

# PotlatchDeltic Merger with CatchMark

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May 31, 2022

**Eric Cremers**

PotlatchDeltic Corporation  
President & Chief Executive Officer

**Brian Davis**

CatchMark Timber Trust, Inc.  
President & Chief Executive Officer





# Additional Information & Forward-Looking Statements



## IMPORTANT ADDITIONAL INFORMATION ABOUT THE PROPOSED TRANSACTION

This communication is being made in respect of the proposed merger transaction involving PotlatchDeltic Corporation (“PotlatchDeltic”) and CatchMark Timber Trust, Inc. (“CatchMark”). This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. In connection with the proposed transaction, PotlatchDeltic plans to file with the Securities and Exchange Commission (“SEC”) a Registration Statement on Form S-4 that constitutes a prospectus of PotlatchDeltic and will also include a proxy statement of CatchMark. After the Registration Statement has been declared effective, CatchMark will mail the definitive proxy statement/prospectus to its stockholders. **The proxy statement/prospectus to be filed with the SEC related to the proposed merger will contain important information about PotlatchDeltic, CatchMark, the proposed transaction and related matters. Investors are urged to carefully read the proxy statement/prospectus and other documents to be filed with the SEC (or incorporated by reference into the proxy statement/prospectus) in connection with the proposed merger, when available.** Investors will be able to obtain free copies of the proxy statement/prospectus, when it is filed with the SEC, through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, investors will be able to obtain free copies of the proxy statement/prospectus and other documents filed with the SEC by the parties on PotlatchDeltic’s website at [www.potlatchdeltic.com](http://www.potlatchdeltic.com) (which website is not incorporated herein by reference), for documents filed with the SEC by PotlatchDeltic, or on CatchMark’s website at [www.catchmark.com](http://www.catchmark.com) (which website is not incorporated herein by reference), for documents filed with the SEC by CatchMark.

## PARTICIPANTS IN THE SOLICITATION

PotlatchDeltic and CatchMark and their respective directors and officers and certain other members of management and employees may be deemed to be participants in the solicitation of proxies from stockholders of CatchMark in connection with the merger transaction. Certain information about the directors and executive officers of PotlatchDeltic is set forth in its Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the SEC on February 17, 2022, and its proxy statement for its 2022 annual meeting of stockholders, which was filed with the SEC on March 29, 2022, and will be contained in the proxy statement/prospectus described above when it is filed with the SEC. Certain information about the directors and executive officers of CatchMark is set forth in its Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the SEC on March 3, 2022 and its proxy statement for its 2022 annual meeting of stockholders, which was filed with the SEC on April 15, 2022, and will be contained in the proxy statement/prospectus described above when it is filed with the SEC. You can obtain free copies of these document from PotlatchDeltic and CatchMark using the contact information above.

## NON-GAAP MEASURES

This presentation includes non-GAAP financial information. Definitions are included in this presentation which is available on the company’s website at [www.potlatchdeltic.com](http://www.potlatchdeltic.com).



# Additional Information & Forward-Looking Statements



## CAUTION ABOUT FORWARD-LOOKING STATEMENTS

Statements made in this communication and related statements that express PotlatchDeltic's, CatchMark's or their respective management's intentions, hopes, indications, beliefs, expectations, or predictions of the future constitute forward-looking statements, as defined by the Private Securities Litigation Reform Act of 1995, and relate to matters that are not historical facts. These statements include those regarding the closing of the merger transaction, the expected timing of the merger transaction and the potential effects of the merger transaction, including if it does not close.

These statements are not guarantees of future performance or events and are subject to risks, uncertainties and assumptions that could cause actual results or events to vary materially from those indicated in this communication, including: the inability to obtain regulatory approvals of the merger transaction on the proposed terms and schedule; the failure of CatchMark's stockholders to approve the merger transaction; disruption to PotlatchDeltic's or CatchMark's business, including customer, employee and supplier relationships resulting from the merger transaction; the inability to implement business plans, forecasts, and other expectations after the completion of the proposed merger transaction, and to identify and realize synergies or other expected benefits; the occurrence of any event, change, or other circumstance that could give rise to a termination of the definitive agreement relating to the proposed merger transaction; and other factors described in PotlatchDeltic's and CatchMark's reports filed with the SEC, including their respective annual reports for the year ended December 31, 2021 and subsequent quarterly reports, which risks and uncertainties are incorporated herein by reference. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this communication. Except to the extent required by law, PotlatchDeltic and CatchMark disclaim any obligation to update any forward-looking statements after the distribution of this communication, whether as a result of new information, future events, changes in assumptions, or otherwise.



# Compelling Strategic and Financial Rationale

The combination creates significant strategic and financial opportunities beyond what could be achieved by either company on a standalone basis.

## Strategic Rationale

- ▲ Diversified timberland ownership of ~2.2 million acres with ~70% located in strengthening southern markets
- ▲ Remain top-ten U.S. lumber producer with capacity of 1.1 BBF
- ▲ Broader real estate opportunities, including natural climate solutions
- ▲ Remain the timber REIT with the most leverage to lumber prices and aligned with robust industry fundamentals
- ▲ Expanded bolt-on growth opportunities

## Financial Rationale

- ▲ Combined market capitalization over \$4 billion and enterprise value over \$5 billion<sup>1</sup>
- ▲ Compelling annual CAD<sup>2</sup> synergies of \$16 million (run rate basis)
- ▲ Accretive to CAD per share in the first full year<sup>3</sup>
- ▲ Significant cash flow accretion
- ▲ Strong balance sheet and credit metrics
- ▲ Remain committed to investment grade rating

<sup>1</sup> | Pro forma based on PotlatchDeltic's stock price as of May 27, 2022 and the respective companies' debt and cash balances as of March 31, 2022.

<sup>2</sup> | Non-GAAP measure; see appendix for definition.

<sup>3</sup> | Assuming full run-rate synergies and excluding costs to achieve the synergies.



# Complementary Businesses



## PotlatchDeltic

- ▲ 119-year-old forest products company structured as a REIT
- ▲ 1.8 million timberland acres diversified across four southern states and Idaho
- ▲ Top-10 U.S. lumber manufacturer with six sawmills and 1.1 BBF capacity
- ▲ One industrial grade plywood mill
- ▲ Rural and development real estate businesses
- ▲ Dedicated employees with commitment to maintaining the highest safety standards
- ▲ 1,299 employees
- ▲ Commitment to environmental and social responsibility and to responsible governance

## CatchMark

- ▲ 17-year-old timberland owner structured as a REIT
- ▲ First publicly traded pure play timber REIT
- ▲ ~350,000 acres in strong Alabama, Georgia, and South Carolina markets
- ▲ 100% of timberlands located in strong U.S. South markets
- ▲ Location near large population centers creates attractive rural land sales opportunities
- ▲ 20 employees
- ▲ Commitment to environmental and social responsibility and to responsible governance



# Summary of Key Merger Terms



## Merger Structure

- ▲ Stock-for-stock merger with 0.23 PCH shares issued for each CTT share
- ▲ Pro forma ownership: PCH stockholders 86%, CTT stockholders 14%

## Management & Board

- ▲ Chairperson: Mike Covey
- ▲ President & CEO: Eric Cremers
- ▲ 10 member Board of Directors: 9 from PCH; 1 from CTT

## Location & Name

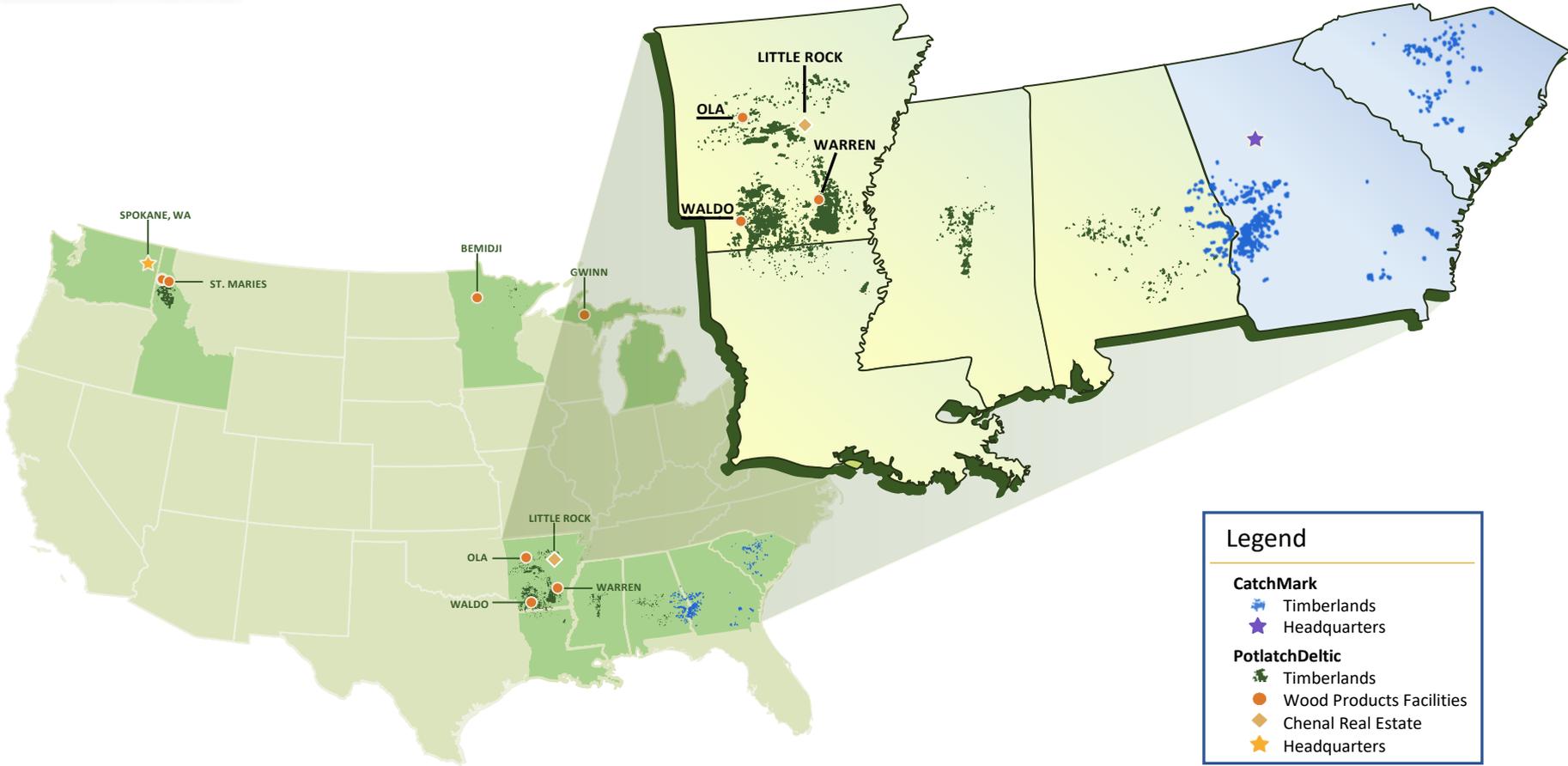
- ▲ Corporate headquarters: Spokane, WA
- ▲ Regional office maintained in Atlanta, GA
- ▲ Name: PotlatchDeltic Corporation (Nasdaq: PCH)

## Key Closing Conditions

- ▲ CatchMark stockholder approval required (majority of total votes outstanding)
- ▲ Expected to close second half of 2022



# PotlatchDeltic and CatchMark Combined Portfolio



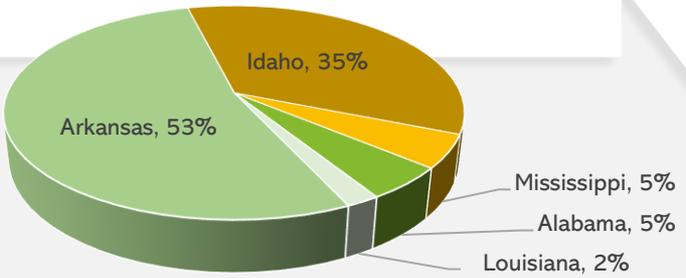


# High Quality Timberland Portfolio With Increased Geographic Diversity

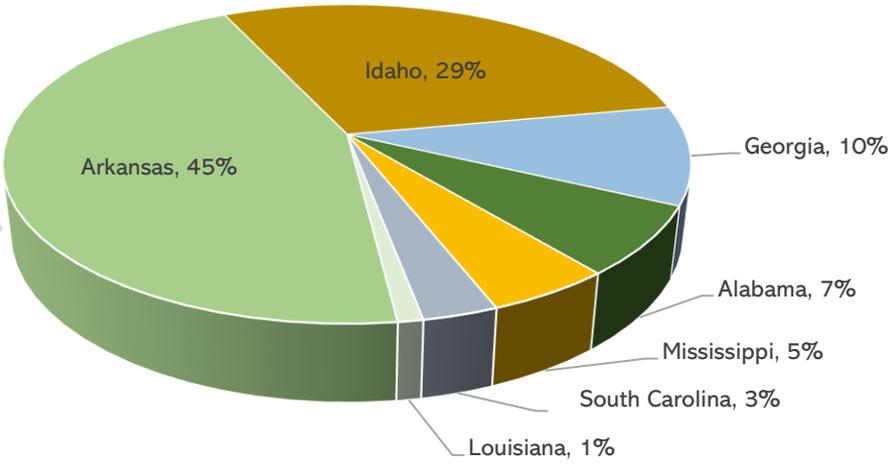


The combined company will have a diversified timberland base of ~2.2 million acres, including ~70% in highly productive and strengthening southern markets.

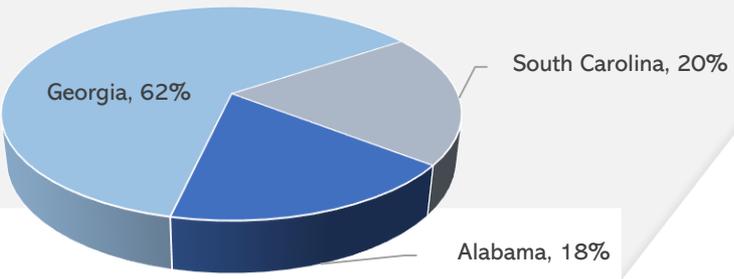
**PotlatchDeltic Ownership<sup>1</sup>**



**Combined Ownership<sup>1,2</sup>**



**CatchMark Ownership<sup>2</sup>**



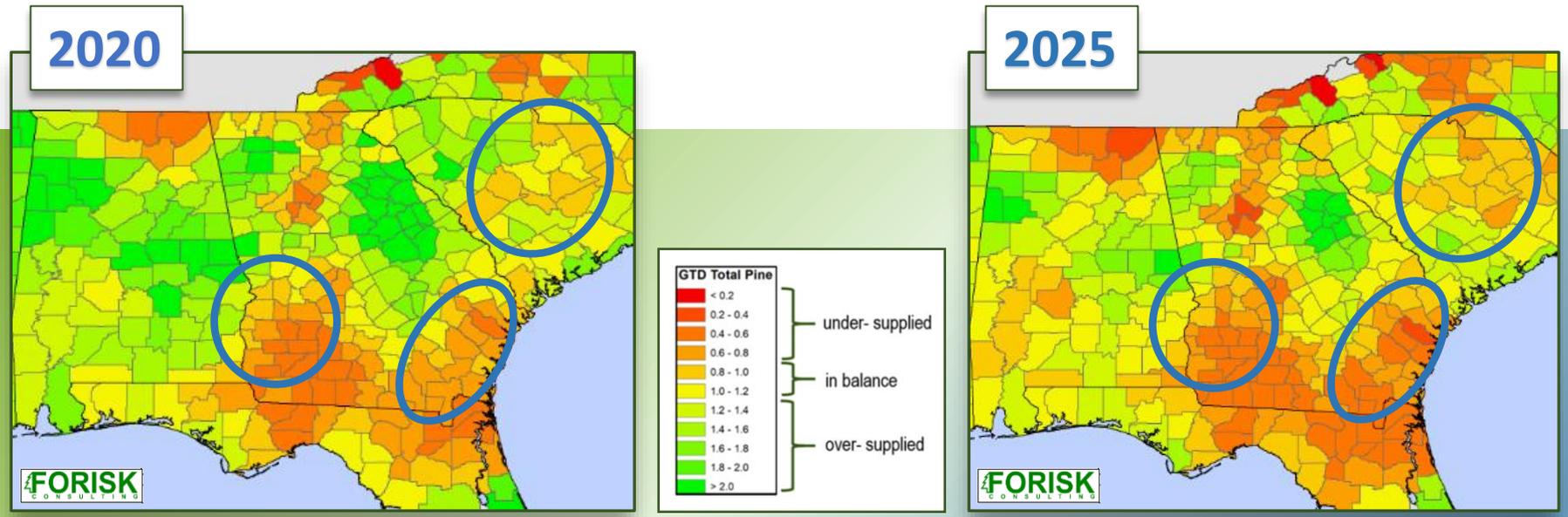
<sup>1</sup> | Excludes MN acres for PotlatchDeltic.  
<sup>2</sup> | Excludes leasehold interests for CatchMark.



# CatchMark's Timberlands Are Located in Some of the Strongest Markets in the U.S. South



Investments in manufacturing capacity in CatchMark's markets have created tight growth-to-drain dynamics. This trend is expected to continue.



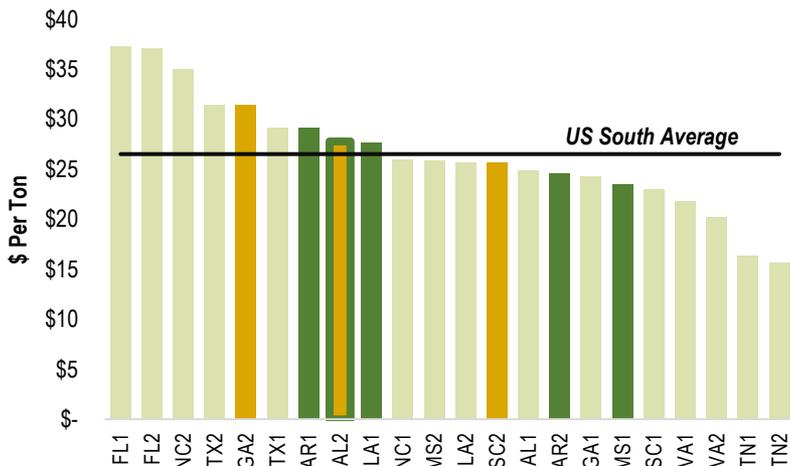


# CatchMark Operates in Some of the Best Pricing Regions in the U.S. South

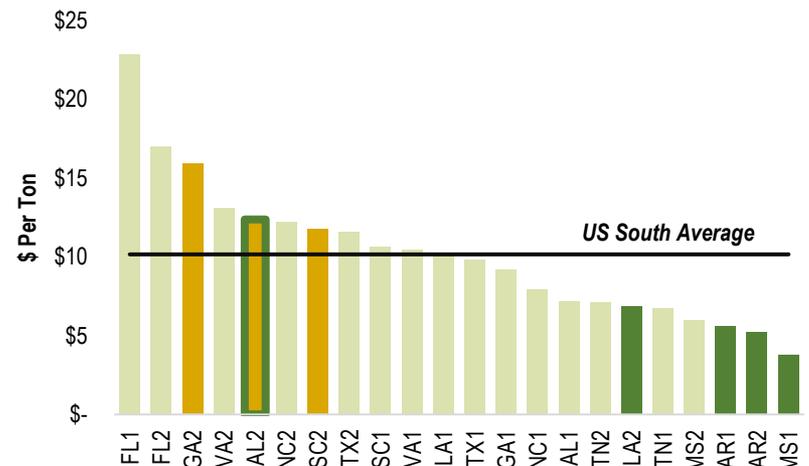


CatchMark realized significant sawlog price increases in the second half of 2021 and year-to-date 2022.

**Rolling 4-quarter Pine Sawlog Price<sup>1</sup>**



**Rolling 4-Quarters Pine Pulpwood Price<sup>1</sup>**



<sup>1</sup> | Source: TimberMart-South

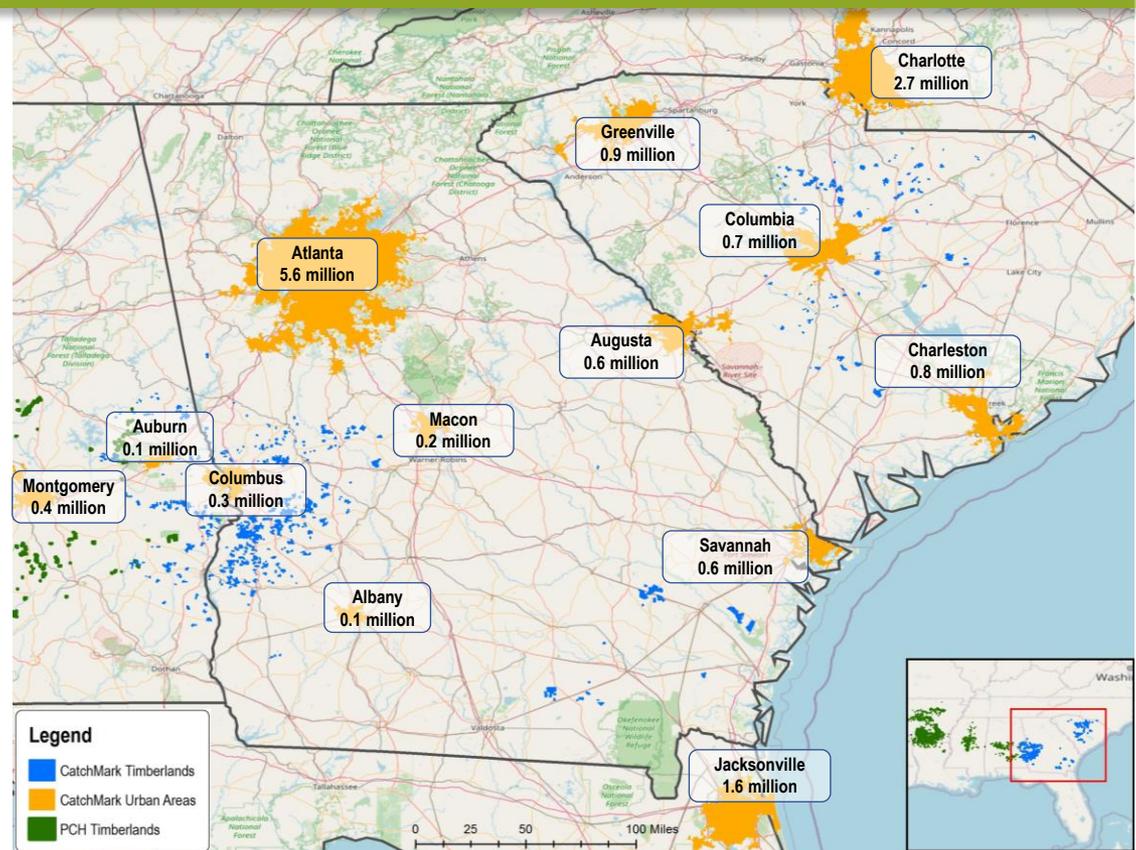
# Proximity of CatchMark's Timberlands to Large Population Centers Creates Meaningful Real Estate Opportunities



There is opportunity to capture higher value in rural real estate sales.

## Notable PotlatchDeltic rural real estate transactions:

- ▲ \$13 million solar sale in Mississippi Q1 2022 (\$7,500 per acre)
- ▲ 72,000-acre conservation sale in Minnesota Q4 2020 (\$48 million)
- ▲ \$20 million rural land sale in Arkansas Q2 2019 (\$11,000 per acre)<sup>1</sup>



<sup>1</sup> | PotlatchDeltic has closed nearly 100 rural real estate sales of Deltic timberlands since the merger closed in 2018, generating revenue of ~\$55 million at an average price of nearly \$4,000 per acre.



## Synergies Expected to Significantly Increase CAD



We expect to achieve estimated annual CAD<sup>1</sup> synergies of \$16 million on a run-rate basis within one year.

Category	Additional CAD	Description
Timberlands Management	~20%	Insource timberland management
SG&A	~60%	Efficiently manage public company costs across a larger asset base Achieve efficiencies through integrating systems and processes
Interest	~20%	Refinance CatchMark's debt at lower, below market interest rates utilizing existing PCH interest rate swaps
	<b>+ \$16 Million</b>	

<sup>1</sup> | Non-GAAP measure; see appendix for definition.



# Capital Allocation

## The combination of CatchMark and PotlatchDeltic unlocks opportunities to grow shareholder value.

- ▲ Returning cash to shareholders remains our top capital allocation priority
  - ▲ The combination and CAD<sup>1</sup> synergies provide significant cash flow accretion
  - ▲ Strong coverage for an attractive and growing dividend
  - ▲ High potential for 2022 special dividend
  - ▲ \$49 million share repurchase authorization and 10b5-1 plan remain in place
- ▲ Utilizing forward-starting interest rate swaps reduces interest expense on CatchMark debt to below-market rates
- ▲ Strong balance sheet and liquidity provide platform for continued growth
  - ▲ Robust credit metrics
  - ▲ Lowest leverage of timber REITs<sup>2</sup>
  - ▲ Committed to investment grade rating

<sup>1</sup> | Non-GAAP measure; see appendix for definition.

<sup>2</sup> | Pro forma net debt to enterprise value is 10% based on PotlatchDeltic's closing stock price on May 27, 2022, and the respective companies' debt and cash balances as of March 31, 2022.



# Combining Two Great Companies



- ▲ Highly complementary businesses with increased scale and diversification
- ▲ Enter log markets that are among the strongest in the U.S. South
- ▲ Expanded bolt-on growth opportunities
- ▲ Timber REIT with the most leverage to lumber prices and aligned with robust industry fundamentals
- ▲ Compelling CAD<sup>1</sup> synergies
- ▲ Increasing cash flow provides strong coverage for an attractive and growing dividend
- ▲ Strong balance sheet and liquidity provide platform for continued growth
- ▲ Dedicated employees with commitment to the highest safety standards

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<sup>1</sup> | Non-GAAP measure; see appendix for definition.



# Definitions

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**Total Adjusted EBITDDA** is a non-GAAP measure and is calculated as net income adjusted for interest expense, income taxes, depletion, depreciation and amortization, basis of real estate sold, non-operating pension and other post-retirement benefit costs, pension settlement charge, gains and losses on disposition of fixed assets, net gains and losses on fire damage, and other special items.

**Cash Available for Distribution (CAD)** is a non-GAAP measure and is calculated as cash from operations minus capital expenditures and timberland acquisitions not classified as strategic.

## PotlatchDeltic Merger with CatchMark

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