securities Act and the Exchange Act.

Forward-looking statements can generally be identified by our use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “anticipate,” “estimate,” “believe,” “continue,” or other similar words. However, the absence of these or similar words or expressions does not mean that a statement is not forward-looking. Forward-looking statements are based on certain assumptions, discuss future expectations, describe plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information.

Forward-looking statement in this report, include, but are not limited to, that seek to capture the highest value per acre and to generate sustainable yields through disciplined management and superior stewardship of our exceptional resources; that we intend to grow over time through selective acquisitions and investments in high-demand fiber markets and to efficiently integrate new acquisitions and investments into our operations; that we seek to create additional value from economic realization of environmental initiatives, including carbon sequestration, wetlands mitigation banking, and solar projects; that we seek to identify and acquire high-quality industrial timberland properties, with our target deal size ranging from \$5 million to \$50 million; that we seek to enter into additional joint ventures that followed the model of our Dawsonville Bluffs joint venture; that future developments related to the COVID-19 pandemic and actions taken in response thereto could adversely impact our business; property performance and anticipated growth in our portfolio; expected uses of cash generated from operations, debt financings and debt and equity offerings; expected sources and adequacy of capital resources and liquidity; our anticipated distribution policy; change in depletion rates, merchantable timber book value and standing timber inventory volume; anticipated harvest volume and mix of harvest volume; and other factors that may lead to fluctuations in future net income (loss).

We are subject to numerous risks and uncertainties that could cause our actual results and future events to differ materially from those set forth or contemplated in our forward-looking statements, including those summarized below. The following list of risks and uncertainties is only a summary of some of the most important factors and is not intended to be exhaustive. This risk factor summary should be read together with the more detailed discussion of risks and uncertainties set forth under *Item 1A — Risk Factors*.

- The cyclical nature of the forest products industry could impair our operating results.
- If we are unable to find suitable investments or pay too much for properties, we may not be able to achieve our investment objectives, and the returns on our investments will be lower than they otherwise would be.
- We depend on external sources of capital for future growth, and our ability to access capital markets may be restricted.
- Our cash distributions are not guaranteed and may fluctuate.
- Large-scale increases in the supply of timber may affect timber prices and reduce our revenues.
- We depend on FRC and AFM to manage our timberlands, and a loss of the services of one or both of them could jeopardize our ongoing operations.
- We depend on third parties for logging and transportation services, and increases in the costs or decreases in the availability of quality service providers could adversely affect our business.
- Our real estate investment activity is concentrated in timberlands, making us more vulnerable economically than if our investments were diversified.



- Our timberlands are located in the U.S. South, and adverse economic and other developments in this area could have a material adverse effect on us.
- Our general and administrative expenses may be a larger percentage of total revenues compared to larger public companies.
- We have recently experienced net losses and may experience losses again in the future.
- Increased competition from a variety of substitute products could lead to declines in demand for wood products and negatively impact our business.
- We are subject to the credit risk of our customers. The failure of any of our customers to make payments due to us could have an adverse impact on our financial performance.
- We are substantially dependent on our business relationship with WestRock, and our continued success will depend on WestRock's economic performance.
- We intend to sell portions of our timberlands because they are HBU properties, in response to changing conditions, or to fund capital allocation priorities, but if we are unable to sell these timberlands promptly or at the price that we anticipate, our land sale revenues may be reduced, which could reduce the cash available for distribution to our stockholders or our ability to fund new investments, the repayment of debt or the repurchase of our shares.
- Uninsured losses relating to the timberlands we own and may acquire may reduce our stockholders' returns.
- Harvesting our timber may be subject to limitations that could adversely affect our results of operations.
- We face possible liability for environmental clean-up costs and wildlife protection laws related to the timberlands we acquire, which could increase our costs and reduce our profitability and cash distributions to our stockholders.
- The impacts of changes in climate conditions as well as governmental responses to such changes may affect our operations and plans for future growth activities.
- Our estimates of the timber growth rates on our properties may be inaccurate, which would impair our ability to realize expected revenues from those properties and could also cause us to incorrectly estimate our timber inventory and the calculation of our depletion expense.
- We may be unable to properly estimate non-timber revenues from any properties that we acquire, which would impair our ability to acquire attractive properties, as well as our ability to derive the anticipated revenues from those properties.
- Changes in assessments, property tax rates, and state property tax laws may reduce our net income and our ability to make distributions to our stockholders.
- Changes in energy and fuel costs could affect our financial condition and results of operations.
- The effects of the ongoing COVID-19 pandemic, as well as any future pandemics or similar events, and the actions taken in response thereto may adversely impact our results of operations and financial condition and our ability to make distributions to our stockholders.
- Our board of directors may change significant corporate policies without stockholder approval.
- Our board of directors may increase the number of authorized shares of stock and issue stock without stockholder approval, including in order to discourage a third party from acquiring our company in a manner that could result in a premium price to our stockholders.
- Certain provisions of Maryland law could inhibit changes in control of us, which could lower the value of our common stock.
- Our existing indebtedness and any future indebtedness we may incur could adversely affect our financial health and operating flexibility.
- Our financial condition could be adversely affected by financial and other covenants and other provisions contained in the documents governing our indebtedness.
- Our decision to hedge against interest rate changes may have a material adverse effect on our financial results and condition, and there is no assurance that our hedges will be effective.

- To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control. We also depend on the business of our subsidiaries to satisfy our cash needs. If we cannot generate the required cash, we may not be able to make the necessary payments on our indebtedness.
- An increase in interest rates would increase the cost of servicing our debt and could reduce our cash flow and our profitability.
- The phase-out of LIBOR could affect interest rates for our variable rate debt and interest rate swap arrangements and potential mismatches of newly adopted interest rates could potentially cause our hedges not to be effective.
- Failure to continue to qualify as a REIT would cause us to be taxed as a regular corporation, which could substantially reduce funds available for distributions to our stockholders and materially and adversely affect our financial condition and results of operations.
- The failure of Creek Pine REIT, LLC, the REIT subsidiary of the Triple T Joint Venture (as defined herein), to qualify as a REIT during the period in which we owned an indirect interest in the Triple T Joint Venture and through the remainder of the Triple T Joint Venture's taxable year that began January 1, 2021 could cause us to fail to qualify as a REIT.
- Legislative or regulatory tax changes could adversely affect us, our stockholders or our customers.
- The market price and trading volume of our common stock may be volatile.
- Future offerings of debt securities, which would be senior to our common stock, or equity securities, which would dilute our existing stockholders and may be senior to our common stock, may adversely affect the market price of our common stock.
- We depend on the efforts and expertise of our key executive officers and would be adversely affected by the loss of their services.
- If we fail to maintain an effective system of disclosure controls and procedures and internal control over financial reporting, we may not be able to report our financial results accurately, which could have a material adverse effect on us.
- We rely on information technology in our operations, and any material failure, inadequacy, interruption or security failure of that technology could harm our business.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Accordingly, readers are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date that this report is filed with the SEC. We do not intend to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

## PART I

### ITEM 1. BUSINESS

#### General

CatchMark Timber Trust, Inc. ("CatchMark Timber Trust") (NYSE: CTT) owns and operates timberlands located in the United States and has elected to be taxed as a REIT for federal income tax purposes. CatchMark Timber Trust acquires, owns, operates, manages, and disposes of timberland properties directly, through wholly-owned subsidiaries, or through joint ventures. We seek to capture the highest value per acre and to generate sustainable yields through disciplined management and superior stewardship of our exceptional resources. We intend to grow over time through selective acquisitions and investments in high-demand fiber markets and to efficiently integrate new acquisitions and investments into our operations. Operationally, we focus on generating cash flows from sustainable harvests and improved harvest mix on high-quality industrial timberlands, as well as opportunistic land sales, rent from hunting and recreational leases and asset management fees to provide recurring dividends to our stockholders. We continue to practice intensive forest management and silvicultural techniques that improve the biological growth of our forests.

We also seek to create additional value from economic realization of environmental initiatives, including carbon sequestration, wetlands mitigation banking, and solar projects, recognizing the key role that forests play in protecting the environment. From time-to-time, we enter into joint ventures with long-term, institutional equity partners to opportunistically acquire, own, and manage timberland properties that fit our core investment strategy. Our joint venture platform leverages our operating scale and timberland management efficiencies to generate management fee revenues.

For the years ended December 31, 2021, 2020, and 2019, our revenues from timber sales, timberland sales, asset management fees, and other non-harvest related sources, as a percentage of our total revenue, are set forth in the table below:

	2021	2020	2019
Timber sales	71 %	69 %	68 %
Timberland sales	14 %	15 %	17 %
Asset management fees	11 %	12 %	11 %
Other revenues	4 %	4 %	4 %
Total	100 %	100 %	100 %

CatchMark Timber Trust conducts substantially all of its business through CatchMark Timber Operating Partnership, L.P. ("CatchMark Timber OP"), a Delaware limited partnership in which CatchMark Timber Trust is the general partner and owns, directly or indirectly, 99.77% of CatchMark Timber OP's Common Units. CatchMark Timber Trust conducts certain aspects of its business through CatchMark Timber TRS, Inc. ("CatchMark TRS"), a Delaware corporation formed as a wholly owned subsidiary of CatchMark Timber OP in 2006. CatchMark TRS is a taxable REIT subsidiary. Unless otherwise noted, references herein to "CatchMark," "we," "our," or "us" shall include CatchMark Timber Trust and all of its subsidiaries, including CatchMark Timber OP, and the subsidiaries of CatchMark Timber OP, including CatchMark TRS.

#### Segment Information

We have three reportable segments: Harvest, Real Estate and Investment Management. Our Harvest segment includes wholly-owned timber assets and associated timber sales, other revenues and related expenses. Our Real Estate segment includes timberland sales, cost of timberland sales and large dispositions. Our Investment Management segment includes investments in and income (loss) from unconsolidated joint ventures and asset management fee revenues earned for the management of these joint ventures.



The following table presents operating revenues by reportable segment:

(in thousands)	Year Ended December 31,		
	2021	2020	2019
Harvest	\$ 76,596	\$ 76,464	\$ 77,189
Real Estate	14,090	15,642	17,572
Investment Management	11,475	12,184	11,948
Total	<u>\$ 102,161</u>	<u>\$ 104,290</u>	<u>\$ 106,709</u>

## Current Timberland Holdings

As of December 31, 2021, we wholly owned interests in 369,700 acres of high-quality industrial timberlands located in the U.S. South, consisting of 14.6 million tons of merchantable timber inventory. Our timberlands have been intensively managed for sustainable commercial timber production and are located within attractive and desirable fiber baskets encompassing a diverse group of pulp, paper and wood products manufacturing facilities.

In addition to our wholly-owned timber assets, as of December 31, 2021, we owned a 50% membership interest in the Dawsonville Bluffs Joint Venture, which owns two wetlands mitigation banks with an aggregate book basis of \$2.0 million as of December 31, 2021.

Please refer to *Item 2 — Properties* for more details on our timber and timberland properties.

## Our Business and Growth Strategies

Our objective is to capture the highest value per acre from our prime timberlands and to generate sustainable yields through the ongoing implementation of the following business and growth strategies:

*Actively Manage Our Timberlands for Long-Term Results.* We seek to maximize long-term returns by actively managing our timberlands to achieve an optimum balance among biological timber growth, current harvest cash flow, and responsible environmental stewardship. Further, we expect to continue making investments in forest technology, including improved seedlings, in order to increase the sustainable yield of our timberlands over the long-term.

*Maximize Profitability on Timber Sales.* We actively manage our log merchandising efforts together with delivered and stumpage sales with the goal of achieving the highest available price for our timber products. We compete with other timberland owners on the basis of the quality of our logs, the prices of our logs, our reputation as a reliable supplier, and our ability to meet customer specifications. We will continue to work diligently and proactively with our third-party contractors with a view towards optimizing our logging, hauling, sorting, and merchandising operations to extract the maximum profitability from each of our logs based on the foregoing considerations.

*Pursue Attractive Timberland Acquisitions.* We seek to identify and acquire high-quality industrial timberland properties, with our target deal size ranging from \$5 million to \$50 million. We currently focus on acquiring tracts to expand our presence in superior mill markets where we already have strong local relationships, seeking to strengthen our harvest EBITDA while maintaining stable merchantable inventory per acre. Our targets include a high allocation of pine plantations with strong site indices as well as above-average operability and fall into three categories:

- Near-term cash accretive acquisitions — higher yielding, more immediately harvestable properties with higher merchantable stocking levels and an older average age;
- Portfolio accretive acquisitions — properties that help balance portfolio age class distribution and productivity and would likely consist of younger plantations that complement our long-term objectives; and
- Environmentally-focused income opportunities — centered around carbon sequestration, wetlands mitigation bank credits, and solar projects.

We expect our transaction pipeline to come from a variety of sources, including timber fund portfolio rebalancing and private owner liquidations.

We may enter into fiber supply agreements with respect to acquired properties in order to ensure a steady source of demand for our incremental timber production.

*Opportunistically Sell Timberland Assets.* We continuously assess potential alternative uses of our timberlands, as some of our properties may be more valuable for development, conservation, recreational or other purposes than for growing timber. We intend to capitalize on the value of our timberland portfolio by opportunistically monetizing timberland properties. When evaluating our land sale opportunities, we assess a full range of matters relating to the timberland property or properties, including, but not limited to:

- Inventory stocking below portfolio average;
- Predominantly hardwood merchantable inventory mix; and
- Poor productivity.

The close proximity of our existing timberlands to several major population centers provides us with opportunities to periodically sell parcels of our land at favorable valuations. We generally expect to sell approximately 2% to 3% of our fee timberland acreage on an annual basis pursuant to our land sales program, although such results may vary. We may also decide to pursue various land entitlements on certain properties in order to realize higher long-term values on such properties.

From time to time, we have also sold blocks of timberland properties under a capital recycling program in order to generate proceeds to fund capital allocation priorities, including, but not limited to, redeployment into more desirable timberland investments, paying down outstanding debt, or repurchasing shares of our common stock. Such large dispositions are not part of core operations, are infrequent in nature, and may or may not have a higher or better use than timber production or result in a price premium above the land's timber production value. Timberland disposition opportunities under our capital recycling program have been evaluated based in part on inventory stocking and mix profiles, productivity characteristics, geographical diversification and procurement and operating areas. We currently have no plans to complete additional large dispositions under our capital recycling program.

*Create Value Through the Economic Realization of Environmental Initiatives.* Our strategic investment opportunities also include the development of new value-creation opportunities such as carbon sequestration, wetlands mitigation banking, and solar projects. We are currently pursuing the development of a carbon program to enable us to turn our greenhouse gas emissions reductions and removals into verified carbon units that can be marketed and sold to third parties. Wetlands mitigation banking includes the creation and selling of mitigation credits on existing portfolio holdings and future timberland investments. Through the Dawsonville Bluffs Joint Venture, we own interests in two mitigation banks and we continue to evaluate opportunities to develop mitigation banks on our wholly-owned timberlands as well as through additional joint ventures. Solar projects include leasing or selling property to solar developers to help produce renewable energy and reduce greenhouse gas emissions.

*Generate Additional Value Through Joint Ventures.* From time to time, we seek to create additional value through institutional equity joint ventures to acquire, own, and manage timberland properties that meet our core investment strategy. We expect future joint venture investments to follow the model of the successful Dawsonville Bluffs Joint Venture – transactions with straightforward, pari passu capital structures where we control management and can earn asset management fees, including promotes for strong performance. The timberland properties acquired through the Dawsonville Bluffs Joint Venture fit our profile for high quality assets with HBU characteristics, which we were able to sell at significant profits. The wetlands mitigation banks acquired through the Dawsonville Bluffs Joint Venture exemplify our opportunities to generate significant value through various environmental initiatives on our existing and future timberland ownership. Additionally, we have established our investment management business by managing the day-to-day operations of such joint ventures and earning significant asset management fee income that has and can support our dividend and growth strategy.

*Practice Sound Environmental Stewardship.* We remain committed to responsible environmental stewardship and sustainable forestry. Our wholly-owned timberlands have been third-party audited and certified in accordance with the 2015-2019 SFI standards (extended through December 2021). SFI standards promote sustainable forest management through recognized core principles, including measures to protect water quality, biodiversity, wildlife habitat and at-risk species. Our timberlands are further managed to meet or exceed all state regulations through the implementation of best management practices as well as internal policies designed to ensure compliance. Commencing in 2022, we will be subject to the new SFI 2022 standards, which provide additional focus on forest

management activities that address climate change adaptation and mitigation measures as well as management of fire risk in the face of climate change. We believe our continued commitment to environmental stewardship will allow us to maintain our timberlands' productivity, grow our customer base, and enhance our reputation as a preferred timber supplier.

## **Financing Strategy**

Our long-term financing strategy seeks to maximize balance sheet liquidity and operational flexibility for the purpose of generating current income and attractive long-term returns for our stockholders. We intend to employ prudent amounts of debt and equity financing as a means of providing additional funds for the selective acquisitions of timber assets, to refinance existing debt, or for general corporate purposes. In particular, we seek to maximize balance sheet liquidity and flexibility by:

- Maintaining sufficient liquidity through borrowing capacity under our credit facilities and cash-on-hand;
- Minimizing the amount of near-term debt maturities in a single year;
- Maintaining low to modest leverage;
- Managing interest rate risk through an appropriate mix of fixed and variable rate debt instruments, either directly or using interest rate swaps, caps or other arrangements; and
- Maintaining access to diverse sources of capital.

We determine the amount of debt and equity financing to be used when acquiring an asset by evaluating terms available in the credit markets (such as interest rate, repayment provisions and maturity), our cost of equity capital, and our assessment of the particular asset's risk. Historically, a significant portion of our debt has consisted of long-term borrowings secured by our timber assets.

We anticipate that we will continue to use a number of different sources to finance our operations and selective acquisitions going forward, including cash from operations, proceeds from asset dispositions, funds available under bank credit facilities (which may or may not be secured by our assets), co-investments through partnerships or joint ventures, potential future issuances of common or preferred equity or partnership interests in our operating partnership, or any combination of these sources, to the extent available to us, or other sources that may become available from time to time.

## **Transaction Activities**

Our capital allocation priorities are to deliver quarterly dividends, maintain healthy liquidity and ample working and growth capital, execute on strategic acquisition and investment opportunities, and maintain a stable and attractive debt profile. Over the past three years, in order to position ourselves for further growth, we have focused on strengthening our balance sheet through deleveraging with proceeds from large dispositions completed under our capital recycling program. In October 2021, we exited the Triple T Joint Venture, using proceeds received to further pay down our outstanding debt. We did not acquire additional timberlands during 2021 and 2020 and acquired 900 acres in 2019. We completed the following transactions during the three years ended December 31, 2021:

### *Land Sales*

During the years ended December 31, 2021, 2020, and 2019, we sold 7,500 acres, 9,300 acres, and 9,200 acres of timberland, respectively, in the U.S. South. These land sales represented approximately 2.0%, 2.3%, and 2.2%, respectively, of our average fee timberland acreage (based on average quarterly fee timberland acreage) for each year. For the years ended December 31, 2021, 2020, and 2019, the disposed timberlands had an average merchantable timber stocking of 21, 26, and 37 tons per acre, respectively, as compared to 41, 42, and 43 tons per acre for our U.S. South portfolio at the beginning of each respective year.

### *Large Dispositions*

During the years ended December 31, 2021, 2020, and 2019, we completed large dispositions of 23,100 acres, 14,400 acres, and 14,400 acres of wholly-owned timberlands for \$107.5 million, \$21.3 million, and \$25.4 million, respectively. Two large dispositions were completed in 2021 consisting of 5,000 acres sold in the U.S. South for



\$7.5 million and 18,100 acres sold in the Pacific Northwest for \$100.0 million (the "Bandon Disposition"). We recognized gains of \$0.8 million and \$23.4 million, respectively, from these two large dispositions. Over the term of our ownership of the Bandon property from August 2018 to August 2021, we harvested 283,600 tons of timber and generated cumulative timber sales revenue of \$26.0 million. Net proceeds of \$102.7 million received from these large dispositions were used to pay down our outstanding debt. The large dispositions in the U.S. South had an average merchantable timber stocking of 24, 29, and 37 tons per acre, as compared to 41, 42, and 43 tons per acre for our U.S. South portfolio at the beginning of each respective year.

#### *Triple T Exit*

On October 14, 2021, we entered into a recapitalization and redemption agreement with TexMark Timber Treasury, L.P., a Delaware limited partnership (the "Triple T Joint Venture"), and the preferred limited partners of the Triple T Joint Venture for the redemption of our common equity interests in the Triple T Joint Venture in exchange for \$35.0 million in cash (the "Triple T Exit"). The amended and restated asset management agreement between the Triple T Joint Venture and us was terminated and replaced by a transition services agreement, effective retroactively from September 1, 2021 through March 31, 2022, under which we provide transition services in exchange for a service fee of \$5.0 million. We used the \$40.0 million received to pay down our outstanding debt. The Triple T Exit is an important step in delivering on our long-term strategy and positions us for future growth.

### **Timber Agreements**

#### *Mahrt Timber Agreements*

We are party to a master stumpage agreement and a fiber supply agreement (collectively, the "Mahrt Timber Agreements") with a wholly-owned subsidiary of WestRock. The master stumpage agreement provides that we will sell specified amounts of timber and make available certain portions of our timberlands to CatchMark TRS for harvesting. The fiber supply agreement provides that WestRock will purchase a specified tonnage of timber from CatchMark TRS at specified prices per ton, depending upon the type of timber product. The prices for the timber purchased pursuant to the fiber supply agreement are negotiated every two years but are subject to quarterly market pricing adjustments based on an index published by TimberMart-South, a quarterly trade publication that reports raw forest product prices in 11 southern states. The initial term of the Mahrt Timber Agreements is October 9, 2007 through December 31, 2032, subject to extension and early termination provisions. The Mahrt Timber Agreements ensure a long-term source of supply of wood fiber products for WestRock in order to meet its paperboard and lumber production requirements at specified mills and provide us with a reliable consumer for the wood products from its timberlands.

For the year ended December 31, 2021, WestRock purchased 367,600 tons under the Mahrt Timber Agreements. See *Note 7 — Commitments and Contingencies* to our accompanying consolidated financial statements for additional information regarding the material terms of the Mahrt Timber Agreements.

We derived approximately 11%, 11%, and 12% of our net timber sales revenue from the Mahrt Timber Agreements in each of the years ended December 31, 2021, 2020, and 2019, respectively. For 2022, WestRock is required to purchase, and we are required to make available for purchase to WestRock, at least 371,100 tons of timber under the Mahrt Timber Agreements.

#### *Carolinas Supply Agreement*

We assumed a pulpwood supply agreement with IP (the "Carolinas Supply Agreement") in connection with a timberland acquisition completed in 2016. The Carolinas Supply Agreement is effective through November 3, 2026 and requires us to sell agreed-upon pulpwood volumes to IP and IP is required to purchase these volumes at defined market prices.

We sold 88,500 tons of timber under the Carolinas Supply Agreement in 2021. We derived approximately 3%, 2%, and 4% of our net timber sales revenue from the Carolinas Supply Agreement in 2021, 2020, and 2019, respectively. For 2022, IP is required to purchase, and we are required to make available for purchase to IP, at least 50,000 tons of timber under the Carolinas Supply Agreement.

## Credit Risk of Customers

For the year ended December 31, 2021, our largest customer, WestRock, represented 16% of our total revenues. No other customer represented more than 10% of our total revenues. The loss of WestRock as a customer would have a material adverse effect on our operating results. We sold timber to 61 customers in 2021, compared to 74 in 2020 and 69 in 2019.

We are not aware of any reason why our current customers will not be able to pay their contractual amounts as they become due in all material respects.

## Competition

We compete with various private and industrial timberland owners as well as governmental agencies that own or manage timberlands in the U.S. South. Due to transportation and delivery costs, pulp, paper and wood products manufacturing facilities typically purchase wood fiber within a 100-mile radius of their location, which thereby limits, to some degree, the number of significant competitors in any specific regional market. Factors affecting the level of competition in our industry include price, species, grade, quality, proximity to the mill customer, and our reliability and consistency as a supplier. Also, as we seek to acquire timberland assets, we are in competition for targeted timberland tracts with other similar timber investment companies, as well as investors in land for purposes other than growing timber. As a result, we may have to pay more for the timberland tracts to become the owner if another suitable tract cannot be substituted. When it becomes time to dispose of timberland tracts, we will again be in competition with sellers of similar tracts to locate suitable purchasers of timberland. We will face competition from other landowners and alternative products as we seek to create and monetize revenue-generating environmental solutions, including solar projects, carbon sequestration and wetlands mitigation banking.

## Seasonality

Our harvest operations are affected by seasonal weather conditions, where wet weather could reduce our harvest volume but boost prices due to limited supply, while dry weather could suppress prices due to increases in supply.

## COVID-19 Pandemic

See *Part II, Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations* for a discussion of the impact of COVID-19 on our business.

## Regulatory Matters

See *Item 1A — Risk Factors, Risk Related to Our Business and Operations* for discussions of regulatory matters, including environmental matters, that impact our business.

## Human Capital Management

As of December 31, 2021, we had 21 employees, all of whom were full-time and based in the United States. We care about our employees and recognize that they are key to our success. Our Compensation Committee has oversight for our policies and strategies regarding human capital management and has determined that the policies and strategies discussed below are important to our company’s performance.

**Protection from Harassment, Discrimination and Retaliation.** We believe that all individuals should be treated with dignity and respect, and have adopted a Human Rights Policy that, among other things, includes a No Harassment Policy that does not tolerate discriminatory harassment of any sort, including based on race, color, religion, sex, national origin, age, disability, pregnancy, childbirth, or related medical conditions, gender identity, sexual orientation, genetic information, citizenship status, service member status or any other characteristic protected by federal, state or local anti-discrimination laws. We also value and protect an employee’s right to raise workplace issues without concern for retaliation. We believe our employee relations are good and we have policies and procedures in place to quickly address and remedy employee grievances and any workplace disputes.

**Diversity and Inclusion.** We value diversity in the workplace. As of December 31, 2021, 50% of our executive officers were women and 57% of our total number of employees were women. Approximately 24% of our workforce is comprised of individuals that identify as a member of an ethnic or racial minority group, including approximately 10% identifying as Asian, 10% identifying as Black and 5% identifying as Hispanic or Latino.

**Health and Safety.** We are committed to providing and maintaining a safe and healthy workplace for all workers (including vendors, contractors, temporary employees and volunteers) as well as clients, visitors and members of the public. Risks and hazards to health and safety will be eliminated or minimized, as far as is reasonably practicable. We have adopted a Health and Safety Policy in furtherance of this commitment. During the year ended December 31, 2021, as a result of the COVID-19 pandemic, we maintained safety protocols to protect our employees and others, including protocols regarding social distancing, health checks and working remotely. Our experienced teams continued to successfully manage our business during this challenging time.

**Benefits, Training and Professional Development.** We provide high-quality benefits to our employees, including equity grants for all employees, healthcare and wellness initiatives, and a 401(k) plan with a generous company match, time-off for volunteering, a charitable matching program, and a scholarship program for children of non-executive employees. We also provide regular training and professional development opportunities for our employees. These include semi-annual, company-wide information security training programs, as well as personal coaching for all officers and executives, and opportunities to attend conferences and other events relevant to the timberland, forest products and REIT industries. During 2021, our employees participated in over 360 hours of training and education programs, or an average of approximately 16 hours per employee.

**Low Average Turnover Rate.** We believe that all of our initiatives to make CatchMark an exceptional place to work have resulted in our low historic turnover rate, which averaged 9.7% annually over the past three years. In 2021, our turnover rate was 17.4%, which was higher than average due to the departure of four employees, three of whom had been dedicated to the Triple T Joint Venture, which CatchMark exited in October 2021. While the Company's 2021 turnover rate was higher than its average, it was still well below the total turnover rate for the United States for 2020 of 57.3% and the turnover rate for financial activities for 2020 of 31.3%, according to the Bureau of Labor Statistics.

## **Access to SEC Filings and Other Information**

Our website is [www.catchmark.com](http://www.catchmark.com). We make available on the Investor Relations section of our website, free of charge, our Annual Reports to Stockholders, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements, and Forms 3, 4 and 5, and amendments to those reports, as soon as reasonably practicable after filing such documents with, or furnishing such documents to, the SEC. Our documents filed with, or furnished to, the SEC are also available for review at the SEC's website at [www.sec.gov](http://www.sec.gov).

We include our website addresses throughout this report for reference only. The information contained on our website is not incorporated by reference into this report.

## **ITEM 1A. RISK FACTORS**

Below are some of the risks and uncertainties that could cause our actual results and future events to differ materially from those set forth or contemplated in our forward-looking statements. The risks and uncertainties described below are not the only ones we face but do represent those risks and uncertainties that we believe are material to our business, operating results, prospects and financial condition. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also harm our business.

### **Risks Related to Our Business and Operations**

#### ***The cyclical nature of the forest products industry could impair our operating results.***

Our operating results are affected by the cyclical nature of the forest products industry. Our operating results depend on timber prices that can experience significant variation and that have been historically volatile. Like other participants in the forest products industry, we have limited direct influence over the timing and extent of price changes for cellulose fiber, timber, and wood products. Although some of the supply agreements we have or expect to enter into in the future fix the price of our harvested timber for a period of time, these contracts may not protect us from the long-term effects of price declines and may restrict our ability to take advantage of price increases.



The demand for timber and wood products is affected primarily by the level of new residential construction activity, repair and remodeling activity, the supply of manufactured timber products, including imports of timber products, and to a lesser extent, other commercial and industrial uses. The demand for timber also is affected by the demand for wood chips in the pulp and paper markets and for hardwood in the furniture and other hardwood industries. The demand for cellulose fiber is related to the demand for disposable products such as diapers and feminine hygiene products. These activities are, in turn, subject to fluctuations due to, among other factors:

- changes in domestic and international economic conditions;
- interest and currency rates;
- population growth and changing demographics; and
- seasonal weather cycles (for example, dry summers and wet winters).

Decreases in the level of residential construction activity generally reduce demand for logs and wood products. This can result in lower revenues, profits, and cash flows. In addition, increases in the supply of logs and wood products at both the local and national level can lead to downward pressure on prices during favorable price environments. Timber owners generally increase production volumes for logs and wood products during favorable price environments. Such increased production, however, when coupled with even modest declines in demand for these products in general, could lead to oversupply and lower prices. Oversupply can result in lower revenues, profits, and cash flows to us and could negatively impact our results of operations.

***If we are unable to find suitable investments or pay too much for properties, we may not be able to achieve our investment objectives, and the returns on our investments will be lower than they otherwise would be.***

A key component of both our business and growth strategies is to pursue timberland acquisition opportunities. Our ability to identify and acquire desirable timberlands depends upon the performance of our management team in the selection of our investments. We also face significant competition in pursuing timberland investments from other REITs; real estate limited partnerships, pension funds and their advisors; bank and insurance company investment accounts; school and university endowments; individuals; and other entities. The market for high-quality timberland is highly competitive given how infrequently such assets become available for purchase. As a result, many real estate investors have built up their cash positions and face aggressive competition to purchase quality timberland assets. A significant number of entities and resources competing for high-quality timberland properties support relatively high acquisition prices for such properties, which may reduce the number of acquisition opportunities available to, or affordable for, us and could put pressure on our profitability and our ability to pay distributions to stockholders. In addition, our future acquisitions, if any, may not perform in accordance with our expectations due to lower merchantable inventory, lower product pricing or other factors. Finally, we anticipate financing these acquisitions through proceeds from debt or equity offerings (including offerings of partnership units by our operating partnership), borrowings, cash from operations, proceeds from asset dispositions, or any combination thereof, and our inability to finance acquisitions on favorable terms or the failure of any acquisitions to conform to our expectations could adversely affect our results of operations. We cannot assure you that we will be successful in obtaining suitable investments on financially attractive terms, that we will be able to finance the purchase of such investments or that, if we make investments, our objectives will be achieved.

***We depend on external sources of capital for future growth, and our ability to access capital markets may be restricted.***

Our ability to finance our growth is, to a significant degree, dependent on external sources of capital. Our ability to access such capital on favorable terms could be hampered by a number of factors, many of which are outside of our control, including, without limitation, a decline in general market conditions, decreased market liquidity, increases in interest rates, an unfavorable market perception of our growth potential, including our joint venture strategy, a decrease in our current or estimated future earnings, or a decrease in the market price of our common stock. In addition, our ability to access additional capital may be limited by the terms of our bylaws, which restrict our incurrence of debt in some circumstances, and by our existing indebtedness, which, among other things, restricts our incurrence of additional debt and, in some circumstances, the payment of dividends. Any of these factors, individually or in combination, could prevent us from being able to obtain the capital we require on terms that are acceptable to us or at all, and the failure to obtain necessary capital could materially adversely affect our future growth.

***Our cash distributions are not guaranteed and may fluctuate.***

Our board of directors, in its sole discretion, determines the amount of the distributions (including the determination of whether to retain net capital gains income) to be paid to our stockholders. Our board of directors will determine whether to authorize a distribution and the amount of such distribution based on its consideration of a number of factors including, but not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity and other factors, including future acquisitions and divestitures, harvest levels, changes in the price and demand for our products and general market demand for timberlands, including HBU timberlands and debt covenant restrictions that may impose limitations on cash payments. In addition, our board of directors may choose to retain operating cash flow for investment purposes, working capital reserves or other purposes, and these retained funds, although increasing the value of our underlying assets, may not correspondingly increase the market price of our common stock. Consequently, our distribution levels may fluctuate. Our failure to meet market expectations with regard to future cash distributions likely would adversely affect the market price of our common stock.

***Large-scale increases in the supply of timber may affect timber prices and reduce our revenues.***

The supply of timber available for sale in the market could increase for a number of reasons, including producers introducing new capacity or increasing harvest levels. Some governmental agencies, principally the U.S. Department of Agriculture's Forest Service (the "U.S.D.A. Forest Service") and the U.S. Department of the Interior's Bureau of Land Management, own large amounts of timberlands. If these agencies choose to sell more timber from their holdings than they have been selling in recent years, timber prices could fall and our revenues could be reduced. Any large reduction in the revenues we expect to earn from our timberlands would reduce the returns, if any, we are able to achieve for our stockholders.

***We depend on FRC and AFM to manage our timberlands, and a loss of the services of one or both of them could jeopardize our ongoing operations.***

We are party to timberland operating agreements with FRC and AFM (together, our "Forest Managers"), which are renewable on an annual basis. Pursuant to these agreements, we depend upon our Forest Managers to manage and operate our timberlands and related timber operations and to ensure delivery of timber to our customers. To the extent we lose the services of our Forest Managers, we are unable to retain the services of our Forest Managers at reasonable prices, or our Forest Managers do not perform the services in accordance with the timberland operating agreements, our results of operations may be adversely affected.

***We depend on third parties for logging and transportation services, and increases in the costs or decreases in the availability of quality service providers could adversely affect our business.***

We depend on logging and transportation services provided by third parties, primarily by truck. If any of our transportation providers were to fail to deliver timber supply or logs to our customers in a timely manner or were to damage timber supply or logs during transport, we may be unable to sell it at full value, or at all. During the COVID-19 pandemic the country has experienced major supply chain shortages, which included many logging and trucking contractors permanently shutting down their operations. As harvest levels have returned to higher levels with the increase in U.S. housing starts, this shortage of logging contractors has resulted in sharp increases in logging costs and in the availability of logging contractors. It is expected that the supply of qualified logging contractors will be impacted by the availability of debt financing for equipment purchases as well as a sufficient supply of adequately trained loggers and drivers. As housing starts continue to increase, harvest levels are expected to increase, sawmills and pulp mills are anticipated to run more efficiently placing more pressure on the existing supply of logging contractors. Any significant failure or unavailability of third-party logging or transportation providers, or increases in transportation rates or fuel costs, may result in higher logging costs or the inability to capitalize on stronger log prices to the extent logging contractors cannot be secured at a competitive cost. Such events could harm our reputation, negatively affect our customer relationships and adversely affect our business.

***Our real estate investment activity is concentrated in timberlands, making us more vulnerable economically than if our investments were diversified.***

We have only acquired interests in timberlands and expect to make additional timberlands acquisitions in the future. We are subject to risks inherent in concentrating investments in real estate. The risks resulting from a lack of diversification become even greater as a result of our strategy to invest primarily, if not exclusively, in timberlands. A downturn in the real estate industry generally or the timber or forest products industries specifically could reduce the value of our properties and could require us to recognize impairment losses from our properties. A downturn in the timber or forest products industries also could prevent our customers from making payments to us and, consequently, would prevent us from meeting debt service obligations or making distributions to our stockholders. The risks we face may be more pronounced than if we diversified our investments outside real estate or outside timberlands.

***Our timberlands are located in the U.S. South, and adverse economic and other developments in this area could have a material adverse effect on us.***

Our timberlands are all located in the U.S. South. As a result, we may be susceptible to adverse economic and other developments in this region, including industry slowdowns, business layoffs or downsizing, relocations of businesses, changes in demographics, increases in real estate and other taxes and increased regulation, any of which could have a material adverse effect on us.

In addition, the geographic concentration of our property makes us more susceptible to adverse impacts from a single natural disaster such as fire, hurricane, earthquake, insect infestation, drought, disease, ice storms, windstorms, flooding and other factors that could negatively impact our timber production.

***As a relatively small public company, our general and administrative expenses are a larger percentage of our total revenues than many other public companies, which may have a greater effect on our financial performance and may reduce cash available for distribution to our stockholders.***

Our total assets as of December 31, 2021 were \$507.3 million and our revenues for the year ended December 31, 2021 were \$102.2 million. Because our company is smaller than many other publicly-traded REITs, our general and administrative expenses are, and will continue to be, a larger percentage of our total revenues than many other public companies. If we are unable to access external sources of capital and grow our business, our general and administrative expenses will have a greater effect on our financial performance and may reduce the amount of cash flow available for distribution to our stockholders.

***We have recently experienced net losses and may experience losses again in the future.***

From our inception through the end of 2021, other than in 2014 and 2021, we have incurred net losses. If we are unable to generate net income in the future, and continue to incur net losses, our financial condition, results of operations, cash flows, and our ability to service our indebtedness and make distributions to our stockholders could be materially and adversely affected, which could adversely affect the market price of our common stock.

***Increased competition from a variety of substitute products could lead to declines in demand for wood products and negatively impact our business.***

Wood products are subject to increased competition from a variety of substitute products, including products made from engineered wood composites, fiber and cement composites, plastics and steel, as well as import competition from other worldwide suppliers. This could result in lower demand for wood products and impair our operating results.

***We are subject to the credit risk of our customers. The failure of any of our customers to make payments due to us under supply agreements could have an adverse impact on our financial performance.***

Current and future customers who agree to purchase our timber under supply contracts will range in credit quality from high to low. We assume the full credit risk of these parties, as we have no payment guarantees under the contract or insurance if one of these parties fails to make payments to us. While we intend to continue acquiring timberlands in well-developed and active timber markets with access to numerous customers, we may not be



successful in this endeavor. Depending upon the location of any additional timberlands we acquire and the supply agreements we enter into, our supply agreements may be concentrated among a small number of customers. Even though we may have legal recourse under our contracts, we may not have any practical recourse to recover payments from some of our customers if they default on their obligations to us. Any bankruptcy or insolvency of our customers, or failure or delay by these parties to make payments to us under our agreements, would cause us to lose the revenue associated with these payments and adversely impact our cash flow, financial condition, and results of operations.

***We are substantially dependent on our business relationship with WestRock, and our continued success will depend on WestRock's economic performance.***

The Mahrt Timber Agreements we are party to with WestRock provide that we will sell specified amounts of timber to WestRock, subject to market pricing adjustments and certain early termination rights of the parties. The Mahrt Timber Agreements are intended to ensure a long-term source of supply of wood fiber products for WestRock, in order to meet its paperboard and lumber production requirements at specified mills and provide us with a reliable customer for the timber from our timberlands. Our financial performance is substantially dependent on the economic performance of WestRock as a consumer of our timber. Approximately 11% of our net timber sales revenue for 2021 was derived from the Mahrt Timber Agreements. If WestRock becomes unable to purchase the required minimum amount of timber from us, there could be a material adverse effect on our business and financial condition.

In addition, in the event of a force majeure impacting WestRock, which is defined by the Mahrt Timber Agreements to include, among other things, lightning, fires, storms, floods, infestation, other acts of God or nature, power failures and labor strikes or lockouts by employees, the amount of timber that WestRock is required to purchase in the calendar year would be reduced pro rata based on the period during which the force majeure was in effect and continuing. If the force majeure is in effect and continuing for 15 days or more, WestRock would not be required to purchase the timber that was not purchased during the force majeure period. If the force majeure is in effect and continuing for fewer than 15 days, WestRock would have up to 180 days after the termination of the force majeure period to purchase the timber that was not purchased during the force majeure period. As a result, the occurrence of a force majeure under the terms of the Mahrt Timber Agreements could adversely impact our business and financial condition.

***We intend to sell portions of our timberlands, because they are HBU properties, in response to changing conditions or to fund capital allocation priorities, but if we are unable to sell these timberlands promptly or at the price that we anticipate, our land sale revenues may be reduced, which could reduce the cash available for distribution to our stockholders or our ability to fund new investments, the repayment of debt or the repurchase of our shares.***

On an annual basis, we intend to sell up to 3% of our fee timberland acreage, primarily timberlands that we have determined have become more valuable for development, recreational, conservation and other uses than for growing timber, which we refer to as HBU properties. We intend to use the proceeds from these sales to support our distributions to our stockholders. From time to time, we have sold blocks of timberland properties under a capital recycling program in order to generate proceeds to fund capital allocation priorities, including, but not limited to redeployment into more desirable timberland investments, paying down outstanding debt, or repurchasing shares of our common stock. We may also sell portions of our timberland from time to time in response to changing economic, financial or investment conditions. Because timberlands are relatively illiquid investments, our ability to promptly sell timberlands is limited. The following factors, among others, may adversely affect the timing and amount of our income generated by sales of our timberlands:

- general economic conditions;
- availability of funding for developers, conservation organizations, governmental agencies, individuals and others to purchase our timberlands for recreational, conservation, residential or other purposes;
- local real estate market conditions, such as oversupply of, or reduced demand for, properties sharing the same or similar characteristics as our timberlands;
- competition from other sellers of land and real estate developers;
- weather conditions or natural disasters having an adverse effect on our properties;

- relative illiquidity of real estate investments;
- forestry management costs associated with maintaining and managing timberlands;
- changes in interest rates and in the availability, cost and terms of debt financing;
- impact of federal, state and local land use and environmental protection laws;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances, and the related costs of compliance with laws and regulations, fiscal policies and ordinances; and
- the potential need to delay sales in order to minimize the risk that gains would be subject to the 100% prohibited transactions tax.

In acquiring timberlands and in entering into long-term supply agreements, we may agree to lock-out provisions that materially restrict us from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These factors and any others that would impede our ability to respond quickly to market opportunities could adversely impact our results of operations and reduce our cash available to pay distributions to our stockholders.

***Uninsured losses relating to the timberlands we own and may acquire may reduce our stockholders' returns.***

The volume and value of timber that can be harvested from the timberlands we own and may acquire may be limited by natural disasters such as fire, hurricane, earthquake, insect infestation, drought, disease, ice storms, windstorms, flooding, and other weather conditions and natural disasters, as well as other causes such as theft, trespass, condemnation or other casualty. We do not maintain insurance for any loss to our standing timber from natural disasters or other causes. Any losses of revenue from the loss of such timber and any funds used to restore such losses would reduce cash available for distributions to our stockholders.

***Harvesting our timber may be subject to limitations that could adversely affect our results of operations.***

Our primary assets are our timberlands. Weather conditions, timber growth cycles, property access limitations, availability of contract loggers and haulers, and regulatory requirements associated with the protection of wildlife and water resources or related to climate change may restrict our ability to harvest our timberlands. Other factors that may restrict our timber harvest include damage to our standing timber by fire, hurricane, earthquake, insect infestation, drought, disease, ice storms, windstorms, flooding and other weather conditions and natural disasters. Changes in global climate conditions could intensify one or more of these factors. Although damage from such causes usually is localized and affects only a limited percentage of standing timber, there can be no assurance that any damage affecting our timberlands will in fact be so limited. Furthermore, we may choose to invest in timberlands that are intermingled with sections of federal land managed by the U.S.D.A. Forest Service or other private owners. In many cases, access might be achieved only through a road or roads built across adjacent federal or private land. In order to access these intermingled timberlands, we would need to obtain either temporary or permanent access rights to these lands from time to time. Our revenue, net income, and cash flow from our operations will be dependent to a significant extent on the continued ability to harvest timber on our timberlands at adequate levels and in a timely manner. Therefore, if we were to be restricted from harvesting on a significant portion of our timberlands for a prolonged period of time, or if material damage to a significant portion of our standing timber were to occur, then our results of operations could be adversely affected.

***We face possible liability for environmental clean-up costs and wildlife protection laws related to the timberlands we acquire, which could increase our costs and reduce our profitability and cash distributions to our stockholders.***

Our business is subject to laws, regulations, and related judicial decisions and administrative interpretations relating to, among other things, the protection of timberlands, endangered species, timber harvesting practices, recreation and aesthetics, and the protection of natural resources, air and water quality that are subject to change and frequently enacted. These changes may adversely affect our ability to harvest and sell timber and to remediate contaminated properties. We are subject to regulation under, among other laws, the Clean Air Act, the Clean Water

Act, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response Compensation and Liability Act of 1980, the National Environmental Policy Act and the Endangered Species Act, as well as comparable state laws and regulations. Violations of various statutory and regulatory programs that apply to our operations could result in civil penalties; damages, including natural resource damages; remediation expenses; potential injunctions; cease-and-desist orders; and criminal penalties.

Laws and regulations protecting the environment have generally become more stringent in recent years and could become more stringent in the future. Some environmental statutes impose strict liability, rendering a person liable for environmental damage without regard to the person's negligence or fault. We may acquire timberlands subject to environmental liabilities, such as clean-up of hazardous substance contamination and other existing or potential liabilities of which we are not aware, even after investigations of the properties. We may not be able to recover any of these liabilities from the sellers of these properties. The cost of these clean-ups could therefore increase our operating costs and reduce our profitability and cash available to make distributions to our stockholders. The existence of contamination or liability also may materially impair our ability to use or sell affected timberlands.

The Endangered Species Act and comparable state laws protect species threatened with possible extinction. At least one species present on our timberlands has been, and in the future more may be, protected under these laws. Protection of threatened and endangered species may include restrictions on timber harvesting, road-building, and other forest practices on private, federal, and state land containing the affected species. The size of the area subject to restriction varies depending on the protected species at issue, the time of year, and other factors, but can range from less than one acre to several thousand acres.

The Clean Water Act regulates the direct and indirect discharge of pollutants into the waters of the United States. Under the Clean Water Act, it is unlawful to discharge any pollutant from a "point source" into navigable waters of the United States without a permit obtained under the National Pollutant Discharge Elimination System ("NPDES") permit program of the U.S. Environmental Protection Agency (the "EPA"). Storm water from roads supporting timber operations that is conveyed through ditches, culverts and channels are exempted by EPA rule from this permit requirement and Congress amended Section 402(1) of the Clean Water Act in 2014 to prohibit the requirement of NPDES permits for discharge of runoff associated with silvicultural activities conducted in accordance with standard industry practice, leaving those sources of water discharge to state regulation. The scope of these state regulations varies by state and are subject to change, legal challenges and legislative responses. To the extent we are subject to future federal or state regulation of storm water runoff from roads supporting timber operations, our operational costs to comply with such regulations could increase and our results of operations could be adversely affected.

***Changes in climate conditions and governmental responses to such changes may affect our operations or planned future growth activities.***

Scientific research indicates that emissions of greenhouse gases continue to alter the composition of the global atmosphere in ways that are affecting and are expected to continue affecting the global climate. Our operations and the operations of our contractors are subject to climate variations, which impact the productivity of forests, the frequency and severity of wildfires, the distribution and abundance of species, and the spread of disease or insect epidemics, which in turn may adversely or positively affect timber production. Over the past several years, changing weather patterns and climatic conditions due to natural and man-made causes have added to the unpredictability and frequency of natural disasters such as hurricanes, earthquakes, hailstorms, wildfires, snow, ice storms, the spread of disease, and insect infestations. Changes in precipitation resulting in droughts could make wildfires more frequent or more severe and could adversely affect timber production. Any of these natural disasters could affect our timberlands and our harvest operations which could have a material adverse effect on our results of operations.

Additionally, there continue to be increased concerns over climate change and environmental issues, as well as numerous international, U.S. federal and state-level initiatives and proposals to address domestic and global climate issues. These initiatives include proposals to regulate and/or tax the production of carbon dioxide and other greenhouse gases to facilitate the reduction of carbon compound emissions into the atmosphere and provide tax and other incentives to produce and use cleaner energy. Future legislation or regulatory activity in this area remains uncertain, and its effect on our operations is unclear at this time. We manage our timberland operations to be in compliance with applicable laws and regulations. However, it is possible that legislation or government mandates, standards or regulations intended to mitigate or reduce carbon dioxide or other greenhouse gas emissions or other climate change effects could adversely affect our operations. For example, such initiatives could limit harvest levels or result in significantly higher costs for energy, which could have an adverse effect on our results of operations.

***Our estimates of the timber growth rates on our properties may be inaccurate, which would impair our ability to realize expected revenues from those properties and could also cause us to incorrectly estimate our timber inventory and the calculation of our depletion expense.***

We rely upon estimates of the timber growth rates and yield when acquiring and managing timberlands. These estimates are central to forecasting our anticipated merchantable inventory, harvest volumes, timber revenues and expected cash flows. Growth rates and yield estimates are developed by forest statisticians using measurements of trees in research plots on a property. The growth equations predict the rate of height and diameter growth of trees so that foresters can estimate the volume of timber that may be present in the tree stand at a given age. Tree growth varies by soil type, geographic area, and climate. Inappropriate application of growth equations in forest management planning may lead to inaccurate estimates of future volumes. If these estimates are inaccurate, our ability to manage our timberlands in a profitable manner will be diminished, which may cause our results of operations to be adversely affected. Inaccurate estimates could also cause us to incorrectly calculate our depletion expense.

***We may be unable to properly estimate non-timber revenues from any properties that we acquire, which would impair our ability to acquire attractive properties, as well as our ability to derive the anticipated revenues from those properties.***

If we acquire additional properties, we likely will expect to realize revenues from timber and non-timber-related activities, such as recreational leases or environmental initiatives, including carbon credits, wetlands mitigation banking and solar projects. Non-timber activities can contribute significantly to the revenues that we derive from a particular property. We will rely on estimates to forecast the amount and extent of revenues from non-timber-related activities on our timberlands. If our estimates concerning the revenue from non-timber-related activities are incorrect, we may not be able to realize the projected revenues. If we are unable to realize the level of revenues that we expect from non-timber activities, our revenues from the underlying timberland would be less than expected and our results of operations and ability to make distributions to our stockholders may be negatively impacted.

***Changes in assessments, property tax rates, and state property tax laws may reduce our net income and our ability to make distributions to our stockholders.***

Our expenses may be increased by assessments of our timberlands and changes in property tax laws. We generally intend to hold our timberlands for a substantial period of time. Property values tend to increase over time, and as property values increase, the related property taxes generally also increase, which would increase the amount of taxes we pay. In addition, changes to state tax laws or local initiatives could also lead to higher tax rates on our timberlands. Because each parcel of a large timberland property is independently assessed for property tax purposes, our timberlands may receive a higher assessment and be subject to higher property taxes. In some cases, the cost of the property taxes may exceed the income that could be produced from that parcel if we continue to hold it as timberland. If our timberlands become subject to higher tax rates, such costs could have a material adverse effect on our financial condition, results of operations and ability to make distributions to our stockholders.

***Changes in land uses in the vicinity of our timberlands may increase the amount of the property that we classify as HBU properties, and property tax regulations may reduce our ability to realize the values of those HBU properties.***

An increase in the value of other properties in the vicinity of our timberlands may prompt us to sell parcels of our land as HBU properties. Local, county and state regulations may prohibit us from, or penalize us for, selling a parcel of timberland for real estate development. Some states regulate the number of times that a large timberland property may be subdivided within a specified time period, which would also limit our ability to sell our HBU property. In addition, in some states timberland is subject to certain property tax policies that are designed to encourage the owner of the timberland to keep the land undeveloped. These policies may result in lower taxes per acre for our timberlands as long as they are used for timber purposes only. However, if we sell a parcel of timberland in such states as HBU property, we may trigger tax penalties, which could require us to repay all of the tax benefits that we have received. Our inability to sell our HBU properties on terms that are favorable to us could negatively affect our financial condition and our ability to make distributions to our stockholders.



***Changes in energy and fuel costs could affect our financial condition and results of operations.***

Energy costs are a significant operating expense for our logging and hauling contractors and for the contractors who support the customers of our standing timber. Energy costs can be volatile and are susceptible to rapid and substantial increases due to factors beyond our control, such as changing economic conditions, political unrest, instability in energy-producing nations, and supply and demand considerations. Increases in the price of oil could adversely affect our business, financial condition and results of operations. In addition, an increase in fuel costs, and its impact on the cost and availability of transportation for our products and the cost and availability of third-party logging and hauling contractors, could have a material adverse effect on the operating costs of our contractors and our standing timber customers as well as in defining economically accessible timber stands. Such factors could in turn have a material adverse effect on our business, financial condition and results of operations.

***Actions of joint venture partners could negatively impact our performance.***

We are party to the Dawsonville Bluffs Joint Venture and may enter into additional joint ventures in the future, including, but not limited to, joint ventures involving the ownership and management of timberlands. Such joint venture investments may involve risks not otherwise present with a direct investment in timberlands, including, without limitation:

- the risk that a joint venture may not be able to make payments under, or refinance on attractive terms or at all, its financing arrangements, including secured financings pursuant to which defaults could result in lenders foreclosing on the joint venture's assets;
- the risk that a joint venture partner may at any time have economic or business interests or goals which are, or which become, inconsistent with our business interests or goals;
- the risk that a joint venture partner may be in a position to take actions that are contrary to the agreed upon terms of the joint venture, our instructions or our policies or objectives;
- the risk that we may incur liabilities as a result of an action taken by a joint venture partner;
- the risk that disputes between us and a joint venture partner may result in litigation or arbitration that would increase our expenses and occupy the time and attention of our officers and directors;
- the risk that no joint venture partner may have the ability to unilaterally control the joint venture with respect to certain major decisions, and as a result an irreconcilable impasse may be reached with respect to certain decisions;
- the risk that we may not be able to sell our interest in a joint venture when we desire to exit the joint venture, or at an attractive price; and
- the risk that, if we have a contractual right or obligation to acquire a joint venture partner's ownership interest in the joint venture, we may be unable to finance such an acquisition if it becomes exercisable or we may be required to purchase such ownership interest at a time when it would not otherwise be in our best interest to do so.

The occurrence of any of the foregoing risks with respect to a joint venture could have an adverse effect on the financial performance of such joint venture, which could in turn have an adverse effect on our financial performance and the value of an investment in our company.

***The effects of the ongoing COVID-19 pandemic, as well as any future pandemics or similar events, and the actions taken in response thereto may adversely impact our results of operations and financial condition and our ability to make distributions to our stockholders.***

In December 2019, a coronavirus (COVID-19) outbreak was reported in China, and, in March 2020, the World Health Organization declared it a global pandemic. Since that time, the coronavirus has spread throughout the United States, including in the U.S. South we operate. The ongoing COVID-19 pandemic has caused significant economic disruption, which could worsen. As a result, there have been periodic adverse effects on the demand for

our timber and wood products and disruptions to our supply chain and the manufacturing, distribution and export of our timber and wood products, all of which could worsen in the future. The COVID-19 pandemic may further impact our business, results of operations and financial condition, including as a result of:

- declines in harvest volumes due to:
  - a deterioration in the housing market and a resulting decrease in demand for sawtimber;
  - a decline in production level at mills due to instances of COVID-19 among their employees or decreased demand for their products; and
  - the effects of COVID-19 on contract logging operations, transportation and other critical third-party providers;
- the inability to complete timberland sales due to state and local government office closures limiting the ability of potential buyers to complete title searches and other customary due diligence;
- effects on key employees, including operational management personnel and those charged with preparing, monitoring and evaluating the companies' financial reporting and internal controls; and
- market volatility and market downturns negatively impacting the trading of our common stock.

While the ongoing COVID-19 pandemic continues to rapidly evolve, the extent to which it may further impact us is highly uncertain and will depend on future developments that cannot be predicted with confidence. Such developments include, but are not limited to, the future rate of occurrence or mutation of COVID-19, the vaccination rate and the overall efficacy of the vaccines, especially as new strains of COVID-19 are discovered, continuation of or changes in governmental responses to the ongoing COVID-19 pandemic, and the effectiveness of responsive actions taken in the United States and other countries to contain and manage the disease.

Given the ongoing and dynamic nature of the circumstances, it is not possible to predict how long the impact of the coronavirus outbreak will last or how significant it will ultimately be to our business. A sustained decline in the economy as a result of the COVID-19 pandemic and the demand for timber could materially and adversely impact our business, results of operations and financial condition and our ability to make distributions to our stockholders. Any other pandemics or similar events in the future could also similarly have a material adverse effect on our results of operations, financial condition and ability to make distributions to our stockholders.

## **Risks Related to Our Organizational Structure**

### ***Our board of directors may change significant corporate policies without stockholder approval.***

Our investment, financing, borrowing and distribution policies and our policies with respect to all other activities, including growth, debt, capitalization and operations, are determined by our board of directors. These policies may be amended or revised at any time and from time to time at the discretion of our board of directors without a vote of our stockholders. As a result, the ability of our stockholders to control our policies and practices is extremely limited. In addition, our board of directors may change our policies with respect to conflicts of interest provided that such changes are consistent with applicable legal and regulatory requirements, including the listing standards of the NYSE. A change in these policies could have an adverse effect on our financial condition, results of operations and cash flows, the trading price of our common stock, our ability to satisfy our debt service obligations, and our ability to make distributions to our stockholders.

### ***Our board of directors may increase the number of authorized shares of stock and issue stock without stockholder approval, including in order to discourage a third party from acquiring our company in a manner that could result in a premium price to our stockholders.***

Subject to applicable legal and regulatory requirements, our charter authorizes our board of directors, without stockholder approval, to amend our charter from time to time to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of stock of any class or series, to authorize us to issue authorized but unissued shares of our common stock or preferred stock and to classify or reclassify any unissued shares of our common stock or preferred stock into other classes or series of stock and to set the preferences, rights and other terms of such classified or unclassified shares. As a result, we may issue series or

classes of common stock or preferred stock with preferences, dividends, powers and rights, voting or otherwise, that are senior to, or otherwise conflict with, the rights of holders of our common stock. In addition, our board of directors could establish a series of preferred stock that could, depending on the terms of such series, delay, defer, or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders may believe is in their best interests.

***In order to preserve our status as a REIT, our charter limits the number of shares a person may own, which may discourage a takeover that could otherwise result in a premium price for our common stock or otherwise benefit our stockholders.***

Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT for U.S. federal income tax purposes. Unless exempted by our board of directors (prospectively or retroactively), no person may actually or constructively own more than 9.8% in value of the outstanding shares of our capital stock or more than 9.8% (by value or number of shares, whichever is more restrictive) of the outstanding shares of our common stock. This restriction may have the effect of delaying, deferring, or preventing a change in control of our company, including an extraordinary transaction (such as a merger, tender offer, or sale of all or substantially all of our assets) that might provide a premium price for our common stock or otherwise be in the best interest of our stockholders.

***Certain provisions of Maryland law could inhibit changes in control of us, which could lower the value of our common stock.***

Certain provisions of the Maryland General Corporation Law (the “MGCL”) may have the effect of inhibiting or deterring a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

- “business combination” provisions that, subject to limitations, prohibit certain business combinations between us and an “interested stockholder” (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting stock or an affiliate or associate of ours who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of our then outstanding stock) or an affiliate of an interested stockholder for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter may impose supermajority stockholder voting requirements unless certain minimum price conditions are satisfied; and
- “control share” provisions that provide that “control shares” of our company (defined as shares which, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a “control share acquisition” (defined as the direct or indirect acquisition of ownership or control of outstanding “control shares”) have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

We have opted out of these provisions of the MGCL, in the case of the business combination provisions of the MGCL by resolution of our board of directors, and in the case of the control share provisions of the MGCL pursuant to a provision in our bylaws. However, in the future, our board of directors may by resolution elect to opt into the business combination provisions of the MGCL and our board of directors may, by amendment to our bylaws and without stockholder approval, opt in to the control share provisions of the MGCL.

Title 3, Subtitle 8 of the MGCL permits our board of directors, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to implement certain takeover defenses, including adopting a classified board. Such takeover defenses may have the effect of inhibiting a third party from making an acquisition proposal for us or of delaying, deferring or preventing a change in control of us under the circumstances that otherwise could provide our stockholders with the opportunity to realize a premium over the then-current market price.

In addition, the advance notice provisions of our bylaws could delay, defer or prevent a transaction or a change of control of our company that might involve a premium price for holders of our common stock or that our stockholders may believe to be in their best interests. Likewise, if our board of directors were to opt in to the business

combination provisions of the MGCL or the provisions of Title 3, Subtitle 8 of the MGCL, or if the provision in our bylaws opting out of the control share acquisition provisions of the MGCL were rescinded by our board of directors, these provisions of the MGCL could have similar anti-takeover effects.

## **Risks Related to Our Debt Financing**

***Our existing indebtedness and any future indebtedness we may incur could adversely affect our financial health and operating flexibility.***

We are party to a credit agreement dated as of December 1, 2017, as amended on August 22, 2018, June 28, 2019, February 12, 2020, May 1, 2020, August 4, 2021 and October 14, 2021 (the “Amended Credit Agreement”), with a syndicate of lenders, including CoBank, that provides for a senior secured credit facility of up to \$553.6 million, which includes three term loan facilities totaling \$300 million, one term loan facility with a \$68.6 million revolver feature, a \$35 million revolving credit facility (the “Revolving Credit Facility”), and a \$150 million multi-draw credit facility (the “Multi-Draw Term Facility”). We had a total of \$300 million outstanding as of December 31, 2021, all of which were outstanding term loans.

Our existing indebtedness and any indebtedness we may incur in the future could have important consequences to us and the trading price of our common stock, including:

- limiting our ability to borrow additional amounts for execution of our growth strategy, capital expenditures, debt service requirements, working capital or other purposes;
- limiting our ability to use operating cash flow in other areas of our business because we must dedicate a portion of these funds to service the debt;
- increasing our vulnerability to general adverse economic and industry conditions, including increases in interest rates;
- limiting our ability to capitalize on business opportunities, including the acquisition of additional properties, and to react to competitive pressures and adverse changes in government regulation;
- limiting our ability or increasing the costs to refinance indebtedness;
- limiting our ability to enter into marketing and hedging transactions by reducing the number of counterparties with whom we can enter into such transactions as well as the volume of those transactions;
- forcing us to dispose of one or more properties, possibly on disadvantageous terms;
- forcing us to sell additional equity securities at prices that may be dilutive to existing stockholders;
- causing us to default on our obligations or violate restrictive covenants, in which case the lenders or mortgagees may accelerate our debt obligations, foreclose on the properties that secure their loans and take control of our properties that secure their loans and collect net timber revenues and other property income; and
- in the event of a default under any of our recourse indebtedness or in certain circumstances under our mortgage indebtedness, we would be liable for any deficiency between the value of the property securing such loan and the principal and accrued interest on the loan.

If any one of these events were to occur, our financial condition, results of operations, cash flow and our ability to satisfy our principal and interest obligations could be materially and adversely affected.

***Our financial condition could be adversely affected by financial and other covenants and other provisions under the Amended Credit Agreement or other debt agreements.***

Pursuant to the Amended Credit Agreement, we are required to comply with certain financial and operating covenants, including, among other things, covenants that require us to maintain certain fixed charge coverage and LTV ratios and covenants that prohibit or restrict our ability to incur additional indebtedness, grant liens on our real or personal property, make certain investments, dispose of our assets and enter into certain other types of transactions. The Amended Credit Agreement also prohibits us from declaring, setting aside funds for, or paying any dividend, distribution, or other payment to our stockholders other than as required to maintain our REIT qualification if our LTV ratio is greater than 50%. We may only declare and pay distributions not required to maintain our REIT



status if (i) our LTV ratio is less than 50%, (ii) we maintain a minimum fixed-charge coverage ratio of 1.05:1.00, and (iii) we limit our aggregate capital expenditures to 1% of the value of our timberlands during any fiscal year. Failure to comply with any of these covenants would likely result in us being prohibited from making any distributions.

The Amended Credit Agreement also subjects us to mandatory prepayment from proceeds generated from certain dispositions of timberlands or lease terminations, which may have the effect of limiting our ability to make distributions under certain circumstances. Provided that no event of default has occurred and the LTV ratio, calculated after giving effect to the disposition, does not exceed 42.5%, the mandatory prepayment requirement excludes (1) net real property disposition proceeds until the aggregate amount of such proceeds received during any fiscal year exceeds 3% of the bank value of the timberlands; (2) lease termination proceeds until the amount of such proceeds exceeds 0.5% of the bank value of the timberlands in a single termination or 1.5% in aggregate over the term of the facility; and (3) net real property disposition proceeds from large property dispositions, as defined, to the extent the proceeds are used within 270 days of receipt for acquisition of additional real property that will be subject to the lien of the Amended Credit Agreement. These restrictions may prevent us from taking actions that we believe would be in the best interest of our business and may make it difficult for us to successfully execute our business strategy or effectively compete with companies that are not similarly restricted. In addition, a breach of these covenants or other event of default would allow CoBank to accelerate payment of the loan. Given the restrictions in our debt covenants on these and other activities, we may be significantly limited in our operating and financial flexibility and may be limited in our ability to respond to changes in our business or competitive activities in the future.

Our ability to comply with these covenants and other provisions may be affected by events beyond our control, and we cannot assure you that we will be able to comply with these covenants and other provisions. Upon the occurrence of an event of default, the lenders could elect to declare all amounts outstanding to be immediately due and payable and terminate all commitments to extend further credit. If we were unable to repay those amounts, the lenders could proceed against collateral granted to them, if any, to secure the indebtedness. If our current or future lenders accelerate the payment of the indebtedness owed to them, we cannot assure you that our assets would be sufficient to repay in full our outstanding indebtedness, including the loans under the Amended Credit Agreement.

***We may incur additional indebtedness which could increase our business risks and may reduce the value of your investment.***

We have acquired, and in the future may acquire, real properties by borrowing funds. In addition, we may incur mortgage debt and pledge some or all of our real properties as security for that debt to obtain funds to acquire additional real properties. We may also borrow funds if needed to satisfy the REIT tax qualification requirement that we distribute at least 90% of our annual REIT taxable income (determined without regard to the dividends-paid deduction and excluding net capital gain) to our stockholders. We may also borrow funds if we otherwise deem it necessary or advisable to ensure that we maintain our qualification as a REIT for federal income tax purposes. Our bylaws do not limit us from incurring debt until our aggregate debt would exceed 200% of our net assets.

Significant borrowings by us increase the risks of a stockholder's investment. If there is a shortfall between the cash flow from our properties and the cash flow needed to service our indebtedness, then the amount available for distributions to stockholders may be reduced. In addition, incurring mortgage debt increases the risk of loss since defaults on indebtedness secured by a property may result in lenders initiating foreclosure actions. In that case, we could lose the property securing the loan that is in default, thus reducing the value of a stockholder's investment. For tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but we would not receive any cash proceeds. We may give full or partial guarantees to lenders of mortgage debt on behalf of the entities that own our properties. When we give a guaranty on behalf of an entity that owns one of our properties, we will be responsible to the lender for satisfaction of the debt if it is not paid by such entity. If any mortgages or other indebtedness contains cross-collateralization or cross-default provisions, a default on a single loan could affect multiple properties.

***Our decision to hedge against interest rate changes may have a material adverse effect on our financial results and condition, and there is no assurance that our hedges will be effective.***

We use interest rate hedging arrangements in order to manage our exposure to interest rate volatility. These hedging arrangements involve risk, including the risk that counterparties may fail to honor their obligations under these arrangements, that these arrangements may not be effective in reducing our exposure to interest rate changes, that the amount of income that we may earn from hedging transactions may be limited by federal tax provisions governing REITs, and that these arrangements may result in higher interest rates than we would otherwise pay. Moreover, no amount of hedging activity can completely insulate us from the risks associated with changes in interest rates. Failure to hedge effectively against interest rate changes may materially adversely affect our results of operations and financial condition.

***To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control. We also depend on the business of our subsidiaries to satisfy our cash needs. If we cannot generate the required cash, we may not be able to make the necessary payments on our indebtedness.***

Our ability to make payments on our indebtedness, including the loans under the Amended Credit Agreement, and to fund planned capital expenditures will depend on our ability to generate cash in the future. Our ability to generate cash, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We conduct our operations primarily through our subsidiaries. As a result, our ability to service our debt, including our obligations under the Amended Credit Agreement and other obligations, depends largely on the earnings of our subsidiaries and the payment of those earnings to us in the form of dividends, loans or advances and through repayment of loans or advances from us. Our subsidiaries are separate and distinct legal entities. In addition, any payment of dividends, loans or advances by our subsidiaries could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries will also be contingent upon our subsidiaries' earnings and business considerations.

Additionally, our historical financial results have been, and we anticipate that our future financial results will be, subject to fluctuations. We cannot assure you that our business will generate sufficient cash flow from our operations or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness, including the loans under the Amended Credit Agreement, or to fund our other liquidity needs and make necessary capital expenditures.

If our cash flow and capital resources are insufficient to allow us to make scheduled payments on our debt, we may have to sell assets, seek additional capital or restructure or refinance our debt. We cannot assure you that the terms of our debt will allow for these alternative measures or that such measures would satisfy our scheduled debt service obligations.

If we cannot make scheduled payments on our debt:

- the holders of our debt could declare all outstanding principal and interest to be due and payable;
- the holders of our secured debt could commence foreclosure proceedings against our assets; and
- we could be forced into bankruptcy or liquidation.

***An increase in interest rates would increase the cost of servicing our debt and could reduce our profitability.***

All of our outstanding debt under the Amended Credit Agreement bears interest at variable rates, and our potential future debt could as well. As a result, an increase in interest rates, whether because of an increase in market interest rates or a decrease in our creditworthiness, would increase the cost of servicing our debt and could materially reduce our profitability and cash flows. The impact of such an increase could be more significant for us than it would be for competitors that have less variable rate debt. Increases in interest rates would increase our interest cost, which would reduce our cash flows and our ability to pay distributions to our stockholders. In addition, if we need to repay existing debt during periods of high interest rates, we could be required to sell one or more of our investments in order to repay the debt, which sale at that time might not permit realization of the maximum return on such investments.

***The phase-out of LIBOR could affect interest rates for our variable rate debt and interest rate swap arrangements.***

LIBOR is used as a reference rate for our variable rate debt under the Amended Credit Agreement and for our interest rate swap arrangements. The United Kingdom's Financial Conduct Authority has announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after June 30, 2023. The Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee, which identified the Secured Overnight Financing Rate ("SOFR") as its preferred alternative to U.S. dollar LIBOR in derivatives and other financial contracts. We are not able to predict when LIBOR will cease to be available. The Amended Credit Agreement and our interest rate swap agreements, which are used to hedge the floating rate exposure of the Amended Credit Agreement, provide that if LIBOR is no longer available, CoBank for the Amended Credit Agreement and Rabobank for the interest rate swaps, in each case, will choose as a benchmark replacement index either a term rate based on SOFR or daily simple SOFR recommended by the Federal Reserve Board or the Federal Reserve Bank of New York, and in the case of the Amended Credit Agreement, that replacement must be posted to the lenders and, unless the required lenders provide written notice that such replacement is not acceptable, such replacement shall thereafter become effective. In such circumstances, the interest rates on our variable rate debt under the Amended Credit Agreement and in our interest rate swap arrangements may change. The new rates may not be as favorable as those in effect prior to any LIBOR phase-out and potential mismatches of newly adopted interest rates could potentially cause our hedges not to be effective. In addition, the transition process may result in delays in funding, higher interest expense, additional expenses, and increased volatility in markets for instruments that currently rely on LIBOR, all of which could negatively impact our cash flow.

***High mortgage interest rates may make it difficult for us to finance or refinance properties, which could reduce the number of properties we can acquire, our net income, and the amount of cash distributions we can make.***

If mortgage debt is unavailable at reasonable interest rates, we may not be able to finance the purchase of properties. If we place mortgage debt on properties, we run the risk of being unable to refinance the properties when the loans become due, or of being unable to refinance on favorable terms. If interest rates are higher when we refinance the properties, our net income could be reduced. If any of these events occur, our cash flow would be reduced. This, in turn, would reduce cash available for distribution to our stockholders and may hinder our ability to raise more capital by issuing more stock or by borrowing more money.

## **Federal Income Tax Risks**

***Failure to continue to qualify as a REIT would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distributions to our stockholders and materially and adversely affect our financial condition and results of operations.***

We believe that we have been organized, owned and operated in conformity with the requirements for qualification and taxation as a REIT under the Code and that our intended manner of ownership and operation will enable us to continue to meet the requirements for qualification and taxation as a REIT for U.S. federal income tax purposes. Our qualification as a REIT depends upon our ability to meet requirements regarding our organization and ownership, distributions of our income, the nature and diversification of our income and assets, and other tests imposed by the Code. We cannot assure you that we will satisfy the requirements for REIT qualification in the future. Future legislative, judicial or administrative changes to the federal income tax laws could be applied retroactively, which could result in our disqualification as a REIT.

If we fail to qualify to be taxed as a REIT for any taxable year, we will be subject to federal and applicable state and local corporate income tax on our taxable income, if any, determined without a dividends-paid deduction, and, possibly, penalties. In addition, we could not re-elect to be taxed as a REIT for the four taxable years following the year during which we failed to qualify (unless we were entitled to relief under applicable statutory provisions). To the extent we have taxable income, losing our REIT status would reduce our net earnings available for investment or distribution to stockholders because of the additional tax liability. If this occurs, we might be required to borrow funds or liquidate some investments in order to pay the applicable tax. Our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and it would adversely affect the value of our common stock.

***The failure of Creek Pine REIT, LLC to qualify as a REIT during the period in which we owned an indirect interest in the Triple T Joint Venture and through the remainder of Triple T Joint Venture's taxable year that began January 1, 2021 could cause us to fail to qualify as a REIT.***

On July 6, 2018, our operating partnership completed its investment in Creek Pine Holdings, LLC, which owned our interest in the Triple T Joint Venture. On October 14, 2021, we entered into a recapitalization and redemption agreement with the Triple T Joint Venture and the Preferred Investors for the redemption of our common equity interest in the Triple T Joint Venture. Because the Triple T Joint Venture's sole asset is its interest in Creek Pine REIT, LLC ("Creek Pine REIT"), we owned an indirect interest in Creek Pine REIT during the period in which we owned an indirect interest in the Triple T Joint Venture. Creek Pine REIT elected to be taxed as a REIT beginning with its taxable year ended December 31, 2018. Equity in a REIT is a qualifying asset for purposes of the REIT asset tests, and dividends from a REIT are qualifying income for purposes of the REIT gross income tests. Creek Pine REIT is subject to the same REIT qualification requirements that apply to us. If Creek Pine REIT were to fail to qualify as a REIT during the period in which we owned an indirect interest in the Triple T Joint Venture or during the remainder of calendar year 2021, (i) Creek Pine REIT would become subject to U.S. federal and applicable state and local corporate income tax and (ii) our interest in Creek Pine REIT would cease to be a qualifying asset for purposes of our quarterly REIT asset tests, potentially causing us to fail to qualify as a REIT unless we could avail ourselves of certain relief provisions.

***Legislative or regulatory tax changes could adversely affect us, our stockholders or our customers.***

The federal income tax laws governing REITs and their stockholders, and administrative interpretations of those laws, may be amended at any time, possibly with retroactive effect.

The 2017 tax legislation commonly referred to as the Tax Cuts and Jobs Act made numerous changes to the tax rules that may affect our stockholders and our customers and may directly or indirectly affect us. Many of the changes applicable to individuals apply only through December 31, 2025, including a deduction of up to 20% of ordinary REIT dividends for non-corporate taxpayers.

Further changes to the tax laws are possible. In particular, the federal income taxation of REITs may be modified, possibly with retroactive effect, by legislative, administrative or judicial action at any time. You are urged to consult with your tax advisor with respect to the impact of regulatory or administrative developments and proposals and their potential effect on an investment in our common stock.

***Even if we continue to qualify to be taxed as a REIT for federal income tax purposes, we may be subject to other tax liabilities that reduce our cash flows.***

Even if we continue to qualify to be taxed as a REIT for federal income tax purposes, we may be subject to some federal, state, and local taxes on our income or property. For example:

- In order to qualify as a REIT, we must distribute annually dividends equal to at least 90% of our REIT taxable income to our stockholders (determined without regard to the dividends-paid deduction and excluding net capital gain). To the extent that we satisfy the distribution requirement but distribute less than 100% of our REIT taxable income, we will be subject to corporate income tax on the undistributed income, including undistributed net capital gains.
- We will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions we pay in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income, and 100% of our undistributed income from prior years.
- If we have net income from the sale of foreclosure property that we hold primarily for sale to customers in the ordinary course of business or other non-qualifying income from foreclosure property, we must pay a tax on that income at the highest corporate income tax rate.
- If we sell a property, other than foreclosure property, that we hold primarily for sale to customers in the ordinary course of business, our gain may be subject to the 100% "prohibited transaction" tax.
- Our taxable REIT subsidiaries will be subject to tax on their taxable income.



***Certain of our business activities are potentially subject to the prohibited transaction tax, which could reduce the return on stockholders' investments.***

As a REIT, we would be subject to a 100% tax on any net income from "prohibited transactions." In addition, gross income from prohibited transactions would be excluded from both of the gross income tests. In general, prohibited transactions are sales or other dispositions of property to customers in the ordinary course of business unless we qualify for a safe harbor exception. Delivered logs, if harvested and sold by a REIT directly, would likely constitute property held for sale to customers in the ordinary course of business and would, therefore, be subject to the prohibited transactions tax if sold at a gain. Accordingly, we sell standing timber to CatchMark TRS under pay-as-cut contracts which generate capital gain to us under Section 631(b) of the Code (to the extent the timber has been held by us for more than one year), and CatchMark TRS, in turn, harvests such timber and sells logs to its customers. (Creek Pine REIT uses a similar structure.) However, if the IRS were to successfully disregard CatchMark TRS' role as the harvester and seller of such logs for federal income tax purposes, our income, if any, from such sales could be subject to the 100% prohibited transaction tax. In addition, sales by us of HBU property at the REIT level could, in certain circumstances, constitute prohibited transactions. We intend to avoid the 100% prohibited transaction tax by satisfying safe harbors in the Code, structuring dispositions as non-taxable like-kind exchanges or making sales that otherwise would be prohibited transactions through one or more TRSs whose taxable income is subject to regular corporate income tax. We may not, however, always be able to identify properties that might be treated as part of a "dealer" land sales business. For example, if we sell any HBU properties at the REIT level that we incorrectly identify as property not held for sale to customers in the ordinary course of business or that subsequently become properties held for sale to customers in the ordinary course of business, we may be subject to the 100% prohibited transactions tax.

***To maintain our REIT status, we may be forced to forgo otherwise attractive opportunities, which could lower the return on stockholders' investments.***

To qualify to be taxed as a REIT, we must satisfy tests on an ongoing basis concerning, among other things, the sources of our income, nature of our assets, and the amounts we distribute to our stockholders. We may be required to make distributions to stockholders at times when it would be more advantageous to reinvest cash in our business or when we do not have funds readily available for distribution. Compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

***Even though we intend to maintain our REIT status, our cash dividends are not guaranteed and may fluctuate.***

Each year, REITs are required to distribute dividends equal to at least 90% of their REIT taxable income, determined without regard to the dividends-paid deduction and excluding net capital gain. We have substantial net operating losses that, subject to possible limitations, will reduce our taxable income. In addition, capital gains may be retained by us but would be subject to income taxes. If capital gains are retained rather than distributed, our stockholders would be notified and they would be deemed to have received a taxable distribution, with a refundable credit for any federal income tax paid by us. Accordingly, we will not be required to distribute material amounts of cash if substantially all of our taxable income is income from timber-cutting contracts or sales of timberland that is treated as capital gains income. Our board of directors, in its sole discretion, determines the amount of quarterly dividends to be provided to our stockholders based on consideration of a number of factors, including but not limited to, tax considerations. Consequently, our dividend levels may fluctuate.

***Generally, ordinary dividends payable by REITs do not qualify for reduced U.S. federal income tax rates applicable to "qualified dividend income."***

The maximum U.S. federal income tax rate for "qualified dividend income" for non-corporate U.S. stockholders currently is 20%. However, ordinary dividends, i.e., dividends that are not designated as capital gain dividends or qualified dividend income, payable by REITs ("qualified REIT dividends") generally are not eligible for the reduced rates applicable to qualified dividend income and generally are taxed at ordinary income tax rates. However, non-corporate U.S. stockholders are entitled to a deduction of up to 20% of their qualified REIT dividends received in taxable years beginning before January 1, 2026, subject to certain limitations. Non-corporate investors may perceive investments in REITs to be relatively less attractive than investments in the stocks of other corporations whose dividends are taxed at the lower rates as qualified dividend income.

***Our use of taxable REIT subsidiaries may affect the value of our common stock relative to the share price of other REITs.***

We conduct a significant portion of our business activities through one or more TRSs. A TRS is a fully taxable corporation that may earn income that would not be qualifying REIT income if earned directly by us. Our use of TRSs enables us to engage in non-REIT-qualifying business activities. However, under the Code, no more than 20% of the value of the assets of a REIT may be represented by securities of one or more TRSs. This limitation may affect our ability to increase the size of our non-REIT-qualifying operations. The taxable income of TRSs, including CatchMark TRS, is subject to federal and applicable state and local income tax. While we seek to structure the pricing of our timber sales to CatchMark TRS at market rates, the IRS could assert that such pricing does not reflect arm's-length pricing and impute additional taxable income to CatchMark TRS or impose excise taxes. Our use of TRSs may cause our common stock to be valued differently than the shares of other REITs that do not use TRSs as extensively as we use them.

***We may be limited in our ability to fund distributions on our capital stock and pay our indebtedness using cash generated through our TRSs.***

Our ability to receive dividends from our TRSs is limited by the rules with which we must comply to maintain our qualification as a REIT. In particular, at least 75% of our gross income for each taxable year as a REIT must be derived from passive real estate sources including sales of our standing timber and other types of qualifying real estate income, and no more than 25% of our gross income may consist of dividends from TRSs and other non-real estate income. This limitation on our ability to receive dividends from our TRSs may affect our ability to fund cash distributions to our stockholders or make payments on our borrowings using cash flows from our TRSs. The net income of our TRSs is not required to be distributed, and income that is not distributed will not be subject to the REIT income distribution requirement.

***There may be tax consequences to any modifications to our variable rate debt and interest rate swap arrangements to replace references to LIBOR.***

The publication of LIBOR rates may be discontinued after June 30, 2023. LIBOR is used as a reference rate for our variable rate debt under the Amended Credit Agreement and for our interest rate swap arrangements. If the publication of LIBOR rates is discontinued, our Amended Credit Agreement and our interest rate swap agreements will automatically replace references to LIBOR with either a term rate based on SOFR or daily simple SOFR recommended by the Federal Reserve Board or the Federal Reserve Bank of New York. Under current law, certain modifications of terms of LIBOR-based instruments may have tax consequences, including deemed taxable exchanges of the pre-modification instrument for the modified instrument. Recently finalized Treasury Regulations, which will be effective March 7, 2022, and Revenue Procedure 2020-44 will treat certain modifications that would be taxable events under current law as non-taxable events. Such guidance does not discuss REIT-specific issues of modifications to LIBOR-based instruments. We will attempt to migrate to a post-LIBOR environment without jeopardizing our REIT qualification or suffering other adverse tax consequences but can give no assurances that we will succeed.

## **Risks Related to Our Common Stock**

***The market price and trading volume of our common stock may be volatile.***

The U.S. stock markets, including the NYSE, on which our common stock is listed under the symbol "CTT," have experienced significant price and volume fluctuations. As a result, the market price of shares of our common stock is likely to be similarly volatile, and investors in shares of our common stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. We cannot assure you that the market price of our common stock will not fluctuate or decline significantly in the future.

In addition to the other risks listed in this "Risk Factors" section, a number of factors (many of which factors may be amplified by the COVID-19 pandemic) could negatively affect our share price or result in fluctuations in the price or trading volume of our common stock, including:

- the annual yield from distributions on our common stock as compared to yields on other financial instruments;

- equity or debt issuances by us, or future sales of substantial amounts of our common stock by our existing or future stockholders, or the perception that such issuances or future sales may occur;
- short sales or other derivative transactions with respect to our common stock;
- the ability of our share repurchase program to improve stockholder value over the long term;
- changes in market valuations of companies in the timberland, pulp and paper, homebuilding or real estate industries;
- increases in market interest rates or a decrease in our distributions to stockholders that lead purchasers of our common stock to demand a higher yield;
- fluctuations in general stock market prices and volumes;
- additions or departures of key management personnel;
- our operating performance and the performance of other similar companies;
- actual or anticipated differences in our quarterly operating results;
- changes in expectations of future financial performance or changes in estimates of securities analysts;
- publication of research reports about us or our industry by securities analysts or failure of our results to meet expectations of securities analysts;
- failure to qualify as a REIT;
- adverse market reaction to any debt securities or preferred equity securities we issue in the future or any indebtedness we incur in the future;
- strategic decisions by us or our competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business strategy;
- the passage of legislation or other regulatory developments that adversely affect us or our industry;
- speculation in the press or investment community;
- changes in our earnings;
- failure to continue to satisfy the listing requirements of the NYSE;
- failure to comply with the requirements of the Sarbanes-Oxley Act;
- actions by institutional stockholders or joint venture partners;
- changes in accounting principles; and
- general market, economic, industry and stock market conditions, including various factors that unrelated to our performance, such as the substantial disruption relating to COVID-19.

Many of the factors listed above are beyond our control. These factors may cause the price of our common stock to decline, regardless of our results of operations, business, or prospects. It is impossible to assure that the market price of our common stock will not fall in the future.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have a material adverse effect on our cash flows, our ability to execute our business strategy and our ability to make distributions to our stockholders.

***Future offerings of debt securities, or preferred equity securities, which would be senior to our common stock, may adversely affect the market price of our common stock.***

In the future, we may attempt to increase our capital resources by offering debt or preferred equity securities, including senior or subordinated notes and classes of preferred stock. Holders of our debt securities or shares of preferred stock will generally be entitled to receive interest payments or distributions, both current and in connection with any liquidation or sale, prior to the holders of our common stock. Future offerings of debt or preferred equity securities also may reduce the distributions that we pay with respect to our common stock. We are not required to offer any such additional debt or preferred equity securities to existing common stockholders on a preemptive basis,

and we may generally issue any such debt or preferred equity securities in the future without obtaining the consent of our common stockholders. As a result, any such future offerings of debt securities or preferred equity securities may adversely affect the market price of the common stock or the distributions that we pay with respect to our common stock.

***Increases in market interest rates may result in a decrease in the value of our common stock.***

One of the factors that may influence the price of our common stock is our distribution rate on the common stock (as a percentage of the share price of our common stock) relative to market interest rates on interest-bearing securities such as bonds. We have declared and paid cash distributions in each quarter since the first quarter of 2014 and expect to continue to declare cash distributions in the future. If market interest rates increase, prospective purchasers of our common stock may desire a higher yield on our common stock or seek securities paying higher dividends or yields. Higher interest rates would not, however, result in more funds being available for distribution and, in fact, would likely increase our borrowing costs and might decrease our funds available for distribution, and therefore, we may not be able, or may not choose to, pay a higher distribution rate. As a result, if interest rates rise, it is likely that the market price of our common stock will decrease because potential investors may require a higher dividend yield on our common stock as market rates on interest-bearing securities rise.

**General Risk Factors**

***We depend on the efforts and expertise of our key executive officers and would be adversely affected by the loss of their services.***

We depend on the efforts and expertise of our Chief Executive Officer and President, our Chief Resources Officer and Senior Vice President, and our Chief Financial Officer and Senior Vice President to execute our business strategy, and we cannot guarantee their continued service. The loss of their services, and our inability to find suitable replacements, would have an adverse effect on our business.

***If we fail to maintain an effective system of disclosure controls and procedures and internal control over financial reporting, we may not be able to report our financial results accurately, which could have a material adverse effect on us.***

We are required to report our operations on a consolidated basis in accordance with GAAP. If we fail to maintain proper overall business controls, our results of operations could be harmed or we could fail to meet our reporting obligations.

In addition, the existence of a material weakness or significant deficiency could result in errors in our financial statements that could require a restatement, cause us to fail to meet our reporting obligations and cause stockholders to lose confidence in our reported financial information, which could have a material adverse effect on us. In the case of any joint ventures we might enter into but do not manage, we may also be subject to additional risks and uncertainties in that we may be dependent upon, and subject to liability, losses or reputational damage relating to, overall business controls that are not under our control, which could have a material adverse effect on us. In addition, we rely on our Forest Managers and their systems to provide us with certain information related to our operations, including our timber inventory and our timber and timberland sales. Although we review such information prior to incorporating it into our accounting systems, we cannot assure the accuracy of such information. If our Forest Managers' systems fail to accurately report to us the information on which we rely, we may not be able to accurately report our financial results, which could have a material adverse effect on us.

***We rely on information technology in our operations, and any material failure, inadequacy, interruption or security failure of that technology could harm our business.***

We rely on information technology networks and systems, including the Internet, to process, transmit and store electronic information and to manage or support a variety of our business processes, including financial transactions and maintenance of records, which may include confidential information. We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmitting and storing confidential information, such as personally identifiable information relating to financial accounts. Although we have taken steps to protect the security of the data maintained in our information systems, it is possible that our security measures and those of our information technology vendors will not be able to prevent the systems' improper functioning or the

improper disclosure of personally identifiable information, such as in the event of cyber-attacks. Security breaches, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches, can create system disruptions, shutdowns or unauthorized disclosure of confidential information. Any failure to maintain proper function, security and availability of our information systems and those of our information technology vendors could interrupt our operations, damage our reputation, or subject us to liability claims or regulatory penalties, any one of which could materially and adversely affect our financial condition and results of operations.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 2. PROPERTIES

As of December 31, 2021, we wholly owned interests in 369,700 acres of high-quality industrial timberland in the U.S. South, consisting of 355,900 acres of fee timberlands and 13,800 acres of leased timberlands. Our wholly-owned timberlands are located within an attractive fiber basket encompassing a diverse group of pulp, paper, and wood products manufacturing facilities. Our timberlands consisted of 72% pine plantations by acreage and 54% sawtimber by volume. Our leased timberlands include 13,800 acres under one long-term lease expiring in May 2022, which we refer to as the LTC lease. Wholly-owned timberland acreage by state is listed below:

Acres by state as of December 31, 2021	Fee	Lease	Total
Alabama	65,400	1,800	67,200
Georgia	220,900	12,000	232,900
South Carolina	69,600	—	69,600
Total	<b>355,900</b>	<b>13,800</b>	<b>369,700</b>

As of December 31, 2021, our wholly-owned timber inventory consisted of an estimated 14.6 million tons of merchantable inventory with the following components:

(in millions) Merchantable timber inventory <sup>(1)</sup>	Tons		
	Fee	Lease <sup>(3)</sup>	Total
Pulpwood	6.5	0.2	6.7
Sawtimber <sup>(2)</sup>	7.7	0.2	7.9
Total	<b>14.2</b>	<b>0.4</b>	<b>14.6</b>

<sup>(1)</sup> Merchantable timber inventory includes current year growth.

<sup>(2)</sup> Includes chip-n-saw and sawtimber.

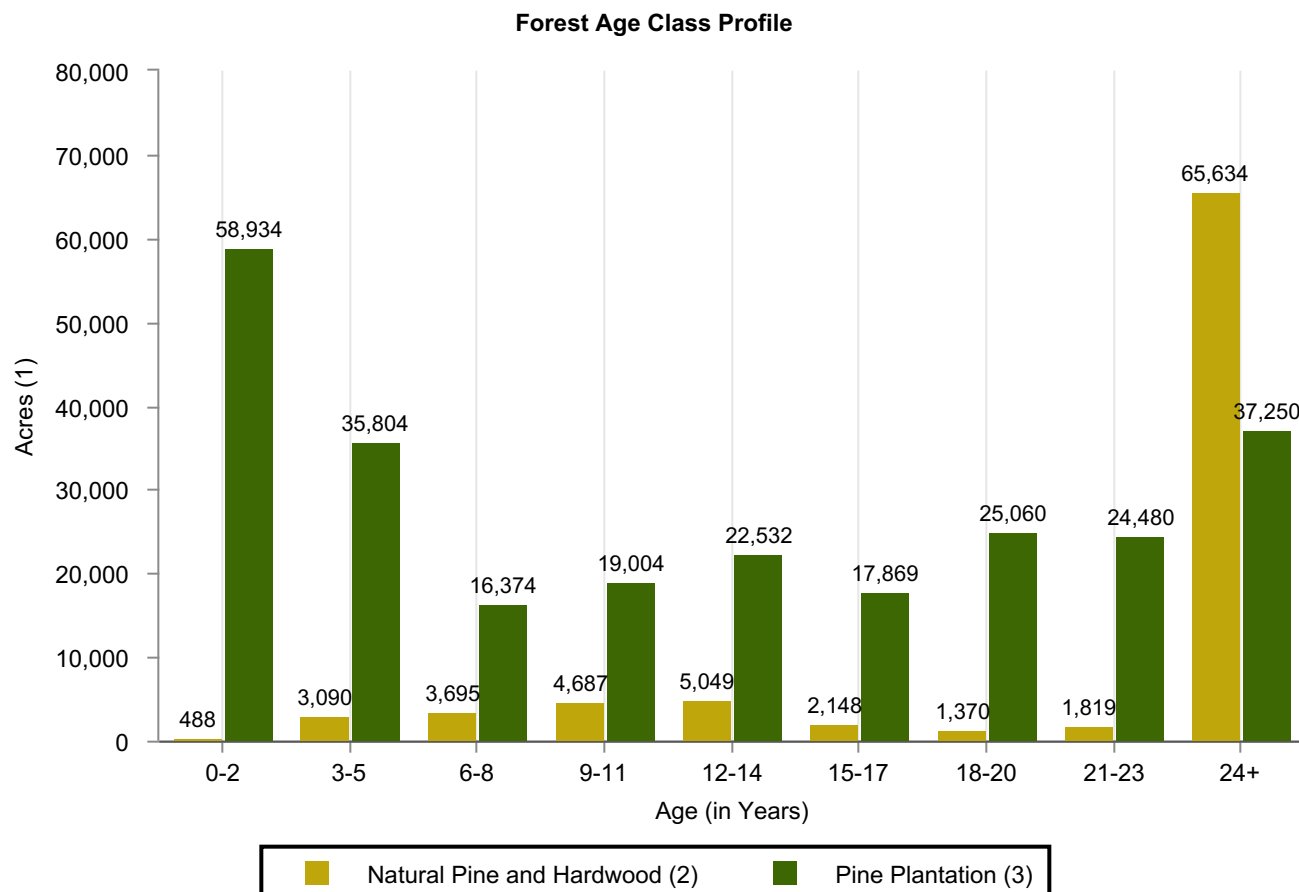
<sup>(3)</sup> The LTC Lease, which expires in May 2022, includes certain stocking reversion requirements upon its expiration.

In addition to our wholly-owned timberlands, we owned a 50% membership interest in the Dawsonville Bluffs Joint Venture as of December 31, 2021 (see Note 4 — *Unconsolidated Joint Ventures* to our accompanying consolidated financial statements for further details).

Our methods of estimating timber inventory are consistent with industry practices. We must use various assumptions and judgments to determine both our current timber inventory and the timber inventory that will be available over the harvest cycle; therefore, the physical quantity of such timber may vary significantly from our estimates. Our estimated inventory is calculated for each tract by utilizing growth formulas based on representative sample tracts and tree counts for various diameter classifications. The calculation of inventory is subject to periodic adjustments based on statistical sampling of the harvestable timbered acres, known as timber sample cruises, actual volumes harvested and other timber activity, including timberland sales. In addition to growth, the inventory calculation takes into account in-growth, which is the annual transfer of the oldest premerchantable age class into merchantable inventory, which currently is 15 years after stand establishment in the U.S. South. The age at which timber is considered merchantable is reviewed periodically and updated for changing harvest practices, advanced seedling genetics, future harvest age profiles and biological growth factors.



The graph below presents the number of acres of our timberland as of December 31, 2021 by age class:



- (1) Acres presented in the graph includes fee timberland only and excludes 10,500 acres of non-forest land.
- (2) Natural Pine and Hardwood represents acres that have been seeded by standing older pine trees near the site through the natural process of seeds dropping from the cones of the older trees. Natural pine sites generally include some mix of naturally occurring hardwood trees as well.
- (3) Pine Plantation represents acres planted or to be planted with pine seedlings to maximize the growth potential and inventory carrying capacity of the soils. Pine Plantation acre inventory is devoted to pine species only.

Forests are subject to a number of natural hazards, including damage by fire, hurricanes, insects and disease. Changes in global climate conditions may intensify these natural hazards. Severe weather conditions and other natural disasters can also reduce the productivity of timberlands and disrupt the harvesting and delivery of forest products. Because our timberlands are concentrated in the U.S. South, damage from natural disasters in this region could impact a material portion of our timberlands at one time. Our active forest management should help to minimize these risks. Consistent with the practices of other timber companies, we do not maintain insurance against loss of standing timber on our timberlands due to natural disasters or other causes.

### ITEM 3. LEGAL PROCEEDINGS

From time to time, we are party to legal proceedings, which arise in the ordinary course of our business. We are not currently involved in any legal proceedings of which the outcome is reasonably likely to have a material adverse effect on our results of operations or financial condition, nor are we aware of any such legal proceedings contemplated by governmental authorities.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Market Information

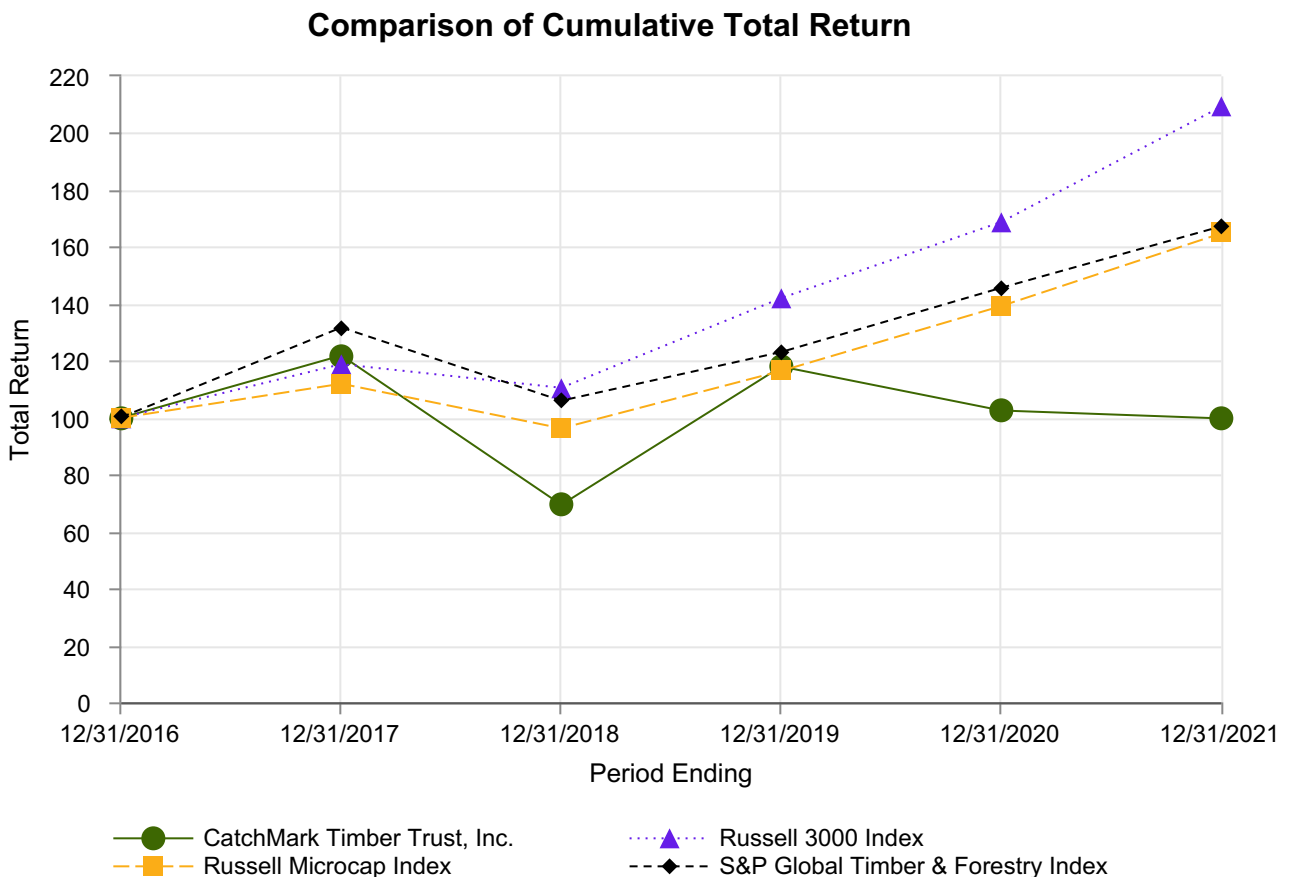
Our common stock trades on the NYSE under the symbol "CTT".

#### Holders

As of February 28, 2022, there were 1,427 stockholders of record of our common stock.

#### Cumulative Total Shareholder Return

The following graph compares the cumulative total shareholder return on our common stock from December 31, 2016 to December 31, 2021 with the Russell 3000, which is a broad-based market index of issuers with similar capitalization; with the Russell Microcap Index, which is a broad-based market index of securities with the smallest market capitalization; and with the S&P Global Timber & Forestry Index, which is an industry specific market index of peer issuers. The graph assumes a \$100 investment in each of the indices on December 31, 2016, and the dividends received are reinvested at month-end.



The data in the following table was used to create the above graph as of the respective dates:

	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021
CatchMark Timber Trust, Inc.	\$ 100	\$ 122	\$ 69	\$ 118	\$ 103	\$ 100
Russell 3000 Index	\$ 100	\$ 119	\$ 111	\$ 142	\$ 169	\$ 209
Russell Microcap Index	\$ 100	\$ 112	\$ 96	\$ 116	\$ 139	\$ 165
S&P Global Timber & Forestry Index	\$ 100	\$ 132	\$ 106	\$ 123	\$ 146	\$ 167

(1) Data points are the last trading day of each fiscal year.

## Issuer Purchase of Equity Securities

During the fourth quarter of 2021, we did not repurchase any shares of our common stock under our SRP. See *Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources* section for further details about our SRP.

## ITEM 6. [RESERVED]

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our accompanying consolidated financial statements and notes thereto in *Item 8 — Financial Statement and Supplementary Data*. See also "Cautionary Note Regarding Forward-Looking Statements" preceding Part I.

### Overview

We continued to execute our strategy of owning and operating prime timberlands located in leading mill markets and optimizing harvest operations through delivered wood sales and opportunistic stumpage sales in 2021. During the year, we achieved our operating performance targets and further improved our capital position and leverage profile, all while making significant progress in furthering our long-term strategic objectives. Our fiber supply agreements, delivered wood model and opportunistic stumpage sales were primary performance drivers, generating stable and predictable cash flows that, combined with revenues from opportunistic land sales and asset management fees, covered recurring dividends to our stockholders. We continued to actively manage our timberlands to achieve an optimum balance among biological timber growth, current harvest cash flow, and responsible environmental stewardship. In addition, we achieved several significant milestones during 2021 furthering our long-term strategic objectives, including refocusing our operations on direct ownership of prime timberlands in the U.S. South, where we are working to expand our presence in our superior mill markets.

### Harvest Operations Highlights

We generated consistent year-over-year timber sales revenue due to increased timber sales pricing in both the U.S. South and the Pacific Northwest despite a 12% harvest volume reduction compared to the prior year. Demand for pulp-related products remained strong and increased housing starts and robust repair and remodeling activity further bolstered demand for sawtimber products. We actively managed our log merchandising efforts together with delivered and stumpage sales to achieve the highest available price for our timber products. Our realized stumpage prices continued to hold significant premiums over U.S. South-wide averages as a result of the strong micro-markets where we have selectively assembled our prime timberlands portfolio. Our harvest volumes from the U.S. South, after taking into consideration current year timberland sales and capital recycling dispositions, continue to reflect consistent productivity on a per-acre basis.

### Real Estate Highlights

We continuously assess potential alternative uses of our timberlands, as some of our properties may be more valuable for development, conservation, recreational or other purposes than for growing timber. We sold 7,500 acres of timberland for \$14.1 million, or \$1,867 per acre under our retail land sales program. When evaluating our land sale opportunities, we assess a full range of matters relating to the timberland property or properties, including,

but not limited to, inventory stocking below portfolio average, higher mix of hardwood inventory, sub-optimal productivity characteristics, geographical procurement and operating areas, and timber reservation opportunities.

We executed two large dispositions under our capital recycling program in 2021. Under the capital recycling program, we sell blocks of timberland properties to generate proceeds to fund capital allocation priorities, including, but not limited to, redeployment into more desirable timberland investments, paying down outstanding debt, or repurchasing shares of common stock. During 2021, we sold 5,000 acres of fee timberlands in Georgia for \$7.5 million and recognized a gain of \$0.8 million. In the Pacific Northwest, we completed the large disposition of 18,100 acres of prime Oregon timberlands, the Bandon Disposition, for \$100.0 million, or \$5,536 per acre. The Bandon property was purchased in August 2018 for \$88.8 million, or \$4,916 per acre, and we recognized a gain of \$23.4 million upon the sale. We paid down \$102.7 million of our outstanding debt with net proceeds from these large dispositions. Since the launch of the capital recycling program in 2018, we have completed the sale of 110,500 acres of timberland under the program, including 92,400 acres in the U.S. South and 18,100 acres in the Pacific Northwest, for a total of \$233.5 million. We recognized \$33.1 million of gains from these large dispositions and used the net proceeds to pay down \$222.7 million of our outstanding debt. Through the capital recycling program, we strengthened our balance sheet, improved our leverage profile, and positioned ourselves for future growth. We currently have no plans to complete additional large dispositions under our capital recycling program.

Following the Bandon Disposition, we have further focused our ownership and operations on the nation's premier wood basket, the U.S. South, where we seek to expand our presence in superior mill markets where we already have strong local relationships, to strengthen our harvest EBITDA while maintaining stable merchantable inventory per acre. Our strategic investment opportunities include direct acquisition of high-quality industrial timberland properties, with a target average transaction size ranging from \$5 million to \$50 million, and the development of new revenue-generating environmental initiatives such as carbon sequestration, wetlands mitigation banking, solar projects, and other important environmental initiatives.

### *Investment Management Highlights*

On October 14, 2021, we exited the Triple T Joint Venture through the redemption of our common equity interests in exchange for \$35.0 million in cash. In conjunction with the Triple T Exit, the amended and restated asset management agreement between the Triple T Joint Venture and us was terminated and replaced by a transition services agreement, effective retroactively from September 1, 2021 through March 31, 2022, under which we would provide transition services in exchange for a service fee of \$5.0 million. We paid down \$40.0 million of our outstanding debt using the redemption proceeds and the transition services fee payment. The Triple T Exit was an important step in simplifying our business and positioning us for future growth.

After liquidating its timberland holdings in 2019, the Dawsonville Bluffs Joint Venture continues to generate revenue and net income from the sale of mitigation bank credits. For the year ended December 31, 2021, we recognized \$0.7 million of income from the Dawsonville Bluffs Joint Venture and received \$0.8 million of cash distributions in addition to earning \$0.3 million in asset management fees. Since we formed the Dawsonville Bluffs Joint Venture with MPERS in 2017, we have earned \$1.5 million in asset management fees and received cash distributions of \$14.9 million, including a return of our \$10.5 million investment. As of December 31, 2021, the Dawsonville Bluffs Joint Venture had two mitigation banks with an aggregate book basis of \$2.0 million.

### *Capital Activity Highlights*

Our active debt and interest rate management strategy provides us with attractive borrowing costs and staggered maturities. During 2021, we paid down our outstanding debt by \$142.7 million with net proceeds from large dispositions and the Triple T Exit, including the transition services fee. On August 4, 2021 and October 14, 2021, we amended our credit agreement extending our weighted-average life of debt to further ensure that we continue to have ample liquidity for growth initiatives and other capital allocation priorities. See *Liquidity and Capital Resources — Amendment to Amended Credit Agreement* below for additional information about the amendments.

During 2021, we paid \$23.3 million of dividends to our stockholders and made no repurchase of common stock under our SRP.

## Segment Information

We have three reportable segments: Harvest, Real Estate and Investment Management. Our Harvest segment includes wholly-owned timber assets and associated timber sales, other revenues and related expenses. Our Real Estate segment includes timberland sales, cost of timberland sales and large dispositions. Our Investment Management segment includes investments in and income (loss) from unconsolidated joint ventures and asset management fee revenues earned for the management of these joint ventures. General and administrative expenses, along with other expense and income items, are not allocated among segments. For additional information, see *Segment EBITDA* section and *Note 15 — Segment Information* to our accompanying consolidated financial statements.

## General Economic Conditions and Timber Market Factors Impacting Our Business

Our operating results are influenced by a variety of factors, including timber prices; the demand for pulp and paper products, lumber, panel, and other wood-related products; the supply of timber; competition; and the cost of logging and hauling our timber to our customers. Timber prices can experience significant variations and have been historically volatile. The demand for timber and wood products is affected primarily by the level of new residential construction activity, repair and remodeling activity, the supply of manufactured timber products including imports, and, to a lesser extent, other commercial and industrial uses. The demand for timber also is affected by the demand for wood chips in the pulp and paper markets and for hardwood in the furniture and other hardwood industries.

According to an advance estimate released by the Bureau of Economic Analysis, real gross domestic product ("GDP") increased at an annual rate of 6.9% in the fourth quarter of 2021, following an increase of 2.3% in the third quarter. The acceleration in the fourth quarter was led by an upturn in exports as well as accelerations in inventory investment and consumer spending. For full-year 2021, real GDP increased by 5.7%, in contrast to a decrease of 3.4% in 2020. The increase reflected increases in all major subcomponents, including housing investment. The housing market further strengthened in 2021 with total housing starts estimated at 1.7 million units, up 17.2% from 2020. We anticipate that the housing market will continue to remain strong in 2022, which we believe should lead to steady lumber demand and long-term higher pricing for timber products. We expect our 2022 timber sales volume to be between 1.6 million to 1.8 million tons, reflecting consistent annual productivity on a per-acre basis.

### *Impact of COVID-19 On Our Business*

COVID-19 has had a limited impact on our physical operations to date. During 2020 and 2021, we implemented procedures to support the health and safety of our employees and we are following all federal, state and local health department guidelines. The costs associated with these safety procedures were not material.

It is possible the COVID-19 pandemic, particularly considering the current and emerging variant strains of the virus, could impact our operations and the operations of our customers and contractors in the future as a result of quarantines, facility closures, illnesses, and travel and logistic restrictions. The extent to which the COVID-19 pandemic impacts our business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the resumption of high levels of infection and hospitalizations, the resulting impact on our customers, contractors and vendors, remedial actions and stimulus measures adopted by federal, state and local governments, and the extent to which normal economic and operating conditions are impacted. Given the ongoing and dynamic nature of the circumstances, it is not possible to predict the future impact of the COVID-19 pandemic on our business. We believe we are well positioned to weather additional economic turmoil as a result of our deleveraging initiatives and other balance sheet strengthening undertaken over the last three years.

## Liquidity and Capital Resources

### *Overview*

Cash flows generated from our operations are primarily used to fund recurring expenditures and distributions to our stockholders. The amount of distributions to common stockholders is authorized by our board of directors and is dependent upon a number of factors, including funds deemed available for distribution based principally on our current and future projected operating cash flows, less capital requirements necessary to maintain our existing timberland portfolio. In determining the amount of distributions to common stockholders, we also consider our



financial condition, our expectations of future sources of liquidity, current and future economic conditions, market demand for timber and timberlands, and tax considerations, including the annual distribution requirements necessary to maintain our status as a REIT under the Code.

In determining how to allocate cash resources in the future, we will initially consider the source of the cash. We anticipate using a portion of cash generated from operations, after payments of periodic operating expenses and interest expense, to fund certain capital expenditures required for our timberlands. Any remaining cash generated from operations may be used to pay distributions to stockholders and partially fund timberland acquisitions. Therefore, to the extent that cash flows from operations are lower, timberland acquisitions and stockholder distributions are anticipated to be lower as well. Capital expenditures, including new timberland acquisitions, are generally funded with cash flow from operations or existing debt availability; however, proceeds from future debt financings, and equity and debt offerings may be used to fund capital expenditures, acquire new timberland properties, invest in joint ventures, and pay down existing and future borrowings. From time to time, we have also sold certain large timberland properties in order to generate capital to fund capital allocation priorities, including but not limited to redeployment into more desirable timberland investments, pay down of outstanding debt or repurchase of shares of our common stock. Such large dispositions have typically been larger in size and more infrequent than sales under our normal land sales program.

#### *Shelf Registration Statement and Equity Offering*

On February 28, 2020, we filed a shelf registration statement on Form S-3 (File No. 333-236793) with the SEC, which was declared effective on May 7, 2020. Our shelf registration statement provides us with future flexibility to offer, from time to time and in one or more offerings, up to \$600 million in an undefined combination of debt securities, common stock, preferred stock, depositary shares, or warrants. The terms of any such future offerings would be established at the time of an offering. On May 7, 2020, we entered into a distribution agreement with a group of sales agents relating to the sale from time to time of up to \$75 million in shares of our common stock in at-the-market offerings or as otherwise agreed with the applicable sales agent, including in block transactions. These shares are registered with the SEC under our shelf registration statement. As of December 31, 2021, we have not sold any shares of common stock under the distribution agreement.

#### *Credit Facilities*

On August 4, 2021, we entered into an amendment to the Amended Credit Agreement that, among other things: (1) consented to our prepayment of the outstanding balance on the Multi-Draw Term Facility and Term Loan A-3 with the proceeds from the Bandon Disposition and permitted us to retain up to \$5.0 million of such remaining proceeds for working capital purposes; (2) permits us, for a period of 18 months from the effective date of the amendment, to reborrow Term Loan A-3 using borrowing mechanics substantially similar to those that apply to the Revolving Credit Facility, the proceeds of which shall be used solely to finance acquisitions of additional real property, all as set forth in the amendment, with the same pricing and maturity date as the existing Term Loan A-3; and (3) extended the maturity date of the Revolving Credit Facility from December 1, 2022 to August 4, 2026. On October 14, 2021, we further amended the Amended Credit Agreement to, among other things, (1) consent to the Triple T Exit and (2) permit us to retain the net proceeds from higher-and-better use timberland sales until they exceed 3% of the aggregate value of the timberlands before any repayment of the outstanding debt is required.

The table below presents the details of each credit facility under the Amended Credit Agreement as of December 31, 2021:

(dollars in thousands)

Facility Name	Maturity Date	Interest Rate <sup>(1)</sup>	Unused Commitment Fee <sup>(1)</sup>	Total Capacity	Outstanding Balance	Remaining Capacity
Term Loan A-1	12/23/2024	LIBOR + 1.75%	N/A	\$ 84,706	\$ 84,706	\$ —
Term Loan A-2	12/1/2026	LIBOR + 1.90%	N/A	89,706	89,706	—
Term Loan A-3 <sup>(2)</sup>	12/1/2027	LIBOR + 2.00%	0.20%	68,619	—	68,619
Term Loan A-4	8/22/2025	LIBOR + 1.70%	N/A	125,588	125,588	—
Multi-Draw Term Facility	12/1/2024	LIBOR + 1.90%	0.20%	150,000	—	150,000
Revolving Credit Facility	8/4/2026	LIBOR + 1.90%	0.20%	35,000	—	35,000
<b>Total</b>				<b>\$ 553,619</b>	<b>\$ 300,000</b>	<b>\$ 253,619</b>

<sup>(1)</sup> The applicable LIBOR margin on the Revolving Credit Facility and the Multi-Draw Term Facility ranges from a base rate plus between 0.50% to 1.20% or a LIBOR rate plus 1.50% to 2.20%, depending on the LTV ratio. The unused commitment fee rates also depend on the LTV ratio.

<sup>(2)</sup> Term Loan A-3 has an 18-month revolver feature from August 4, 2021, the effective date of the August 2021 amendment, through February 4, 2023.

Borrowings under the Multi-Draw Term Facility, which is interest only until its maturity date, may be used to finance timberland acquisitions and associated expenses, to fund investment in joint ventures, to fund the repurchase of our common stock, and to reimburse payments of drafts under letters of credit. The revolver feature of Term Loan A-3 may be used solely to finance timberland acquisitions and associated expenses. The Revolving Credit Facility may be used for general working capital, to support letters of credit, to fund cash earnest money deposits, to fund acquisitions in an amount not to exceed \$5.0 million, and for other general corporate purposes.

#### Patronage Dividends

We are eligible to receive annual patronage dividends from our lenders (the "Patronage Banks") under the Amended Credit Agreement. The annual patronage dividend depends on the weighted-average patronage-eligible debt balance with each participating lender during the respective fiscal year, as calculated by CoBank, as well as the financial performance of the Patronage Banks.

In each of March 2021 and 2020, we received patronage dividends of \$4.1 million on our patronage eligible borrowings. Of the total patronage dividends received in March 2021, \$3.9 million was standard patronage dividends and \$0.2 million was special patronage dividends. 75% of the standard patronage dividends was received in cash and the remaining 25% was received in equity of the Patronage Banks. All of the special patronage dividend was received in cash. The equity component of the patronage dividend is redeemable for cash only at the discretion of the Patronage Banks' boards of directors. As of December 31, 2021, we have accrued \$3.4 million of patronage dividends receivable for 2021, approximately 75% of which is expected to be received in cash in March 2022.

#### Debt Covenants

The Amended Credit Agreement contains, among others, the following financial covenants which:

- limit the LTV Ratio to no greater than 50% at any time;
- require maintenance of a FCCR of not less than 1.05:1:00 at any time; and
- limit the aggregate capital expenditures to no greater than 1% of the value of the timberlands during any fiscal year.

We were in compliance with the financial covenants of the Amended Credit Agreement as of December 31, 2021.

### *Interest Rate Swaps*

We enter into interest rate swaps to mitigate our exposure to changing interest rates on our variable-rate debt. As of December 31, 2021, we effectively fixed interest rates on \$275.0 million of our \$300.0 million variable-rate debt at 3.95%, inclusive of applicable spread but before considering patronage dividends. See *Note 6 — Interest Rate Swaps* to our accompanying consolidated financial statements for further details on our interest rate swaps.

### *Share Repurchase Program*

On August 7, 2015, our board of directors approved a share repurchase program for up to \$30.0 million of our common stock at management's discretion (the "SRP"). The program has no set duration and the Board may discontinue or suspend the program at any time. During the year ended December 31, 2021, we did not make any repurchases of our common stock under the SRP. As of December 31, 2021, we had 48.9 million shares of common stock outstanding and may repurchase up to an additional \$13.7 million in shares under the SRP. We can borrow up to \$30.0 million under the Multi-Draw Term Facility to repurchase our common stock.

### *Short-Term Liquidity and Capital Resources*

For the year ended December 31, 2021, net cash provided by operating activities was \$47.2 million, a \$6.7 million increase from the year ended December 31, 2020. Cash provided by operating activities consisted primarily of proceeds from timber sales, timberland sales and asset management fees, reduced by payments for operating costs, general and administrative expenses, and interest expense. The increase in net cash provided by operating activities was primarily due to a \$3.7 million increase in working capital change due to timing of receipts and payments, including the receipt of the transition services fee in connection with the Triple T Exit, a \$3.3 million decrease in cash paid for interest expense, a \$1.7 million decrease in cash paid for general and administrative expenses, and a \$0.4 million increase in operating distributions received from the Dawsonville Bluffs Joint Venture, offset by a \$1.4 million decrease in net proceeds from timberland sales and a \$0.7 million decrease in asset management fees.

For the year ended December 31, 2021, net cash provided by investing activities was \$137.0 million, \$126.2 million higher than the year ended December 31, 2020. We received \$85.9 million more in gross proceeds from large dispositions and received \$35.0 million of redemption proceeds from the Triple T Exit, offset by a \$0.6 million increase in capital expenditures and a \$0.3 million decrease in return-of-capital distributions from the Dawsonville Bluffs Joint Venture.

Net cash used in financing activities for the year ended December 31, 2021 was \$173.1 million as compared to \$50.8 million for the year ended December 31, 2020. We paid down \$142.7 million of our outstanding debt balance with net proceeds received from large dispositions and the Triple T Exit during 2021. We paid cash distributions of \$23.3 million to our stockholders, funded from net cash provided by operating activities. We paid \$5.8 million in interest expense pursuant to the terms of our interest rate swaps, used \$0.6 million to repurchase shares of our common stock for tax withholding purposes, and paid \$0.4 million in financing costs in connection with our credit agreement amendments in August and October 2021.

We believe that we have access to adequate liquidity and capital resources, including cash flow generated from operations, cash on-hand, and borrowing capacity, necessary to meet our current and future obligations that become due over the next 12 months. As of December 31, 2021, we had a cash balance of \$23.0 million and had \$253.6 million of additional borrowing capacity under the Amended Credit Agreement.

### *Long-Term Liquidity and Capital Resources*

Over the long term, we expect our primary sources of capital to include net cash flow from operations, including proceeds from timber sales, timberland sales, asset management fees, and distributions from unconsolidated joint ventures, and from other capital raising activities, including proceeds from secured or unsecured financings from banks and other lenders; public offerings of equity or debt securities; and, potentially, large dispositions. Our principal demands for capital include operating expenses, including operating lease obligations, interest expense on any outstanding indebtedness, repayment of debt, timberland acquisitions, certain other capital expenditures, and stockholder distributions.

## Distributions

Our board of directors has authorized cash distributions quarterly. The amount of future distributions that we may pay will be determined by our board of directors as described in the *Overview* section above. For the year ended December 31, 2021, we declared the following distributions:

Declaration Date	Record Date	Payment Date	Distribution Per Share
February 11, 2021	February 26, 2021	March 15, 2021	\$0.135
May 6, 2021	May 28, 2021	June 15, 2021	\$0.135
August 5, 2021	August 31, 2021	September 15, 2021	\$0.135
October 15, 2021	November 30, 2021	December 15, 2021	\$0.075

For the year ended 2021, we paid total distributions of \$23.3 million. The distributions were funded from net cash provided by operating activities.

On February 10, 2022, we declared a cash distribution of \$0.075 per share for our common stockholders of record on February 28, 2022, payable on March 15, 2022.

## Results of Operations

### Overview

For the years ended December 31, 2021 and 2020, we generated total revenues of \$102.2 million and \$104.3 million, respectively. We generated net income of \$58.4 million in 2021 compared to a net loss of \$17.5 million in 2020, primarily as a result of recognizing a gain of \$35.0 million from the Triple T Exit and a gain of \$23.4 million from the Bandon Disposition. We generated Adjusted EBITDA of \$49.4 million on the strength of our delivered wood sales model, opportunistic stumpage sales and highly profitable retail timberland sales. Our results of operations are materially impacted by the fluctuating nature of timber prices, changes in the levels and mix of our harvest volumes and associated depletion expense, changes to associated depletion rates, the level of timberland sales, management fees earned, large dispositions, varying interest expense based on the amount and cost of outstanding borrowings, and performance of our unconsolidated joint ventures.

Selected operational results for each of the years ended December 31, 2021 and 2020 are shown in the following table (dollar amounts in thousands, except for per-acre/per-ton amounts):

	Year Ended December 31,		Change
	2021	2020	%
<b>Consolidated</b>			
Timber sales revenue	\$ 72,467	\$ 72,344	— %
Timberland sales revenue	\$ 14,090	\$ 15,642	(10)%
Asset management fees revenue	\$ 11,475	\$ 12,184	(6)%
<b>Timber sales volume (tons)</b>			
Pulpwood	1,150,050	1,335,449	(14)%
Sawtimber <sup>(1)</sup>	896,521	985,914	(9)%
	<u>2,046,571</u>	<u>2,321,363</u>	<u>(12)%</u>
<b>U.S. South</b>			
Timber sales revenue	\$ 63,442	\$ 60,798	4 %
<b>Timber sales volume (tons)</b>			
Pulpwood	1,144,612	1,321,567	(13)%
Sawtimber <sup>(1)</sup>	811,731	876,854	(7)%
	<u>1,956,343</u>	<u>2,198,421</u>	<u>(11)%</u>

<b>Harvest Mix</b>			
Pulpwood	59 %	60 %	
Sawtimber <sup>(1)</sup>	41 %	40 %	
Delivered % as of total volume	70 %	62 %	
Stumpage % as of total volume	30 %	38 %	

<b>Net timber sales price (per ton) <sup>(2)</sup></b>			
Pulpwood	\$ 15	\$ 13	17 %
Sawtimber <sup>(1)</sup>	\$ 26	\$ 23	14 %

<b>Timberland sales</b>			
Gross sales	\$ 14,090	\$ 15,642	(10)%
Acres sold	7,500	9,300	(19)%
% of fee acres	2.0 %	2.3 %	
Price per acre <sup>(3)</sup>	\$ 1,867	\$ 1,689	11 %

<b>Large Dispositions <sup>(4)</sup></b>			
Gross sales	\$ 7,536	\$ 21,250	(65)%
Acres sold	5,000	14,400	(65)%
Price per acre <sup>(6)</sup>	\$ 1,522	\$ 1,474	3 %
Gain on large dispositions	\$ 759	\$ 1,274	(40)%

<b>Pacific Northwest</b>			
Timber sales revenue	\$ 9,025	\$ 11,546	(22)%

<b>Timber sales volume (tons)</b>			
Pulpwood	5,438	13,882	(61)%
Sawtimber	84,790	109,060	(22)%
	<u>90,228</u>	<u>122,942</u>	<u>(27)%</u>

<b>Harvest Mix</b>			
Pulpwood	6 %	11 %	
Sawtimber	94 %	89 %	
Delivered % as of total volume	100 %	97 %	
Stumpage % as of total volume	— %	3 %	

<b>Delivered timber sales price (per ton) <sup>(2) (5)</sup></b>			
Pulpwood	\$ 31	\$ 29	7 %
Sawtimber	\$ 104	\$ 104	— %

<b>Large Dispositions <sup>(4)</sup></b>			
Gross sales	\$ 100,000	\$ —	
Acres sold	18,100	—	
Price per acre	\$ 5,536	\$ —	
Gain on large dispositions	\$ 23,449	\$ —	

<sup>(1)</sup> Includes chip-n-saw and sawtimber.

<sup>(2)</sup> Prices per ton are rounded to the nearest dollar.

<sup>(3)</sup> Excludes value of timber reservations, which retained 61,900 tons and 132,200 tons of merchantable inventory, respectively, with a sawtimber mix of 35% and 49%, respectively, for 2021 and 2020.



- (4) Large dispositions are sales of blocks of timberland properties in one or several transactions with the objective to generate proceeds to fund capital allocation priorities. Large dispositions are typically larger transactions in acreage and gross sales price than recurring HBU sales and are not part of core operations, are infrequent in nature and would cause material variances in comparative results if not reported separately. Large dispositions may or may not have a higher or better use than timber production or result in a price premium above the land's timber production value.
- (5) Shown on a delivered basis which includes contract logging and hauling costs.
- (6) Excludes value of timber reservations, which retained 56,300 tons of merchantable inventory, with a sawtimber mix of 55% for the year ended December 31, 2020.

We generated \$72.5 million of timber sales revenue in 2021, substantially the same as in 2020, as a result of \$2.6 million higher timber sales revenue from the U.S. South, offset by \$2.5 million lower timber sales revenue from the Pacific Northwest.

Our U.S. South timber sales revenue was 4% higher than 2020, despite a planned 11% decrease in harvest volume, as a result of strong pricing for both pulpwood and sawtimber and a higher mix of delivered sales volume. Our harvest volumes from the U.S. South, after taking into consideration current year timberland sales and capital recycling dispositions, continued to reflect consistent productivity on a per-acre basis.

Our realized stumpage prices for pulpwood and sawtimber were 17% and 14% higher, respectively, compared to the prior year, trending with increases in South-wide average prices as tracked by TimberMart-South. Our realized pulpwood and sawtimber stumpage prices held 52% and 38% premiums, respectively, over TimberMart-South South-wide averages as a result of operating in strong micro-markets where we selectively assembled our prime timberlands portfolio.

We generated \$9.0 million in timber sales revenue from the Bandon Property in the Pacific Northwest prior to its disposition in August 2021. As a result of this disposition, our timber sales revenue, contract logging and hauling costs, and depletion derived from the Pacific Northwest for the current year were all significantly lower than 2020. We recognized a gain of \$23.4 million from the Bandon Disposition.

In 2021, we sold 7,500 acres of timberland under our retail land sales program, which approximates 2.0% of our weighted average fee acres. We achieved an 11% higher per-acre price than 2020 despite a 19% lower stocking level due to strong market demand.

We earned \$11.5 million in asset management fees during 2021, comprised of \$11.2 million earned from the Triple T Joint Venture and \$0.3 million earned from the Dawsonville Bluffs Joint Venture. Effective September 1, 2021, in conjunction with the Triple T Exit, we earned a monthly management fee of \$0.7 million pursuant to the transition services agreement and will continue to do so until the agreement terminates on March 31, 2022.

#### ***Comparison of the year ended December 31, 2021 versus the year ended December 31, 2020***

**Revenues.** Revenues for the year ended December 31, 2021 were \$102.2 million, \$2.1 million lower than the year ended December 31, 2020 as a result of a \$1.6 million decrease in timberlands sales revenues and a \$0.7 million decrease in asset management fees. Timberland sales revenue decreased in 2021 as a result of selling fewer acres. Acres sold in the current year had an average merchantable timber stocking of 21 tons per acre, which was lower than our portfolio average of 41 tons per acre at the beginning of the year. Asset management fees decreased in connection with the Triple T Exit in the fourth quarter of 2021.

Details of timber sales by product for the years ended December 31, 2021 and 2020 are shown in the following table:

(in thousands)	For the Year Ended December 31, 2020	Changes attributable to:		For the Year Ended December 31, 2021
		Price/Mix	Volume	
<b>Timber sales <sup>(1)</sup></b>				
Pulpwood	\$ 31,497	\$ 2,929	\$ (1,603)	\$ 32,823
Sawtimber <sup>(2)</sup>	40,847	2,640	(3,843)	39,644
	<u>\$ 72,344</u>	<u>\$ 5,569</u>	<u>\$ (5,446)</u>	<u>\$ 72,467</u>

(1) Timber sales are presented on a gross basis.

(2) Includes chip-n-saw and sawtimber.

*Operating expenses.* Contract logging and hauling costs was \$30.2 million for the year ended December 31, 2021, comparable to the prior year, as a \$1.3 million increase in the U.S. South was offset by a \$1.3 million decrease in the Pacific Northwest. Our delivered sales volume in the U.S. South increased by 1% despite an 11% decrease in total harvest volume. Our U.S. South blended logging rates increased 4% compared to the prior year primarily due to higher fuel and labor costs in 2021. However, these increased costs were largely offset by higher negotiated delivered wood sales prices, which allowed us to maintain stumpage values. Delivered sales volume in the Pacific Northwest was 24% lower than the prior year as a result of the Bandon Disposition in August, 2021.

Depletion expense decreased 18% to \$23.7 million for the year ended December 31, 2021 from \$29.1 million for the year ended December 31, 2020 primarily due to a \$3.9 million decrease in the U.S. South, driven by an 11% decrease in harvest volume, and a \$1.5 million decrease in the Pacific Northwest. The blended depletion rates in the U.S. South decreased 5% from the prior year.

Cost of timberland sales decreased to \$9.7 million for the year ended December 31, 2021 from \$12.3 million for the year ended December 31, 2020 primarily due to selling fewer acres and lower per-acre cost basis. Timberlands sold in 2021 had lower average merchantable timber stocking than acres sold in 2020.

General and administrative expenses decreased to \$13.5 million for the year ended December 31, 2021 from \$16.2 million for the year ended December 31, 2020 primarily due to recognizing non-recurring post-employment benefits of \$3.5 million in 2020 related to the retirement of our former CEO in January 2020, offset by higher compensation costs primarily as a result of timing of certain incentive compensation accruals.

Other operating expenses decreased by \$1.6 million to \$6.0 million for the year ended December 31, 2021 primarily as a result of removals of non-cash cost basis of timber related to expired timber reservations and terminated leases in 2020.

*Interest expense.* Interest expense decreased \$2.4 million to \$12.7 million for the year ended December 31, 2021 primarily due to a \$1.9 million decrease in interest paid, after consideration of interest rate swaps and patronage dividends, and a \$0.7 million decrease in amortization of the off-market swap value in the current year, offset by a \$0.1 million increase in deferred financing costs amortization and write-offs in 2021. We paid less interest in 2021 as a result of a lower outstanding debt balance compared to the prior year.

*Gain on large dispositions.* We recognized a gain of \$24.2 million from the disposition of 23,100 acres of our wholly-owned timberlands, including the Bandon Disposition, during the year ended December 31, 2021, as compared to recognizing a gain of \$1.3 million from the disposition of 14,400 acres of our wholly-owned timberlands in 2020.

*Income (loss) from unconsolidated joint ventures.* We recognized \$0.7 million of income from the Dawsonville Bluffs Joint Venture for the year ended December 31, 2021, as compared to \$0.3 million of income from the Dawsonville Bluffs Joint Venture and a \$5.0 million HLBV loss from the Triple T Joint Venture in the prior year. We did not recognize any additional losses from the Triple T Joint Venture in 2021 as our equity investment had been written down to zero under the HLBV method of accounting as of December 31, 2020.

*Gain on sale of unconsolidated joint venture interests.* For the year ended December 31, 2021, we recognized a gain of \$35.0 million from the redemption of our common equity interests in the Triple T Joint Venture. See *Note 4 — Unconsolidated Joint Ventures* to our accompanying consolidated financial statements for further details.

*Income taxes.* For the year ended December 31, 2021, we recognized \$0.7 million of income tax expense, consistent with the year ended December 31, 2020. See *Note 12 — Income Taxes* to our accompanying consolidated financial statements for additional information.

*Net income (loss).* For the year ended December 31, 2021, we recognized \$58.4 million of net income, as compared to a \$17.5 million net loss for the year ended December 31, 2020 primarily due to a \$35.0 million gain recognized from the Triple T Exit, a \$22.9 million increase in gains from large dispositions, a \$12.3 million decrease in total expenses, a \$5.4 million increase in income from unconsolidated joint ventures, and a \$2.4 million decrease in interest expense, offset by a \$2.1 million decrease in total gross revenues. Our net income per diluted share for the year ended December 31, 2021 was \$1.20 as compared to a \$0.36 per share net loss for the year ended December 31, 2020. We anticipate future net income or losses to fluctuate with timber prices, harvest volumes and mix, depletion rates, timberland sales, gains (losses) on large dispositions, and interest expense based on our level and costs of current and future borrowings.

### ***Comparison of the year ended December 31, 2020 versus the year ended December 31, 2019***

For a comparison of our 2020 and 2019 results of operations, see *Item 7 — Management's Discussions and Analysis of Financial Condition and Results of Operations* in our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 26, 2021.

### **Adjusted EBITDA**

The discussion below is intended to enhance the reader's understanding of our operating performance and ability to satisfy lender requirements. EBITDA is a non-GAAP financial measure of operating performance. EBITDA is defined by the SEC as earnings before interest, taxes, depreciation and amortization; however, we have excluded certain other expenses which we believe are not indicative of the ongoing operating results of our timberland portfolio, and we refer to this measure as Adjusted EBITDA (see the reconciliation table below). As such, our Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies. Due to the significant amount of timber assets subject to depletion, significant income (losses) from unconsolidated joint ventures based on HLBV, and the significant amount of financing subject to interest and amortization expense, management considers Adjusted EBITDA to be an important measure of our financial performance. By providing this non-GAAP financial measure, together with the reconciliation below, we believe we are enhancing investors' understanding of our business and our ongoing results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives. Items excluded from Adjusted EBITDA are significant components in understanding and assessing financial performance. Adjusted EBITDA is a supplemental measure of operating performance that does not represent and should not be considered in isolation or as an alternative to, or substitute for net income, cash flow from operations, or other financial statement data presented in accordance with GAAP in our consolidated financial statements as indicators of our operating performance. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Some of the limitations are:

- Adjusted EBITDA does not reflect our capital expenditures, or our future requirements for capital expenditures;
- Adjusted EBITDA does not reflect changes in, or our interest expense or the cash requirements necessary to service interest or principal payments on, our debt;
- Although depletion is a non-cash charge, we will incur expenses to replace the timber being depleted in the future, and Adjusted EBITDA does not reflect all cash requirements for such expenses;
- Although HLBV income and losses are primarily hypothetical and non-cash in nature, Adjusted EBITDA does not reflect cash income or losses from unconsolidated joint ventures for which we use the HLBV method of accounting to determine our equity in earnings; and
- Adjusted EBITDA does not reflect the cash requirements necessary to fund post-employment benefits or transaction costs related to acquisitions, investments, joint ventures or new business initiatives, which may be substantial.

Due to these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. The Amended Credit Agreement contains a minimum debt service coverage ratio based, in part, on Adjusted EBITDA since this measure is representative of adjusted income available for interest payments. We further believe that our presentation of this non-GAAP financial measurement provides information that is useful to analysts and investors because they are important indicators of the strength of our operations and the performance of our business.

For the year ended December 31, 2021, Adjusted EBITDA was \$49.4 million, a \$2.7 million decrease from the year ended December 31, 2020, primarily due to a \$1.4 million decrease in net timberland sales and a \$0.9 million increase in general and administrative expenses.

Our reconciliation of net income (loss) to Adjusted EBITDA for the years ended December 31, 2021 and 2020 follows:

<i>(in thousands)</i>	2021	2020
Net income (loss)	\$ 58,403	\$ (17,538)
Add:		
Depletion	23,729	29,112
Interest expense <sup>(1)</sup>	10,232	12,070
Amortization <sup>(1)</sup>	2,622	3,255
Income tax expense (benefit)	675	658
Depletion, amortization, and basis of timberland and mitigation credits sold included in loss from unconsolidated joint venture <sup>(2)</sup>	126	151
Basis of timberland sold, lease terminations and other <sup>(3)</sup>	9,325	13,606
Stock-based compensation expense	2,904	3,836
Gain on large dispositions <sup>(4)</sup>	(24,208)	(1,274)
HLBV loss from unconsolidated joint venture <sup>(5)</sup>	—	5,000
Gain on sale of unconsolidated joint venture interests	(35,000)	—
Post-employment benefits <sup>(6)</sup>	41	2,324
Other <sup>(7)</sup>	558	865
Adjusted EBITDA	\$ 49,407	\$ 52,065

<sup>(1)</sup> For the purpose of the above reconciliation, amortization includes amortization of deferred financing costs, amortization of operating lease assets and liabilities, amortization of intangible lease assets, and amortization of mainline road costs, which are included in either interest expense, land rent expense, or other operating expenses in the accompanying consolidated statements of operations. Includes non-cash basis of timber and timberland assets written-off related to timberland sold, terminations of timberland leases and casualty losses.

<sup>(2)</sup> Reflects our share of depletion, amortization, and basis of timberland and mitigation credits sold of the unconsolidated Dawsonville Bluffs Joint Venture.

<sup>(3)</sup> Includes non-cash basis of timber and timberland assets written-off related to timberland sold, terminations of timberland leases and casualty losses.

<sup>(4)</sup> Large dispositions are sales of blocks of timberland properties in one or several transactions with the objective to generate proceeds to fund capital allocation priorities. Large dispositions may or may not have a higher or better use than timber production or result in a price premium above the land's timber production value. Such dispositions are infrequent in nature, are not part of core operations, and would cause material variances in comparative results if not reported separately.

<sup>(5)</sup> Reflects HLBV losses from the Triple T Joint Venture, which is determined based on a hypothetical liquidation of the underlying joint venture at book value as of the reporting date. We exited the Triple T Joint Venture on October 14, 2021.

<sup>(6)</sup> Reflects one-time, non-recurring post-employment benefits associated with the retirement of our former CEO, including severance pay, payroll taxes, professional fees, and accrued dividend equivalents.

<sup>(7)</sup> Includes certain cash expenses paid, or reimbursement received, that management believes do not directly reflect the core business operations of our timberland portfolio on an on-going basis, including costs required to be expensed by GAAP related to acquisitions, transactions, joint ventures or new business initiatives.

## Segment EBITDA

For the year ended December 31, 2021, Harvest EBITDA was \$34.2 million, consistent with the prior year, primarily as a result of strong performance in the U.S. South, which offset a \$2.5 million decrease of timber sales revenue from the Pacific Northwest due to the Bandon Disposition. U.S. South timber sales revenue increased 4% despite a 11% planned reduction in harvest volume due to significant improvements in stumpage prices for both pulpwood and sawtimber. Real Estate EBITDA decreased by \$1.4 million, or 10%, to \$13.4 million as a result of selling 19% fewer acres at a higher price per acre in 2021. Investment Management EBITDA decreased by \$0.3 million to \$12.3 million for the year ended December 31, 2021 primarily due to a \$0.7 million decrease in asset management fee revenues, partially offset by a \$0.4 million increase in Adjusted EBITDA generated by the Dawsonville Bluffs Joint Venture.

The following table presents Adjusted EBITDA by reportable segment:

<i>(in thousands)</i>	2021	2020
Harvest	\$ 34,181	\$ 34,190
Real Estate	13,355	14,748
Investment Management	12,284	12,609
Corporate	(10,413)	(9,482)
Total	\$ 49,407	\$ 52,065

## Election as a REIT

We have elected to be taxed as a REIT under the Code, and have operated as such beginning with our taxable year ended December 31, 2009. To qualify to be taxed as a REIT, we must meet certain organizational and operational requirements, including a requirement to distribute dividends equal to at least 90% of our adjusted taxable income, as defined in the Code, to our stockholders, computed without regard to the dividends-paid deduction and by excluding our net capital gain. As a REIT, we generally will not be subject to federal income tax on taxable income that we distribute to our stockholders. If we fail to qualify to be taxed as a REIT in any taxable year, we will then be subject to federal income taxes on our taxable income at regular corporate rates and will not be permitted to qualify for treatment as a REIT for federal income tax purposes for that year and for the four years following the year during which qualification is lost, unless the IRS grants us relief under certain statutory provisions. Such an event could materially adversely affect our net income and net cash available for distribution to our stockholders. However, we believe that we are organized and operate in such a manner as to qualify for treatment as a REIT for federal income tax purposes.

## Critical Accounting Estimates

Our accompanying consolidated financial statements have been prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions, using management's best judgment, in the application of accounting policies. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. If management's estimates and assumptions or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different amounts of assets, liabilities, revenues, and expenses would have been recorded, thus resulting in a different presentation of the financial statements or different amounts reported in the financial statements. Additionally, other companies may utilize different estimates and assumptions that may impact comparability of our results of operations to those of companies in similar businesses.

The following discussion addresses our most critical accounting estimates, which are those that are both important to the portrayal of our financial condition and results of operations and that require significant judgment or use of significant assumptions or complex estimates.



## *Depletion*

We recognize depletion expense as timber is harvested using the straight-line method. Depletion rates are established at least annually for each product within each region by dividing the merchantable inventory book value by merchantable timber inventory volume, as measured in tons. Depletion expense is then determined by applying the applicable depletion rate to each ton of timber harvested during the period. The determination of depletion rates required management to estimate standing merchantable inventory volumes, including the annual volumes of timber growth and annual volumes of premerchantable timber that have become merchantable.

## *Evaluating the Recoverability of Timber Assets*

We continually monitor events and changes in circumstances that could indicate that the carrying amounts of our timber assets may not be recoverable. Examples of such circumstances include, but are not limited to, a significant decrease in market price of timber assets, a significant adverse change in the extent or manner in which timber assets are being used, a significant adverse change in legal factors or in the business climate that could affect the value of the timber assets, or adverse impacts from natural disasters such as fire, hurricane, earthquake, insect infestation, drought, disease, ice storms, windstorms, flooding and other factors that could negatively impact our timber production. When indicators of potential impairment are present, we assess the recoverability of our timber assets by determining whether their carrying value exceeds the sum of the undiscounted future operating cash flows expected from the use of these assets and their eventual dispositions (the "Recoverable Amount"). If the assets' carrying value exceeds the Recoverable Amount, impairment losses would be recognized as the difference between the assets' carrying values and the estimated fair values. Estimated fair values are calculated based on the following information in order of preference, dependent upon availability: (i) recently quoted market prices, (ii) market prices for comparable properties, or (iii) the sum of discounted cash flows, including estimated salvage value, using data from one harvest cycle. We have determined that there has been no impairment of our timber assets as of December 31, 2021.

## *Evaluating the Recoverability of Investments in Unconsolidated Joint Ventures*

We evaluate the recoverability of our investments in unconsolidated joint ventures in accordance with accounting standards for equity investments by first reviewing each investment for any indicators of impairment. If indicators are present, we estimate the fair value of the investment. If the carrying value of the investment is greater than the estimated fair value, we assess whether the impairment is "temporary" or "other-than-temporary." In making this assessment, we consider the following: (1) the length of time and the extent to which fair value has been less than cost, (2) the financial condition and near-term prospects of the entity, and (3) our intent and ability to retain our interest long enough for a recovery in market value. If we conclude that the impairment is "other than temporary," we reduce the investment to its estimated fair value. We have determined that there has been no impairment of our investments in unconsolidated joint ventures as of December 31, 2021.

## *Allocation of Purchase Price of Acquired Assets*

Upon the acquisition of timberland properties, we allocate the purchase price to tangible assets, consisting of timberland and timber, and identified intangible assets and liabilities, which may include values associated with in-place leases or supply agreements, based in each case on our estimate of their fair values. The values of tangible assets are then allocated to timberland and timber based on our determination of the relative fair value of these assets.

## **Commitments and Contingencies**

We are subject to certain commitments and contingencies with regard to certain transactions. Refer to *Note 7 — Commitments and Contingencies* to our accompanying consolidated financial statements for further explanation. Examples of such commitments and contingencies include:

- Mahrt Timber Agreements;
- Timberland operating agreements;
- Obligations under operating leases; and
- Litigation.

## Subsequent Events

See *Note 16 — Subsequent Event* to our accompanying consolidated financial statements for details of events and transactions occurring after the year ended December 31, 2021.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

As a result of our variable-rate debt facilities, we are exposed to interest rate changes. Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, we have entered into interest rate swaps, and may enter into other interest rate swaps, caps, or other arrangements in order to mitigate our interest rate risk on a related financial instrument. We do not enter into derivative or interest rate transactions for speculative purposes; however, certain of our derivatives may not qualify for hedge accounting treatment. All of our debt was entered into for other than trading purposes. We manage our ratio of fixed-to-floating-rate debt with the objective of achieving a mix that we believe is appropriate in light of anticipated changes in interest rates. We closely monitor interest rates and will continue to consider the sources and terms of our borrowing facilities to determine whether we have appropriately guarded ourselves against the risk of increasing interest rates in future periods.

As of December 31, 2021, we had the following debt balances outstanding under the Amended Credit Agreement:

(in thousands)

Credit Facility	Maturity Date	Interest Rate <sup>(1)</sup>	Outstanding Balance
Term Loan A-1	12/23/2024	LIBOR + 1.75%	\$ 84,706
Term Loan A-2	12/01/2026	LIBOR + 1.90%	\$ 89,706
Term Loan A-4	08/22/2025	LIBOR + 1.70%	\$ 125,588
Total Principal Balance			\$ 300,000

<sup>(1)</sup> The applicable LIBOR margin on the Revolving Credit Facility and the Multi-Draw Term Facility ranges from a base rate plus between 0.50% to 1.20% or a LIBOR rate plus 1.50% to 2.20%, depending on the LTV ratio. The unused commitment fee rates also depend on the LTV ratio.

As of December 31, 2021, we had two outstanding interest rate swaps with terms below:

(in thousands)

Interest Rate Swap	Effective Date	Maturity Date	Pay Rate	Receive Rate	Notional Amount
2019 Swap - 10YR	11/29/2019	11/30/2029	2.2067%	one-month LIBOR	\$ 200,000
2019 Swap - 7YR	11/29/2019	11/30/2026	2.0830%	one-month LIBOR	\$ 75,000
Total					\$ 275,000

As of December 31, 2021, after consideration of the interest rate swaps, \$25.0 million of our total debt outstanding was subject to variable interest rates while the remaining \$275.0 million is subject to effectively fixed interest rates. A change in the market interest rate impacts the net financial instrument position of our effectively fixed-rate debt portfolio; however, it has no impact on interest incurred or cash flows.

Details of our variable-rate and effectively fixed-rate debt outstanding as of December 31, 2021, along with the corresponding average interest rates, are listed below:

(dollars in thousands)	Expected Maturity Date						Total
	2022	2023	2024	2025	2026	Thereafter	
<b>Maturing debt:</b>							
Variable-rate debt	\$ —	\$ —	\$ 7,059	\$ 10,466	\$ 7,475	\$ —	\$ 25,000
Effectively fixed-rate debt	\$ —	\$ —	\$ 77,647	\$ 115,122	\$ 82,231	\$ —	\$ 275,000
<b>Average interest rate <sup>(1)</sup>:</b>							
Variable-rate debt	— %	— %	1.85 %	1.80 %	2.00 %	— %	1.88 %
Effectively fixed-rate debt	— %	— %	3.95 %	3.95 %	3.95 %	— %	3.95 %

<sup>(1)</sup> Inclusive of applicable spread but before considering patronage dividends

As of December 31, 2021, the weighted-average interest rate of our outstanding debt, after consideration of the interest rate swaps, was 3.77%, before considering patronage dividends. A 1.0% change in interest rates would result in a change in interest expense of \$0.3 million per year. The amount of effectively variable-rate debt outstanding in the future will be largely dependent upon the level of cash from operations and the rate at which we are able to deploy such cash flow toward repayment of outstanding debt and the acquisition of timberland properties.

## **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The financial statements and supplementary data filed as part of this report are set forth beginning on page F-1 of this report.

## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

## **ITEM 9A. CONTROLS AND PROCEDURES**

### **Management's Conclusions Regarding the Effectiveness of Disclosure Controls and Procedures**

We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this annual report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report in providing a reasonable level of assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods in SEC rules and forms, including providing a reasonable level of assurance that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

### **Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) under the Exchange Act.

Because of the inherent limitations of internal control over financial reporting, including the possibility of human error, and the circumvention or overriding of controls, material misstatements may not be prevented or detected on a timely basis. In addition, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes and conditions or that the degree of compliance with policies or procedures may deteriorate. Accordingly, even internal controls determined to be effective can provide only reasonable assurance that the information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized, and represented within the time periods required.

Our management has assessed the effectiveness of our internal control over financial reporting at December 31, 2021. To make this assessment, we used the criteria for effective internal control over financial reporting described in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). Based on this assessment, our management believes that, as of December 31, 2021, our system of internal control over financial reporting met those criteria, and therefore our management has concluded that we maintained effective internal control over financial reporting as of December 31, 2021.

Deloitte & Touche LLP, an independent registered public accounting firm and the auditor of our consolidated financial statements, has audited the effectiveness of our internal control over financial reporting as of December 31, 2021 and issued an attestation report. The report appears on page F-4 of this annual report on Form 10-K.

## Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### ITEM 9B. OTHER INFORMATION

Not applicable.

### ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

## PART III

We will file a definitive Proxy Statement for our 2022 Annual Meeting of Stockholders (the "2022 Proxy Statement") with the SEC, not later than 120 days after the end of our fiscal year. Accordingly, certain information required by Part III has been omitted under General Instruction G(3) to Form 10-K. Only those sections of the 2022 Proxy Statement that specifically address the items required to be set forth herein are incorporated by reference.

### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Set forth below is information regarding our executive officers as of the date of this report.

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>
Brian M. Davis	52	Chief Executive Officer, President and Director
Todd P. Reitz	51	Chief Resources Officer and Senior Vice President
Ursula Godoy-Arbelaez	41	Chief Financial Officer, Senior Vice President, and Treasurer
Lesley H. Solomon	50	General Counsel and Secretary

**Brian M. Davis** has served as our Chief Executive Officer and President and as a member of our board of directors since January 2020, having previously served as our President and Chief Financial Officer from April 2019 to January 2020, and as our Senior Vice President and Chief Financial Officer from March 2013 to April 2019. Mr. Davis served as our Treasurer from October 2013 to February 2018, as our Assistant Secretary from August 2013 to July 2018, and as our Secretary from July 2018 to October 2018. Mr. Davis served as Senior Vice President and Chief Financial Officer of Wells Timberland Investment Management Organization, LLC ("Wells TIMO") from March 2009 until October 2013 and as Vice President from October 2007 through March 2009. From 2000 until joining Wells Real Estate Funds, Inc. in 2007, Mr. Davis held various roles at Atlanta-based SunTrust Bank, delivering strategic advisory, capital-raising and financial risk-management solutions to large corporate and middle-market clients. Mr. Davis has more than 25 years of experience in business and financial services, and has held key roles in finance, treasury and strategy. Mr. Davis received his Bachelor of Business Administration and Master of Business Administration from Ohio University.

**Todd P. Reitz** has served as our Chief Resources Officer and Senior Vice President since January 2020, having previously served as our Senior Vice President, Forest Resources from March 2017 to January 2020. Mr. Reitz was designated as our principal operating officer in October 2018. Mr. Reitz has more than 25 years of experience in the timber industry with extensive marketing, harvesting, silviculture and business development experience across the U.S. South from East Texas to Virginia. From 2016 to 2017, Mr. Reitz served as the Atlantic South Regional Marketing Manager for Weyerhaeuser Company with operational oversight for all log and pulpwood production from East Alabama to Virginia. Mr. Reitz served as the Director of Export Business from 2013 to 2016 and as Senior Resource Manager from 2005 to 2013 at Plum Creek Timber Company, Inc., which he joined in 1997. From 1994 to 1997, Mr. Reitz worked for Stone Container Corporation, recruiting new landowners for future procurement and fiber sourcing. Mr. Reitz received his Bachelor of Science in Forest Management from Texas A&M University.

**Ursula Godoy-Arbelaez** has served as our Chief Financial Officer, Senior Vice President and Treasurer since January 2020, having previously served as our Vice President and Treasurer from May 2018 to January 2020, as our Treasurer from February 2018 to May 2018, and as our Director of Finance from October 2013 to February 2018. Ms. Godoy-Arbelaez has 20 years of experience in Treasury, Finance, Risk Management and Accounting with a specialization in the timber and real estate industry. Ms. Godoy-Arbelaez previously served as Director of Finance of Wells TIMO from December 2011 until October 2013, as Finance Consultant from January 2009 until December 2011, and as Senior Financial Analyst from February 2008 to January 2009. From 2002 until joining Wells TIMO in 2008, Ms. Godoy-Arbelaez worked at Wells Real Estate Funds, Inc. where she held various positions in finance, treasury and accounting. Ms. Godoy-Arbelaez received a Bachelor of Business Administration in Accounting and a Master of Business Administration in Finance from Georgia State University.

**Lesley H. Solomon** has served as our General Counsel since September 2018 and as our Secretary since October 2018. Prior to that, Ms. Solomon was an attorney with Alston & Bird LLP for 20 years, as a partner from 2006 to 2018 and as an associate from 1998 to 2006. At Alston & Bird, Ms. Solomon represented public and private companies as well as investment banks in equity and debt financings and mergers and acquisitions, specializing in working with REITs and financial institutions. Ms. Solomon received her J.D. from the Georgetown University Law Center and her Bachelor of Arts from Duke University.

The other information required by this Item is incorporated by reference from the following sections of our 2022 Proxy Statement:

- "Your Board of Directors — Proposal No. 1: Election of Directors — Director Nominees,"
- "Your Board of Directors — Board Committees — Audit Committee,"
- "Stock Ownership", and
- "Corporate Governance — Code of Business Conduct and Ethics."

#### **ITEM 11. EXECUTIVE COMPENSATION**

The information required by this Item is incorporated by reference to the following sections of our 2022 Proxy Statement:

- "Executive Compensation — Report of the Compensation Committee,"
- "Executive Compensation — Compensation Discussion and Analysis," and
- "Executive Compensation — Summary of Executive Compensation."

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this Item is incorporated by reference to the following sections of our 2022 Proxy Statement:

- "Executive Compensation — Summary of Executive Compensation," and
- "Stock Ownership."

#### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTION, AND DIRECTOR INDEPENDENCE**

The information required by this Item is incorporated by reference to the following sections of our 2022 Proxy Statement:

- "Corporate Governance — Related Person Transactions Policy," and
- "Corporate Governance — Director Independence."

#### ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated by reference to the following sections of our 2022 Proxy Statement:

- "Audit Committee Matters — Principal Auditor Fees," and
- "Audit Committee Matters — Preapproval Policies."

#### PART IV

#### ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

(a) 1. Below is a list of the financial statements filed herewith.

<b>Financial Statements</b>	<b>Page</b>
<a href="#">Reports of Independent Registered Public Accounting Firm (PCAOB ID 34)</a> .....	<a href="#">F- 2</a>
<a href="#">Consolidated Balance Sheets as of December 31, 2021 and 2020</a> .....	<a href="#">F- 5</a>
<a href="#">Consolidated Statements of Operations for the Years Ended December 31, 2021, 2020 and 2019</a> ...	<a href="#">F- 6</a>
<a href="#">Consolidated Statements of Comprehensive Income (Loss) for the Years Ended December 31, 2021, 2020 and 2019</a> .....	<a href="#">F- 7</a>
<a href="#">Consolidated Statements of Equity for the Years Ended December 31, 2021, 2020 and 2019</a> .....	<a href="#">F- 8</a>
<a href="#">Consolidated Statements of Cash Flows for the Years Ended December 31, 2021, 2020 and 2019</a> ...	<a href="#">F- 9</a>
<a href="#">Notes to Consolidated Financial Statements</a> .....	<a href="#">F- 10</a>

2. All financial statement schedules have been omitted because they are not applicable, not material, or the required information is shown in the consolidated financial statements or the notes thereto.
3. The Exhibits listed below are provided in response to Item 601 of Regulation S-K. Exhibits not filed or furnished herewith are incorporated by reference to exhibits previously filed with the SEC. Our Current Reports on Form 8-K, Quarterly Reports on Form 10-Q, and Annual Reports on Form 10-K are filed with the SEC under File No. 001-36239. Our Registration Statements have the file numbers noted wherever such registration statements are identified in the following list of exhibits. We will furnish a copy of any exhibit to stockholders without charge upon written request to Investor Relations, CatchMark Timber Trust, Inc., 5 Concourse Parkway, Suite 2650, Atlanta, GA 30328; email to [info@catchmark.com](mailto:info@catchmark.com); or call 855-858-9794.



<b>Exhibit Number</b>	<b>Description</b>	<b>Reference</b>
3.1	Sixth Articles of Amendment and Restatement	<a href="#">Form 10-Q for the quarter ended June 30, 2013 filed on August 12, 2013, Exhibit 3.1</a>
3.2	First Articles of Amendment to the Sixth Articles of Amendment and Restatement	<a href="#">Form S-11 (File No. 333-191322) filed on September 23, 2013, Exhibit 3.2</a>
3.3	Articles of Amendment	<a href="#">Form 8-K filed on October 25, 2013, Exhibit 3.1</a>
3.4	Articles of Amendment	<a href="#">Form 8-K filed on October 25, 2013, Exhibit 3.2</a>
3.5	Articles Supplementary	<a href="#">Form 8-K filed on October 25, 2013, Exhibit 3.3</a>
3.6	Amended and Restated Bylaws	<a href="#">Form S-8 (File No. 333-191916) filed on October 25, 2013, Exhibit 3.6</a>
3.7	Amendment No. 1 to Amended and Restated Bylaws	<a href="#">Form 8-K filed on January 30, 2020, Exhibit 3.1</a>
4.1	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934	<a href="#">Form 10-K for the year ended December 31, 2019 filed on February 28, 2020, Exhibit 4.1</a>
10.1	Second Amended and Restated Agreement of Limited Partnership of CatchMark Timber Operating Partnership, L.P., dated as of October 31, 2018	<a href="#">Form 10-K for the year ended December 31, 2018 filed on March 1, 2019, Exhibit 10.1</a>
10.2	First Amendment to Second Amended and Restated Agreement of Limited Partnership of CatchMark Timber Operating Partnership, L.P. dated as of June 28, 2019	<a href="#">Form 10-Q for the period ended June 30, 2019 filed on August 1, 2019, Exhibit 10.1</a>
10.3	+ CatchMark Timber Trust, Inc. 2017 Incentive Plan	<a href="#">Form 10-Q for the quarter ended June 30, 2017 filed on August 3, 2017, Exhibit 10.1</a>
10.4	+ CatchMark Timber Trust, Inc. Amended and Restated Independent Directors Compensation Plan (effective as of April 28, 2020)	<a href="#">Form 10-Q for the period ended June 30, 2020 filed on August 3, 2020, Exhibit 10.1</a>
10.5	+ Form of Time-Based Restricted Stock Award Certificate under the CatchMark Timber Trust, Inc. 2017 Incentive Plan	<a href="#">Form 10-K for the year ended December 31, 2019 filed on February 28, 2020, Exhibit 10.11</a>
10.6	+ Form of Time-Based LTIP Unit Award Certificate under the CatchMark Timber Trust Inc. 2017 Incentive Plan	<a href="#">Form 10-K for the year ended December 31, 2019 filed on February 28, 2020, Exhibit 10.12</a>
10.7	+ Form of Performance-Based Restricted Stock Award Certificate under the CatchMark Timber Trust, Inc. 2017 Incentive Plan	<a href="#">Form 10-K for the year ended December 31, 2019 filed on February 28, 2020, Exhibit 10.13</a>
10.8	+ Form of Performance-Based LTIP Unit Award Certificate under the CatchMark Timber Trust, Inc. 2017 Incentive Plan	<a href="#">Form 10-K for the year ended December 31, 2019 filed on February 28, 2020, Exhibit 10.14</a>
10.9	+ Form of Distribution Equivalent Award Certificate with respect to Restricted Stock Awards under the CatchMark Timber Trust, Inc. 2017 Incentive Plan	<a href="#">Form 10-K for the year ended December 31, 2018 filed on March 1, 2019, Exhibit 10.14</a>
10.10	+ Form of Distribution Equivalent Award Certificate with respect to LTIP Unit Awards under the CatchMark Timber Trust Inc. 2017 Incentive Plan	<a href="#">Form 10-K for the year ended December 31, 2018 filed on March 1, 2019, Exhibit 10.15</a>

<b>Exhibit Number</b>	<b>Description</b>	<b>Reference</b>
10.11	+ Form of Time-Based Restricted Stock Award Certificate for Independent Directors under the Independent Director Compensation Plan	<a href="#">Form 10-Q for the period ended June 30, 2019 filed on August 1, 2019, Exhibit 10.3</a>
10.12	+ Form of Long-Term Incentive Plan Unit Award Certificate for Independent Directors under the Independent Director Compensation Plan	<a href="#">Form 10-Q for the period ended June 30, 2019 filed on August 1, 2019, Exhibit 10.4</a>
10.13	+ CatchMark Timber Trust, Inc. 2021 Incentive Plan (“2021 Incentive Plan”)	<a href="#">Form 8-K filed on June 25, 2021, Exhibit 10.1</a>
10.14	+ Form of Restricted Stock Award Certificate for Independent Directors under the Independent Director Compensation Plan and the 2021 Incentive Plan	<a href="#">Form 10-Q for the period ended June 30, 2021 filed on August 5, 2021, Exhibit 10.2</a>
10.15	+ Form of Long-Term Incentive Plan Unit Award Certificate for Independent Directors under the Independent Director Compensation Plan and the 2021 Incentive Plan	<a href="#">Form 10-Q for the period ended June 30, 2021 filed on August 5, 2021, Exhibit 10.3</a>
10.16	+ Amended and Restated Employment Agreement, dated as of March 11, 2021, by and among CatchMark Timber Trust, Inc., CTT Employee, LLC and Brian M. Davis	<a href="#">Form 8-K filed on March 17, 2021, Exhibit 10.1</a>
10.17	Form of Indemnification Agreement	<a href="#">Form S-11 (File No. 333-191322) filed on September 23, 2013, Exhibit 10.12</a>
10.18	Fifth Amended and Restated Credit Agreement, dated as of December 1, 2017, by and among CatchMark Timber Trust, Inc. and its wholly-owned subsidiaries, CatchMark Timber Operating Partnership, L.P., CoBank, ACB, AgFirst Farm Credit Bank, Cooperatieve Rabobank U.A., New York Branch, and certain financial institutions named therein	<a href="#">Form 8-K filed December 7, 2017, Exhibit 10.1</a> <a href="#">Form 8-K/ A filed on January 5, 2018, Exhibit 10.4</a>
10.19	Consent and Amendment Agreement, dated as of June 29, 2018, by and among CatchMark Timber Trust, Inc. and its wholly-owned subsidiaries, CatchMark Timber Operating Partnership, L.P., CoBank, ACB, and certain financial institutions named therein	<a href="#">Form 8-K filed on July 5, 2018, Exhibit 10.1</a>
10.20	Agreement Regarding Amendments and Term A-4 Loan Credit Facility, dated as August 22, 2018, by and among CatchMark Timber Operating Partnership, L.P., the other Loan Parties thereto, CoBank, ACB, as the administrative agent for the Lender Parties, and the Lender Parties and Voting Participants thereto (including as Schedule A the Fifth Amended and Restated Credit Agreement, dated as of December 1, 2017 and amended as of August 22, 2018, by and among CatchMark Timber Trust, Inc. and its wholly owned subsidiaries, CatchMark Timber Operating Partnership, L.P., CoBank, ACB, AgFirst Farm Credit Bank, Coöperatieve Rabobank U.A., New York Branch, and certain financial institutions therein)	<a href="#">Form 10-K for the year ended December 31, 2018 filed on March 1, 2019, Exhibit 10.24</a>

Exhibit Number	Description	Reference
10.21	Consent and Second Agreement Regarding Amendments, dated as of June 28, 2019, by and among CatchMark Timber Operating Partnership, L.P., CoBank ACB and certain financial institutions named therein	<a href="#">Form 10-Q for the period ended June 30, 2019 filed on August 1, 2019, Exhibit 10.5</a>
10.22	Third Agreement Regarding Amendments, dated as of February 12, 2020, by and among CatchMark Timber Operating Partnership, L.P., CoBank ACB and certain financial institutions named therein	<a href="#">Form 10-Q for the quarter ended March 31, 2020 filed on May 4, 2020, Exhibit 10.2</a>
10.23	Fourth Agreement Regarding Amendments, dated as of May 1, 2020, by and among CatchMark Timber Operating Partnership, L.P., CoBank ACB and certain financial institutions named therein	<a href="#">Form 10-Q for the period ended June 30, 2020 filed on August 3, 2020, Exhibit 10.2</a>
10.24	Fifth Agreement Regarding Consents and Amendments, dated as of August 4, 2021, by and among the Company, the Borrower, the Company's wholly-owned subsidiaries, CoBank, ACB, as administrative agent, and certain financial institutions named therein, as lenders	<a href="#">Form 8-K filed on August 5, 2021, Exhibit 10.1</a>
10.25	* ^ <a href="#">Sixth Agreement Regarding Consents and Amendments, dated as of October 14, 2021, by and among the Company, the Borrower, the Company's wholly-owned subsidiaries, CoBank, ACB, as administrative agent, and certain financial institutions named therein, as lenders</a>	
10.26	Fourth Amended and Restated Security Agreement, dated as of December 1, 2017, made by CatchMark Timber Trust, Inc., CatchMark LP Holder, LLC, CatchMark Timber Operating Partnership, L.P., Timberlands II, LLC, CatchMark TRS, Inc., CatchMark TRS Harvesting Operations, LLC, CatchMark HBU, LLC, CatchMark Texas Timberlands GP, LLC, CatchMark Texas Timberlands, L.P., CatchMark TRS Management, LLC, CatchMark TRS Harvesting Operations II, LLC, CatchMark Southern Holdings II GP, LLC, CatchMark Southern Timberlands II, L.P., CatchMark South Carolina Timberlands, LLC and CatchMark TRS Investments, LLC in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party	<a href="#">Form 8-K filed on December 7, 2017, Exhibit 10.2</a>
10.27	Fourth Amended and Restated Pledge Agreement, dated as of December 1, 2017, made by CatchMark Timber Trust, Inc., CatchMark LP Holder, LLC, CatchMark Timber Operating Partnership, L.P., Timberlands II, LLC, CatchMark Timber TRS, Inc., CatchMark TRS Harvesting Operations, LLC, CatchMark HBU, LLC, CatchMark Texas Timberlands GP, LLC, CatchMark Texas Timberlands, L.P., CatchMark TRS Management, LLC, CatchMark TRS Harvesting Operations II, LLC, CatchMark Southern Holdings II GP, LLC, CatchMark Southern Timberlands II, L.P., CatchMark South Carolina Timberlands, LLC and CatchMark TRS Investments, LLC in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party	<a href="#">Form 8-K filed on December 7, 2017, Exhibit 10.3</a>

Exhibit Number	Description	Reference
10.28	Purchase and Sale Agreement, effective as of June 21, 2021, by and among Roseburg Resources Co., Timberlands II, LLC and Fidelity National Title Group	<a href="#">Form 10-Q for the period ended June 30, 2021 filed on August 5, 2021, Exhibit 10.4</a>
21.1	* <a href="#">Subsidiaries of the Company</a>	
23.1	* <a href="#">Consent of Deloitte &amp; Touche LLP</a>	
23.2	* <a href="#">Consent of Deloitte &amp; Touche LLP</a>	
31.1	* <a href="#">Certification of the Principal Executive Officer of the Company, pursuant to Securities Exchange Act Rule 13a-14 and 15d-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	
31.2	* <a href="#">Certification of the Principal Financial Officer of the Company, pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>	
32.1	* <a href="#">Statement of the Principal Executive Officer and Principal Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>	
99.1	* <a href="#">Financial Statements of TexMark Timber Treasury, L.P. as of and for the period from January 1, 2021 through October 14, 2021 (unaudited) and the years ended December 31, 2020 and 2019 (audited)</a>	
101.INS	* XBRL Instance Document	
101.SCH	* XBRL Taxonomy Extension Schema Document	
101.CAL	* XBRL Taxonomy Extension Calculation Linkbase Document	
101.DEF	* XBRL Taxonomy Extension Definition Linkbase Document	
101.LAB	* XBRL Taxonomy Extension Label Linkbase Document	
101.PRE	* XBRL Taxonomy Extension Presentation Linkbase Document	
104	* Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101)	
	* Filed herewith.	
	+ Management contract or compensatory plan or arrangement.	
	^ Portions of this exhibit have been omitted for confidential treatment.	
(b)	See (a) 3 above.	
(c)	See (a) 2 above.	

## ITEM 16. FORM 10-K SUMMARY

None.

## SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized this 3<sup>rd</sup> day of March 2022.

**CATCHMARK TIMBER TRUST, INC.**  
(Registrant)

Date: March 3, 2022

By: /s/ BRIAN M. DAVIS

Brian M. Davis  
Chief Executive Officer and President

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ BRIAN M. DAVIS</u> <b>Brian M. Davis</b>	Chief Executive Officer, President and Director (Principal Executive Officer)	March 3, 2022
<u>/s/ URSULA GODOY-ARBELAEZ</u> <b>Ursula Godoy-Arbelaez</b>	Chief Financial Officer, Senior Vice President and Treasurer (Principal Financial Officer and Principal Accounting Officer)	March 3, 2022
<u>/s/ DOUGLAS D. RUBENSTEIN</u> <b>Douglas D. Rubenstein</b>	Chairman of the Board	March 3, 2022
<u>/s/ TIM E. BENTSEN</u> <b>Tim E. Bentsen</b>	Independent Director	March 3, 2022
<u>/s/ JAMES M. DECOSMO</u> <b>James M. DeCosmo</b>	Independent Director	March 3, 2022
<u>/s/ PAUL S. FISHER</u> <b>Paul S. Fisher</b>	Independent Director	March 3, 2022
<u>/s/ MARY E. MCBRIDE</u> <b>Mary E. McBride</b>	Independent Director	March 3, 2022

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of CatchMark Timber Trust, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of CatchMark Timber Trust, Inc. and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income (loss), equity, and cash flows, for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 3, 2022, expressed an unqualified opinion on the Company's internal control over financial reporting.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### Depletion of Timber — Refer to Note 2 to the financial statements

#### *Critical Audit Matter Description*

The Company recognizes depletion expense as timber is harvested utilizing the straight-line method. Under the straight-line method, depletion rates are established at least annually for each product-type within each region by dividing the merchantable timber inventory book value by the merchantable timber inventory volumes, as measured in tons. Depletion expense is then determined by applying the applicable depletion rate to each ton of timber harvested during the period. The determination of depletion rates requires management to estimate standing merchantable inventory volumes, including the annual volumes of timber growth and the annual volumes of premerchantable timber that have become merchantable. The Company recognized depletion expense of \$23.7 million during the year ended December 31, 2021 and the carrying value of the Company's Timber and timberlands, net, totaled \$466.1 million as of December 31, 2021.

We identified the Company's determination of the standing merchantable timber inventory volumes utilized in the depletion rate calculations to be a critical audit matter given the level of estimation required in determining the merchantable volumes utilized in the calculations. Given the level of estimation, the audit procedures to assess the reasonableness of management's estimates and assumptions related to the annual volumes of timber growth and the annual volumes of premerchantable timber that have become merchantable involved a high degree of auditor judgement and an increased extent of effort.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the standing merchantable timber inventory volumes, including the annual volumes of timber growth and the annual volumes of premerchantable timber that have become merchantable, that are utilized in the depletion rate calculations included the following, among others:

- a. We tested the effectiveness of management's controls over the determination of the depletion rates, including those controls over the determination of the annual volumes of timber growth and annual volumes of premerchantable timber that have become merchantable.
- b. We assessed the reasonableness of depletion expense by analyzing the 2021 depletion rates compared to prior year amounts and the 2021 depletion expense as a percentage of timber sales.
- c. We developed an independent expectation of 2021 depletion expense based on prior year depletion rates and current year volumes of timber harvested and compared our expectation to recorded depletion expense.
- d. We assessed the reasonableness of the total standing merchantable timber inventory volumes per-acre as of the date that the depletion rates were determined by comparing the amounts to published industry data and prior year amounts.
- e. We selected a sample of depletion rate calculations and performed the following:
  - i. Evaluated whether management consistently determined the standing merchantable timber inventory volume for each product-type within each region by reviewing the methodology for each calculation.
  - ii. Assessed the reasonableness of the annual growth rates by comparing the amounts to published industry data.
  - iii. Assessed the reasonableness of the annual volume of pre-merchantable timber that became merchantable by comparing the amounts to published industry data.

/s/ Deloitte & Touche LLP

Atlanta, GA  
March 3, 2022

We have served as the Company's auditor since 2005.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of CatchMark Timber Trust, Inc.

### Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of CatchMark Timber Trust, Inc. and subsidiaries (the "Company") as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021, of the Company and our report dated March 3, 2022, expressed an unqualified opinion on those financial statements.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Atlanta, GA  
March 3, 2022

**CATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands, except for per-share amounts)

	December 31,	
	2021	2020
<b>Assets:</b>		
Cash and cash equivalents	\$ 22,963	\$ 11,924
Accounts receivable	5,436	8,333
Prepaid expenses and other assets	6,294	5,878
Operating lease right-of-use asset (Note 7)	2,527	2,831
Deferred financing costs	2,606	167
Timber assets (Note 3):		
Timber and timberlands, net	466,130	576,680
Intangible lease assets	1	5
Investments in unconsolidated joint ventures (Note 4)	1,353	1,510
Total assets	<u>\$ 507,310</u>	<u>\$ 607,328</u>
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 3,677	\$ 4,808
Operating lease liability (Note 7)	2,707	2,988
Other liabilities	18,683	32,130
Notes payable and lines of credit, net of deferred financing costs (Note 5)	298,247	437,490
Total liabilities	323,314	477,416
<b>Commitments and Contingencies (Note 7)</b>	—	—
<b>Stockholders' Equity:</b>		
Class A common stock, \$0.01 par value; 900,000 shares authorized; 48,888 and 48,765 shares issued and outstanding as of December 31, 2021 and 2020, respectively	489	488
Additional paid-in capital	729,960	728,662
Accumulated deficit and distributions	(537,477)	(572,493)
Accumulated other comprehensive loss	(11,217)	(27,893)
Total stockholders' equity	181,755	128,764
<b>Noncontrolling Interests (Note 8)</b>	2,241	1,148
Total equity	183,996	129,912
Total liabilities and equity	<u>\$ 507,310</u>	<u>\$ 607,328</u>

*See accompanying notes.*

**CATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except for per-share amounts)

	Year Ended December 31,		
	2021	2020	2019
<b>Revenues:</b>			
Timber sales	\$ 72,467	\$ 72,344	\$ 72,557
Timberland sales	14,090	15,642	17,572
Asset management fees	11,475	12,184	11,948
Other revenues	4,129	4,120	4,632
	<u>102,161</u>	<u>104,290</u>	<u>106,709</u>
<b>Expenses:</b>			
Contract logging and hauling costs	30,172	30,103	31,129
Depletion	23,729	29,112	28,064
Cost of timberland sales	9,664	12,290	15,067
Forestry management expenses	6,982	6,892	6,691
General and administrative expenses	13,452	16,225	13,300
Land rent expense	292	447	524
Other operating expenses	6,006	7,577	6,460
	<u>90,297</u>	<u>102,646</u>	<u>101,235</u>
<b>Other income (expense):</b>			
Interest income	2	51	204
Interest expense	(12,679)	(15,123)	(18,616)
Gain on large dispositions	24,208	1,274	7,961
	<u>11,531</u>	<u>(13,798)</u>	<u>(10,451)</u>
<b>Income (loss) before unconsolidated joint ventures and income taxes</b>	<b>23,395</b>	<b>(12,154)</b>	<b>(4,977)</b>
Income (loss) from unconsolidated joint ventures (Note 4)	683	(4,726)	(89,471)
Gain on sale of unconsolidated joint venture interests	35,000	—	—
<b>Income (loss) before income taxes</b>	<b>59,078</b>	<b>(16,880)</b>	<b>(94,448)</b>
Income tax (expense) benefit (Note 12)	(675)	(658)	1,127
<b>Net income (loss)</b>	<b>58,403</b>	<b>(17,538)</b>	<b>(93,321)</b>
Net income (loss) attributable to noncontrolling interests (Note 8)	141	(30)	—
<b>Net income (loss) attributable to common stockholders</b>	<b>\$ 58,262</b>	<b>\$ (17,508)</b>	<b>\$ (93,321)</b>
<b>Weighted-average common shares outstanding — basic</b>	<b>48,420</b>	<b>48,816</b>	<b>49,038</b>
<b>Income (loss) per share — basic</b>	<b>\$ 1.20</b>	<b>\$ (0.36)</b>	<b>\$ (1.90)</b>
<b>Weighted-average common shares outstanding — diluted</b>	<b>48,481</b>	<b>48,816</b>	<b>49,038</b>
<b>Income (loss) per share — diluted</b>	<b>\$ 1.20</b>	<b>\$ (0.36)</b>	<b>\$ (1.90)</b>

See accompanying notes.

**CATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
(in thousands)

	Year Ended December 31,		
	2021	2020	2019
<b>Net income (loss)</b>	<b>\$ 58,403</b>	<b>\$ (17,538)</b>	<b>\$ (93,321)</b>
<b>Other comprehensive income (loss):</b>			
Market value adjustment to interest rate swaps	<b>16,708</b>	<b>(19,645)</b>	<b>(8,284)</b>
<b>Comprehensive income (loss)</b>	<b>75,111</b>	<b>(37,183)</b>	<b>(101,605)</b>
Comprehensive income (loss) attributable to noncontrolling interests	<b>32</b>	<b>(28)</b>	<b>—</b>
<b>Comprehensive income (loss) attributable to common stockholders</b>	<b><u>\$ 75,079</u></b>	<b><u>\$ (37,155)</u></b>	<b><u>\$ (101,605)</u></b>

*See accompanying notes.*



**CATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
(in thousands, except for per-share amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit and Distributions	Accumulated Other Comprehensive Income (Loss)	Stockholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Amount						
<b>Balance, December 31, 2018</b>	49,127	\$ 492	\$ 730,416	\$ (409,260)	\$ 8	\$ 321,656	\$ —	\$ 321,656
Issuance of common stock pursuant to:								
LTIP, net of forfeitures and amounts withheld for income taxes	210	2	1,858	—	—	1,860	565	2,425
Dividends on common stock (\$0.54 per share)	—	—	—	(26,266)	—	(26,266)	—	(26,266)
Distributions to noncontrolling interests	—	—	—	—	—	—	(3)	(3)
Repurchase of common stock	(329)	(4)	(3,000)	—	—	(3,004)	—	(3,004)
Net loss	—	—	—	(93,321)	—	(93,321)	—	(93,321)
Other comprehensive loss	—	—	—	—	(8,284)	(8,284)	—	(8,284)
<b>Balance, December 31, 2019</b>	49,008	\$ 490	\$ 729,274	\$ (528,847)	\$ (8,276)	\$ 192,641	\$ 562	\$ 193,203
Issuance of common stock pursuant to:								
LTIP, net of forfeitures and amounts withheld for income taxes	118	1	2,006	—	—	2,007	769	2,776
Dividends on common stock (\$0.54 per share)	—	—	—	(26,138)	—	(26,138)	—	(26,138)
Distributions to noncontrolling interests	—	—	—	—	—	—	(125)	(125)
Repurchase of common stock	(361)	(3)	(2,618)	—	—	(2,621)	—	(2,621)
Net loss	—	—	—	(17,508)	—	(17,508)	(30)	(17,538)
Other comprehensive loss	—	—	—	—	(19,617)	(19,617)	(28)	(19,645)
<b>Balance, December 31, 2020</b>	48,765	\$ 488	\$ 728,662	\$ (572,493)	\$ (27,893)	\$ 128,764	\$ 1,148	\$ 129,912
Issuance of common stock pursuant to:								
LTIP, net of forfeitures and amounts withheld for income taxes	123	1	1,298	—	—	1,299	1,000	2,299
Dividends on common stock (\$0.48 per share)	—	—	—	(23,246)	—	(23,246)	—	(23,246)
Distributions to noncontrolling interests	—	—	—	—	—	—	(80)	(80)
Net income	—	—	—	58,262	—	58,262	141	58,403
Other comprehensive income	—	—	—	—	16,676	16,676	32	16,708
<b>Balance, December 31, 2021</b>	48,888	\$ 489	\$ 729,960	\$ (537,477)	\$ (11,217)	\$ 181,755	\$ 2,241	\$ 183,996

See accompanying notes.

**CATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	Year Ended December 31,		
	2021	2020	2019
<b>Cash Flows from Operating Activities:</b>			
Net income (loss)	\$ 58,403	\$ (17,538)	\$ (93,321)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depletion	23,729	29,112	28,064
Basis of timberland sold, lease terminations and other	9,325	13,606	14,964
Stock-based compensation expense	2,904	3,836	2,790
Noncash interest expense	2,448	3,053	1,559
Noncash lease expense	21	36	53
Other amortization	153	166	174
Gain on large dispositions	(24,208)	(1,274)	(7,961)
(Income) loss from unconsolidated joint ventures	(683)	4,726	89,471
Gain on sale of unconsolidated joint venture interests	(35,000)	—	—
Operating distributions from unconsolidated joint ventures	683	274	978
Deferred income tax expense (benefit)	470	658	(1,127)
Interest paid under swaps with other-than-insignificant financing element	5,772	4,328	115
Changes in assets and liabilities:			
Accounts receivable	1,920	(1,340)	(1,473)
Prepaid expenses and other assets	(208)	(120)	256
Accounts payable and accrued expenses	(865)	916	(1,309)
Other liabilities	2,305	16	(291)
Net cash provided by operating activities	47,169	40,455	32,942
<b>Cash Flows from Investing Activities:</b>			
Timberland acquisitions and earnest money paid	—	—	(1,973)
Capital expenditures (excluding timberland acquisitions)	(4,908)	(5,527)	(4,178)
Proceeds from sale of (investments in) unconsolidated joint ventures	35,000	(5,000)	—
Distributions from unconsolidated joint ventures	157	455	3,830
Net proceeds from large dispositions	106,763	20,863	25,151
Net cash provided by investing activities	137,012	10,791	22,830
<b>Cash Flows from Financing Activities:</b>			
Repayments of notes payable	(142,705)	(20,850)	(20,064)
Proceeds from notes payable	—	5,000	—
Financing costs paid	(422)	(1,031)	(82)
Interest paid under swaps with other-than-insignificant financing element	(5,772)	(4,328)	(115)
Dividends/distributions paid	(23,326)	(26,263)	(26,269)
Repurchase of common shares	(311)	(2,285)	(3,004)
Repurchase of common shares for minimum tax withholding	(606)	(1,052)	(365)
Net cash used in financing activities	(173,142)	(50,809)	(49,899)
<b>Net change in cash and cash equivalents</b>	<b>11,039</b>	<b>437</b>	<b>5,873</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>11,924</b>	<b>11,487</b>	<b>5,614</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 22,963</b>	<b>\$ 11,924</b>	<b>\$ 11,487</b>

See accompanying notes.

**CATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021, 2020, AND 2019**

**1. Organization**

CatchMark Timber Trust, Inc. ("CatchMark Timber Trust") (NYSE: CTT) owns and operates timberlands located in the United States and has elected to be taxed as a REIT for federal income tax purposes. CatchMark Timber Trust acquires, owns, operates, manages, and disposes of timberland directly, through wholly-owned subsidiaries, or through joint ventures. CatchMark Timber Trust was incorporated in Maryland in 2005 and commenced operations in 2007. CatchMark Timber Trust conducts substantially all of its business through CatchMark Timber Operating Partnership, L.P. ("CatchMark Timber OP"), a Delaware limited partnership. CatchMark Timber Trust is the general partner of CatchMark Timber OP, possesses full legal control and authority over its operations, and owns 99.76% of its Common Units. CatchMark LP Holder, LLC ("CatchMark LP Holder"), a Delaware limited liability company and wholly-owned subsidiary of CatchMark Timber Trust, is the sole limited partner of CatchMark Timber OP and owns 0.01% of its Common Units. The remaining 0.23% of CatchMark Timber OP's Common Units are owned by current and former officers and directors of CatchMark Timber Trust. In addition, CatchMark Timber Trust conducts certain aspects of its business through CatchMark Timber TRS, Inc. ("CatchMark TRS"), a Delaware corporation formed as a wholly-owned subsidiary of CatchMark Timber OP in 2006. CatchMark TRS is a taxable REIT subsidiary. Unless otherwise noted, references herein to "CatchMark" shall include CatchMark Timber Trust and all of its subsidiaries, including CatchMark Timber OP, and the subsidiaries of CatchMark Timber OP, including CatchMark TRS.

**2. Summary of Significant Accounting Policies**

*Basis of Presentation and Principles of Consolidation*

The consolidated financial statements of CatchMark have been prepared in accordance with GAAP and include the accounts of CatchMark and any VIE in which CatchMark is deemed the primary beneficiary. With respect to entities that are not VIEs, CatchMark's consolidated financial statements also include the accounts of any entity in which CatchMark owns a controlling financial interest and any limited partnership in which CatchMark owns a controlling general partnership interest. In determining whether a controlling interest exists, CatchMark considers, among other factors, the ownership of voting interests, protective rights, and participatory rights of the investors. All intercompany balances and transactions have been eliminated in consolidation.

*Use of Estimates*

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes. Actual results could differ from those estimates.

*Fair Value Measurements*

CatchMark estimates the fair value of its assets and liabilities where currently required under GAAP consistent with the provisions of the accounting standard for fair value measurements and disclosures. Under this guidance, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. While various techniques and assumptions can be used to estimate fair value depending on the nature of the asset or liability, the accounting standard for fair value measurements and disclosures provides the following fair value technique parameters and hierarchy, depending on availability:

Level 1 — Assets or liabilities for which the identical term is traded on an active exchange, such as publicly-traded instruments or futures contracts.

Level 2 — Assets and liabilities valued based on observable market data for similar instruments.

Level 3 — Assets or liabilities for which significant valuation assumptions are not readily observable in the market. Such assets or liabilities are valued based on the best available data, some of which may be internally developed. Significant assumptions may include risk premiums that a market participant would require.

### *Cash and Cash Equivalents*

CatchMark considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents may include cash and short-term investments. Short-term investments are stated at cost, which approximates fair value and may consist of investments in money market accounts.

### *Accounts Receivable*

Accounts receivable mainly consists of timber sales receivable, asset management fees receivable, and patronage dividends receivable. Accounts receivable are recorded at the original amount earned, net of allowances for doubtful accounts, which approximates fair value. Accounts receivable are deemed past due based on their respective payment terms. Management assesses the realizability of accounts receivable on an ongoing basis and provides for allowances based on expected losses. As of December 31, 2021, the accounts receivable balance included \$3.4 million of estimated patronage dividends due from CatchMark's lenders, which it expects to receive in March 2022. See *Note 5 — Notes payable and lines of credit* for further information regarding the patronage dividends.

### *Prepaid Expenses and Other Assets*

Prepaid expenses and other assets are generally comprised of fair value of interest rate swaps, earnest money, equity in patronage banks, prepaid insurance, prepaid rent, deferred tax assets, prepaid operating costs, fixed assets, and deferred costs associated with pending acquisitions. Prepaid expenses are expensed over the applicable usage period or reclassified to other asset accounts upon being put into service in future periods. Balances without future economic benefit are written off as they are identified.

### *Deferred Financing Costs*

Deferred financing costs are comprised of costs incurred in connection with securing financing from third-party lenders and are capitalized and amortized on a straight-line basis (which approximates the effective interest rate method) over the terms of the related financing arrangements. Deferred financing costs relating to credit facilities with an outstanding balance are presented as a direct deduction from the carrying amount of the related debt liability on the accompanying consolidated balance sheets and costs associated with credit facilities that did not have outstanding balances are presented as an asset on the accompanying consolidated balance sheets.

For further information regarding CatchMark's Amended Credit Agreement, outstanding balance of debt and associated deferred financing costs, please refer to *Note 5 — Notes payable and lines of credit*. CatchMark recognized amortization of deferred financing costs for the years ended December 31, 2021, 2020, and 2019 of \$1.5 million, \$1.4 million, and \$1.0 million, respectively, which is included in interest expense in the accompanying consolidated statements of operations.

### *Timber Assets*

Timber and timberlands, including logging roads, are stated at cost less accumulated depletion for timber harvested and accumulated road amortization. CatchMark capitalizes timber and timberland purchases. Reforestation costs, including all costs associated with stand establishment, such as site preparation, cost of seedlings, fertilization and herbicide application, are capitalized and tracked as premerchantable timber assets by vintage year. Annually, capitalized reforestation costs for timber that has reached a merchantable age are reclassified into merchantable timber inventory and are depleted as harvested. Timber carrying costs, such as real estate taxes, insect control, wildlife control, leases of timberlands, and forestry management personnel salaries and fringe benefits, are expensed as incurred. Costs of major roads are capitalized and amortized over their estimated useful lives. Costs of roads built to access multiple logging sites over numerous years are capitalized and amortized over seven years. Costs of roads built to access a single logging site are expensed as incurred.

### *Depletion*

CatchMark recognizes depletion expense as timber is harvested using the straight-line method. Depletion rates are established at least annually for each product within each region by dividing the merchantable timber inventory book value by the merchantable timber inventory volume, as measured in tons. Depletion expense is then determined by applying the applicable depletion rate to each ton of timber harvested during the period.

### *Assets Held for Sale*

CatchMark generally considers assets to be held for sale at the point at which a sale contract is executed, the buyer has made a significant non-refundable earnest money deposit against the contracted purchase price and there is a high degree of certainty a transaction will close.

### *Evaluating the Recoverability of Timber Assets*

CatchMark continually monitors events and changes in circumstances that could indicate that the carrying amounts of its timber assets may not be recoverable. Examples of such circumstances include, but are not limited to, a significant decrease in market price of timber assets, a significant adverse change in the extent or manner in which timber assets are being used, a significant adverse change in legal factors or in the business climate that could affect the value of the timber assets, or adverse impacts from natural disasters such as fire, hurricane, earthquake, insect infestation, drought, disease, ice storms, windstorms, flooding and other factors that could negatively impact our timber production. When indicators of potential impairment are present, CatchMark assesses the recoverability of its timber assets by determining whether their carrying value exceeds the sum of the undiscounted future operating cash flows expected from the use of these assets and their eventual dispositions (the "Recoverable Amount"). If the assets' carrying value exceeds the Recoverable Amount, impairment losses would be recognized as the difference between the assets' carrying values and the estimated fair values. Estimated fair values are calculated based on the following information in order of preference, dependent upon availability: (i) recently quoted market prices, (ii) market prices for comparable properties, or (iii) the sum of discounted cash flows, including estimated salvage value, using data from one harvest cycle. CatchMark has determined that there has been no impairment of its timber assets as of December 31, 2021.

### *Allocation of Purchase Price of Acquired Assets*

Upon the acquisition of timberland properties, CatchMark allocates the purchase price to tangible assets, consisting of timberland and timber, and identified intangible assets and liabilities, which may include values associated with in-place leases or supply agreements, based in each case on management's estimate of their fair values. The values of tangible assets are then allocated to timberland and timber based on management's determination of the relative fair value of these assets.

### *Intangible Lease Assets*

In-place ground leases with CatchMark as the lessee have value associated with effective contractual rental rates that are below market rates. Such values are calculated based on the present value (using a discount rate that reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place lease and (ii) management's estimate of fair market lease rates for the corresponding in-place lease, measured over a period equal to the remaining terms of the leases. The capitalized below-market in-place lease values are recorded as intangible lease assets and are amortized as adjustments to land rent expense over the weighted-average remaining term of the respective leases.

### *Investments in Unconsolidated Joint Ventures*

For joint ventures that it does not control but exercises significant influence, CatchMark uses the equity method of accounting. CatchMark's judgment about its level of influence or control of an entity involves consideration of various factors including the form of its ownership interest; its representation in the entity's governance; its ability to participate in policy-making decisions; and the rights of other investors to participate in the decision-making process, to replace CatchMark as manager, and/or to liquidate the venture. Under the equity method, the investment in a joint venture is recorded at cost and adjusted for equity in earnings and cash contributions and distributions. Income or loss and cash distributions from an unconsolidated joint venture are allocated according to the provisions of the respective joint venture agreement, which may be different from its stated ownership percentage. Any difference between the carrying amount of these investments on CatchMark's balance sheets and the underlying equity in net assets on the joint venture's balance sheets is adjusted as the related underlying assets

are depreciated, amortized, or sold. Distributions received from unconsolidated joint ventures are classified in the accompanying consolidated statements of cash flows using the cumulative earnings approach under which distributions received in an amount equal to cumulative equity in earnings are classified as cash inflows from operating activities and distributions received in excess of cumulative equity in earnings represent returns of investment and therefore are classified as cash inflows from investing activities.

CatchMark evaluates the recoverability of its investments in unconsolidated joint ventures in accordance with accounting standards for equity investments by first reviewing each investment for any indicators of impairment. If indicators are present, CatchMark estimates the fair value of the investment. If the carrying value of the investment is greater than the estimated fair value, management assesses whether the impairment is "temporary" or "other-than-temporary." In making this assessment, management considers the following: (1) the length of time and the extent to which fair value has been less than cost, (2) the financial condition and near-term prospects of the entity, and (3) CatchMark's intent and ability to retain its interest long enough for a recovery in market value. If management concludes that the impairment is "other than temporary," CatchMark reduces the investment to its estimated fair value.

For information on CatchMark's unconsolidated joint ventures, which are accounted for using the equity method of accounting, see *Note 4 — Unconsolidated Joint Ventures*.

#### *Fair Value of Debt Instruments*

CatchMark applies the provisions of the accounting standard for fair value measurements and disclosures in estimations of fair value of its debt instruments based on Level 2 assumptions. The fair value of the outstanding notes payable was estimated based on discounted cash flow analysis using the current observable market borrowing rates for similar types of borrowing arrangements as of the measurement date. The discounted cash flow method of assessing fair value results in a general approximation of book value, and such value may never actually be realized.

#### *Interest Rate Swaps*

CatchMark has entered into interest rate swaps to mitigate its exposure to changing interest rates on its variable rate debt instruments. CatchMark does not enter into derivative or interest rate transactions for speculative purposes; however, certain of its derivatives may not qualify for hedge accounting treatment. The fair values of interest rate swaps are recorded as either prepaid expenses and other assets or other liabilities in the accompanying consolidated balance sheets. Changes in the fair value of the interest rate swaps that are designated as hedges are recorded as other comprehensive income (loss). Changes in the fair value of interest rate swaps that do not qualify for hedge accounting treatment are recorded as gain (loss) on interest rate swap in the consolidated statements of operations. Amounts received or paid under interest rate swaps are recorded as interest expense for contracts that qualify for hedge accounting treatment and as gain (loss) on interest rate swaps for contracts that do not qualify for hedge accounting treatment.

CatchMark applied the provisions of the accounting standard for fair value measurements and disclosures in recording its interest rate swaps at fair value. The fair value of the interest rate swaps, classified under Level 2, was determined using a third-party proprietary model that is based on prevailing market data for contracts with matching durations, current and anticipated LIBOR information, consideration of CatchMark's credit standing, credit risk of counterparties, and reasonable estimates about relevant future market conditions.

#### *Common Stock*

The par value of CatchMark's issued and outstanding shares of common stock is recorded as common stock. The remaining gross proceeds, net of offering costs, are recorded as additional paid-in capital.

#### *Noncontrolling Interests*

CatchMark recognizes noncontrolling interests related to Common Units and LTIP Units of CatchMark Timber OP. See *Note 8 — Noncontrolling Interests* for further information.



## *Revenue Recognition*

Pursuant to ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, CatchMark recognizes revenue when the following criteria are met: (i) persuasive evidence of a contract with a customer exists, (ii) identifiable performance obligations under the contract exist, (iii) transaction price is determinable for each performance obligation, (iv) the transaction price is allocated to each performance obligation, and (v) when the performance obligations are satisfied. CatchMark derives a majority of its revenues from timber sales, timberland sales, asset management fees, and recreational leases, where the original expected contract duration is generally one year or less. CatchMark has elected the disclosure exemption available under Topic 606 considering it generally satisfies its performance obligations within one year of entering into contracts and collects payments within a month of satisfying its performance obligation.

### *(a) Timber Sales Revenue*

CatchMark generates its timber sales revenue from delivered wood sales, stumpage sales, and lump-sum sales with retained economic interests. Revenue for timber sales is recognized when the risk of loss passes to the customer. Only one performance obligation is associated with timber sales and it is satisfied when timber is delivered to or severed by the customer in an amount that reflects the consideration expected to be received.

Contractual terms of each timber sale, including pricing and volume for the respective product, are negotiated and entered into by the field managers. In delivered wood sales, product pricing includes amounts sufficient to cover costs of contracting third-party logging crews to harvest and haul timber to the customers. Revenue is recognized when timber is delivered to the customer and the sales volume/value is known when timber crosses the customers' scale. Stumpage sales are typically executed using pay-as-cut contracts, where a purchaser acquires the right to harvest specified timber on a designated tract for a set period of time at agreed-upon unit prices. Revenue is recognized when timber is severed under pay-as-cut contracts. In a lump-sum sales contract with retained economic interests, CatchMark receives advance payments for the standing timber specified in the contract and the customer is responsible for cutting and hauling the timber. CatchMark satisfies its performance obligation when timber is severed, at which time revenue is recognized. Contract payments are generally collected within a month from the date timber is harvested and/or delivered. The transaction price for timber sales is determined using contractual rates applied to harvest volumes.

### *(b) Timberland Sales Revenue*

Performance obligations associated with timberland sales are met when all conditions of closing have been satisfied. Revenue for timberland sales is recognized at closing when title passes, payments are received or full collectability is probable, and control is passed to the buyer. CatchMark generally receives the entire contract consideration in cash at closing.

### *(c) Recreational Lease Revenue*

Recreational lease revenue is derived from the leasing of the right to use CatchMark's timberland. The agreed-upon transaction price of a lease is generally paid in full at the beginning of the lease term and recorded as deferred revenue. Performance obligations associated with a recreational lease are generally met over the period of the lease term. Revenue is recognized evenly over the lease term as CatchMark has satisfied its performance obligation.

### *(d) Asset Management Fees Revenue*

Under asset management agreements with its unconsolidated joint ventures, CatchMark earns management fees for performing asset management functions, as further described in *Note 4 — Unconsolidated Joint Ventures*. As asset management services are ongoing and provided on a recurring basis, the associated performance obligations are generally met over the service period at an agreed-upon price stated in the agreements. Revenue for asset management services is recognized at the end of each service period.

## Large Dispositions

Large dispositions are sales of blocks of timberland properties in one or several transactions with the objective to generate proceeds to fund capital allocation priorities, including, but not limited to redeployment into more desirable timberland investments, paying down outstanding debt, or repurchasing shares of CatchMark's common stock. Large dispositions may or may not have a higher or better use than timber production or result in a price premium above the land's timber production value. Such dispositions are infrequent in nature, are not part of core operations, and would cause material variances in comparative results if not reported separately. Large dispositions are accounted for in accordance with ASC 610-20, *Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets*, which require that dispositions of long-lived assets that are not a discontinued operation be accounted for on a net basis and included in income from continuing operations before income taxes in accordance with ASC 360, *Property, Plant and Equipment*. Proceeds from sales designated as large dispositions are classified as cash flows from investing activities in the accompanying consolidated statements of cash flows.

## Stock-based Compensation

CatchMark issues equity-based awards to its independent directors and employees pursuant to its long-term incentive plans. Stock-based compensation is measured by the fair value of the respective award on the date of grant or modification. Expense is recognized over the requisite service period of each award and reported as either forestry management expenses or as general and administrative expenses. See *Note 10 — Stock-based Compensation* for more information.

## Earnings Per Share Attributable to Common Stockholders

Basic earnings (loss) per common share is calculated as net income (loss) attributable to common stockholders divided by the weighted-average number of common shares outstanding, exclusive of shares of restricted stock, during the period. Diluted earnings (loss) per share equals basic earnings (loss) per common share, adjusted to reflect the dilution that would occur if all outstanding securities convertible into common shares or contracts to issue common shares were converted or exercised and the related proceeds are then used to repurchase common shares. The following table provides the reconciliation of CatchMark's basic weighted-average common shares to diluted weighted-average common shares for the year ended December 31, 2021:

	Year Ended December 31, 2021
Weighted-average common shares outstanding - basic	48,420
Effect of potentially dilutive securities	61
Weighted-average common shares outstanding - diluted	48,481
Anti-dilutive shares excluded from diluted weighted-average common shares	171

For the year ended December 31, 2021, potentially dilutive securities included unvested shares of service-based restricted stock, contingently issuable performance-based restricted stock and LTIP Units as of December 31, 2021. Vested Common Units have been excluded from the computation of earnings per common share because all income attributable to the Common Units has been recorded as noncontrolling interests and excluded from net income attributable to common stockholders.

All potentially dilutive securities outstanding during the years ended December 31, 2020 and 2019 were anti-dilutive as a result of CatchMark incurring a net loss for each of the respective periods.

## Income Taxes

CatchMark Timber Trust has elected to be taxed as a REIT under the Code and has qualified to be taxed as a REIT since the year ended December 31, 2009. As a REIT, CatchMark Timber Trust is generally not subject to federal income taxes provided that it meets certain ownership, distribution, income, asset, and other REIT qualification tests.

CatchMark has jointly elected with CatchMark TRS to treat CatchMark TRS as a taxable REIT subsidiary of CatchMark. CatchMark conducts its delivered log business and may perform certain non-customary services,

including real estate or non-real-estate related services, through CatchMark TRS. Earnings from services performed through CatchMark TRS are subject to federal and state income taxes irrespective of the dividends paid deduction available to REITs for federal income tax purposes.

Deferred tax assets and liabilities represent temporary differences between the financial reporting basis and the tax basis of assets and liabilities based on the enacted rates expected to be in effect when the temporary differences reverse. Deferred tax expense or benefit is recognized in the financial statements according to the changes in deferred tax assets or liabilities between years. Valuation allowances are established to reduce deferred tax assets when it becomes more likely than not that such assets, or portions thereof, will not be realized. See *Note 12 — Income Taxes* for more information.

CatchMark is also subject to certain state and local taxes related to the operations of timberland properties in certain locations, which have been provided for in the accompanying consolidated financial statements. When applicable, CatchMark records interest and penalties related to uncertain tax positions as general and administrative expense in the accompanying consolidated statements of operations.

### *Segment Information*

CatchMark primarily engages in the acquisition, ownership, operation, management, and disposition of timberland properties located in the United States, either directly through wholly-owned subsidiaries or through equity method investments in affiliated joint ventures. CatchMark defines operating segments in accordance with ASC Topic 280, *Segment Reporting*, to reflect the manner in which its chief operating decision maker, the Chief Executive Officer, evaluates performance and allocates resources in managing the business. CatchMark has aggregated those operating segments into three reportable segments: Harvest, Real Estate and Investment Management. See *Note 15 — Segment Information* for additional information.

### *Recent Accounting Pronouncements*

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides entities with optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform if certain criteria are met. In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848)*, which refines the scope of Topic 848 and clarifies some of its guidance to reduce diversity in practice related to accounting for (1) modifications to the terms of affected derivatives and (2) existing hedging relationships in which the affected derivatives are designated as hedging instruments. These amendments are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into on or before December 31, 2022. CatchMark has elected the optional expedients, which will be applied to all eligible contracts and hedging relationships as reference rate replacement activities occur.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires acquiring entities to recognize and measure contract assets and contract liabilities in a business combination. This ASU is intended to improve the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice and inconsistency related to (1) recognition of an acquired contract liability and (2) payment terms and their effect on subsequent revenue recognized by the acquirer. The amendments in this ASU are effective for fiscal years beginning after December 15, 2022. CatchMark is currently assessing the impact ASU 2021-08 will have on its consolidated financial statements.

### 3. Timber Assets

As of December 31, 2021 and 2020, timber and timberlands consisted of the following, respectively:

As of December 31, 2021			
(in thousands)	Gross	Accumulated Depletion or Amortization	Net
Timber	\$ 185,449	\$ 18,260	\$ 167,189
Timberlands	298,777	—	298,777
Mainline roads	1,052	888	164
Timber and timberlands	<u>\$ 485,278</u>	<u>\$ 19,148</u>	<u>\$ 466,130</u>

As of December 31, 2020			
(in thousands)	Gross	Accumulated Depletion or Amortization	Net
Timber	\$ 278,361	\$ 29,112	\$ 249,249
Timberlands	327,089	—	327,089
Mainline roads	1,176	834	342
Timber and timberlands	<u>\$ 606,626</u>	<u>\$ 29,946</u>	<u>\$ 576,680</u>

#### Timberland Acquisitions

CatchMark did not complete any timberland acquisitions in 2021 and 2020. For the year ended December 31, 2019, CatchMark acquired 900 acres of timberland located in South Carolina for \$1.9 million, excluding closing costs.

#### Timberland Sales

During the years ended December 31, 2021, 2020, and 2019, CatchMark sold 7,500 acres, 9,300 acres, and 9,200 acres of timberland, respectively, for \$14.1 million, \$15.6 million, and \$17.6 million, respectively. CatchMark's cost basis in the timberland sold was \$8.9 million, \$11.4 million, and \$14.1 million, respectively.

#### Large Dispositions

During the year ended December 31, 2021, CatchMark completed two large dispositions, including one in the U.S. South and one in the Pacific Northwest. In the U.S. South, CatchMark sold 5,000 acres of its wholly-owned timberlands in Georgia for \$7.5 million. CatchMark's cost basis was \$6.6 million and CatchMark recognized a gain of \$0.8 million. Of the total net proceeds, \$7.3 million was used to pay down CatchMark's outstanding debt balance. In the Pacific Northwest, CatchMark sold approximately 18,100 acres of its wholly-owned timberlands in Oregon (the "Bandon Disposition") for \$100.0 million. CatchMark's cost basis was \$76.0 million and CatchMark recognized a gain of \$23.4 million. Of the total net proceeds, \$95.4 million was used to pay down CatchMark's outstanding debt balance.

The disposition of the Bandon property was not considered a strategic shift that had or will have a major effect on CatchMark's operations or financial results and, therefore, did not meet the requirements for presentation as discontinued operations. Condensed income statement information for the Bandon property is as follows:

(in thousands)	Year Ended December 31,		
	2021	2020	2019
Revenues	\$ 9,028	\$ 11,553	\$ 5,336
Depletion expense	\$ 5,468	\$ 6,988	\$ 4,046
Other operating expenses <sup>(1)</sup>	\$ 5,875	\$ 1,355	\$ 3,548
	<u>\$ (2,315)</u>	<u>\$ 3,210</u>	<u>\$ (2,258)</u>

<sup>(1)</sup> Excludes general and administrative expense and interest expense, which are not allocated to the property level.

During the years ended December 31, 2020 and 2019, CatchMark completed the disposition of 14,400 acres and 14,400 acres of its wholly-owned timberlands for \$21.3 million and \$25.4 million, respectively. CatchMark's cost basis was \$19.6 million and \$17.2 million, respectively. CatchMark recognized \$1.3 million and \$8.0 million of gain, respectively. Of the total net proceeds received, \$20.9 million and \$20.1 million were used to pay down CatchMark's outstanding debt balance in 2020 and 2019, respectively.

Timberland sales and large disposition acreage by state is listed below:

Acres Sold In <sup>(1)</sup> :	2021	2020	2019
<b>Timberland Sales</b>			
Alabama	2,000	2,600	800
Florida	500	1,500	—
Georgia	4,900	2,800	1,000
North Carolina	—	100	500
South Carolina	100	2,000	6,900
Tennessee	—	300	—
	<u>7,500</u>	<u>9,300</u>	<u>9,200</u>
<b>Large Dispositions</b>			
Alabama	—	—	2,100
Georgia	5,000	14,400	12,300
Oregon	18,100	—	—
	<u>23,100</u>	<u>14,400</u>	<u>14,400</u>
<b>Total</b>	<u>30,600</u>	<u>23,700</u>	<u>23,600</u>

<sup>(1)</sup> Represents CatchMark's wholly-owned acreage only; excludes acreage disposed of by joint ventures.

#### Current Timberland Portfolio

As of December 31, 2021, CatchMark directly owned interests in 369,700 acres of timberlands in the U.S. South, 355,900 acres of which were fee-simple interests and 13,800 acres were leasehold interests. Land acreage by state is listed below:

Acres by state as of December 31, 2021 <sup>(1)</sup>	Fee	Lease	Total
Alabama	65,400	1,800	67,200
Georgia	220,900	12,000	232,900
South Carolina	69,600	—	69,600
<b>Total</b>	<u>355,900</u>	<u>13,800</u>	<u>369,700</u>

<sup>(1)</sup> Represents CatchMark's wholly-owned acreage only.

#### 4. Unconsolidated Joint Ventures

As of December 31, 2020 and 2019, CatchMark owned interests in two joint ventures with unrelated parties: the Triple T Joint Venture and the Dawsonville Bluffs Joint Venture (each as defined and described below). CatchMark accounts for these investments using the equity method of accounting. On October 14, 2021, CatchMark redeemed its interests in the Triple T Joint Venture (as described below). As of December 31, 2021, CatchMark continued to own its interest in the Dawsonville Bluffs Joint Venture.

##### *Triple T Joint Venture*

During 2018, CatchMark formed TexMark Timber Treasury, L.P., a Delaware limited partnership (the "Triple T Joint Venture"), with a consortium of institutional investors (the "Preferred Investors") to acquire 1.1 million acres of high-quality East Texas industrial timberlands (the "Triple T Timberlands"), for \$1.39 billion (the "Acquisition Price"), exclusive of transaction costs. The Triple T Joint Venture completed the acquisition of the Triple T Timberlands in July 2018. CatchMark invested \$200.0 million in the Triple T Joint Venture, equal to 21.6% of the total equity contributions at that time, in exchange for a common limited partnership interest. CatchMark, through a separate wholly-owned and consolidated subsidiary, was the sole general partner of the Triple T Joint Venture.

On June 24, 2020, CatchMark invested an additional \$5.0 million of equity on the same terms and conditions as its existing investment in the Triple T Joint Venture in connection with amendments to the joint venture agreement and asset management agreement. The amended asset management agreement increased the asset management fee payable to CatchMark as described below in *Asset Management Fees*. The amended joint venture agreement increased the 10.25% cumulative return on the Preferred Investors' interests in the Triple T Joint Venture's subsidiary REIT by 0.5% per quarter, subject to a maximum increase of 2.0% and subject to decreases in other circumstances. The proceeds of CatchMark's additional \$5.0 million investment, along with the proceeds from \$140.0 million of borrowings under the Triple T Joint Venture's secured, non-recourse credit facility, were used to make a payment of \$145.0 million to GP in connection with an amendment to a wood supply agreement between the Triple T Joint Venture and GP.

CatchMark used the equity method to account for its investment in the Triple T Joint Venture since it did not possess the power to direct the activities that most significantly impact the economic performance of the Triple T Joint Venture, and accordingly, CatchMark did not possess the first characteristic of a primary beneficiary described in GAAP. CatchMark appointed three common board members of the Triple T Joint Venture, including its Chief Executive Officer, Chief Resources Officer and Vice President - Acquisitions, which provided CatchMark with significant influence over the Triple T Joint Venture. Accordingly, pursuant to the applicable accounting literature, it was appropriate for CatchMark to apply the equity method of accounting to its investment in the Triple T Joint Venture.

The Triple T Joint Venture agreement provided for liquidation rights and distribution priorities that were significantly different from CatchMark's stated ownership percentage based on total equity contributions. As such, CatchMark used the hypothetical-liquidation-at-book-value method ("HLBV") to determine its equity in the earnings of the Triple T Joint Venture. The HLBV method is commonly applied to equity investments in real estate, where cash distribution percentages vary at different points in time and are not directly linked to an investor's ownership percentage. For investments accounted for under the HLBV method, applying the percentage ownership interest to GAAP net income in order to determine earnings or losses would not accurately represent the income allocation and cash flow distributions that will ultimately be received by the investors.

CatchMark applied HLBV using a balance sheet approach. A calculation was prepared at each balance sheet date to determine the amount that CatchMark would receive if the Triple T Joint Venture were to liquidate all of its assets (at book value in accordance with GAAP) on that date and distribute the proceeds to the partners based on the contractually-defined liquidation priorities. The difference between the calculated liquidation distribution amounts at the beginning and the end of the reporting period, after adjusting for capital contributions and distributions, was CatchMark's income or loss from the Triple T Joint Venture for the period.

As of December 31, 2020, CatchMark had recognized cumulative HLBV losses of \$205.0 million, reducing the carrying value of its investment to zero. On October 14, 2021, CatchMark entered into a recapitalization and redemption agreement with the Triple T Joint Venture and the preferred limited partners of the Triple T Joint Venture for the redemption of CatchMark's common equity interests in the Triple T Joint Venture in exchange for

\$35.0 million in cash (the “Triple T Exit”). The Triple T Exit closed concurrently with the signing of the recapitalization and redemption agreement. CatchMark recognized the \$35.0 million of redemption proceeds as a gain on sale of unconsolidated joint venture interests on its consolidated statements of operations in accordance with ASC 323-10. CatchMark used the proceeds received from the Triple T Exit, including the \$5.0 million fee received for transition services (see below for more information), to pay down its outstanding debt.

The Triple T Joint Venture was a significant equity method investee of CatchMark for the years ended December 31, 2020 and 2019, as determined under Rule 1-02(w) of Regulation S-X. The Triple T Joint Venture was determined not to be a significant equity method investee of CatchMark for the period from January 1, 2021 through the date of the Triple T Exit. As a result, audited financial statements of the Triple T Joint Venture for the years ended December 31, 2020 and 2019 and unaudited financial statements of the Triple T Joint Venture for the period from January 1, 2021 through October 14, 2021 are filed herewith as an exhibit under Rule 3-09 of Regulation S-X.

#### *Dawsonville Bluffs Joint Venture*

During 2017, CatchMark formed the Dawsonville Bluffs Joint Venture with MPERS, and each owns a 50% membership interest. CatchMark shares substantive participation rights with MPERS, including management selection and termination, and the approval of material operating and capital decisions and, as such, uses the equity method of accounting to record its investment. Income or loss and cash distributions are allocated according to the provisions of the joint venture agreement, which are consistent with the ownership percentages for the Dawsonville Bluffs Joint Venture.

As of December 31, 2021, the Dawsonville Bluffs Joint Venture had two wetlands mitigation banks with an aggregate book basis of \$2.0 million remaining in its portfolio. Condensed balance sheet information for the Dawsonville Bluffs Joint Venture is as follows:

<i>(in thousands)</i>	<b>As of December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Dawsonville Bluffs Joint Venture:</b>		
Total assets	\$ 2,750	\$ 3,059
Total liabilities	\$ 44	\$ 39
Total equity	\$ 2,706	\$ 3,020
<b>CatchMark:</b>		
Carrying value of investment	\$ 1,353	\$ 1,510

Condensed income statement information for the Dawsonville Bluffs Joint Venture is as follows:

<i>(in thousands)</i>	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Dawsonville Bluffs Joint Venture:</b>			
Total revenues	\$ 2,384	\$ 1,450	\$ 11,101
Net income	\$ 1,366	\$ 547	\$ 1,956
<b>CatchMark:</b>			
Equity share of net income	\$ 683	\$ 274	\$ 978



Condensed statement of cash flow information for the Dawsonville Joint Venture is as follows:

(in thousands)	Year Ended December 31,		
	2021	2020	2019
<b>Dawsonville Bluffs Joint Venture:</b>			
Net cash provided by operating activities	\$ 1,827	\$ 575	\$ 9,325
Net cash used in financing activities	\$ (1,680)	\$ (1,457)	\$ (9,615)
Net change in cash and cash equivalents	\$ 147	\$ (882)	\$ (290)
Cash and cash equivalents, beginning of period	\$ 559	\$ 1,441	\$ 1,731
Cash and cash equivalents, end of period	\$ 706	\$ 559	\$ 1,441

For the years ended December 31, 2021, 2020, and 2019, CatchMark received cash distributions of \$0.8 million, \$0.7 million and \$4.8 million, respectively, from the Dawsonville Bluffs Joint Venture. CatchMark classified these distributions received as return on investment up to its cumulative equity earnings and any remaining distributions as return of capital.

#### *Asset Management Fees*

During the years ended December 31, 2021, 2020 and 2019, CatchMark provided asset management services to the Dawsonville Joint Venture and to the Triple T Joint Venture through October 14, 2021. Under these arrangements, CatchMark oversaw the day-to-day operations of these joint ventures and their properties, including accounting, reporting and other administrative services, subject to certain major decisions that require partner approval.

For management of the Dawsonville Bluffs Joint Venture, CatchMark receives a percentage fee based on invested capital, as defined by the joint venture agreement. Additionally, CatchMark receives an incentive-based promote earned for exceeding investment hurdles.

On June 24, 2020, in connection with its additional \$5.0 million equity investment in the Triple T Joint Venture, CatchMark entered into an amended and restated asset management agreement with the Triple T Joint Venture. Prior to this amendment, for management of the Triple T Joint Venture, CatchMark received a fee equal to 1% of the Acquisition Price multiplied by 78.4%, which represented the percentage of the original equity contributions made to the Triple T Joint Venture by the Preferred Investors. The amended asset management agreement provided that, effective June 24, 2020, CatchMark earned an asset management fee equal to 1% of (a) the sum of the Acquisition Price and the \$145.0 million paid to GP, multiplied by (b) 78.4%, and in the event the Preferred Investors have not received a return of their capital contributions plus their preferred return, then the asset management fee percentage would decrease from 1% to 0.75% at October 1, 2021, and to 0.25% at July 1, 2022.

In connection with the Triple T Exit, on October 14, 2021, the amended and restated asset management agreement between CatchMark and the Triple T Joint Venture was terminated and replaced by a transition services agreement. Under the transition services agreement, CatchMark provides transition services in exchange for a one-time fee of \$5.0 million, which was received in full upon closing of the Triple T Exit on October 14, 2021. The transition services agreement was effective September 1, 2021 through March 31, 2022 and the service fee is recognized as asset management fee revenue on a straight-line basis over the term of the transition services agreement. As of December 31, 2021, the unearned portion of the service fee was included in other liabilities on the accompanying consolidated balance sheet.

For the years ended December 31, 2021, 2020, and 2019, CatchMark earned the following fees from its unconsolidated joint ventures:

(in thousands)	Year Ended December 31,		
	2021	2020	2019
Triple T Joint Venture <sup>(1)</sup>	\$ 11,156	\$ 11,901	\$ 11,286
Dawsonville Bluffs Joint Venture <sup>(2)</sup>	\$ 319	\$ 283	\$ 662
	<u>\$ 11,475</u>	<u>\$ 12,184</u>	<u>\$ 11,948</u>

- (1) Includes \$0.3 million, \$0.5 million, and \$0.5 million of reimbursements of compensation costs for the years ended December 31, 2021, 2020, and 2019, respectively.
- (2) Includes \$0.3 million, \$0.3 million, and \$0.6 million of incentive-based promote earned for exceeding investment hurdles for the years ended December 31, 2021, 2020, and 2019, respectively.

## 5. Notes Payable and Lines of Credit

### *Amended Credit Agreement*

As of December 31, 2021, CatchMark was party to a credit agreement dated as of December 1, 2017, as amended on August 22, 2018, June 28, 2019, February 12, 2020, May 1, 2020, August 4, 2021 and October 14, 2021 (the "Amended Credit Agreement"), with a syndicate of lenders including CoBank, which serves as the administrative agent. The Amended Credit Agreement provides for borrowing under credit facilities consisting of the following:

- a \$84.7 million ten-year term loan (the "Term Loan A-1");
- a \$89.7 million nine-year term loan (the "Term Loan A-2");
- a \$68.6 million ten-year term loan (the "Term Loan A-3");
- a \$125.6 million seven-year term loan (the "Term Loan A-4");
- a \$150.0 million seven-year multi-draw term credit facility (the "Multi-Draw Term Facility"); and
- a \$35.0 million five-year revolving credit facility (the "Revolving Credit Facility").

The amendment dated August 4, 2021 among other things: (1) consented to CatchMark's prepayment of the outstanding balance on its Multi-Draw Term Facility and Term Loan A-3 with the proceeds from the Bandon Disposition, and permitted CatchMark to retain up to \$5.0 million of such remaining proceeds for working capital purposes; (2) permits CatchMark, for a period of 18 months from the effective date of the amendment, to reborrow Term Loan A-3 using borrowing mechanics substantially similar to those that apply to the Revolving Credit Facility, the proceeds of which shall be used solely to finance acquisitions of additional real property, all as set forth in the amendment, with the same pricing and maturity date as the existing Term Loan A-3; and (3) extended the maturity date of the Revolving Credit Facility from December 1, 2022 to August 4, 2026.

The amendment dated October 14, 2021, among other things, (1) consented to the Triple T Exit and (2) permits CatchMark to retain the net proceeds from higher-and-better use timberland sales until it exceeds 3% of the aggregate value of the timberlands before any repayment of the outstanding debt is required.

As of December 31, 2021 and 2020, CatchMark had the following debt balances outstanding:

<i>(in thousands)</i> <b>Credit Facility</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Current Interest Rate<sup>(1)</sup></b>	<b>Outstanding Balance as of December 31,</b>	
				<b>2021</b>	<b>2020</b>
Term Loan A-1	12/23/2024	LIBOR + 1.75%	1.85%	\$ 84,706	\$ 100,000
Term Loan A-2	12/01/2026	LIBOR + 1.90%	2.00%	89,706	100,000
Term Loan A-3	12/01/2027	LIBOR + 2.00%	—%	—	68,619
Term Loan A-4	08/22/2025	LIBOR + 1.70%	1.80%	125,588	140,000
Multi-Draw Term Facility	12/01/2024	LIBOR + 1.90%	—%	—	34,086
Total Principal Balance				\$ 300,000	\$ 442,705
Less: Net Unamortized Deferred Financing Costs				(1,753)	(5,215)
Total				\$ 298,247	\$ 437,490

- (1) The weighted-average interest rate excludes the impact of interest rate swaps (see *Note 6 — Interest Rate Swaps*), amortization of deferred financing costs, unused commitment fees, and estimated patronage dividends.

As a result of reducing the Multi-Draw Term Facility and the Term Loan A-3 (which has a revolver feature) balances to zero during 2021, CatchMark reclassified \$2.8 million of unamortized deferred financing costs from notes payable and lines of credit, where it was presented as a direct reduction from debt liabilities, to deferred financing costs asset as of December 31, 2021 on the accompanying consolidated balance sheet.

As of December 31, 2021, CatchMark had \$253.6 million of borrowing capacity remaining under its credit facilities, consisting of \$150.0 million under the Multi-Draw Term Facility, \$68.6 million under the Term Loan A-3, and \$35.0 million under the Revolving Credit Facility.

Borrowings under the Revolving Credit Facility may be used for general working capital, to support letters of credit, to fund cash earnest money deposits, to fund acquisitions in an amount not to exceed \$5.0 million, and for other general corporate purposes. The Revolving Credit Facility bears interest at an adjustable rate equal to a base rate plus between 0.50% and 1.20% or a LIBOR rate plus between 1.50% and 2.20%, in each case depending on CatchMark's LTV Ratio, and will terminate and all amounts outstanding under the facility will be due and payable on August 4, 2026.

Borrowings under the revolver feature of the Term Loan A-3 may be used solely to finance acquisitions of additional real property and pay associated expenses. The Term Loan A-3 bears interest at an adjustable rate equal to a base rate plus 1.00% or a LIBOR rate plus 2.00%, and will terminate and all amounts outstanding under the facility will be due and payable on December 1, 2027.

The Multi-Draw Term Facility may be used to finance timberland acquisitions and associated expenses, to fund investment in joint ventures, to fund the repurchase of CatchMark's common stock, and to reimburse payments of drafts under letters of credit. The Multi-Draw Term Facility, which is interest only until its maturity date, bears interest at an adjustable rate equal to a base rate plus between 0.50% and 1.20% or a LIBOR rate plus between 1.50% and 2.20%, in each case depending on CatchMark's LTV Ratio, and will terminate and all amounts outstanding under the facility will be due and payable on December 1, 2024.

CatchMark pays the lenders an unused commitment fee on the unused portion of the Revolving Credit Facility and the Multi-Draw Term Facility at an adjustable rate ranging from 0.15% to 0.35%, depending on the LTV Ratio. For each of the years ended December 31, 2021, 2020, and 2019, CatchMark recognized \$0.6 million of unused commitment fees as interest expense on its consolidated statements of operations.

CatchMark's obligations under the Amended Credit Agreement are collateralized by a first priority lien on the timberlands owned by CatchMark's subsidiaries and substantially all of CatchMark's subsidiaries' other assets in which a security interest may lawfully be granted, including, without limitation, accounts, equipment, inventory, intellectual property, bank accounts and investment property. In addition, these obligations are jointly and severally guaranteed by CatchMark and all of its subsidiaries pursuant to the terms of the Amended Credit Agreement. CatchMark has also agreed to guarantee certain losses caused by certain willful acts of CatchMark or its subsidiaries.

#### *Patronage Dividends*

CatchMark is eligible to receive annual patronage dividends from its lenders (the "Patronage Banks") under a profit-sharing program made available to borrowers of the Farm Credit System. CatchMark has received a patronage dividend on its eligible patronage loans annually since 2015. The eligibility remains the same under Amended Credit Agreement. Therefore, CatchMark accrues patronage dividends it expects to receive based on actual patronage dividends received as a percentage of its weighted-average eligible debt balance. Of the total patronage dividend received, 75% was received in cash and 25% was received in equity of the Patronage Banks. For each of the years ended December 31, 2021, 2020, and 2019, CatchMark accrued \$3.4 million, \$3.6 million, and \$3.8 million, respectively, as patronage dividends receivable on its consolidated balance sheets and as an offset against interest expense on its consolidated statements of operations.

In March 2021, 2020, and 2019, CatchMark received patronage dividends of \$4.1 million, \$4.1 million, and \$3.3 million, respectively, on its patronage eligible borrowings. Of the total patronage dividend received in March 2021, \$3.1 million was received in cash and \$1.0 million was received in equity of the Patronage Banks.

As of December 31, 2021 and 2020, the following balances related to the patronage dividend program were included on CatchMark's consolidated balance sheets:

<i>(in thousands)</i> <b>Patronage dividends classified as:</b>	<b>As of December 31,</b>	
	<b>2021</b>	<b>2020</b>
Accounts receivable	\$ 3,392	\$ 3,597
Prepaid expenses and other assets <sup>(1)</sup>	4,311	3,335
<b>Total</b>	<b>\$ 7,703</b>	<b>\$ 6,932</b>

<sup>(1)</sup> Represents cumulative patronage dividends received as equity in the Patronage Banks.

### *Debt Covenants*

The Amended Credit Agreement contains, among others, the following financial covenants which:

- limit the LTV Ratio to no greater than 50% at any time;
- require maintenance of a FCCR of not less than 1.05:1:00 at any time; and
- limit the aggregate capital expenditures to no greater than 1% of the value of the timberlands during any fiscal year.

The Amended Credit Agreement permits CatchMark to declare, set aside funds for, or pay dividends, distributions, or other payments to stockholders so long as it is not in default under the Amended Credit Agreement. However, if CatchMark has suffered a bankruptcy event or a change of control, the Amended Credit Agreement prohibits CatchMark from declaring, setting aside, or paying any dividend, distribution, or other payment other than as required to maintain its REIT qualification. The Amended Credit Agreement also subjects CatchMark to mandatory prepayment from proceeds generated from dispositions of timberlands or lease terminations, which may have the effect of limiting its ability to make distributions to stockholders under certain circumstances.

CatchMark was in compliance with the financial covenants of the Amended Credit Agreement as of December 31, 2021.

### *Interest Paid and Fair Value of Outstanding Debt*

During the years ended December 31, 2021, 2020, and 2019, CatchMark made the following cash interest payments on its borrowings:

<i>(in thousands)</i>	<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Cash paid for interest	\$ 8,346	\$ 11,619	\$ 20,399

Included in the interest payments for the years ended December 31, 2021, 2020, and 2019 were unused commitment fees of \$0.6 million, \$0.5 million and \$0.1 million, respectively. No interest paid was capitalized during the years ended December 31, 2021, 2020, and 2019.

As of December 31, 2021 and 2020, the weighted-average interest rate on these borrowings, after consideration of the interest rate swaps (see *Note 6 — Interest Rate Swaps*), was 3.77% and 3.25%, respectively. After further consideration of the expected patronage dividends, CatchMark's weighted-average interest rate as of December 31, 2021 and 2020 was 2.92% and 2.45%, respectively.

As of December 31, 2021 and 2020, the fair value of CatchMark's outstanding debt approximated its book value. The fair value was estimated based on discounted cash flow analysis using the current market borrowing rates for similar types of borrowing arrangements as of the measurement dates.

## **6. Interest Rate Swaps**

CatchMark uses interest rate swaps to mitigate its exposure to changing interest rates on its variable rate debt instruments. As of December 31, 2021, CatchMark had two outstanding interest rate swaps with terms below:

<i>(dollar amounts in thousands)</i>					
<b>Interest Rate Swap</b>	<b>Effective Date</b>	<b>Maturity Date</b>	<b>Pay Rate</b>	<b>Receive Rate</b>	<b>Notional Amount</b>
2019 Swap - 10YR	11/29/2019	11/30/2029	2.2067%	one-month LIBOR	\$ 200,000
2019 Swap - 7YR	11/29/2019	11/30/2026	2.0830%	one-month LIBOR	\$ 75,000
<b>Total</b>					<b>\$ 275,000</b>

As of December 31, 2021, CatchMark's interest rate swaps effectively fixed the interest rate on \$275.0 million of its \$300.0 million variable rate debt at 3.95%, inclusive of the applicable spread but before considering patronage dividends. The 2019 swaps contain an other-than-insignificant financing element and, accordingly, the associated cash flows are reported as financing activities in the accompanying consolidated statement of cash flows.

All of CatchMark's outstanding interest rate swaps during 2021, 2020, and 2019 qualified for hedge accounting treatment.

#### *Fair Value and Cash Paid for Interest Under Interest Rate Swaps*

The following table presents information about CatchMark's interest rate swaps measured at fair value as of December 31, 2021 and 2020:

<i>(in thousands)</i>		<b>Estimated Fair Value as of</b>	
<b>Instrument Type</b>	<b>Balance Sheet Classification</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<i>Derivatives designated as hedging instruments:</i>			
Interest rate swaps	Other liabilities	\$ (14,277)	\$ (30,029)

During the years ended December 31, 2021, 2020, and 2019, CatchMark recognized a change in fair value of its interest rate swaps of \$16.7 million as other comprehensive income and \$19.6 million and \$8.3 million as other comprehensive loss, respectively.

During the years ended December 31, 2021 and 2020, CatchMark reclassified \$1.0 million and \$1.6 million, respectively, from accumulated other comprehensive loss to interest expense related to the off-market swap value at hedge inception. These reclassifications were netted with the market value adjustment to interest rate swaps in the consolidated statements of comprehensive income (loss).

Pursuant to the terms of its interest rate swaps, CatchMark paid \$5.8 million, \$4.3 million, and \$0.3 million, respectively, under the interest rate swaps during the years ended December 31, 2021, 2020, and 2019. All amounts were included in interest expense in the consolidated statements of operations.

As of December 31, 2021, CatchMark estimated that approximately \$5.1 million will be reclassified from accumulated other comprehensive loss to interest expense over the next 12 months.

## **7. Commitments and Contingencies**

### *Mahrt Timber Agreements*

In connection with its acquisition of timberlands from WestRock in 2007, CatchMark entered into a master stumpage agreement and a fiber supply agreement (collectively, the "Mahrt Timber Agreements") with a wholly-owned subsidiary of WestRock. The master stumpage agreement provides that CatchMark will sell specified amounts of timber and make available certain portions of CatchMark's timberlands to CatchMark TRS for harvesting. The fiber supply agreement provides that WestRock will purchase a specified tonnage of timber from CatchMark TRS at specified prices per ton, depending upon the type of timber product. The prices for the timber purchased pursuant to the fiber supply agreement are negotiated every two years but are subject to quarterly market pricing adjustments based on an index published by TimberMart-South, a quarterly trade publication that reports raw forest product prices in 11 southern states. The initial term of the Mahrt Timber Agreements is October 9, 2007 through December 31, 2032, subject to extension and early termination provisions. The Mahrt Timber Agreements ensure a long-term source of supply of wood fiber products for WestRock in order to meet its paperboard and lumber

production requirements at specified mills and provide CatchMark with a reliable customer for the wood products from its timberlands. For the years ended December 31, 2021, 2020, and 2019, approximately 11%, 11%, and 12%, respectively, of CatchMark's net timber sales revenue was derived from the Mahrt Timber Agreements. For 2022, WestRock is required to purchase, and we are required to make available to WestRock for purchase, a minimum of 371,100 tons of timber under the Mahrt Timber Agreements.

WestRock can terminate the Mahrt Timber Agreements prior to the expiration of the initial term if CatchMark replaces FRC as the forest manager without the prior written consent of WestRock, except pursuant to an internalization of CatchMark's forestry management functions. CatchMark can terminate the Mahrt Timber Agreements if WestRock (i) ceases to operate the Mahrt mill for a period that exceeds 12 consecutive months, (ii) fails to purchase a specified tonnage of timber for two consecutive years, subject to certain limited exceptions or (iii) fails to make payments when due (and fails to cure within 30 days).

In addition, either party can terminate the Mahrt Timber Agreements if the other party commits a material breach (and fails to cure within 60 days) or becomes insolvent. In addition, the Mahrt Timber Agreements provide for adjustments to both parties' obligations in the event of a force majeure, which is defined to include, among other things, lightning, fires, storms, floods, infestation and other acts of God or nature.

#### *Timberland Operating Agreements*

Pursuant to the terms of the timberland operating agreement between CatchMark and FRC (the "FRC Timberland Operating Agreement"), FRC manages and operates certain of CatchMark's timberlands and related timber operations, including ensuring delivery of timber to WestRock in compliance with the Mahrt Timber Agreements. In consideration for rendering the services described in the timberland operating agreement, CatchMark pays FRC (i) a monthly management fee based on the actual acreage FRC manages, which is payable monthly in advance, and (ii) an incentive fee based on timber harvest revenues generated by the timberlands, which is payable quarterly in arrears. The FRC Timberland Operating Agreement, as amended, is effective through March 31, 2023, and is automatically extended for one-year periods unless written notice is provided by CatchMark or FRC to the other party at least 120 days prior to the current expiration. The FRC Timberland Operating Agreement may be terminated by either party with mutual consent or by CatchMark with or without cause upon providing 120 days' prior written notice.

Pursuant to the terms of the timberland operating agreement between CatchMark and AFM (the "AFM Timberland Operating Agreement"), AFM manages and operates certain of CatchMark's timberlands and related timber operations, including ensuring delivery of timber to customers. In consideration for rendering the services described in the AFM Timberland Operating Agreement, CatchMark pays AFM (i) a monthly management fee based on the actual acreage AFM manages, which is payable monthly in advance, and (ii) an incentive fee based on revenues generated by the timber operations. The incentive fee is payable quarterly in arrears. The AFM Timberland Operating Agreement is effective through November 30, 2022 and is automatically extended for one-year periods unless written notice is provided by CatchMark or AFM to the other party at least 120 days prior to the current expiration. The AFM Timberland Operating Agreement may be terminated by either party with mutual consent or by CatchMark with or without cause upon providing 120 days' prior written notice. The AFM Timberland Operating Agreement for the Pacific Northwest region terminated as of the close of the Bandon Disposition in 2021, except for limited administrative services which terminated on December 31, 2021.

#### *Obligations under Operating Leases*

CatchMark's office lease commenced in January 2019 and expires in November 2028 and qualifies as an operating lease under ASC 842. As of January 1, 2019, CatchMark recorded an operating lease right-of-use ("ROU") asset and an operating lease liability of \$3.4 million on its balance sheet, which represents the net present value of lease payments over the lease term discounted using CatchMark's incremental borrowing rate at commencement date. CatchMark's office lease contains renewal options; however, the options were not included in the calculation of the operating lease ROU asset and operating lease liability as it is not reasonably certain that CatchMark will exercise the renewal options. CatchMark recorded \$0.4 million, \$0.5 million and \$0.3 million of operating lease expense, respectively, for the years ended December 31, 2021, 2020, and 2019 which was included in general and administrative expenses on its consolidated statements of operations. For the years ended December 31, 2021 and 2020, and 2019, CatchMark paid \$0.4 million, \$0.4 million and \$0.3 million, respectively, in cash for its office lease, which was included in operating cash flows on its consolidated statements of cash flows.

CatchMark had the following future annual payments for its office lease as of December 31, 2021:

<i>(dollar amounts in thousands)</i>	<b>Required Payments</b>
2022	<b>424</b>
2023	<b>435</b>
2024	<b>447</b>
2025	<b>459</b>
2026	<b>472</b>
Thereafter	<b>942</b>
	<b>\$ 3,179</b>
Less: imputed interest	<b>(472)</b>
Operating lease liability	<b>\$ 2,707</b>
Remaining lease term (years)	<b>6.9</b>
Discount rate	<b>4.58 %</b>

CatchMark holds leasehold interests in 13,800 acres of timberlands under a long-term lease that expires in May 2022 (the "LTC Lease"). The LTC Lease provides CatchMark access rights to harvest timber as specified in the LTC Lease, which is, therefore, a lease of biological assets, and is excluded from the scope of ASC 842.

As of December 31, 2021, CatchMark had \$261,000 of remaining future lease payments under its LTC Lease.

#### *Litigation*

From time to time, CatchMark may be a party to legal proceedings, claims, and administrative proceedings that arise in the ordinary course of its business. Management makes assumptions and estimates concerning the likelihood and amount of any reasonably possible loss relating to these matters using the latest information available. CatchMark records a liability for litigation if an unfavorable outcome is probable and the amount of loss or range of loss can be reasonably estimated. If an unfavorable outcome is probable and a reasonable estimate of the loss is a range, CatchMark accrues the best estimate within the range. If no amount within the range is a better estimate than any other amount, CatchMark accrues the minimum amount within the range. If an unfavorable outcome is probable but the amount of the loss cannot be reasonably estimated, CatchMark discloses the nature of the litigation and indicates that an estimate of the loss or range of loss cannot be made. If an unfavorable outcome is reasonably possible and the estimated loss is material, CatchMark discloses the nature and estimate of the possible loss of the litigation. CatchMark does not disclose information with respect to litigation where an unfavorable outcome is considered to be remote.

CatchMark is not currently involved in any legal proceedings of which the outcome is reasonably likely to have a material adverse effect on the results of operations or financial condition of CatchMark.

## **8. Noncontrolling Interests**

CatchMark Timber Trust is the general partner of CatchMark Timber OP and owns 99.76% of its Common Units. CatchMark LP Holder, a wholly-owned subsidiary of CatchMark Timber Trust, owns 200 Common Units representing approximately 0.01% of the partnership interests. The remaining 0.23% of the Common Units are owned by current and former officers and directors of CatchMark (the "Limited Partners").

On October 31, 2018, CatchMark Timber Trust, as general partner of CatchMark Timber OP, executed the Second Amended and Restated Agreement of Limited Partnership of CatchMark Timber OP (as amended, the "Partnership Agreement") with CatchMark LP Holder. The Partnership Agreement, as amended, added provisions authorizing CatchMark Timber OP to issue a class of limited partnership interests (the "LTIP Units"), to certain officers, directors, and employees of CatchMark. LTIP Units are a class of units structured to qualify as "profits interests" for federal income tax purposes that, subject to certain conditions, including vesting, are convertible by the holder into the Common Units. The LTIP Units initially have no value and are not at parity with the Common Units with respect to liquidating distributions. Regular and other non-liquidating distributions are made by CatchMark Timber OP with



respect to unvested LTIP Units as provided in the applicable award agreement for such units. Upon the occurrence of specified events, the LTIP Units can over time achieve partial to full parity with the Common Units.

Vested LTIP Units that have achieved full parity with the Common Units are automatically converted into the Common Units on a one-for-one basis. Vested LTIP Units that have not achieved full parity with the Common Units may convert into the Common Units on less than a one-for-one basis based on relative capital accounts. Limited partners holding Common Units, including those converted from LTIP Units, have the option to cause CatchMark Timber OP to redeem such units after the units have been held for one year. Unless CatchMark Timber Trust exercises its right to purchase the Common Units in exchange for shares of its common stock, CatchMark Timber OP would redeem each such unit with cash equal to the value of one share of CatchMark Timber Trust's common stock.

CatchMark recognizes noncontrolling interests associated with the Common Units held by the Limited Partners and the LTIP Units in an amount equal to the cumulative compensation cost of such units. Upon any forfeiture of the LTIP Units, the associated noncontrolling interests is reclassified to additional paid-in capital. Upon the conversion of the LTIP Units to Common Units, noncontrolling interests is adjusted so that the book value of each newly converted Common Unit equals the book value of an existing Common Unit. Noncontrolling interests is subsequently adjusted by allocations of earnings and distributions paid.

For the years ended December 31, 2021, 2020, and 2019, CatchMark recognized \$1.2 million, \$1.2 million and \$0.5 million in stock-based compensation expense, respectively, related to the Common Units held by the Limited Partners and the LTIP Units as noncontrolling interests. During the years ended December 31, 2021 and 2020, 33,007 and 85,801, respectively, vested LTIP Units were converted to Common Units and, accordingly, \$0.1 million and \$0.4 million was reclassified from noncontrolling interests to additional paid-in capital, respectively. As the result of forfeitures of performance-based LTIP Units issued to the executive officers for 2018 and 2019, in January 2021 and January 2022, \$0.1 million and \$0.7 million, respectively, was reclassified from noncontrolling interests to additional paid-in capital at the time of forfeiture. See *Note 10 — Stock-based Compensation* for more details regarding LTIP Units.

## **9. Stockholders' Equity**

Under CatchMark's charter, it has authority to issue a total of one billion shares of capital stock. Of the total shares authorized, 900 million shares are designated as common stock with a par value of \$0.01 per share and 100 million shares are designated as preferred stock.

### *Share Repurchase Program*

On August 7, 2015, the board of directors approved a share repurchase program for up to \$30.0 million of CatchMark's outstanding common stock at management's discretion (the "SRP"). The program has no set duration and the Board may discontinue or suspend it at any time. CatchMark did not repurchase any shares of common stock under the SRP in 2021. During the years ended December 31, 2020 and 2019, CatchMark repurchased 304,719 shares and 329,150 shares, respectively, for \$2.0 million and \$3.0 million, respectively, under the SRP. As of December 31, 2021, CatchMark had 48.9 million shares of common stock outstanding and may repurchase up to an additional \$13.7 million in shares under the SRP.

### *Equity Offering*

On February 28, 2020, CatchMark filed a shelf registration statement on Form S-3 (File No. 333-236793) with the SEC (the "2020 Shelf Registration Statement"), which was declared effective on May 7, 2020. The 2020 Shelf Registration Statement provides CatchMark with future flexibility to offer, from time to time and in one or more offerings, up to \$600 million in an undefined combination of debt securities, common stock, preferred stock, depositary shares, or warrants. The terms of any such future offerings would be established at the time of an offering. On May 7, 2020, CatchMark entered into a distribution agreement with a group of sales agents relating to the sale from time to time of up to \$75 million in shares of CatchMark's common stock in at-the-market offerings or as otherwise agreed with the applicable sales agent, including in block transactions. These shares are registered with the SEC under the 2020 Shelf Registration Statement. As of December 31, 2021, CatchMark has not sold any shares of its common stock under the distribution agreement.

## Distributions

Since December 2013, CatchMark has made and intends to continue to make quarterly distributions to holders of its common stock. The table below summarizes the distributions CatchMark made during the years ended December 31, 2021, 2020, and 2019, and the tax characterization of the distributions:

	2021	2020	2019
<b>Total Cash Distributions per Common Share</b>	<b>\$ 0.48</b>	<b>\$ 0.54</b>	<b>\$ 0.54</b>
<b>Tax Characterization</b>			
Return of Capital	100 %	100 %	100 %

The amount of distributions and the tax treatment thereof in prior periods are not necessarily indicative of amounts and tax treatment anticipated in future periods.

## 10. Stock-based Compensation

### Long-Term Incentive Plans

On June 24, 2021, CatchMark's stockholders approved a long-term incentive plan (the "2021 Incentive Plan") at its 2021 annual meeting of stockholders. The 2021 Incentive Plan replaced CatchMark's 2017 long-term incentive plan. The 2021 Incentive Plan allows for the award of options, stock appreciation rights, restricted stock, RSUs, deferred stock units, performance awards, other stock-based awards, LTIP Units or any other right or interest relating to stock or cash to the employees, directors, and consultants of CatchMark or its affiliates. A total of 2.0 million shares of CatchMark's common stock are reserved for issuance pursuant to awards granted under the 2021 Incentive Plan. As of December 31, 2021, approximately 1.97 million shares remained available for issuance under the 2021 Plan.

### Service-based Restricted Stock Grants to Employees

On February 18, 2021 and March 11, 2021, CatchMark granted 54,250 and 94,567 shares of service-based restricted stock to its employees and officers, respectively, vesting in equal installments over a four-year period. The fair value of \$0.6 million and \$1.0 million, respectively, was determined based on the closing price of CatchMark's common stock on the grant date and is amortized evenly over the vesting period.

Below is a summary of service-based restricted stock grants to the employees during the years ended December 31, 2021, 2020, and 2019:

	2021	2020	2019
Restricted shares granted	148,817	153,842	230,885
Weighted-average grant date fair value per share	\$ 10.77	\$ 10.99	\$ 9.66
Grant date fair value of restricted shares vested ('000) <sup>(1)</sup>	\$ 1,458	\$ 2,364	\$ 953
Number of shares repurchased for minimum tax withholding upon vesting of restricted shares	52,208	92,994	28,272
Cash used to repurchase shares for minimum tax withholding upon vesting of restricted shares ('000) <sup>(2)</sup>	\$ 557	\$ 1,018	\$ 278

<sup>(1)</sup> Included in the 2020 amount was the accelerated vesting of \$1.1 million in connection with the retirement of CatchMark's former CEO.

<sup>(2)</sup> Included in the 2020 amount was \$0.5 million paid in connection with the retirement of CatchMark's former CEO.

A rollforward of CatchMark's unvested service-based restricted stock awards to employees for the year ended December 31, 2021 is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2020	374,822	\$ 10.51
Granted	148,817	\$ 10.77
Vested	(138,967)	\$ 10.49
Forfeited	(11,625)	\$ 10.49
Unvested at December 31, 2021	373,047	\$ 10.62

#### *Performance-based Grants*

On March 11, 2021, CatchMark granted 202,930 performance-based LTIP Units to its executive officers and 44,180 shares of performance-based restricted stock to its eligible officers (the "2021 Performance-based Grant"). The issuance represents the maximum number of LTIP Units or shares of restricted stock that could be earned based on the relative performance of CatchMark's TSR as compared to a pre-established peer group's TSR and to the Russell Microcap Index, in each case over a three-year performance period from January 1, 2021 to December 31, 2023. The Compensation Committee will determine the earned awards after the end of the performance period, and the earned awards will vest in two equal installments in the first quarter of 2024 and 2025. The total compensation cost of the 2021 Performance-based Grant was \$1.5 million and is amortized over the weighted vesting period of 3.5 years. The fair value of each LTIP Unit and share of restricted stock was calculated using Monte-Carlo simulation with the following assumptions:

Grant date market price (March 11, 2021)	\$ 10.90
Weighted-average fair value per granted LTIP Unit/share	\$ 6.26
Assumptions:	
Volatility	43.08 %
Expected term (years)	3.0
Risk-free interest rate	0.39 %

On January 29, 2021, the compensation committee of CatchMark's board of directors (the "Compensation Committee") determined that performance-based grants issued pursuant to CatchMark's 2018 executives' LTIP with a performance period from January 1, 2018 through December 31, 2020 were not earned. As a result, 7,937 shares of restricted stock and 39,020 LTIP units issued thereunder were forfeited and the remaining unamortized cost of \$16,300 associated with these grants was expensed in the first quarter of 2021.

A rollforward of CatchMark's unvested performance-based LTIP Units grants for the year ended December 31, 2021 is as follows:

	Number of Units	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2020	349,703	\$ 6.03
Granted	202,930	\$ 6.26
Vested	(7,705)	\$ 1.31
Forfeited	(39,020)	\$ 1.82
Unvested at December 31, 2021	505,908	\$ 6.52

A rollforward of CatchMark's unvested performance-based restricted stock grants for the year ended December 31, 2021 is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested at December 31, 2020	31,526	\$ 4.90
Granted	44,180	\$ 6.26
Vested	—	\$ —
Forfeited	(7,937)	\$ 1.84
Unvested at December 31, 2021	67,769	\$ 6.14

On January 20, 2022, the Compensation Committee determined that performance-based grants issued pursuant to CatchMark's 2019 executives' LTIP with a performance period from January 1, 2019 through December 31, 2021 were not earned. As a result, 105,862 LTIP units issued thereunder were forfeited and the remaining unamortized cost of \$144,000 associated with these grants was expensed in the first quarter of 2022.

#### *Accelerated Vesting of Former CEO's Outstanding Equity Awards*

On January 21, 2020, Jerrold Barag retired as the Chief Executive Officer of CatchMark and as a member of CatchMark's board of directors. In connection with Mr. Barag's retirement, 103,135 shares of his service-based restricted stock awards vested immediately, 46,912 shares of which were withheld to cover tax withholding. CatchMark repurchased the remaining 56,223 fully vested shares at a per-share price of \$11.05, which was the average closing price of the common stock for the five-day trading period ended prior to January 21, 2020, payable to Mr. Barag in 24 equal installments through January 2022. Mr. Barag's 72,272 performance-based LTIP Units issued under the executive officer's 2017 compensation program had a performance period from January 1, 2017 to December 31, 2019. 25,218 of these 72,272 LTIP Units were earned and vested on January 29, 2020. Mr. Barag's remaining 142,909 performance-based LTIP units issued under the executive officers' 2018 and 2019 compensation programs were treated as if the performance period for such awards ended on January 21, 2020. The Compensation Committee determined that Mr. Barag earned a total of 32,780 LTIP Units under the 2018 and 2019 compensation programs, which were vested on January 29, 2020. In accordance with *ASC 718: Compensation - Stock Compensation*, CatchMark applied modification accounting and recognized the incremental fair value of these awards in the amount of \$1.2 million as stock-based compensation expense in the first quarter of 2020. For complete terms and conditions of the separation agreement, see the Form 8-K filed with the SEC on January 21, 2020.

During the years ended December 31, 2021 and 2020, CatchMark made installment payments of \$0.3 million and \$0.3 million, respectively, related to the repurchase of Mr. Barag's service-based restricted stock awards.

#### *Equity Grants to Independent Directors*

On June 25, 2021, CatchMark issued the annual equity-based grants to five independent directors who were re-elected to its board at its 2021 annual meeting of stockholders. Each independent director received a grant with a fair value of \$70,000, which will vest on the date of CatchMark's 2022 annual meeting of stockholders. Upon their respective elections, one independent director received 5,838 shares of CatchMark's restricted common stock and the remaining four independent directors each received 5,838 LTIP Units in CatchMark Timber OP. CatchMark recognized \$175,000 of general and administrative expense related to these awards during the year ended December 31, 2021.

Below is a summary of independent directors' stock-based compensation for the years ended December 31, 2021, 2020, and 2019:

<i>(dollars in thousands, except for per-share amounts)</i>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Number of restricted shares granted	<b>5,838</b>	20,744	20,097
Weighted-average grant date fair value per share	<b>\$ 11.99</b>	\$ 8.17	\$ 10.45
Grant date fair value of restricted shares granted	<b>\$ 70</b>	\$ 169	\$ 210
Number of LTIP Units granted	<b>23,352</b>	25,302	20,097
Weighted-average grant date fair value per unit	<b>\$ 11.99</b>	\$ 8.30	\$ 10.45
Grant date fair value of LTIP Units granted	<b>\$ 280</b>	\$ 210	\$ 210
Number of shares repurchased for minimum tax withholding upon vesting of restricted shares	<b>4,136</b>	4,027	\$ —
Cash used to repurchase shares for minimum tax withholding upon vesting of restricted shares	<b>\$ 49</b>	\$ 34	\$ —

A rollforward of CatchMark's unvested restricted stock and LTIP Unit grants to the directors for the year ended December 31, 2021 is as follows:

	<b>Restricted Stock</b>		<b>LTIP Units</b>	
	<b>Number of Shares</b>	<b>Weighted-Average Grant Date Fair Value</b>	<b>Number of Units</b>	<b>Weighted-Average Grant Date Fair Value</b>
Unvested as of December 31, 2020	20,744	\$ 8.17	25,302	\$ 8.30
Granted	5,838	\$ 11.99	23,352	\$ 11.99
Vested	(20,744)	\$ 8.17	(25,302)	\$ 8.30
Forfeited	—	\$ —	—	\$ —
Unvested as of December 31, 2021	5,838	\$ 11.99	23,352	\$ 11.99

#### *Stock-based Compensation Expense*

A summary of CatchMark's stock-based compensation expense is presented below:

	<b>Year Ended December 31,</b>		
<i>(in thousands)</i>	<b>2021</b>	<b>2020</b>	<b>2019</b>
General and administrative expenses <sup>(1)</sup>	<b>\$ 2,372</b>	\$ 3,419	\$ 2,527
Forestry management expenses	<b>532</b>	417	263
Total <sup>(2)</sup>	<b>\$ 2,904</b>	\$ 3,836	\$ 2,790

<sup>(1)</sup> Amount for the year ended December 31, 2020 includes \$1.2 million of accelerated stock-based compensation expense related to the retirement of CatchMark's former CEO in January 2020.

<sup>(2)</sup> Amounts for the years ended December 31, 2021 and 2020 include \$1.2 million and \$1.2 million, respectively, of stock-based compensation expense recognized as noncontrolling interests.

As of December 31, 2021, \$4.8 million of unrecognized compensation expense related to unvested restricted stock and LTIP Units remained to be recognized over a weighted-average period of 2.3 years.

## 11. Recreational Leases

CatchMark leases certain access rights to individuals and companies for recreational purposes. These operating leases generally have terms of one year with certain provisions to extend the lease agreements for at least another one-year term. CatchMark retains substantially all of the risks and benefits of ownership of the timberland properties leased to tenants and, thus, the leases are accounted for under ASC 606. As of December 31, 2021, 362,400 acres, or 100% of CatchMark's timberland available for recreational uses, had been leased to tenants under operating leases that expire between May and July 2022. Under the terms of the recreational leases, tenants are required to pay the entire rent upon execution of the lease agreement. Such rental receipts are recorded as deferred revenues until earned over the terms of the respective lease terms and recognized as other revenue. As of December 31, 2021 and 2020, \$1.7 million and \$1.8 million, respectively, of such rental receipts are included in other liabilities in the accompanying consolidated balance sheets. For the three years ended December 31, 2021, 2020, and 2019, CatchMark recognized other revenues related to recreational leases of \$3.9 million, \$4.0 million, and \$4.1 million, respectively.

## 12. Income Taxes

CatchMark TRS is generally the only subsidiary of CatchMark subject to U.S. federal and state income taxes. CatchMark TRS records deferred income taxes using enacted tax laws and rates for the years in which the taxes are expected to be paid. Deferred tax assets and liabilities are recorded based on the differences between the financial reporting and income tax bases of assets and liabilities. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. As of December 31, 2020, CatchMark TRS had a net deferred tax asset balance of \$0.5 million, as it was more likely than not that a portion of its deferred tax asset was going to be realized based on projected future income. As of December 31, 2021, CatchMark TRS recorded a full valuation allowance on its deferred tax asset which resulted in a net deferred tax asset balance of \$0 as it was no longer more likely than not based on projected future income that a portion of its deferred tax asset would be realized.

As of December 31, 2021, CatchMark Timber Trust and CatchMark TRS had the following federal and state net operating loss ("NOL") carryforwards:

<i>(in millions)</i>	<b>Federal</b>	<b>State</b>	<b>Total</b>
CatchMark Timber Trust	\$ 277.0 <sup>(1)</sup>	\$ 225.9	\$ 502.9
CatchMark TRS	\$ 15.5 <sup>(2)</sup>	\$ 12.2	\$ 27.7
<b>Total</b>	<b>\$ 292.5</b>	<b>\$ 238.1</b>	<b>\$ 530.6</b>

<sup>(1)</sup> Includes \$108.3 million of NOL generated prior to January 1, 2018.

<sup>(2)</sup> Entire \$15.5 million of NOL was generated prior to January 1, 2018.

Such NOL carryforwards may be utilized, subject to certain limitations, to offset future taxable income. The federal NOL generated prior to January 1, 2018 will begin to expire in 2027 and the state NOL generated prior to January 1, 2018 will begin to expire in 2022. Current tax law allows CatchMark Timber Trust and CatchMark TRS to carry forward its federal NOL generated beginning January 1, 2018 indefinitely; however, the use of the NOL in any given tax year will be limited to 80% of the annual taxable income.

Components of the deferred tax assets as of December 31, 2021 and 2020 were attributable to the operations of CatchMark TRS only and were as follows:

(in thousands)	As of December 31,	
	2021	2020
<b>Deferred tax assets:</b>		
Net operating loss carryforward	\$ 3,808	\$ 5,713
Gain on timberland sales	56	52
Other	486	609
Total gross deferred tax asset	4,350	6,374
<b>Valuation allowance</b>	<b>(4,272)</b>	<b>(5,829)</b>
Total net deferred tax asset	\$ 78	\$ 545
<b>Deferred tax liability:</b>		
Timber depletion	78	76
Total gross deferred tax liability	\$ 78	\$ 76
<b>Deferred tax assets, net</b>	<b>\$ —</b>	<b>\$ 469</b>

Income taxes for financial reporting purposes differ from the amount computed by applying the statutory federal rate primarily due to the effect of state income taxes (net of federal benefit) and valuation allowances. A reconciliation of the federal statutory income tax rate to CatchMark TRS' effective tax rate for the years ended December 31, 2021, 2020, and 2019 is as follows:

	2021	2020	2019
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	2.3 %	3.2 %	— %
Other temporary differences	1.4 %	— %	5.1 %
Other permanent differences	1.4 %	6.3 %	6.3 %
Effects of federal rate change	— %	— %	— %
Change in valuation allowance <sup>(1)</sup>	(17.2)%	(3.7)%	(53.9)%
Effective tax rate	8.9 %	26.8 %	(21.5)%

<sup>(1)</sup> Represents a partial valuation allowance against federal net operating losses for the years ended December 31, 2020 and 2019, as CatchMark does not believe those losses will be fully utilized in the future. CatchMark recorded a full valuation allowance against federal net operating losses for the year ended December 31, 2021.

As of December 31, 2021 and 2020, the tax basis carrying value of CatchMark's total timber assets was \$461.3 million and \$570.9 million, respectively.



### 13. Quarterly Results (unaudited)

Presented below is a summary of the unaudited quarterly financial information for the years ended December 31, 2021 and 2020:

<i>(in thousands, except for per-share amounts)</i>	2021			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$ 27,686	\$ 31,940	\$ 22,073	\$ 20,462
Income (loss) before unconsolidated joint ventures and income taxes	\$ (1,165)	\$ 1,704	\$ 23,351	\$ (495)
Net income (loss) attributable to common stockholders	\$ (550)	\$ 1,749	\$ 23,252	\$ 33,811
Net income (loss) per share — basic <sup>(1)</sup>	\$ (0.01)	\$ 0.04	\$ 0.48	\$ 0.70
Net income (loss) per share — diluted <sup>(1)</sup>	\$ (0.01)	\$ 0.04	\$ 0.48	\$ 0.70

<i>(in thousands, except for per-share amounts)</i>	2020			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$ 26,972	\$ 21,757	\$ 24,613	\$ 30,948
Loss before unconsolidated joint ventures and income taxes	\$ (4,161)	\$ (3,838)	\$ (1,855)	\$ (2,300)
Net loss	\$ (4,249)	\$ (6,183)	\$ (4,149)	\$ (2,957)
Net loss per share — basic and diluted <sup>(1)</sup>	\$ (0.09)	\$ (0.13)	\$ (0.09)	\$ (0.06)

<sup>(1)</sup> The sum of the quarterly amounts does not equal net income (loss) per share for the year due to changes in weighted-average shares.

During the year ended December 31, 2021, CatchMark's quarterly results varied primarily as a result of gains realized from large dispositions in the second and third quarter, and gain from the Triple T Exit in the fourth quarter.

### 14. Customer Concentration

For the years ended December 31, 2021, 2020, and 2019, WestRock represented 16%, 15%, and 16% of CatchMark's total revenues, respectively. No other customer represented more than 10% of CatchMark's total revenues during 2021, 2020, and 2019.

### 15. Segment Information

As of December 31, 2021, CatchMark had the following reportable segments: Harvest, Real Estate and Investment Management. Harvest includes wholly-owned timber assets and associated timber sales, other revenues and related expenses. Real Estate includes timberland sales, cost of timberland sales and large dispositions. Investment Management includes investment in and income (loss) from unconsolidated joint ventures and asset management fee revenues earned for the management of these joint ventures. General and administrative expenses, along with other expense and income items, are not allocated among segments. Asset information and capital expenditures by segment are not reported because CatchMark does not use these measures to assess performance. CatchMark's investments in unconsolidated joint ventures are reported separately on the accompanying consolidated balance sheets. During the periods presented, there have been no material intersegment transactions.

The following table presents operating revenues by reportable segment:

<i>(in thousands)</i>	Year Ended December 31,		
	2021	2020	2019
Harvest	\$ 76,596	\$ 76,464	\$ 77,189
Real Estate	14,090	15,642	17,572
Investment Management	11,475	12,184	11,948
Total	<u>\$ 102,161</u>	<u>\$ 104,290</u>	<u>\$ 106,709</u>

Adjusted EBITDA is the primary performance measure reviewed by management to assess operating performance. The following table presents Adjusted EBITDA by reportable segment:

<i>(in thousands)</i>	Year Ended December 31,		
	2021	2020	2019
Harvest	\$ 34,181	\$ 34,190	\$ 33,670
Real Estate	13,355	14,748	16,559
Investment Management	12,284	12,609	16,749
Corporate	(10,413)	(9,482)	(10,072)
Total	<u>\$ 49,407</u>	<u>\$ 52,065</u>	<u>\$ 56,906</u>

A reconciliation of Adjusted EBITDA to GAAP net income (loss) is presented below:

<i>(in thousands)</i>	Year Ended December 31,		
	2021	2020	2019
<b>Adjusted EBITDA</b>	<b>\$ 49,407</b>	<b>\$ 52,065</b>	<b>\$ 56,906</b>
Subtract:			
Depletion	23,729	29,112	28,064
Interest expense <sup>(1)</sup>	10,232	12,070	17,058
Amortization <sup>(1)</sup>	2,622	3,255	1,786
Income tax expense (benefit)	675	658	(1,127)
Depletion, amortization, and basis of timberland and mitigation credits sold included in loss from unconsolidated joint venture <sup>(2)</sup>	126	151	3,823
Basis of timberland sold, lease terminations and other <sup>(3)</sup>	9,325	13,606	14,964
Stock-based compensation expense	2,904	3,836	2,790
Gain on large dispositions <sup>(4)</sup>	(24,208)	(1,274)	(7,961)
HLBV loss from unconsolidated joint venture <sup>(5)</sup>	—	5,000	90,450
Gain on sale of unconsolidated joint venture interests	(35,000)	—	—
Post-employment benefits <sup>(6)</sup>	41	2,324	—
Other <sup>(7)</sup>	558	865	380
<b>Net income (loss)</b>	<b><u>\$ 58,403</u></b>	<b><u>\$ (17,538)</u></b>	<b><u>\$ (93,321)</u></b>

<sup>(1)</sup> For the purpose of the above reconciliation, amortization includes amortization of deferred financing costs, amortization of operating lease assets and liabilities, amortization of intangible lease assets, and amortization of mainline road costs, which are included in either interest expense, land rent expense, or other operating expenses in the accompanying consolidated statements of operations. Includes non-cash basis of timber and timberland assets written-off related to timberland sold, terminations of timberland leases and casualty losses.

<sup>(2)</sup> Reflects CatchMark's share of depletion, amortization, and basis of timberland and mitigation credits sold of the unconsolidated Dawsonville Bluffs Joint Venture.

<sup>(3)</sup> Includes non-cash basis of timber and timberland assets written-off related to timberland sold, terminations of timberland leases and casualty losses.

- (4) Large dispositions are sales of blocks of timberland properties in one or several transactions with the objective to generate proceeds to fund capital allocation priorities. Large dispositions may or may not have a higher or better use than timber production or result in a price premium above the land's timber production value. Such dispositions are infrequent in nature, are not part of core operations, and would cause material variances in comparative results if not reported separately.
- (5) Reflects HLBV losses from the Triple T Joint Venture, which is determined based on a hypothetical liquidation of the underlying joint venture at book value as of the reporting date. CatchMark exited the Triple T Joint Venture on October 14, 2021, see *Note 4 — Unconsolidated Joint Ventures* for additional information.
- (6) Reflects one-time, non-recurring post-employment benefits associated with the retirement of CatchMark's former CEO, including severance pay, payroll taxes, professional fees, and accrued dividend equivalents.
- (7) Includes certain cash expenses paid, or reimbursement received, that management believes do not directly reflect the core business operations of CatchMark's timberland portfolio on an on-going basis, including costs required to be expensed by GAAP related to acquisitions, transactions, joint ventures or new business initiatives.

## **16. Subsequent Event**

### *Dividend Declaration*

On February 10, 2022, CatchMark declared a cash dividend of \$0.075 per share for its common stockholders of record on February 28, 2022, payable on March 15, 2022.

# Board & Officers

## BOARD OF DIRECTORS

### Tim E. Bentsen

Former Audit Partner and Practice Leader,  
KPMG LLP

### Brian M. Davis

Chief Executive Officer and President

### James M. DeCosmo

Former President and CEO,  
Forestar Group, Inc.

### Paul S. Fisher

Former Vice Chairman,  
President and Chief Executive Officer,  
CenterPoint Properties Trust, Inc.

### Mary E. McBride

Former President, CoBank, ACB

### Douglas D. Rubenstein

#### Chairman of the Board

Executive Vice President  
and Chief Operating Officer and  
Director of Capital Markets,  
Benjamin F. Edwards & Company, Inc.

## OFFICERS

### Brian M. Davis

Chief Executive Officer and President

### Ursula Godoy-Arbelaez

Chief Financial Officer,  
Senior Vice President and Treasurer

### Todd Reitz

Chief Resources Officer and  
Senior Vice President

### Lesley Solomon

General Counsel and  
Corporate Secretary

### John D. Capriotti

Vice President - Acquisitions

### Glen F. Smith

Chief Accounting Officer,  
Vice President and  
Assistant Secretary

### Donald L. Warden

Vice President - Real Estate  
and Alternative Income

## HEADQUARTERS

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[www.CatchMark.com](http://www.CatchMark.com)

## STOCK INFORMATION

Listed: New York Stock Exchange  
Symbol: CTT

## STOCK TRANSFER AGENT AND REGISTRAR

Computershare Trust Company  
P.O. Box 505000  
Louisville, KY 40233-5000  
855-862-0044

## ANNUAL MEETING

Date: June 14, 2022  
Time: 10:00 am ET  
Location: To be held virtually at  
[www.meetnow.global/MDLTVTX](http://www.meetnow.global/MDLTVTX)

## FILINGS

All reports filed electronically by CatchMark Timber Trust, Inc. with the U.S. Securities and Exchange Commission, including the annual report on Form 10-K, quarterly reports on Form 10-Q, and current event reports on Form 8-K, are accessible at no charge to the investor on the CatchMark Timber Trust, Inc. website at [www.CatchMark.com](http://www.CatchMark.com), or by contacting a Shareholder Services Specialist at the number listed below.

## FOR ADDITIONAL INFORMATION AND ASSISTANCE

For additional information about CatchMark Timber Trust, Inc., please visit our website, [www.CatchMark.com](http://www.CatchMark.com). Investors also may contact a Shareholder Services Specialist for assistance weekdays at 855-862-0044.







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In recognition of its responsible forest management, CatchMark has earned certification under the prestigious Sustainable Forestry Initiative®, one of the world's largest programs promoting sustainable forestry.