

## Highland Income Fund Provides Update on Creek Pine Holdings, LLC

October 26, 2021 – Highland Income Fund (NYSE:HFRO) (“HFRO” or the “Fund”) issued the following update on its investment in Creek Pine Holdings, LLC (“Creek Pine”). The Fund invested in Creek Pine through TexMark Timber Treasury, L.P. (“Triple T”), a joint venture with CatchMark Timber Trust (NYSE:CTT) (“CTT”) and a group of institutional investors. Affiliated funds managed by NexPoint Advisors, L.P. (the “NexPoint Funds”) were also included in the investment. HFRO initially invested \$180 million, representing the majority of the \$200 million invested across the platform between HFRO and the NexPoint Funds. As of September 30, 2021, the platform’s total investment was valued at \$293 million, with HFRO’s portion valued at \$264 million.

On October 15, 2021, CTT announced that it had reached an agreement with its Triple T joint venture partners, including HFRO, for CTT to redeem its common equity interest in Triple T. This follows the previously announced sale of 300,000 acres of timberlands by Triple T for \$497 million in cash. The sale was announced by CTT on September 1, 2021. The announcement indicated that the proceeds from the sale were primarily to be used to reduce leverage and pay down part of the preferred partnership interests. The 300,000 acres sold represents a portion of the 1.1 million acres of East Texas timberlands owned by Triple T.

As part of these transactions, HFRO and the NexPoint Funds redeemed \$180 million, plus an early call premium. HFRO received its pro-rata share in the amount of \$167 million. The Fund received the cash on October 15, 2021.

The balance of HFRO’s original investment after this redemption was converted into common equity in a new venture formed with a small group of institutional investors. The new entity now owns the remaining portion of the Triple T assets following the sale of 300,000 acres announced in September.

The parties involved in the new venture alongside the Fund are sophisticated institutional investors that manage private investment vehicles. Together they have significant experience owning and managing timber assets. With this expertise, the new venture intends to increase efficiencies and drive revenue for the property under a more favorable capital structure. A formal announcement introducing the new venture is expected in 2022.