

CatchMark Timber Trust, Inc.  
Form 10-K  
March 06, 2015

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, 2014  
or  
 Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the 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)	20-3536671 (I.R.S. Employer Identification Number)
5 Concourse Parkway, Suite 2325, Atlanta, GA (Address of principal executive offices)	30328 (Zip Code)
(855) 858-9794 Registrant's telephone number, including area code	

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

Title of each class CLASS A COMMON STOCK	Name of exchange on which registered NEW YORK STOCK EXCHANGE
---	---

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

CLASS B-2 COMMON STOCK  
CLASS B-3 COMMON STOCK

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

Edgar Filing: CatchMark Timber Trust, Inc. - Form 10-K

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes  No

As of June 30, 2014, the aggregate market value of the registrant's Class A common stock held by non-affiliates of the registrant was \$338.5 million. The aggregate market value was calculated by using the closing price of the Class A common stock as of that date on the New York Stock Exchange, which was \$13.67 per share.

As of February 28, 2015: 39,514,744 shares of the registrant's Class A common stock were outstanding

---

FORM 10-K

CATCHMARK TIMBER TRUST, INC.

## TABLE OF CONTENTS

	Page No.
<u>PART I.</u>	
Item 1. <u>Business</u>	<u>1</u>
Item 1A. <u>Risk Factors</u>	<u>6</u>
Item 1B. <u>Unresolved Staff Comments</u>	<u>24</u>
Item 2. <u>Properties</u>	<u>25</u>
Item 3. <u>Legal Proceedings</u>	<u>26</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>26</u>
<u>PART II.</u>	
Item 5. <u>Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities</u>	<u>27</u>
Item 6. <u>Selected Financial Data</u>	<u>30</u>
Item 7. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>31</u>
Item 7A. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>44</u>
Item 8. <u>Financial Statements and Supplementary Data</u>	<u>45</u>
Item 9. <u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>45</u>
Item 9A. <u>Controls and Procedures</u>	<u>45</u>
Item 9B. <u>Other Information</u>	<u>46</u>
<u>PART III.</u>	
Item 10. <u>Directors, Executive Officers, and Corporate Governance</u>	<u>47</u>
Item 11. <u>Executive Compensation</u>	<u>51</u>
Item 12. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>62</u>
Item 13. <u>Certain Relationships and Related Transactions, and Director Independence</u>	<u>63</u>
Item 14. <u>Principal Accountant Fees and Services</u>	<u>64</u>
<u>PART IV.</u>	
Item 15. <u>Exhibits and Financial Statement Schedules</u>	<u>66</u>

---

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on Form 10-K of CatchMark Timber Trust, Inc. and subsidiaries (“CatchMark Timber Trust,” “we,” “our,” or “us”), formerly known as Wells Timberland REIT, Inc., 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 Timber Trust, or the executive officers on CatchMark Timber Trust’s behalf, may from time to time make forward-looking statements in reports and other documents CatchMark Timber Trust files with the Securities and Exchange Commission (the “SEC”) or in connection with 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. Such statements include, in particular, statements about our plans, strategies, and prospects and are subject to certain risks and uncertainties, as well as known and unknown risks, which could cause actual results to differ materially from those projected or anticipated. Therefore, such statements are not intended to be a guarantee of our performance in future periods.

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. Readers are cautioned not to place reliance on these forward-looking statements, which speak only as of the date that this report is filed with the SEC. We make no representations or warranties (express or implied) about the accuracy of any such forward-looking statements contained in this Form 10-K, and we do not intend to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Any such forward-looking statements are subject to risks, uncertainties, and other factors and are based on a number of assumptions involving judgments with respect to, among other things, future economic, competitive, and market conditions, all of which are difficult or impossible to predict accurately. To the extent that our assumptions differ from actual results, our ability to meet such forward-looking statements, including our ability to generate positive cash flow from operations, make distributions to stockholders, and maintain the value of our timberland properties, may be significantly hindered. See Item 1A herein for a discussion of some, although not all, of the risks and uncertainties that could cause actual results to differ materially from those presented in our forward-looking statements.

---

Table of ContentsIndex to Consolidated Financial Statements

## PART I

## ITEM 1. BUSINESS

## General

CatchMark Timber Trust, Inc. ("CatchMark Timber Trust") is a real estate company investing in timberlands that has elected to be taxed as a real estate investment trust ("REIT") for federal income tax purposes. CatchMark Timber Trust was incorporated in Maryland in 2005, commenced operations in 2007, and 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 99.99% of its common partnership units. CatchMark LP Holder, LLC ("CatchMark LP Holder"), a wholly-owned subsidiary of CatchMark Timber Trust, is the sole limited partner of CatchMark Timber OP (See Note 7 – Noncontrolling Interest of the accompanying consolidated financial statements for more information). In addition, CatchMark Timber TRS, Inc. ("CatchMark TRS"), a Delaware corporation, was formed as a wholly owned subsidiary of CatchMark Timber OP on January 1, 2006. Unless otherwise noted, references to CatchMark Timber Trust, "we", "us", or "our" herein shall include CatchMark Timber Trust and all of its subsidiaries, including CatchMark Timber OP, and the subsidiaries of CatchMark Timber OP, including CatchMark TRS.

We are self-administered and self-managed. From our inception through October 24, 2013, we operated as an externally advised REIT pursuant to an advisory agreement under which Wells Timberland Management Organization, LLC ("Wells TIMO"), a subsidiary of Wells Real Estate Funds, Inc. ("Wells REF"), performed certain key functions on our behalf, including, among others, the investment of capital proceeds and management of our day-to-day operations. On October 25, 2013, we terminated the advisory agreement and became self-managed. Contemporaneous with this transaction, we entered into a transition service agreement with Wells REF and its subsidiaries which ended on June 30, 2014. For additional details, please refer to Note 12 – Related-Party Transactions and Agreements of the accompanying consolidated financial statements.

We primarily engage in the ownership, management, acquisition, and disposition of timberland properties located in the United States. The focus of our business is to invest in timberlands and to actively manage such assets to provide current income and attractive long-term returns to our stockholders. We generate recurring income and cash flow from the harvest and sale of timber, as well as from non-timber related revenue sources, such as recreational leases. When and where we believe it is appropriate, we also periodically generate income and cash flow from the sale of higher-and-better use, or HBU, properties. HBU properties are timberland properties that have a higher-value use beyond growing timber, such as properties that can be sold for development, conservation, recreational or other rural purposes at prices in excess of traditional timberland values. We also expect to realize additional long-term returns from the potential appreciation in value of our timberlands as well as from the potential biological growth of our standing timber inventory in excess of our timber harvest. For each of the three years ended December 31, 2014, 2013 and 2012, our revenues from timber sales, timberland sales, and non-timber related sources, as a percentage of our total revenue, are set forth in the table below:

	2014		2013		2012	
Timber sales	75	%	83	%	69	%
Timberland sales	20	%	8	%	25	%
Other revenues	5	%	9	%	6	%
Total	100	%	100	%	100	%

As of December 31, 2014, we owned interests in approximately 393,300 acres of timberland, consisting of 364,700 acres held in fee-simple interests, or our fee timberlands, and 28,600 acres held in leasehold interests, or our leased timberlands. Please refer to Item 2 – Properties for more details on our timber and timberland properties.

Table of Contents

Index to Consolidated Financial Statements

2014 Acquisitions of Timberlands

On April 11, 2014, we purchased 36,320 acres of timberland located in Southeast Georgia and East Texas (the "Waycross-Panola Properties") for approximately \$73.7 million, exclusive of closing costs. The acquisition of Waycross-Panola Properties (the "Waycross-Panola Acquisition") added to our inventory an estimated 1,202,000 tons of merchantable timber, comprising 81% pine plantations by acreage and 63% sawtimber by tons, and increased the share of higher value chip-n-saw and sawtimber in our product mix. In connection with the Waycross-Panola Acquisition, we assumed a pulpwood supply agreement which allows a third-party mill to harvest and purchase between 153,000 tons to 230,000 tons of pulpwood on the Waycross property over six years. The Waycross-Panola Acquisition was funded with debt.

On October 2, 2014, we completed the purchase of 17,910 acres of timberland located in Southern Georgia and Northern Florida (the "Satilla River Timberlands") from the Satilla River seller for a total purchase price of approximately \$34.3 million, exclusive of closing costs (the "Satilla River Acquisition"). The Satilla River Timberlands are located in strong pine pulpwood markets with approximately one-third located off Interstates 95 and 16. The Satilla River Timberlands contain an estimated 757,000 tons of merchantable timber, comprising 65% pine plantations by acreage and 52% sawtimber by tons. The Satilla River Acquisition was funded with cash on hand.

Also on October 2, 2014, we completed the purchase of 37,660 acres of timberland located primarily in Middle Georgia (the "Oglethorpe Timberlands") from the Oglethorpe seller for a total purchase price of approximately \$76.4 million, exclusive of closing costs (the "Oglethorpe Acquisition"). The Oglethorpe Timberlands are expected to increase our supply options and reduce haul distances to some of our current mill customers. The Oglethorpe Timberlands contain an estimated 1,691,000 tons of merchantable timber, comprising 77% pine plantations by acreage and 53% sawtimber by tons. The Oglethorpe Acquisition was funded with debt.

On October 30, 2014, we completed the purchase of 21,010 acres of timberland located in Southwest Louisiana (the "Beauregard Timberlands") for approximately \$38.0 million, exclusive of closing costs (the "Beauregard Acquisition"). The Beauregard Timberlands contain an estimated 825,000 tons of merchantable timber, comprising of 77% pine plantations by acreage and 72% sawtimber by tons. The Beauregard Acquisition was funded with debt.

Timberland Sales

Large tracts of timberland often contain areas that can provide a greater economic value if they are used for purposes other than growing trees. These areas may include lakefront and riverfront acreage, acreage in proximity to urban areas, acreage that is attractive to developers and acreage that has conservation value. We have implemented a program designed to regularly identify and sell HBU lands within our portfolio. Some of these lands, especially those that include waterfront acreage, may have restrictions and limitations on timber harvesting that otherwise make them relatively unattractive to us as timberlands. During the year ended December 31, 2014, we sold 3,761 acres of timberland, representing approximately 1.1% of our fee timberland acreage (measured based on average monthly fee timberland acreage in 2014).

Recreational Leases

We lease certain access rights to portions of our timberlands to individuals for recreational purposes. These operating leases generally have terms of one year with certain provisions to extend the lease agreements for another one-year term. As of December 31, 2014, approximately 372,200 acres, or 95%, of our timberland available for hunting and recreational uses had been leased to tenants under operating leases that expire between March and June 2015.

Recapitalization

In October 2013, we amended our charter to effectuate a recapitalization of our common stock (the "Recapitalization") including (1) a ten-to-one reverse stock split of the then-outstanding common stock, which was re-designated as Class A Common Stock; and (2) the issuance of one share of each of Class B-1, B-2, and B-3 (collectively, the "Class B Common Stock") for each share of Class A Common Stock. The combined effect was equivalent to a 2.5-to-one reverse

2

---



Table of Contents

Index to Consolidated Financial Statements

split and decreased the total number of our common stock outstanding. Since the Recapitalization was effected on a pro rata basis with respect to all stockholders, it did not affect any stockholder's proportionate ownership of our outstanding shares.

All outstanding shares of Class B Common Stock have converted into shares of Class A Common Stock. The Class B Common Stock was identical to the Class A Common Stock except that the Class B Common Stock was not listed on a national securities exchange. The shares of Class B Common Stock converted into shares of Class A Common Stock on the following schedule: (1) June 12, 2014, in the case of the Class B-1 common stock, (2) December 12, 2014, in the case of the Class B-2 common stock, and (3) February 27, 2015, in the case of the Class B-3 common stock. Our Class B-3 Common Stock was originally scheduled to convert into Class A Common Stock on June 12, 2015, however, on February 18, 2015, with consent of Raymond James, who served as an underwriter for our initial listed offering as described below, our board of directors approved the acceleration of our Class B-3 common stock into Class A common stock to February 27, 2015.

Listing on the NYSE and Initial Listed Public Offering

On September 23, 2013, we filed a Registration Statement on Form S-11 with the SEC for a public offering of up to \$172.5 million of our Class A common stock. On December 12, 2013, our Class A common stock listed on the New York Stock Exchange (the "NYSE") under the symbol "CTT" (the "Initial Listed Public Offering"). We completed our Initial Listed Public Offering on December 17, 2013, receiving gross proceeds of \$142.1 million from issuing approximately 10.5 million shares of our Class A Common Stock. After deducting \$9.9 million of underwriting discounts and commissions and \$1.6 million of direct offering costs, approximately \$80.2 million of the net proceeds were used to pay down our outstanding debt and \$49.0 million was used to redeem the outstanding shares of our preferred stock and the accrued but unpaid dividend held by Wells REF.

On January 9, 2014, the underwriters for the Initial Listed Public Offering exercised their overallotment option to purchase approximately 1.6 million shares of our Class A common stock in full. After deducting \$1.5 million of underwriting discounts and commissions, we received net proceeds of \$19.8 million, \$18.2 million of which was used to pay down our outstanding debt.

Follow-on Listed Public Offering

On June 20, 2014, we filed a Registration Statement on Form S-3 with the SEC for future public offerings of up to \$600 million in an undefined combination of common stock, preferred stock, debt securities, depositary shares, or warrants. The Form S-3 was declared effective by the SEC on July 2, 2014.

On July 16, 2014, we completed a follow-on listed offering (the "Follow-on Listed Public Offering"), receiving gross proceeds of approximately \$146.9 million from issuing 12.5 million shares of the Class A common stock. After deducting underwriting discounts and commissions of \$7.0 million, we received net proceeds of \$139.9 million, \$118.5 million of which was used to pay off our outstanding debt.

On July 23, 2014, the underwriters for the Follow-on Listed Public Offering exercised their overallotment option to purchase approximately 1.9 million shares of our Class A common stock in full. After deducting underwriting discounts and commissions of \$1.0 million, we received net proceeds of \$21.0 million, which was added to our working capital reserve and used to fund timberland acquisitions.

Our Business and Growth Strategies

Our objective is to produce long-term cash flow and value growth from carefully managing our existing portfolio, participating in current timber product price recovery, and undertaking land acquisitions through the ongoing implementation of the following business and growth strategies:

3

---

Table of Contents

Index to Consolidated Financial Statements

**Actively Manage Our Timberlands for Long-Term Results.** We actively manage our timberlands to maximize long-term returns 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 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 to ensure that we optimize 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 will continue to selectively pursue timberland acquisition opportunities. Due to the expected liquidation of the ownership positions of a number of timberland investment management organizations over the next several years, we expect there will be a robust supply of attractive timberlands available for sale. Generally, we expect to focus our acquisition efforts in the most commercially desirable timber-producing regions of the U.S. South and U.S. Pacific Northwest, although we may also pursue opportunistic acquisitions outside of these regions. Further, we expect to focus our acquisition efforts on properties that can be strategic to our cash available for distribution. We may also enter into additional fiber supply agreements with respect to acquired properties in order to ensure a steady source of demand for our incremental timber production.

**Opportunistically Sell HBU Lands.** We continuously assess potential alternative uses of our timberlands, as some of our properties may be more valuable for development, conservation, recreational or other rural purposes than for growing timber. We intend to capitalize on the value of our timberland portfolio by opportunistically monetizing HBU timberlands. The close proximity of our existing timberlands to several major population centers (including Houston, Texas; Columbus, Georgia; Atlanta, Georgia; Montgomery, Alabama; Jacksonville, Florida; and Tallahassee, Florida) provides us with opportunities to periodically sell parcels of our land at favorable valuations. We generally expect to monetize 1% to 2% 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.

**Practice Sound Environmental Stewardship.** We will remain committed to responsible environmental stewardship and sustainable forestry. Our timberlands are third-party audited and certified in accordance with the 2010-2014 SFI (sustainable forest initiative) standard. 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. 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.

#### 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 MeadWestvaco Corporation ("MeadWestvaco"). The master stumpage agreement provides that we will sell specified amounts of timber and make available certain portions of the Mahrt timberland to CatchMark TRS for harvesting. The fiber supply agreement provides that MeadWestvaco will purchase 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 adjustments based on an index published by Timber Mart-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 supply of wood fiber products for MeadWestvaco, or its successor, in order to meet its paperboard and lumber production requirements at specified mills and provide us with a reliable consumer

Table of Contents

Index to Consolidated Financial Statements

for the wood products from the Mahrt timberland. For the years ended December 31, 2014, 2013, and 2012, approximately 34%, 60%, and 54%, respectively, of our net timber sales revenue was derived from the Mahrt Timber Agreements. For 2015, we are required to make available for purchase by MeadWestvaco, and MeadWestvaco is required to purchase, a minimum of approximately 0.5 million tons of timber at fiber supply agreement pricing. The loss of MeadWestvaco, or its successor, as a customer would have a material adverse effect on our business.

### 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 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 purchaser 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.

### Economic Dependency

We are dependent upon the ability of our timber customers to pay their contractual amounts as they become due. The inability of a customer to pay future supply agreement amounts would have a negative impact on our results of operations. 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. Situations preventing our customers from paying contractual amounts could result in a material adverse impact on our results of operations.

### Seasonality

We typically experience seasonally lower harvest activity during the winter and early spring due to weather conditions, as rains limit operations.

### Environmental Matters

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

### Employees

As of December 31, 2014, we had 13 employees.

### Regulatory Matters

In February 2013, we received a formal subpoena for documents and information from the SEC in connection with the SEC's non-public, formal, fact finding investigation regarding Wells Investment Securities, Inc., or WIS, the former dealer-manager for our previous non-listed public offerings, and our company. According to the SEC, the investigation relates to whether there have been violations of certain provisions of the federal securities laws regarding valuation, potential distributions, marketing and suitability. We have fully cooperated with the SEC and completed

our production of documents and information in response to the subpoena in April 2014.

We have not been accused of any wrongdoing by the SEC. We also have been informed by the SEC that the existence of this investigation does not mean that the SEC has concluded that anyone has violated any laws or regulations or that the SEC has a negative opinion of any person, entity or security. We cannot reasonably estimate the timing of the

5

---

Table of Contents

Index to Consolidated Financial Statements

conclusion of the investigation, nor can we predict whether or not the SEC will take any action against us as a result of the investigation and, if they do, what the ultimate outcome will be.

Access to SEC Filings and Other Information

We file annual, quarterly and current reports, proxy statements and other information required by the Exchange Act with the SEC. Readers may read and copy any document that we file at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. In addition, access to copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and other filings we make with the SEC, including amendments to such filings, may be obtained free of charge from our website at [www.catchmark.com](http://www.catchmark.com), or through a link to the [www.sec.gov](http://www.sec.gov) website. These filings are available promptly after we file them with, or furnish them to, the SEC.

We have also made available on our website our audit committee charter, compensation committee charter, nominating and corporate governance committee charter, code of business conduct and ethics and corporate governance principles. Information on, or accessible through, our website is not part of, and is not incorporated into, this report.

ITEM 1A RISK FACTORS

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 prices for timber 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, the supply of manufactured timber products, including imports of timber products, and, to a lesser extent, repair and remodeling activity and 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 also 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.

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

6

---



Table of Contents

Index to Consolidated Financial Statements

Wood products are subject to increasing competition from a variety of substitute products, including products made from engineered wood composites, fiber/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.

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 provided to our stockholders. Our board 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 debt covenant restrictions that may impose limitations on cash payments, future acquisitions and divestitures, harvest levels, changes in the price and demand for our products and general market demand for timberlands, including those timberlands that have higher-and-better uses. 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 the market's expectations with regard to future cash distributions likely would adversely affect the market price of our common stock.

We are substantially dependent on our business relationship with MeadWestvaco, and our continued success will depend on its economic performance.

We entered into the Mahrt Timber Agreements with MeadWestvaco in connection with the acquisition of Mahrt timberland. The Mahrt Timber Agreements provide that we will sell (through CatchMark TRS) specified amounts of timber to MeadWestvaco, 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 MeadWestvaco, or its successor, in order to meet its paperboard and lumber production requirements at specified mills and provide us with a reliable customer for the wood products from our timberlands. Our financial performance is substantially dependent on the economic performance of MeadWestvaco, or its successor, as a consumer of our wood products. Approximately 34% of our net timber sales revenue for 2014 was derived from the Mahrt Timber Agreements, which significantly exceeded the minimum amount of timber that MeadWestvaco was required to purchase pursuant to the Mahrt Timber Agreements. If MeadWestvaco, or its successor, does not continue to purchase significantly more than the minimum amount of timber it is required to purchase from us, or if MeadWestvaco 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 MeadWestvaco, or its successor, 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 MeadWestvaco 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, MeadWestvaco, or its successor, 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, MeadWestvaco, or its successor, 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 have completed six significant timberland property acquisitions and may be unsuccessful in executing our investment strategy.

We have completed six significant acquisitions of timberland properties and we intend to pursue investments in strategic timberlands when market conditions warrant. Our ability to identify and acquire desirable timberlands depends upon the performance of our management team in the selection of our investments. As with any investment, our future

7

---

Table of Contents

Index to Consolidated Financial Statements

acquisitions, if any, may not perform in accordance with our expectations. In addition, we anticipate financing these acquisitions through proceeds from equity or debt offerings (including offerings of partnership units by our operating partnership), borrowings, cash from operations, proceeds from asset dispositions, or any combination thereof. Our inability to finance future acquisitions on favorable terms or the failure of any acquisitions to conform to our expectations, could adversely affect our results of operations.

We depend on external sources of capital for future growth and our ability to access the capital markets is unproven.

Our ability to finance our growth is dependent to a significant degree on external sources of capital and as a company that has only recently listed its shares on the NYSE, 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, 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, and by our existing indebtedness, which, among other things, restricts our incurrence of debt and 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, and the failure to obtain necessary capital could materially adversely affect our future growth.

As a relatively small public company, our operating expenses are a larger percentage of our total revenues than many other public companies.

Our total assets as of December 31, 2014 were \$568.3 million and our revenues for the year ended December 31, 2014 were \$54.3 million. Because our company is smaller than many other publicly-traded REITs, our operating expenses are, and we expect 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 operating expenses will have a greater effect on our financial performance and may reduce the amount of cash flow available to distribute to our stockholders.

Economic conditions in the geographic regions from which we derive a significant portion of our revenue could negatively affect our business, financial condition and results of operations.

Our business is affected by global economic conditions and the general level of economic activity in the geographic regions in which we operate. The concentration of our business in certain geographic regions exacerbates this risk. Although U.S. macroeconomic conditions have shown signs of improvement during 2014, timberland values have not fully recovered to pre-recession levels and may not for a number of years. If the economic recovery slows or stalls, we may continue to experience downward pressure on the amounts we are able to charge our customers. If the economy or credit market conditions in general deteriorate, our cash flows, business, financial condition and results of operations would be adversely affected.

We are dependent on Forest Resource Consultants to manage our timberlands.

We are party to a timberland operating agreement with Forest Resource Consultants, Inc., or FRC, which we renew on a yearly basis. Pursuant to this agreement, we depend upon FRC to manage and operate our timberlands and related timber operations, and to ensure delivery of timber to MeadWestvaco and other timber purchasers. To the extent we lose the services of FRC, we are unable to obtain the services of FRC at a reasonable price, or FRC does not perform the services in accordance with the timberland operating agreement, our results of operations may be adversely affected.

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

We have only acquired 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

8

---

Table of Contents

Index to Consolidated Financial Statements

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 Alabama, Florida, Georgia, Louisiana, and Texas, and adverse economic and other developments in that area could have a material adverse effect on us.

All of our timberlands are located in Alabama, Florida, Georgia, Louisiana, and Texas. 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.

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, our Chief Operating Officer and our Chief Financial Officer, 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 integrated internal controls, 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 under the Generally Accepted Accounting Principles ("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 addition, we will have to modify our disclosure controls and procedures and internal controls in connection with our transition to self-management, which may increase the risk to us of experiencing a significant deficiency or material weakness in our internal controls or failing to maintain effective disclosure controls and procedures. If we fail to establish and maintain such new controls effectively, we may experience inaccuracies or delays in our financial reporting. In the case of any joint ventures we might enter into, we may also be subject to additional risks and uncertainties in that we may be dependent upon, and subject to liability, losses or reputation 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 FRC and its systems to provide us with certain information related to our operations, including our timber sales. Although we review such information prior to incorporating it into our accounting systems, we cannot assure the accuracy of such information. If FRC's 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.

The costs requirements of complying with the Exchange Act and the Sarbanes Oxley Act may strain our resources and occupy the time and energies of management.

We are subject to the Exchange Act and the Sarbanes Oxley Act of 2002, including Section 404. The Sarbanes Oxley Act requires that we maintain and certify that we have effective disclosure controls and procedures and internal control over financial reporting. As a result of our transition to an accelerated filer, we are now required to include an attestation report of our independent registered public accounting firm regarding the effectiveness of our internal control over financial reporting in our annual reports on Form 10-K. These requirements will increase our costs and may place a

Table of Contents

Index to Consolidated Financial Statements

strain on our systems and resources. The effort to comply with these requirements and maintain effective internal controls may divert management's attention from other business concerns, which could adversely affect our business, financial condition or results of operations.

Prior to 2014, we had, historically experienced net losses attributable to our common stockholders and may experience losses again in the future.

We generated net income of \$0.7 million in 2014. However, from our inception through the end of 2013, we had, historically, incurred net losses attributable to our common stockholders. If we are unable to continue to generate net income in the future, and incur net losses again, our financial condition, results of operations, cash flows, and our ability to service our indebtedness and make distributions to our stockholders would be materially and adversely affected, any of which could adversely affect the market price of our Class A common stock. However, we expect that future net losses, if any, would generally be a result of non-cash charges.

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 intend to sell portions of our timberlands, either because they are HBU properties or in response to changing conditions, 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.

On an annual basis, we intend to sell approximately 1% to 2% of our fee timberland acreage, specifically 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. 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 governmental agencies, developers, conservation organizations, 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;

10

---



Table of Contents

Index to Consolidated Financial Statements

• 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; or  
• it may be necessary 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.

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.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.

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 intend to maintain insurance for any loss to our standing timber from natural disasters or other causes. Any funds used for such losses would reduce cash available for distributions to our stockholders.

The forest products industry and the market for timberlands are highly competitive, which could force us to pay higher prices for our properties or limit the amount of suitable timberlands we are able to acquire and thereby reduce our profitability and the return on an investment in us.

The forest products industry is highly competitive in terms of price and quality. To the extent that we have access to capital to make acquisitions, we will be competing for timberlands with other entities, including traditional corporations and REITs, forestry products companies, real estate limited partnerships, pension funds and their advisors, bank and insurance company investment accounts, individuals, and other entities. Many of our competitors have more experience, greater financial resources, and a greater ability than we do to borrow funds to acquire properties. In recent years, the timberland investment business has experienced increasing competition for the purchase of timberlands from both commercial and residential real estate developers as a result of urban and suburban expansion. We expect this trend to continue. Many real estate developers have substantially greater financial resources than our company. In addition, many developers tend to use high relative amounts of leverage to acquire development parcels, which we may not be willing or able to incur. Purchases of timberland parcels for development not only reduce the amount of suitable timberland investment properties, but also tend to separate larger, existing timberlands into smaller units, which have reduced economies of scale and are less desirable for harvesting and the future marketability of the property for timber harvesting or other uses. Competition from real estate developers and others limits the amount of suitable timberland investments available for us to acquire, and any increase in the prices we

expect to pay for timberland may reduce the returns, if any, we are able to achieve for our stockholders.

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

Table of Contents

Index to Consolidated Financial Statements

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 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. As is common in the forest products industry, we do not maintain insurance coverage for damage to our timberlands. 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 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 permit program of the Environmental Protection Agency, or 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, leaving these sources of water discharge to state regulation. The scope of these state regulations vary by state and are subject to change, and

12

---

Table of Contents

Index to Consolidated Financial Statements

the EPA's exemption has recently been subject to 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.

We may be unable to obtain accurate data on the volume and quality of the standing timber on a property that we intend to acquire, which may impair our ability to derive the anticipated benefits from the timberlands.

The quality and reliability of data concerning timberlands varies greatly. Professional foresters collect data on species, volumes, and quantities of timber on a particular property by conducting "cruises" through the property. During these cruises, foresters sample timber stands at specified intervals and locations that have been pre-determined by forest statisticians. A cruise that is poorly designed or executed can result in misleading data. In addition, errors in compiling the data may lead to erroneous estimates of the volume and quality of the timber on a particular property. The latest inventory data available at the time of a timberland transaction may be based on cruises that are more than one year old. Timberland cruises are time-consuming and expensive, and, as a result, are usually not conducted on an annual basis. Consequently, timber inventories are often updated without a cruise by subtracting out the volume of timber that was harvested (usually an accurate number) and by adding in the volume of estimated tree growth (usually a less accurate number than the removal number). We may not be able to require an adjustment to the property purchase price from the seller if a post-acquisition cruise reveals a significant difference in timber volumes or quality from the pre-acquisition data. If we are unable to obtain or develop accurate and reliable data related to the timberlands in which we invest, then our assumptions, forecasts, and valuations relating to those timberlands will be inaccurate. As a result, we may not be able to realize the anticipated returns from those timberlands or to sell the property for the price that we anticipated, which could negatively impact our financial condition and 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.

We rely upon estimates of the timber growth rates and yield when acquiring and managing timberlands. These estimates are central to forecasting our anticipated 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.

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 amount 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

13

---

Table of Contents

Index to Consolidated Financial Statements

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.

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 the sale of conservation easements and recreational leases. 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 will 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.

Actions of a joint venture partner could reduce the returns on our joint venture investments and adversely affect our results of operations.

We may participate in joint venture transactions from time to time, including but not limited to joint ventures involving the ownership and management of timberlands. Any joint venture involves risks including, but not limited to, the risk that one or more of our joint venture partners takes actions that are contrary to our agreed upon terms, our instructions to them or to our policies or objectives, any one of which could cause adverse consequences for us.

The impacts of any climate-related legislation or regulation remain uncertain at this time.

There are several international, federal and state-level proposals addressing domestic and global climate issues. Generally, such proposals in the United States could impose regulation or taxation on the production of carbon dioxide and other “greenhouse gases” in an attempt to reduce emissions to the atmosphere, and provide tax and other incentives to produce and use more “clean energy.” Any future legislative and regulatory activity in this area could, in some way, affect us, but it is unclear at this time whether any such impact would be positive, negative or significant.

If we sell properties and provide financing to purchasers, defaults by the purchasers would decrease our cash flows and limit our ability to make distributions to our stockholders.

In some instances we may sell our properties by providing financing to purchasers. When we provide financing to purchasers, we will bear the risk that the purchaser may default, which could negatively impact our financial performance. Even in the absence of a purchaser default, the distribution of the proceeds of sales to our stockholders, or our reinvestment of such proceeds in other assets, will be delayed until the promissory notes or other property we may accept upon a sale are actually paid, sold, refinanced, or otherwise disposed of.

Any international investments we make will be subject to changes in global market trends that could adversely impact our ability to make distributions to our stockholders.

We may determine to acquire timberlands located in timber-producing regions outside the United States. These international investments could cause our business to be subject to unexpected, uncontrollable and rapidly changing

14

---



Table of Contents

Index to Consolidated Financial Statements

events and circumstances in addition to those experienced in U.S. locations. Adverse changes in the following factors, among others, could have a negative impact on our business, results of operations, and our financial condition:

- effects of exposure to currency other than U.S. dollars, due to having non-U.S. customers and foreign operations;
- potentially adverse tax consequences, including restrictions on the repatriation of earnings;
- regulatory, social, political, labor or economic conditions in a specific country or region; and
- trade protection laws, policies and measures, and other regulatory requirements affecting trade and investment, including loss or modification of exemptions for taxes and tariffs, and import and export licensing requirements.

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 individually 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 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 could interrupt our operations, damage our reputation, subject us to liability claims or regulatory penalties and could materially and adversely affect us.

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

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. Although the price of oil has recently decreased, 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.

#### 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, cash flows,

per share trading price of our Class A common stock and ability to satisfy our debt service obligations and to make distributions to our stockholders.

Table of Contents

Index to Consolidated Financial Statements

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 Class A common stock.

Certain provisions of the Maryland General Corporation Law ("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 super majority 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, following our opt out, in the future, our board of directors may by resolution elect

16

---

Table of Contents

Index to Consolidated Financial Statements

to opt in to 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.

Our rights and the rights of our stockholders to take action against our directors and officers are limited, which could limit your recourse in the event of actions that you do not believe are in your best interests.

Maryland law provides that a director or officer has no liability in that capacity if he or she satisfies his or her duties to us. As permitted by the MGCL, our charter limits the liability of our directors and officers to us and our stockholders for money damages, except for liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- a final judgment based upon a finding of active and deliberate dishonesty by the director or officer that was material to the cause of action adjudicated.

In addition, our charter obligates us to indemnify our directors and officers for actions taken by them in that capacity to the maximum extent permitted by Maryland law. The indemnification agreements that we entered into with our directors and certain of our officers also require us to indemnify these directors and officers for actions taken by them in those capacities to the maximum extent permitted by Maryland law. As a result, we and our stockholder may have more limited rights against our directors and officers than might otherwise exist. Accordingly, in the event that actions taken in good faith by any of our directors or officers impede the performance of our company, your ability to recover damages from such director or officer will be limited. In addition, we are obligated to advance the defense costs incurred by our directors and our officers, and may, in the discretion of our board of directors, advance the defense costs incurred by our employees and other agents in connection with legal proceedings.

#### 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.

On December 23, 2014, we entered into a fourth amended and restated credit agreement (the "2014 Amended Credit Agreement") that provides for a senior secured credit facility of up to \$410 million, which includes a \$100 million term loan facility, a \$35 million revolving credit facility and a \$275 million multi-draw credit facility. We had a total of \$118 million outstanding as of December 31, 2014, \$100 million of which was outstanding on the term loan and \$18 million of which was outstanding on the multi-draw credit facility.

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

- limiting our ability to borrow additional amounts for working capital, capital expenditures, debt service requirements, execution of our growth strategy or other purposes;

Table of Contents

Index to Consolidated Financial Statements

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 rents 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 2014 Amended Credit Agreement or other debt agreements.

Pursuant to the 2014 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 leverage and coverage 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 2014 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 or equal to 45%. We may declare and pay distributions so long as our LTV ratio remains below 45% and we maintain a minimum fixed-charge coverage ratio of 1.05:1.00, or minimum liquidity balance as defined by the credit agreement. This requirement has restricted our ability to pay cash distributions in the past. Our credit agreement also subjects us to mandatory prepayment from proceeds generated from dispositions of timberlands, which may have the effect of limiting our ability to make distributions under certain circumstances. The mandatory prepayment excludes (1) 1.5% of the aggregate cost basis of its timberland if its LTV Ratio is between 30% and 40% and up to 2.0% of the aggregate cost basis if its LTV Ratio does not exceed 30%; and (2) lease termination proceeds of less than \$2.0 million in a single termination until aggregate lease termination proceeds during the term of the facility exceeds \$5.0 million. 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, ACB ("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.

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



Table of Contents

Index to Consolidated Financial Statements

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 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.

Our investment strategies employ a significant amount of leverage.

Our investment strategies generally employ leverage. Our financing arrangements and their related hedging instruments contain operating and financial covenants with which we must comply on a continuing basis. Our failure to comply with these operating and financial covenants could result in one or more of our financing or hedging arrangements being declared in default, cancelled or not renewed.

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 income could be reduced. If any of these events occurs, 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.

Increases in interest rates could increase the amount of our debt payments and hinder our ability to pay distributions to our stockholders.

We have incurred significant indebtedness that accrues interest at a variable rate, and we may incur additional debt in the future. Interest we pay under the 2014 Amended Credit Agreement and any other debt we incur will reduce our operating cash flows and hinder our ability to make distributions to our stockholders. Additionally, if we incur additional

Table of Contents

Index to Consolidated Financial Statements

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.

Economic conditions may have an impact on our business, our financial condition, and our ability to obtain debt financing in ways that we currently cannot predict.

Turmoil in the global financial system may have an impact on our business and our financial condition. Despite improved access to capital for some companies, the capital and credit markets continue to be affected by extreme volatility and have experienced disruption during the past several years. The health of the global capital markets remains a concern. We have relied on debt financing to finance our timberlands. As a result of the uncertainties in the credit market, we may not be able to refinance our existing indebtedness or to obtain additional debt financing on attractive terms. If we are not able to refinance existing indebtedness on attractive terms at its maturity, we may be forced to dispose of some of our assets. Disruptions in the financial markets could have an impact on our interest rate swap agreements if our counterparties are forced to default on their obligations to us due to bankruptcy, lack of liquidity, operational failure, or other reasons. We may be materially and adversely affected in the event of a significant default by one of our counterparties. In addition, depressed economic conditions could influence the levels of consumer spending and reduce the demand for goods produced from our wood, which would have a material adverse effect on our financial condition. Our ability to make future principal and interest payments on our debt depends upon our future performance, which is subject to general economic conditions; industry cycles; and financial, business, and other factors affecting our operations, many of which are beyond our control.

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 Internal Revenue Code (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 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.

Stockholders should be aware that qualification as a REIT involves the application of highly technical and complex provisions of the Code as to which there are only limited judicial and administrative interpretations and involves the determination of facts and circumstances not entirely within our control. In 2014, we received insurance proceeds with respect to claims made under our directors' and officers' insurance policy, reimbursing some of the costs we incurred in 2013, which we did not deduct in our 2013 income tax returns. There is no direct authority on treatment of insurance proceeds in the REIT context. If the Internal Revenue Service were to require us to deduct the costs in 2013 tax returns, insurance proceeds reimbursing us for previously deducted expenses would be treated as gross income for federal income tax purposes in 2014. Increasing our gross income has several potential implications. The amount of potential additional gross income would not cause us to have failed to satisfy the requirement to distribute at least 90% of our REIT taxable income (determined without regard to the dividends-paid deduction or net capital gain), nor

would it cause us to have had positive REIT taxable income that would be subject to tax. Additional gross income could also implicate our satisfaction of the 95% gross income test if the insurance proceeds were treated as non-qualifying income. Our tax advisors have advised us that passive income such as the insurance proceeds should be disregarded for purposes of the gross income tests based on Revenue Rulings addressing analogous situations in the regulated investment company context and the rationales underlying numerous private letter rulings granted to REITs. We also have

20

---

Table of Contents

Index to Consolidated Financial Statements

determined that the amount of such gross income, even if treated as non-qualifying income, would not have caused us to fail the 95% gross income test for 2014. This example illustrates how, in other circumstances, Internal Revenue Service disagreement regarding application of technical rules for which there is not always clear authority could result in our failure to qualify as a REIT unless we qualified for reasonable cause relief.

If we fail to qualify as a REIT for any taxable year, we will be subject to federal and state income tax on our taxable income, if any, at corporate rates and, possibly, penalties. In addition, we would generally be disqualified from treatment as a REIT for the four taxable years following the year of losing our REIT status. To the extent we have taxable net income, losing our REIT status would reduce our net earnings available for investment or distribution to stockholders because of the additional tax liability. In addition, distributions to stockholders would no longer qualify for the dividends-paid deduction, and we would no longer be required to make distributions. 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.

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 at least 90% of our REIT taxable income to our stockholders (determined without regard to the dividends-paid deduction or net capital gain). To the extent that we satisfy the distribution requirement but distribute less than 100% of our REIT taxable income (including net capital gain), we will be subject to federal and state corporate income tax on the undistributed income.

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 general, prohibited transactions are sales or other dispositions of property to customers in the ordinary course of business. 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, under the timber agreements, 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 MeadWestvaco. This structure should avoid the prohibited transactions tax, and we use a similar structure for the sale of delivered logs to other customers. 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% penalty 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-

21

---

Table of Contents

Index to Consolidated Financial Statements

taxable like-kind exchanges or making sales that otherwise would be prohibited transactions through one or more TRS' 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.

The taxable income of 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.

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

To qualify 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.

Generally, REITs are required to distribute 90% of their ordinary taxable income. 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.

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 portion of our business activities through one or more taxable REIT subsidiaries, or 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 25% 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. Furthermore, because the income earned by our TRSs is subject to corporate income tax and is not subject to the requirement to distribute annually at least 90% of our REIT taxable income to our stockholders, 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 status as a REIT. In particular, at least 75% of 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



Table of Contents

Index to Consolidated Financial Statements

not required to be distributed, and income that is not distributed will not be subject to the REIT income distribution requirement.

We may be subject to adverse legislative or regulatory tax changes that could increase our tax liability, reduce our operating flexibility and reduce the market price of our common stock.

At any time, the federal income tax laws governing REITs or the administrative and judicial interpretations of those laws may be amended. We cannot predict when or if any new federal income tax law, regulation, or administrative and judicial interpretation, or any amendment to any existing federal income tax law, regulation or administrative or judicial interpretation, will be adopted, promulgated or become effective and any such law, regulation, or interpretation may take effect retroactively. We and our stockholders could be adversely affected by any such change in, or any new, federal income tax law, regulation or administrative and judicial interpretation.

Risks Related to Our Common Stock

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

The U.S. stock markets, including the NYSE, on which our Class A common stock listed under the symbol “CTT,” have experienced significant price and volume fluctuations. As a result, the market price of shares of our Class A common stock is likely to be similarly volatile, and investors in shares of our Class A 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 Class A common stock will not fluctuate or decline significantly in the future.

In addition to the risks listed in this “Risk Factors” section, a number of factors could negatively affect our share price or result in fluctuations in the price or trading volume of our Class A common stock, including:

- the annual yield from distributions on our Class A common stock as compared to yields on other financial instruments;
- equity issuances by us, or future sales of substantial amounts of our Class A 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 Class A common stock;
- changes in market valuations of companies in the timberland or real estate industries;
- increases in market interest rates or a decrease in our distributions to stockholders that lead purchasers of our Class A common stock to demand a higher yield;
- fluctuations in 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 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;

Table of Contents

Index to Consolidated Financial Statements

speculation in the press or investment community;  
changes in our earnings;  
failure to satisfy the listing requirements of the NYSE;  
failure to comply with the requirements of the Sarbanes-Oxley Act;  
actions by institutional stockholders;  
changes in accounting principles; and  
general market conditions, including factors unrelated to our performance.

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.

If securities analysts do not publish research or reports about our business or if they downgrade our Class A common stock or our sector, the price of our common stock could decline.

The trading market for our Class A common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We do not control analysts. Furthermore, if one or more of the analysts who do cover us downgrades our shares of common stock or our industry, or the stock of any of our competitors, the price of our shares could decline. If one or more of these analysts ceases coverage of our company, we could lose attention in the market, which in turn could cause the price of our shares of common stock to decline.

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.

In the future, we may attempt to increase our capital resources by offering debt or equity securities, including medium term notes, senior or subordinated notes and classes of preferred or common stock. 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. We are not required to offer any such additional debt or equity securities to existing common stockholders on a preemptive basis. Therefore, offerings of common stock or other equity securities may dilute the holdings of our existing stockholders. Future offerings of debt or equity securities, or the perception that such offerings may occur, may reduce the market price of our common stock or the distributions that we pay with respect to our common stock. Because we may generally issue any such debt or equity securities in the future without obtaining the consent of our stockholders, you will bear the risk of our future offerings reducing the market price of our common stock and diluting your proportionate ownership.

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

One of the factors that may influence the price of our Class A common stock will be our distribution rate on the Class A common stock (as a percentage of the share price of our Class A common stock), relative to market interest rates. We have declared and paid cash distributions for the first time in each quarter during 2014 and expect to declare cash distributions in the future. If market interest rates increase, prospective purchasers of our Class A common stock may desire a higher yield on our Class A 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 Class A common stock will decrease, because potential investors may require a higher dividend yield on

our Class A common stock as market rates on interest-bearing securities, such as bonds, rise.

ITEM 1B. UNRESOLVED STAFF COMMENTS

24

---

Table of ContentsIndex to Consolidated Financial Statements

None.

## ITEM 2. PROPERTIES

As of December 31, 2014, we owned interests in approximately 393,300 acres of timberland, consisting of approximately 364,700 acres of fee timberlands, and approximately 28,600 acres of leased timberlands. Our leased timberlands include approximately 20,500 acres under one long-term lease expiring in 2022, which we refer to as the long-term contract or LTC lease, and approximately 8,100 acres under multiple, single-rotation leases expiring between 2015 and 2019, which we refer to as the private land management or PLM leases. As of December 31, 2014, our timberlands contained acreage comprised of approximately 74% pine stands and 26% hardwood stands located in Alabama, Florida, Georgia, Louisiana, and Texas within an attractive and competitive fiber basket encompassing a numerous and diverse group of pulp, paper, and wood products manufacturing facilities.

Acres by state as of December 31, 2014	Fee	Lease	Total
Alabama	75,800	8,400	84,200
Florida	2,500	—	2,500
Georgia	246,900	20,200	267,100
Louisiana	21,000	—	21,000
Texas	18,500	—	18,500
Total:	364,700	28,600	393,300

Our timber inventory consisted of an estimated 14.9 million of merchantable inventory as of December 31, 2014 with the following components:

Merchantable timber inventory:	Tons (in millions)		
	Fee	Lease	Total
Pulpwood	7.4	0.4	7.8
Sawtimber <sup>(1)</sup>	6.7	0.4	7.1
Total:	14.1	0.8	14.9

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

Our methods of estimating our 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 pre-merchantable age class into merchantable inventory. The age at which timber is considered merchantable is reviewed periodically and updated for changing harvest practices, future harvest age profiles and biological growth factors.

Table of Contents

Index to Consolidated Financial Statements

(1) Acres presented in the graph includes fee timberland only and excludes 26,300 acres of non-forest land and 2,900 acres leased to a third party.

(2) Natural Pine and Hardwood represents acres that have been seeded by standing older pine trees nearby the site through the natural process of seeds dropping from the cones of the older trees. Natural pine sites generally include some mix of natural occurring hardwood trees as well.

(3) Planted Pine are site-prepared acres that are hand or machine planted with pine seedlings to maximize the growth potential and inventory carrying capacity of the soils. Planted pine 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 Alabama, Florida, Georgia, Louisiana, and Texas, damage from natural disasters 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.

Table of ContentsIndex to Consolidated Financial Statements

## PART II

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

## Market Information and Stockholders of Record

Our Class A common stock trades on the NYSE under the symbol "CTT". As of February 28, 2015, we had approximately 39.5 million shares of Class A common stock outstanding held by 3,071 stockholders of record. No other classes of our common stock were outstanding as of February 28, 2015.

The table below reflects the range of intra-day high and low per share prices of our Class A common stock, for the periods indicated, as reported by the New York Stock Exchange:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2014				
High	\$ 14.40	\$ 14.11	\$ 13.77	\$ 11.92
Low	\$ 12.05	\$ 12.61	\$ 10.54	\$ 10.28
2013 <sup>(1)</sup>				
High	\$—	\$—	\$—	\$ 14.00
Low	\$—	\$—	\$—	\$ 13.40

<sup>(1)</sup> The high/low sales prices are for the period from December 12, 2013 through December 31, 2013.

## Distributions

We pay regular quarterly dividends to holders of our common stock.

Timberlands represent a distinctive asset class that offers multiple means of value creation and return generation. Specifically, timberlands generally do not need to be harvested within a specific timeframe, which provides timberland owners a degree of flexibility to either harvest timber and generate current cash returns, or defer harvest and accrue returns in the form of biological growth and inventory appreciation. Prior to our listing on the NYSE, we had not paid a cash distribution to our common stockholders and, therefore, our operating strategy was generally not driven by specific cash flow targets (other than those required to comply with the terms of our credit agreements) or distribution requirements. We also deferred significant harvest volume on our fee timberlands.

Since our listing on the NYSE, our new management team implemented a revised business strategy that includes (1) increasing our annual harvest volume based on a sustainable harvest plan in order to support a distribution to our common stockholders, and (2) establishing annual HBU sales targets. Since our listing on the NYSE, we have made and intend to continue to make regular quarterly distributions of all or substantially all of our REIT taxable income to holders of our common stock. Dividends will be made to those stockholders who are stockholders as of the dividend record dates.

We expect to derive most of our REIT taxable income from investments in our timberlands, including the sale of standing timber through pay as cut contracts. Provided we have held our timberlands for more than one year, we expect that the income from our timber-cutting contracts generally will be treated as long-term capital gain. Distributions of such capital gain to our stockholders generally will be taxable to stockholders that are individuals, estates or trusts at a maximum U.S. federal income tax rate of 20%, as compared to the maximum 39.6% individual tax rate that applies to ordinary REIT dividends. Both ordinary dividends and capital gain dividends are included in net investment income, which is subject to an additional 3.8% unearned income Medicare tax in the case of high-income U.S. individuals, estates and trusts.

The terms of our credit agreement prohibit 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 provided

no default,

27

---

Table of ContentsIndex to Consolidated Financial Statements

or event of default, has occurred as defined by the credit agreement. We may use proceeds from dispositions in any fiscal year totaling up to 1.5% of the aggregate cost basis of our timberland if our LTV ratio is in excess of 30% but less than 40% and up to 2.0% of the aggregate cost basis if our LTV ratio does not exceed 30%.

The amount of distributions that we may pay to our common stockholders will be determined by our board of directors in its sole discretion and is dependent upon a number of factors, including, but not limited to, our financial condition, our capital requirements, our expectations of future sources of liquidity, current and future economic conditions and market demand for timber and timberlands, and tax considerations.

Quarterly dividend distributions paid on all outstanding classes of common stock to our stockholders during the year ended December 31, 2014 are presented below. All dividend payments were made in cash (in thousands, except for per-share data):

	2014				% of Total Distribution	
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter		
Total cash distributed	\$2,747	\$2,748	\$4,920	\$4,920		
Per-share capital gain	\$0.011	\$0.011	\$0.012	\$0.012	9.554	%
Per-share return of capital	\$0.099	\$0.099	\$0.113	\$0.113	90.446	%
Total per-share distribution	\$0.110	\$0.110	\$0.125	\$0.125	100.000	%

## Stock Performance Graph

The following graph compares the performance of CatchMark Timber Trust's Class A common stock with one broad-based market index (the Russell 3000) and one industry specific market index (S&P Global Timber & Forestry Index) from our listing on December 12, 2013 to December 31, 2014.

The graphed stock performance represents the cumulative total stockholder return compared to issuers with similar capitalization and to peer industry issuers. The total stockholder return calculation assumes an investment of \$100 on December 12, 2013, and that all dividends were reinvested at month-end.



Table of Contents

Index to Consolidated Financial Statements

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

	12/12/2013	12/31/2013	12/31/2014
CatchMark Timber Trust, Inc.	\$100	\$103	\$87
Russell 3000	\$100	\$104	\$115
S&P Global Timber & Forestry Index	\$100	\$106	\$106

Table of ContentsIndex to Consolidated Financial Statements

## ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data as of and for the five years ended December 31, 2014 should be read in conjunction with the accompanying consolidated financial statements and related notes in Item 8 — Financial Statements and Supplementary Data hereof.

	As of December 31,					
	2014	2013	2012	2011	2010	
Cash and cash equivalents	\$17,365,370	\$8,613,907	\$11,221,092	\$6,848,973	\$8,788,967	
Restricted cash and cash equivalents	\$—	\$—	\$2,050,063	\$6,762,246	\$7,852,763	
Total assets	\$568,315,978	\$338,953,502	\$350,260,242	\$345,322,607	\$360,491,122	
Total liabilities	\$123,623,631	\$59,022,050	\$140,173,053	\$155,514,335	\$199,831,437	
Total stockholders' equity	\$444,692,347	\$279,931,452	\$210,087,189	\$189,808,272	\$160,659,685	
Outstanding debt	\$118,000,000	\$52,160,000	\$132,356,123	\$122,025,672	\$168,840,592	
	For the Year Ended December 31,					
	2014	2013	2012	2011	2010	
Total revenues	\$54,310,709	\$32,047,590	\$44,199,779	\$40,017,827	\$47,582,144	
Operating income (loss)	\$3,117,148	\$(8,602,315 )	\$(3,699,599 )	\$(6,072,205 )	\$(5,460,961 )	
Net income (loss)	\$659,549	\$(13,196,920 )	\$(8,870,732 )	\$(11,945,363 )	\$(15,809,720 )	
Net income (loss) available to common stockholders	\$659,549	\$(13,556,704 )	\$(9,244,724 )	\$(13,502,038 )	\$(19,518,100 )	
Per-share data—basic and diluted:						
Net income (loss) available to common stockholders	\$0.02	\$(1.03 )	\$(0.73 )	\$(1.18 )	\$(2.14 )	
Weighted-average common shares outstanding	31,567,786	13,145,779	12,741,822	11,395,632	9,122,648	
Cash dividends paid per common share	\$0.47	\$—	\$—	\$—	\$—	
Selected Operating Data:						
Timber Sales Volume:						
Pulpwood	885,980	636,227	697,307	969,549	1,219,056	
Sawtimber	479,460	283,223	358,683	306,063	328,684	
Total	1,365,440	919,450	1,055,990	1,275,612	1,547,740	
Delivered % as of total volume	70	% 80	% 81	% 86	% 79	%
Stumpage % as of total volume	30	% 20	% 19	% 14	% 21	%
Net timber sales price (\$ per ton)						
Pulpwood	\$13	\$12	\$10	\$9	\$11	
Sawtimber	\$24	\$20	\$21	\$20	\$21	
Timberland Sales						
Gross sales	\$10,649,819	\$2,498,757	\$10,972,440	\$1,740,586	\$2,267,887	
Basis of timberland sold	\$5,072,230	\$1,569,543	\$7,187,733	\$1,172,241	\$1,392,900	

Edgar Filing: CatchMark Timber Trust, Inc. - Form 10-K

Acres sold	3,761	1,167	6,016	1,125	1,173
Price per acre	\$2,832	\$2,141	\$1,824	\$1,547	\$1,933

30

---

Table of ContentsIndex to Consolidated Financial Statements

## Timberland Acquisitions

Gross acquisitions <sup>(1)</sup>	\$235,157,923	\$1,403,796	\$20,474,486	\$999,749	\$—
Timberland acquisitions, in acres	121,612	1,786	30,199	1,397	—
Price per acre (\$/acre)	\$1,934	\$786	\$678	\$716	\$—

## Period End Acres

Fee	364,700	247,200	246,300	222,400	222,100
Lease	28,600	30,900	42,500	76,300	82,400
Total	393,300	278,100	288,800	298,700	304,500

## Cash Flow

Adjusted EBITDA <sup>(2)</sup>	\$23,670,971	\$3,469,152	\$15,496,804	\$7,217,883	\$10,509,644
Capital expenditures-acquisitions <sup>(3)</sup>	\$237,526,958	\$1,742,528	\$22,523,863	\$1,095,623	\$—
Capital expenditures-other	\$905,996	\$444,003	\$530,739	\$530,927	\$1,040,927

(1) Exclusive of transaction costs.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations —Adjusted EBITDA”

(2) for the definition and information regarding why we present Adjusted EBITDA and for a reconciliation of this non-GAAP financial measure to net loss.

(3) Includes transaction costs.

## 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 the Selected Financial Data in Item 6 – Selected Financial Data above and our accompanying consolidated financial statements and notes thereto. See also “Cautionary Note Regarding Forward-Looking Statements” preceding Part I.

### Overview

We primarily engage in the ownership, management, acquisition, and disposition of timberland properties located in the United States. During 2014, in accordance with our business strategy, we acquired 121,600 acres of high-quality timberland in Florida, Georgia, Louisiana, and Texas. These newly acquired properties contain an estimated 4.8 million tons of merchantable timber, comprising 75% pine plantation by acreage and 58% sawtimber by tons. In aggregate, they are expected to increase our annual harvest volumes by 0.5 million to 0.6 million tons over the next decade.

As of December 31, 2014, we owned interests in 393,300 acres of timberland within an attractive and competitive fiber basket encompassing a numerous and diverse group of pulp, paper and wood products manufacturing facilities. We believe that our timberlands are high-quality industrial forestlands that have been intensively managed for sustainable commercial timber production. As of December 31, 2014, our timberlands contained acreage comprised of 74% pine stands and 26% hardwood stands, and our timber inventory consisted of an estimated 14.9 million tons of merchantable timber inventory, including 7.8 million tons of pulpwood and 7.1 million tons of sawtimber.

We generate recurring income and cash flow from the harvest and sale of timber, as well as from non-timber related revenue sources, such as recreational leases. When and where we believe it is appropriate, we also periodically generate income and cash flow from the sale of HBU timberland. We also expect to realize additional long-term returns from the potential appreciation in value of our timberlands as well as from the potential biological growth of our standing timber inventory in excess of our timber harvest. A substantial portion of our timber sales are derived from the Mahrt Timber Agreements under which we sell specified amounts of timber to MeadWestvaco subject to market pricing adjustments. For the years ended December 31, 2014, 2013, and 2012, approximately 34%, 60%, and

54%, respectively, of our net timber sales revenue was derived from the Mahrt Timber Agreements. See Item 1 – Business for additional information regarding the material terms of the Mahrt Timber Agreements.

Table of Contents

Index to Consolidated Financial Statements

Our operating strategy entails funding expenditures related to the recurring operations of our timberlands, including interest on outstanding indebtedness and certain capital expenditures (excluding timberland acquisitions), with operating cash flows, assessing the amount of operating cash flows that will be required for additional timberland acquisitions, and distributing residual operating cash flows, if any, to our stockholders.

In connection with furthering that strategy, we will continue to focus on enhancing long-term value for our shareholders and providing durable earnings to grow our dividend by efficiently integrating new acquisitions, increasing sustainable harvest volumes, and improving product mix. We continue to practice intensive forest management and silvicultural techniques that increase the biological growth of the forest. We plan to sustainably harvest between 1.7 million and 1.9 million tons of timber in 2015, up from the 1.4 million tons in 2014. Capital expenditures (excluding timberland acquisitions) for 2015 is expected to be between \$2.0 million and \$3.0 million. We will continue our deliberate growth strategy for new acquisitions, focusing at present in the U.S. South by targeting:

- markets that demonstrate favorable long-term demand and allow for superior merchandizing to mill customers;
- timberland properties with superior productivity characteristics from soil attributes and forest genetics which can provide durable harvest revenue and sustain long-term growth; and
- properties with trees at the right age classes to complement existing holdings and support sustainable harvest volumes.

We believe that we have access to adequate capital resources to achieve our growth target for 2015 with the credit facilities available under the 2014 Amended Credit Agreement (see Liquidity and Capital Resources for details).

#### 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; and competition. 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, the supply of manufactured timber products including imports, and, to a lesser extent, repair and remodeling activity and 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 U.S. economy continued to recover in 2014. According to the U.S. Bureau of Economic Analysis, the real gross domestic product increased by 2.4% in 2014, as compared to an increase of 2.2% in 2013. U.S. Census Bureau estimated that 1.0 million housing units were started in 2014, up by 8.8% from 2013; an estimated 0.9 million housing units were completed in 2014, up by 15.5% from 2013. Economic recovery, especially the housing market recovery, strengthened the timber market conditions nationwide.

In the markets in which we operate, average timber prices continued the upward trend and all categories increased in 2014 as compared to 2013. Pine pulpwood and hardwood pulpwood prices increased and are near the highest level in a decade primarily due to supply shortages in the first half of 2014 as a result of unusually wet weather. Upturns in housing starts and housing completions drove up lumber production in the region, and in turn, led to higher sawlog prices. For 2015, we anticipate pulpwood prices to remain steady and sawtimber prices to see modest improvements.



Table of Contents

Index to Consolidated Financial Statements

Liquidity and Capital Resources

Equity Capital

On December 12, 2013, we listed our Class A common stock on the NYSE under the symbol "CTT". We completed the Initial Listed Public Offering on December 17, 2013, issuing approximately 10.5 million shares of our Class A common stock and received gross proceeds of \$142.1 million. After deducting underwriter discounts and commissions of \$9.9 million and direct offering costs of \$1.6 million, \$80.2 million of the net proceeds were used to repay our outstanding debt, and \$49.0 million were used to redeem all of the outstanding shares of our preferred stock and to pay the accrued but unpaid dividends.

On January 9, 2014, the underwriters for the Initial Listed Public Offering exercised their overallotment option to purchase approximately 1.6 million shares of our Class A common stock in full. After deducting \$1.5 million of underwriting discounts and commissions, we received net proceeds of \$19.8 million, \$18.2 million of which was used to pay down our outstanding debt.

On June 20, 2014, we filed a Registration Statement on Form S-3 with the SEC for future public offerings of up to \$600 million in an undefined combination of common stock, preferred stock, debt securities, depositary shares, or warrants. The Form S-3 was declared effective by the SEC on July 2, 2014.

On July 16, 2014, we completed the Follow-on Listed Public Offering, receiving gross proceeds of approximately \$146.9 million from issuing 12.5 million shares of the Class A common stock. After deducting underwriting discounts and commissions of \$7.0 million, we received net proceeds of \$139.9 million, \$118.5 million of which was used to pay off our outstanding debt.

On July 23, 2014, the underwriters for the Follow-on Listed Public Offering exercised their overallotment option to purchase approximately 1.9 million shares of our Class A common stock in full. After deducting underwriting discounts and commissions of \$1.0 million, we received net proceeds of \$21.0 million, which was added to our working capital reserve and used to fund timberland acquisitions.

Debt Capital

On December 23, 2014, we entered into a fourth amended and restated credit agreement (the "2014 Amended Credit Agreement") with CoBank, Agfirst Farm Credit Bank, ("Agfirst"), Cooperatieve Centrale Raiffeisen-Boerenleenbank, B.A. ("Rabobank"), and certain other financial institutions. The 2014 Amended Credit Agreement amended and restated the existing credit agreement in its entirety.

The 2014 Amended Credit Agreement provides for borrowing under credit facilities consisting of:

- a \$35 million revolving credit facility (the "2014 Revolving Credit Facility"),
- a \$275 million multi-draw term credit facility (the "2014 Multi-Draw Term Facility"), and
- a \$100 million term loan (the "2014 Term Loan Facility", and together with the Revolving Credit Facility and the Multi-Draw Term Facility, the "2014 Amended Credit Facilities").

The 2014 Amended Credit Agreement provides that the 2014 Amended Credit Facilities may be increased, upon the agreement of lenders willing to increase their loans, by up to \$200 million.

Borrowings under the 2014 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 million, and other general corporate purposes. The 2014 Revolving Credit Facility will bear interest at an adjustable rate equal to a base



rate plus between 0.50% and 1.50% or a LIBOR rate plus between 1.50% and 2.50%, in each case depending on our LTV Ratio, and will terminate and all amounts under the facility will be due and payable on December 23, 2019.

Table of Contents

Index to Consolidated Financial Statements

The 2014 Multi-Draw Term Facility may be drawn upon up to eight times during the period beginning on December 23, 2014 through December 23, 2017 and may be used to finance domestic timber acquisitions and associated expenses, refinance loan amounts under the 2014 Revolving Credit Facility, and purchase up to \$25 million in our common stock. Amounts repaid under the 2014 Multi-Draw Term Facility may be re-borrowed prior to the third anniversary of the closing date. The 2014 Multi-Draw Term Facility will bear interest at an adjustable rate equal to a base rate plus between 0.75% and 1.75% or a LIBOR rate plus between 1.75% and 2.75%, in each case depending on the LTV Ratio, and will terminate and all amounts under the facility will be due and payable on December 23, 2021. The 2014 Multi-Draw Term Facility is interest only until the maturity date; however, if the our LTV Ratio is equal to or in excess of 40%, then principal payments will be required to be made beginning on December 31, 2017 at a per annum rate of 5% of the principal amount outstanding under the 2014 Multi-Draw Term Facility.

The 2014 Term Loan Facility shall be used solely to refinance the balance outstanding under the Multi-Draw Term Facility under the Amended CoBank Loan. The 2014 Term Loan Facility will bear interest at an adjustable rate equal to a base rate plus 1.75% or a LIBOR rate plus 1.75%, and will terminate and all amounts under the facility will be due and payable on December 23, 2024.

We are now eligible to receive annual patronage refunds, which are profit distributions made by CoBank and other Farm Credit System banks. The annual patronage refund is dependent on the weighted average debt balance for the fiscal year under the 2014 Term Loan Facility and the 2014 Multi-Draw Term Facility, as well as the financial performance of CoBank and other Farm Credit System banks. No amounts were received in the current year.

We pay the lenders an unused commitment fee on the unused portion of the 2014 Multi-Draw Term Facility and 2014 Revolving Credit Facility, at an adjustable rate ranging from 0.20% to 0.35%, depending on the LTV Ratio. As of December 31, 2014, the outstanding balance of the 2014 Amended Credit Facilities was \$118 million, \$100 million of which was outstanding under the 2014 Term Loan Facility and \$18 million of which was outstanding under the 2014 Multi-Draw Term Facility.

#### Short-Term Liquidity and Capital Resources

Net cash provided by operating activities for the year ended December 31, 2014 was \$19.8 million, a \$20.9 million increase from the year ended December 31, 2013, primarily driven by a \$10.2 million increase in net cash receipts from timber sales, a \$7.8 million increase in net cash receipts from timberland sales, and a \$2.6 million decrease in general and administrative expenses.

For the year ended December 31, 2014, we used \$237.5 million (including transaction costs) to acquire 121,600 acres of timberland properties with net proceeds from equity offerings, borrowings under our credit facilities, and cash on-hand. We spent \$0.9 million in reforestation, building roads, and purchase of other assets.

Net cash provided by financing activities for the year ended December 31, 2014 was \$227.3 million, resulting from inflows of \$160.9 million of net proceeds from the Follow-On Listed Public Offering, \$19.8 million of net proceeds from the Initial Listed Public Offering, and net borrowings of \$65.8 million under our credit facilities, offset by \$15.3 million of dividend payments to our stockholders, \$3.3 million of debt issuance costs, and \$10.0 million of stock issuance costs for the equity offerings.

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 twelve months.

The 2014 Amended Credit Agreement contains, among others, the following financial covenants:  
• limits the LTV Ratio to 45% at the end of each fiscal quarter and upon the sale or acquisition of any property;

Table of ContentsIndex to Consolidated Financial Statements

requires a minimum liquidity balance of \$20 million until the date that we have achieved a fixed charge coverage ratio of not less than 1.05:1; after such date we must maintain a fixed coverage charge ratio of not less than 1.05:1.

We were in compliance with the financial covenants of the 2014 Amended Credit Agreement as of December 31, 2014.

## Long-Term Liquidity and Capital Resources

Over the long-term, we expect our primary sources of capital to include net cash flows from operations, including proceeds from strategic property sales, proceeds from secured or unsecured financings from banks and other lenders, and public offerings of our common stock. Our principal demands for capital include operating expenses, interest expense on any outstanding indebtedness, certain capital expenditures (other than timberland acquisitions), repayment of debt, timberland acquisitions, and stockholder distributions.

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 partially fund timberland acquisitions, and pay distributions to stockholders. Therefore, to the extent that cash flows from operations are lower, timberland acquisitions and stockholder distributions are anticipated to be lower as well. Proceeds from future equity offerings and debt financings may be used to acquire timberlands, fund capital expenditures, and pay down existing and future borrowings.

Our bylaws preclude us from incurring debt in excess of 200% of our net assets. As of December 31, 2014, our debt-to-net-assets ratio, defined as our total debt as a percentage of our total gross assets (other than intangibles) less total liabilities, was approximately 21%. Our debt-to-net-assets ratio will vary based on our level of current and future borrowings, which will depend on the level of net cash flows from operations, our acquisition activities, and proceeds raised from public offerings of our common stock. Before additional borrowings and equity issuances, principal payments, and timberland acquisitions or dispositions, we expect our debt-to-net-assets ratio to remain relatively stable in the near future.

## Contractual Obligations and Commitments

As of December 31, 2014, our contractual obligations are as follows:

Contractual Obligations	Payments Due by Period				
	Total	2015	2016-2017	2018-2019	Thereafter
Debt obligations <sup>(1)</sup>	\$118,000,000	\$—	\$—	\$—	\$118,000,000
Estimated interest on debt obligations <sup>(1) (2)</sup>	29,286,091	3,039,578	6,079,155	6,079,155	14,088,203
Operating lease obligations <sup>(3)</sup>	4,843,834	689,684	1,324,342	1,219,342	1,610,466
Other liabilities <sup>(4)</sup>	745,012	123,521	217,953	184,207	219,331
Total	\$152,874,937	\$3,852,783	\$7,621,450	\$7,482,704	\$133,918,000

<sup>(1)</sup> Represents respective obligations under the 2014 Amended Credit Agreement as of December 31, 2014.

<sup>(2)</sup> Amounts include impact of an interest rate swap. See Note 5 – Interest Rate Swaps of our accompanying consolidated financial statements for additional information.

<sup>(3)</sup> Includes payment obligation on approximately 7,330 acres that are subleased to a third party.

<sup>(4)</sup> Represents net present value of future payments to satisfy a liability assumed upon a timberland acquisition.

## Results of Operations

Overview

35

---

Table of ContentsIndex to Consolidated Financial Statements

Our results of operations are materially impacted by the fluctuating nature of timber prices, changes in the levels and mix of our harvest volumes, the level of timberland sales, changes to associated depletion rates, and varying interest expense based on the amount and cost of outstanding borrowings. Timber prices, harvest volumes, and changes in the levels and composition of each for our timberlands for the years ended December 31, 2014, 2013, and 2012 is shown in the following tables:

	Years Ended December 31,		Change	
	2014	2013	%	
Timber sales volume (tons)				
Pulpwood	885,980	636,227	39	%
Sawtimber <sup>(1)</sup>	479,460	283,223	69	%
	1,365,440	919,450	49	%
Net timber sales price (per ton) <sup>(2)</sup>				
Pulpwood	\$13	\$12	14	%
Sawtimber	\$24	\$20	20	%
Timberland sales				
Gross sales	\$10,649,819	\$2,498,757		
Sales volumes (acres)	3,761	1,167		
Sales price (per acre)	\$2,832	\$2,141		

	Years Ended December 31,		Change	
	2013	2012	%	
Timber sales volume (tons)				
Pulpwood	636,227	697,307	(9	)%
Sawtimber <sup>(1)</sup>	283,223	358,683	(21	)%
	919,450	1,055,990	(13	)%
Net timber sales price (per ton) <sup>(2)</sup>				
Pulpwood	\$12	\$10	16	%
Sawtimber	\$20	\$21	(4	)%
Timberland sales				
Gross sales	\$2,498,757	\$10,972,440		
Sales volumes (acres)	1,167	6,016		
Sales price (per acre)	\$2,141	\$1,824		

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

Prices per ton are rounded to the nearest dollar and shown on a stumpage basis (i.e., net of contract logging and

<sup>(2)</sup> hauling costs) and, as such, the sum of these prices multiplied by the tons sold does not equal timber sales in the accompanying consolidated statements of operations for the years ended December 31, 2014, 2013, and 2012.

#### Comparison of the year ended December 31, 2014 versus the year ended December 31, 2013

Revenues. Revenues increased to \$54.3 million for the year ended December 31, 2014 from \$32.0 million for the year ended December 31, 2013 primarily due to an increase in timber sales revenue of \$13.9 million and an increase in timberland sales revenue of \$8.2 million. Timber sales revenue increased by 52%: 30% of which came from revenue generated from properties acquired in 2014, 17% of which was driven by higher harvest volume on the legacy Mahrt timberland, and 5% of which was due to better pricing on the legacy Mahrt timberland as a result of increases in demand and supply shortages as a result of wet weather. Timberland sales revenue increased due to selling more acres

Table of ContentsIndex to Consolidated Financial Statements

in 2014. Details of timber sales by product for the years ended December 31, 2014 and 2013 are shown in the following table:

	For the Year Ended December 31, 2013	Changes attributable to:		For the Year Ended December 31, 2014
		Price	Volume	
Timber sales <sup>(1)</sup>				
Pulpwood	\$16,750,603	\$727,218	\$6,321,820	\$23,799,641
Sawtimber <sup>(2)</sup>	9,952,772	587,957	6,294,078	16,834,807
	\$26,703,375	\$1,315,175	\$12,615,898	\$40,634,448

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

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

Operating expenses. Contract logging and hauling costs increased to \$17.3 million for 2014 from \$13.6 million for 2013 as a result of a 31% increase in delivered sales volume. Delivered sales volume as a percentage of our total harvest volume decreased to 70% in 2014 from 80% in 2013. Depletion expense increased by 74% to \$14.8 million in 2014 from \$8.5 million in 2013, due to a 49% increase in harvest volume and higher blended depletion rates. Our blended depletion rates were higher in 2014, primarily because 22% of our harvest came from newly acquired properties, which are depleting at higher rates than our long-term fee timber. Cost of timberland sales increased due to selling more acres.

Forestry management fees increased to \$3.6 million for the year ended December 31, 2014 from \$2.8 million for the year ended December 31, 2013. FRC management fees are earned based on number of acres under management and timber sales revenue generated. The increase in 2014 was a result of having more acres under management and generating higher timber sales revenue driven by the growth of our timberland portfolio. Land rent expense decreased to \$0.8 million in 2014 from \$1.0 million in 2013 primarily due to expirations of leases.

General and administrative expenses decreased to \$6.2 million for the year ended December 31, 2014 from \$10.2 million for the year ended December 31, 2013, primarily due to the elimination of advisory fees and expense reimbursements, lower legal costs, and a lower stock compensation expense, offset by an increase in salary and benefits costs. The termination of the advisory agreement with Wells TIMO (see Related Parties) eliminated advisory fees and expense reimbursements, which contributed to a decrease of \$3.6 million in general and administrative expenses. Our legal costs decreased by \$1.8 million, primarily due to incurring expenses in 2013 during our transition to self-management and preparations for the Initial Listed Public Offering and receiving a \$0.6 million insurance reimbursement under our director and officer insurance policy for costs incurred in 2013 and 2014 in connection with an SEC investigation into WIS and us (see Item 1 —Business). Our stock compensation expense decreased by \$1.4 million due to the issuance of restricted stock grants to our employees contingent on the completion of our Initial Listed Public Offering in 2013.

As a result of becoming a self-managed company and a listed public company, we incurred a \$1.8 million increase in salary and benefit costs as well as other costs and expenses. We also incurred \$0.2 million in shareholder communication expenses in response to a tender offer for our common stock during the first and fourth quarter of 2014 and \$0.2 million in connection with the filing of the shelf registration and the Follow-on Listed Public Offering as described within Liquidity and Capital Resources.

Interest income. Interest income increased to \$0.2 million for year ended December 31, 2014 due to receiving counter-party payment upon termination of our interest rate swap agreement in July 2014.

Interest expense. Interest expense decreased to \$2.6 million for the year ended December 31, 2014 from \$4.7 million for the year ended December 31, 2013, primarily due to more favorable interest rates, a lower average outstanding debt balance, and a decrease in non-cash interest expense, offset by an increase in unused commitment fees to lenders. Our cash paid for interest, without consideration for unused commitment fees, decreased by \$1.7 million due to a lower outstanding debt balance and more favorable interest rate during the fiscal year 2014. Our non-cash interest expense



Table of ContentsIndex to Consolidated Financial Statements

decreased by \$0.6 million due to a lower amount of non-recurring write-off of deferred financing costs. These decreases were offset by a \$0.4 million increase in unused commitment fees charged by our lenders.

Net income. We generated a \$0.7 million net income for the year ended December 31, 2014 as compared to a net loss of \$13.2 million for the year ended December 31, 2013 due to a \$11.7 million increase in our operating income, a \$2.1 million decrease in our interest expense, and a \$0.2 million increase in interest income. We generated operating income of \$3.1 million for the year ended December 31, 2014, which is an improvement of \$11.7 million over the year ended December 31, 2013, due to a \$3.9 million increase in timber sales revenue net of contract logging and hauling and depletion expense, a \$4.3 million increase in net revenue generated from timberland sales, coupled with a \$4.0 million decrease in general and administrative expenses. We generated net income for the year ended 2014 primarily as a result of generating operating income of \$3.1 million, receiving interest income of \$0.2 million, and incurring interest expense of approximately \$2.6 million. Our net income per share available to common stockholders increased to \$0.02 for the year ended December 31, 2014 from a net loss per share available to common stockholders of \$1.03 for the year ended December 31, 2013. We anticipate future net income or losses to fluctuate with timber prices, harvest volumes and mix, depletion rates, timberland sales, and interest expense based on our level of current and future borrowings.

#### Comparison of the year ended December 31, 2013 versus the year ended December 31, 2012

Revenues. Revenues decreased to \$32.0 million for the year ended December 31, 2013 from \$44.2 million for the year ended December 31, 2012 due to a decrease in timber sales revenue of \$3.8 million and a decrease in timberland sales revenue of \$8.5 million. Timber sales revenue was lower primarily due to a planned reduction in harvest volume of 13%. Timberland sales revenue decreased due to selling fewer acres in 2013. Details of timber sales by product for the years ended December 31, 2013 and 2012 are shown in the following table:

	For Year Ended December 31, 2012	Changes attributable to:		For the Year Ended December 31, 2013
		Price	Volume	
Timber sales <sup>(1)</sup>				
Pulpwood	\$18,037,137	\$625,359	\$(1,911,893)	) \$16,750,603
Sawtimber <sup>(2)</sup>	12,473,399	221,660	(2,742,287)	) 9,952,772
	\$30,510,536	\$847,019	\$(4,654,180)	) \$26,703,375

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

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

Operating expenses. Contract logging and hauling costs decreased to \$13.6 million for 2013 from \$15.8 million for 2012 as a result of a 15% decrease in delivered sales volume. Depletion expense decreased by 27% to \$8.5 million in 2013 from \$11.7 million in 2012 due to a lower blended depletion rate and an approximately 13% decrease in harvest volumes. Our blended depletion rate was lower in 2013 due to a decrease in harvests of timber from the leased LTC tracts as a percentage of our total harvest in 2013 as compared to 2012. As a result of an acquisition of 30,000 acres of previously leased LTC timberland in 2012, 12% of our merchantable timber inventory was recategorized as fee timber, which was depleted at much lower rates than timber from leased tracts. Cost of timberland sales decreased due to selling fewer acres.

Forestry management fees increased to \$2.8 million for the year ended December 31, 2013 from \$2.3 million for the year ended December 31, 2012. The increase was primarily due to, as a result of our transition to self-management, incurring compensation costs related to our forest management staff. Land rent expense decreased to \$1.0 million in 2013 from \$1.6 million in 2012 primarily due to expiration of leases and the acquisition of 30,000 acres of LTC timberland as described above.

General and administrative expenses, including advisor fees and expense reimbursements, increased \$4.2 million in 2013 from 2012. The increase was primarily attributable to incurring expenses associated with our transition to self-management, listing on the NYSE , and the IPO, including (a) \$1.0 million increase in legal fees; (b) \$0.4 million increase in consulting fees; (c) \$0.2 million increase in transfer agent fees; and (d) \$0.2 million increase in payments

38

---

Table of Contents

Index to Consolidated Financial Statements

to the independent directors. Additionally, as a result of becoming a self-managed company, we incurred employee-related costs starting on October 25, 2013, including salary and benefit costs of \$0.3 million and stock based compensation expense of \$1.5 million related to restricted stock grants issued to our employees. Also, we incurred \$0.7 million in legal and consulting fees to assist with the ongoing SEC investigation.

The increases were slightly offset by decreases in advisor fees and expense reimbursements of \$0.2 million. Our advisory agreement with Wells TIMO was terminated effective October 25, 2013 as a result of our transition to self management. As such, we did not incur additional advisor fees and expense reimbursements subsequent to October 25, 2013.

Interest expense. Interest expense decreased by \$0.3 million to \$4.7 million for the year ended December 31, 2013 primarily due to a decrease in non-cash interest expense.

Net loss. Our net loss increased to \$13.2 million for the year ended December 31, 2013 from \$8.9 million for the year ended December 31, 2012 as a result of an \$4.9 million increase in our operating loss, offset by a \$0.3 million decrease in our interest expense. Our operating loss increased primarily due to the increase in general and administrative expenses, the decrease in net timberland sales, offset by an increase in timber sales revenue net of contract logging and hauling costs and depletion expense. We sustained a net loss for the year ended 2013 primarily as a result of incurring an operating loss of \$8.6 million and interest expense of \$4.7 million. Our net loss per share available to common stockholders for the years ended December 31, 2013 and 2012 was \$1.03 and \$0.73, respectively.

#### Adjusted EBITDA

The discussion below is intended to enhance the reader's understanding of our operating performance and ability to satisfy lender requirements. Earnings from Continuing Operations before Interest, Taxes, Depletion, and Amortization ("EBITDA") is a non-GAAP measure of operating performance and cash generating capacity. EBITDA is defined by the SEC; however, we have excluded certain other expenses due to their noncash nature, and we refer to this measure as Adjusted EBITDA. As such, our Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies and should not be viewed as an alternative to net income or cash from operations as measurements of our operating performance. Due to significant amount of timber assets subject to depletion and significant amount of financing subject to interest and amortization expense, management considers Adjusted EBITDA to be an important measure of our financial condition and cash generating ability. Our credit agreements 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.

For the year ended December 31, 2014, Adjusted EBITDA was \$23.7 million, a \$20.2 million increase from the year ended December 31, 2013, primarily due to a \$7.8 million increase in revenue from net timberland sales, a \$10.2 million increase in net timber sales, and a \$2.6 million decrease in general and administrative expenses. Our reconciliation of net income (loss) to Adjusted EBITDA for the years ended December 31, 2014, 2013, and 2012 follows:

Table of ContentsIndex to Consolidated Financial Statements

	2014	2013	2012
Net income (loss)	\$659,549	\$(13,196,920 )	\$(8,870,732 )
Add:			
Depletion	14,788,215	8,505,024	11,677,229
Basis of timberland sold	5,072,230	1,569,543	7,187,733
Amortization <sup>(1)</sup>	836,009	1,487,235	2,007,239
Stock-based compensation expense	417,999	1,838,082	28,333
Unrealized gain on interest rate swaps that do not qualify for hedge accounting treatment	—	(128,934 )	(847,743 )
Interest expense <sup>(1)</sup>	1,896,969	3,395,122	4,289,204
Basis of casualty loss	—	—	25,541
Adjusted EBITDA	\$23,670,971	\$3,469,152	\$15,496,804

For the purpose of the above reconciliation, amortization includes amortization of deferred financing costs,

<sup>(1)</sup>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.

## Portfolio Information

As of December 31, 2014, we owned interests in 393,300 acres of timberland, consisting of 364,700 acres held in fee-simple interests and 28,600 acres held in leasehold interests. Our leased timberlands include 20,500 acres under LTC lease expiring in 2022 and 8,100 acres under PLM leases expiring between 2015 and 2019.

Our timberlands are located in Alabama, Florida, Georgia, Louisiana, and Texas within an attractive and competitive fiber basket encompassing a numerous and diverse group of pulp, paper and wood products manufacturing facilities.

As of December 31, 2014, our timberlands contained an estimated 14.9 million tons of merchantable timber inventory, of which approximately 7.8 million tons was pulpwood and 7.1 million tons was sawtimber. Our methods of estimating our 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 pre-merchantable age class into merchantable inventory. The age at which timber is considered merchantable is reviewed periodically and updated for changing harvest practices, future harvest age profiles and biological growth factors.

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 Alabama, Florida, Georgia, Louisiana, and Texas, damage from natural disasters 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.

## 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 at least 90% of our adjusted taxable income, as defined in the Code,

40

---

Table of Contents

Index to Consolidated Financial Statements

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 Internal Revenue Service 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.

Inflation

In connection with the acquisition of the Mahrt timberland, we entered into the Mahrt Timber Agreements with MeadWestvaco. The Mahrt Timber Agreements provide that we will sell to MeadWestvaco specified amounts of timber subject to quarterly market pricing adjustments and monthly fuel pricing adjustments, which are intended to protect us from, and mitigate the risk of, the impact of inflation. The price of timber has generally increased with increases in inflation; however, we have not noticed a significant impact from inflation on our revenues, net sales, or income from continuing operations.

Application of Critical Accounting Policies

Our accounting policies have been established to conform to generally accepted accounting principles in the United States ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to use judgment in the application of accounting policies, including making estimates and assumptions. These judgments 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 judgment or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied or 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 that may impact comparability of our results of operations to those of companies in similar businesses.

A discussion of the accounting policies that management deems critical because they may require complex judgment in their application or otherwise require estimates about matters that are inherently uncertain, is provided below.

Timber Assets

Timber and timberlands, including logging roads, are stated at cost less accumulated depletion for timber harvested and accumulated amortization. We capitalize timber and timberland purchases. Reforestation costs, including all costs associated with stand establishment, such as site preparation, costs of seeds or seedlings, planting, fertilization and herbicide application, are capitalized. 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

Depletion, or costs attributed to timber harvested, is charged against income as trees are harvested. Fee-simple timber tracts owned longer than one year and similarly managed are pooled together for depletion calculation purposes. Depletion rates are determined at least annually by dividing (a) the sum of (i) net carrying value of the timber, which equals the original cost of the timber less previously recorded depletion, and (ii) capitalized silviculture costs incurred and the projected silviculture costs, net of inflation, to be capitalized over the harvest cycle, by (b) the total timber volume estimated to be available over the harvest cycle. The average harvest cycle for our timberlands will average between 26 and 32 years. See Portfolio Information above for additional information regarding estimations of both



Table of Contents

Index to Consolidated Financial Statements

our current timber inventory and the timber inventory that will be available over the harvest cycle. The capitalized silviculture cost is limited to the expenditures that relate to establishing stands of timber. For each fee-simple timber tract owned less than one year, depletion rates are determined by dividing the acquisition cost attributable to its timber by the volume of timber acquired. Depletion rates for lease tracts, which are generally limited to one harvest, are calculated by dividing the acquisition cost attributable to its timber by the volume of timber acquired. Net carrying value of the timber and timberlands is used to compute the gain or loss in connection with timberland sales. No book basis is allocated to the sale of conservation easements.

**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. When indicators of potential impairment are present that suggest that the carrying amounts of timber assets may not be recoverable, we assess the recoverability of these assets by determining whether the carrying value will be recovered through the undiscounted future operating cash flows expected from the use of the asset and its eventual disposition. Impairment losses would be recognized for (i) long-lived assets used in our operations when the carrying value of such assets exceeds the undiscounted cash flows estimated to be generated from the future operations of those assets, and (ii) long-lived assets held for sale when the carrying value of such assets exceeds an amount equal to their fair value less selling costs. 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 present value of undiscounted cash flows, including estimated salvage value. We intend to use one harvest cycle for the purpose of evaluating the recoverability of timber and timberlands used in our operations. Future cash flow estimates are based on probability-weighted projections for a range of possible outcomes and are discounted at risk-free rates of interest. We consider assets to be held for sale at the point at which a sale contract is executed and the buyer has made a nonrefundable earnest money deposit against the contracted purchase price. We have determined that there has been no impairment of our long-lived assets to date.

**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 are then allocated to timberland and timber based on our determination of the relative fair value of these assets.

**Intangible Lease Assets**

In-place ground leases with us 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) our estimate of fair market lease rates for the corresponding in-place lease, measured over a period equal to the remaining term of the lease. 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.

**Revenue Recognition**

Revenue from the sale of timber is recognized when the following criteria are met: (i) persuasive evidence of an agreement exists, (ii) legal ownership and the risk of loss are transferred to the purchaser, (iii) price and quantity are determinable, and (iv) collectibility is reasonably assured. Our primary sources of revenue are recognized as follows:

(1) For delivered sales contracts, which include amounts sufficient to cover costs of logging and hauling of timber, revenues are recognized upon delivery to the customer.

For pay-as-cut contracts, the purchaser acquires the right to harvest specified timber on a tract, at an agreed-upon (2) price per unit. Payments and contract advances are recognized as revenue as the timber is harvested based on the contracted sale rate per unit.



Table of Contents

Index to Consolidated Financial Statements

Revenues from the sale of higher-and-better use timberland and nonstrategic timberlands are recognized when title (3) passes and full payment or a minimum down payment is received and full collectibility is assured. If a down payment of less than the minimum down payment is received at closing, we will record revenue based on the installment method.

For recreational leases, rental income collected in advance is recorded as other liabilities in the accompanying (4) consolidated balance sheets until earned over the term of the respective recreational lease and recognized as other revenue.

In addition to the sources of revenue noted above, we also may enter into lump-sum sale contracts, whereby the purchaser generally pays the purchase price upon execution of the contract. Title to the timber and risk of loss transfers to the buyer at the time the contract is consummated. Revenues are recognized upon receipt of the purchase price. When the contract expires, ownership of the remaining standing timber reverts to us; however, adjustments are not made to the revenues previously recognized.

Related-Party Transactions and Agreements

Wells Capital, Inc., or Wells Capital, a subsidiary of Wells REF, was our initial sponsor. On October 25, 2013, we became self-managed by terminating our advisory agreement with Wells TIMO, a subsidiary of Wells Capital. We also hired certain individuals to serve as our management team, including individuals who were previously employed by Wells REF, such as Brian M. Davis, our Senior Vice President and Chief Financial Officer. Mr. Davis also served as our Chief Financial Officer prior to our transition to self-management. Until our transition to self-management, Leo F. Wells served as our Chairman of the Board and President and Douglas P. Williams served as our Executive Vice President, Secretary and Treasurer and one of our directors. Messrs. Wells and Williams also resigned as directors of our company on December 11, 2013, the effective date of our Initial Listed Public Offering.

We entered into the master self-management transition agreement, or the Master Agreement, with Wells REF and Wells TIMO, which provides the framework for our separation from Wells REF and its affiliates and our transition to self-management. On October 24, 2013, we, our operating partnership, Wells REF and Wells TIMO agreed to amend the master agreement to advance the date of our self-management transition to October 25, 2013. As a result, we and our operating partnership entered into two agreements with these entities to provide services to us on a temporary and non-exclusive basis. These agreements included a transition services agreement that terminated on June 30, 2014 and a three month office sublease for our corporate headquarters. Pursuant to the transition services agreement, we paid Wells REF a consulting fee equal to \$22,875 per month, and Wells REF received a prorated amount equal to \$4,428 for the period from October 25, 2013 through October 31, 2013. We also reimbursed Wells REF for expenses it incurred in connection with the services provided, excluding its administrative services expenses such as personnel and overhead costs. The office sublease provided for monthly base rent of \$5,961, which was not payable for the months of October, November and December 2013, plus additional costs for various space-related services.

Pursuant to the Master Agreement, upon the termination of the advisory agreement, the special partnership units of our operating partnership owned by Wells TIMO were automatically redeemed for no consideration. The 200 common partnership units of our operating partnership previously held by Wells TIMO were purchased by CatchMark LP Holder, LLC, which we refer to as the limited partner or CatchMark LP Holder, our newly formed subsidiary, on October 25, 2013, for \$1,312, based on our estimated per share value as of September 30, 2012.

On January 31, 2014, we entered into an agreement with Wells REF related to transfer agency services fees. Pursuant to this agreement, Wells REF paid transfer agency fees directly to DST, our former transfer agent, from December 2013 to February 2014, when we discontinued the use of DST for our transfer agency services.

All related person transactions must be approved or ratified by a majority of the disinterested directors on our board of directors. For more information about our relationship with Wells REF and its affiliates, see Item 13 — Certain Relationships and Related Transaction, And Director Independence.

Commitments and Contingencies

43

---

Table of Contents

Index to Consolidated Financial Statements

We are subject to certain commitments and contingencies with regard to certain transactions. Refer to Note 6 – Commitments and Contingencies and Note 12 – Related-Party Transactions and Agreements of our accompanying consolidated financial statements for further explanation. Examples of such commitments and contingencies include:

- Timber Supply Agreements;
- FRC Timberland Operating Agreement;
- Obligations under Operating Leases; and
- Litigation.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that are reasonably likely to have a current or future material effect on our financial condition or changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Subsequent Events

Class B-3 Common Stock conversion

On February 18, 2015, our board of directors approved the acceleration of all of our Class B-3 common stock into Class A common stock from June 12, 2015 to February 27, 2015. Upon completion of this conversion, all outstanding shares of our common stock are shares of Class A common stock, eligible to trade on the NYSE.

Dividend declaration

On February 18, 2015, our board of directors declared a cash dividend of \$0.125 per share for stockholders of record as of March 2, 2015, payable on March 16, 2015.

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

As a result of entering into our credit agreements, 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 swap agreements, 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, 2014, the outstanding balance of the 2014 Amended Credit Agreement was \$118 million, \$100 million of which was outstanding under the 2014 Term Loan Facility and \$18 million of which was outstanding under the 2014 Multi-Draw Term Facility. The 2014 Term Loan Facility matures on December 23, 2024 and bears interest at an adjustable rate based on one-month LIBOR Rate plus a margin of 1.75%, while the 2014 Multi-Draw Term Facility matures on December 23, 2021 and bears interest at an adjustable rate based on one-month LIBOR Rate plus a margin ranging from 1.75% to 2.75%, depending on the LTV Ratio.

On December 24, 2014, in connection with entering into the 2014 Amended Credit Agreement, we entered into an interest rate swap agreement (the "2014 Rabobank Swap"), which became effective on December 23, 2014. Under the terms of the 2014 Rabobank Swap, we pay interest at a fixed rate of 2.395% per annum to Rabobank and receive

one-month LIBOR-based interest payments from Rabobank between December 23, 2014 and December 23, 2024.

Table of Contents

Index to Consolidated Financial Statements

As of December 31, 2014, \$35 million of our total debt outstanding is subject to an effectively fixed-interest rate when coupled with the 2014 Rabobank Swap. As of December 31, 2014, this balance incurred interest expense at an average rate of 4.145%. A change in the market interest rate impacts the net financial instrument position of our fixed-rate debt portfolio; however, it has no impact on interest incurred or cash flows.

As of December 31, 2014, after consideration of the 2014 Rabobank Swap, \$83 million of our total debt outstanding is subject to an effectively variable-interest rate. This balance incurred interest expense at an average rate of 1.91% as of December 31, 2014.

As of December 31, 2014, the weighted-average interest rate of the 2014 Amended Credit Agreement, after consideration of the 2014 Rabobank Swap, was 2.58%. A 1.0% change in interest rates would result in a change in interest expense of approximately \$0.8 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 employ such proceeds toward repayment of the 2014 Amended Credit Agreement and 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 on page F-1 of this report.

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

There were no changes in or disagreements with our independent registered public accountants during the years ended December 31, 2014, 2013, or 2012.

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 the Principal Executive Officer and Principal 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 Principal Executive Officer and Principal 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 Principal Executive Officer and our Principal 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) and 15d-15(f) under the Exchange Act, as a process designed by, or under the supervision of, the Principal Executive Officer and Principal Financial Officer and effected by our board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that:

pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and disposition of our assets;



Table of Contents

Index to Consolidated Financial Statements

provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of management and/or members of the board of directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

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, 2014. 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, 2014, 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, 2014.

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, 2014 and issued an attestation report. The report appears on page F-3 within Item 15 — Exhibits and Financial Schedules 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, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. OTHER INFORMATION**

For the quarter ended December 31, 2014, all items required to be disclosed under Form 8-K were reported under Form 8-K.

Table of ContentsIndex to Consolidated Financial Statements

## PART III

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

## Directors and Executive Officers

We have provided below certain information about our directors and executive officers. Each director will serve until the next annual meeting of our stockholders (unless noted otherwise) or until his successor has been duly elected and qualified. The next election of our directors is anticipated to be held at our annual meeting in 2015.

Name	Age	Position(s)	Term of Office
Willis J. Potts, Jr.	68	Chairman of the Board	Since 2006
Alan D. Gold	54	Independent Director	Since 2013
Donald S. Moss	79	Independent Director	Since 2006
Douglas D. Rubenstein	52	Independent Director	Since 2013
Henry G. Zigtema	63	Independent Director	Since 2012
Jerry Barag	56	Chief Executive Officer, President and Director	Since 2013
Brian M. Davis	45	Senior Vice President, Chief Financial Officer, Treasurer and Assistant Secretary	Since 2013
John F. Rasor	71	Chief Operating Officer, Secretary and Director	Since 2013

There are no family relationships between any directors, executive officers, or between any director and executive officer.

Willis J. Potts, Jr. has served as our Chairman of the Board since November 2013 and as one of our independent directors since 2006. From 1999 until his retirement in 2004, Mr. Potts served as Vice President and General Manager of Temple-Inland Inc., a major forest products corporation, where he was responsible for all aspects of the management of a major production facility, including timber acquisition, community relations and governmental affairs. From 1994 to 1999, Mr. Potts was Senior Vice President of Union Camp Corporation, where he was responsible for all activities of an international business unit with revenues of approximately \$1 billion per year, including supervision of acquisitions and dispositions of timber and timberland, controllership functions and manufacturing. From 2004 to 2007, Mr. Potts served as the chairman of the board of directors of the Technical Association of the Pulp and Paper Industry (TAPPI), the largest technical association serving the pulp, paper and converting industry. From 2006 to 2012, Mr. Potts served on the Board of Regents of The University System of Georgia. Mr. Potts also serves as a director of J&J Industries, a privately held carpet manufacturing company. Mr. Potts received a Bachelor of Science in Industrial Engineering from the Georgia Institute of Technology. He also completed the Executive Program at the University of Virginia.

Our board of directors has determined that Mr. Potts' extensive experience in the acquisition and disposition of timber and timberland, combined with his experience serving as a director of, and otherwise managing, organizations engaging in these activities, enable Mr. Potts to effectively carry out his duties and responsibilities as director.

Alan D. Gold has served as one of our independent directors since December 2013. Mr. Gold has served as Chairman of the Board and Chief Executive Officer of BioMed Realty Trust, Inc., or BioMed, a publicly traded REIT focused on acquiring, developing and managing laboratory and office space for the life science industry, since its formation in 2004. Mr. Gold served as President of BioMed from 2004 to December 2008 and as Chairman of the Board, President and Chief Executive Officer of BioMed's privately held predecessor, Bernardo Property Advisors, Inc., from 1998 to 2004. Mr. Gold was a co-founder and served as President and a director of Alexandria Real Estate Equities, Inc., a publicly traded REIT specializing in acquiring and managing laboratory properties for lease to the life science



industry, from its predecessor's inception in 1994 until 1998. Mr. Gold served as managing partner of GoldStone Real Estate Finance and Investments, a partnership engaged in the real estate and mortgage business, from 1989 to 1994, as Assistant Vice President of Commercial Real Estate for Northland Financial Company, a full-service commercial property mortgage broker, from 1989 to 1990, and as Commercial Real Estate Investment Officer for John Burnham Company, a regional full-service commercial property mortgage banker, from 1985 to 1989. He served as a director of American

Table of Contents

Index to Consolidated Financial Statements

Assets Trust, Inc., a publicly traded REIT focused on acquiring, developing and managing retail, office, multifamily and mixed-use properties, from August 2011 to March 2013. Mr. Gold received his Bachelor of Science in Business Administration and his Master of Business Administration from San Diego State University.

Our board of directors has determined that Mr. Gold's extensive experience in real estate investment and management, particularly his experience serving as a director of publicly traded REITs, provides him with skills and knowledge that will enable him to effectively carry out his duties and responsibilities as a director.

Donald S. Moss has served as one of our independent directors since 2006. Mr. Moss is also an independent director of Piedmont Office Realty Trust, Inc., or Piedmont REIT, a publicly-traded REIT. He was employed by Avon Products, Inc. from 1957 until his retirement in 1986. While at Avon, Mr. Moss served in a number of key positions, including Vice President and Controller from 1973 to 1976, Group Vice President of Operations—Worldwide from 1976 to 1979, Group Vice President of Sales—Worldwide from 1979 to 1980, Senior Vice President—International from 1980 to 1983 and Group Vice President—Human Resources and Administration from 1983 until his retirement in 1986. Mr. Moss was also a member of the board of directors of Avon Canada, Avon Japan, Avon Thailand and Avon Malaysia from 1980 to 1983. Mr. Moss is a past president and former director of The Atlanta Athletic Club, a former director of the Highlands Country Club in Highlands, North Carolina and the National Treasurer and a former director of the Girls Clubs of America. Mr. Moss attended the University of Illinois.

Our board of directors has determined that Mr. Moss's experience serving as a director for other organizations, including a publicly-traded REIT, provides him with the business management skills and real estate knowledge desired to effectively carry out his duties and responsibilities as director.

Douglas D. Rubenstein has served as one of our independent directors since December 2013. Mr. Rubenstein has served as Senior Vice President and Director of Capital Markets and Business Strategy for Benjamin F. Edwards & Company, Inc., a private, full-service broker-dealer, since June 2012. From 2007 to June 2012, he held various positions in the Real Estate Investment Banking Group of Stifel, Nicolaus & Company, Inc., or Stifel, including Managing Director from 2007 to August 2008, Co-Group Head from August 2008 to December 2008 and Managing Director and Group Head from January 2009 to June 2012. From 1985 to 2007, he served in a variety of roles in the Capital Markets Division of A.G. Edwards & Sons, Inc., a U.S.-based financial services company that was acquired by Wachovia Corporation (now Wells Fargo & Company) in 2007, and was promoted from Analyst ultimately to Managing Director and Real Estate Group Coordinator. Mr. Rubenstein currently serves as a trustee at Whitfield School and previously served as a director and Chairman of the Board of Life Skills, a non-profit organization, for 16 years. He holds Series 7 (grandfathered into Series 79), 24 and 63 licenses and was formerly a member of the National Association of Real Estate Investment Trusts, or NAREIT. Mr. Rubenstein received a Bachelor of Arts in Economics from Lake Forest College and a Master of Business Administration from the John M. Olin School of Business at Washington University.

Our board of directors has determined that Mr. Rubenstein's extensive experience in the real estate industry and, specifically, raising capital for real estate companies, provides him with skills and knowledge that will enable him to effectively carry out his duties and responsibilities as a director.

Henry G. Zigtema has served as one of our independent directors since September 2012. Mr. Zigtema is an adjunct professor of accounting at Oglethorpe University ("Oglethorpe") and serves on the President's Advisory Board at Oglethorpe. Prior to his retirement in 2006, Mr. Zigtema spent 28 years with Ernst & Young LLP, or Ernst & Young, and its predecessor firm, Arthur Young and Company. From 2001 to 2006, Mr. Zigtema was the Southeast Area Tax Managing Partner for Ernst & Young's Real Estate Practice. During his career, Mr. Zigtema served in several key positions, including Area Director of Tax, Plains State Area Industry Leader for Telecommunications, Oil and Gas,

and Real Estate as well as a National Office Partner for Strategic Business Services. Mr. Zigtema served as the tax engagement partner or client service partner for a wide variety of clients, including multinational companies such as Sprint, Zion's Bank, US Bank, Piedmont REIT, Columbia Property Trust, Inc., or Columbia, various publicly traded REITs in the retail, office, apartment and mortgage spaces, as well as a number of private clients. Past board of director involvement includes Maur Hill Prep School, Kapaun Mt. Carmell High School, St. Thomas Aquinas School, Wichita State Accounting Conference Committee, Sedgewick County Zoo and Ronald McDonald House. Mr. Zigtema is

Table of Contents

Index to Consolidated Financial Statements

currently the chair of the Finance Committee for the Robert W. Woodruff Library. Mr. Zigtema has contributed to various Ernst & Young publications and was a member of NAREIT. Mr. Zigtema received a Bachelor of Arts in mathematics from Texas Christian University and a Juris Doctorate from Southern Methodist University. He also completed non-degree accounting classes at the University of Texas at Dallas. Mr. Zigtema is a Certified Public Accountant with permits to practice in Georgia, Kansas and Texas and is an inactive member of the Texas Bar.

Our board of directors has determined that Mr. Zigtema's extensive accounting and tax background and experience serving as a director for other organizations enable Mr. Zigtema to effectively carry out his duties and responsibilities as director.

Jerry Barag has served as our Chief Executive Officer and President since our transition to self-management on October 25, 2013 and became a director on December 17, 2013. Mr. Barag served as our consultant from August 2013 to his appointment as our Chief Executive Officer and President. Mr. Barag brings over 30 years of real estate, timberland and investment experience, including expertise in acquisitions, divestitures, asset management, property management and financing. From September 2011 to our transition to self-management, Mr. Barag has served as a Principal with Mr. Razor of TimberStar Advisors, an Atlanta-based timberland investment consulting firm, where he specialized in acquiring and managing timberlands in the United States. From 2004 to September 2011, he served as Managing Director of TimberStar, a timberland investment joint venture among himself, Mr. Razor, iStar Financial, Inc. and other institutional investors. While at TimberStar, he oversaw the acquisition of over \$1.4 billion of timberlands in Arkansas, Louisiana, Maine and Texas. From 2003 to 2004, he served as Chief Investment Officer of TimberVest, LLC, or TimberVest, an investment manager specializing in timberland investment planning. Prior to joining TimberVest, Mr. Barag served as Chief Investment Officer and Chairman of the Investment Committees for Lend Lease, a subsidiary of Lend Lease Corp., a construction, development and real estate investment management advisory company traded on the Australian Securities Exchange. Mr. Barag received his Bachelor of Science from The University of Pennsylvania, Wharton School.

Our board of directors has determined that Mr. Barag's extensive experience acquiring and managing timberlands and commercial real estate will enable him to effectively carry out his duties and responsibilities as director.

Brian M. Davis was appointed as our Senior Vice President and Chief Financial Officer in March 2013, as our Assistant Secretary in August 2013 and as our Treasurer since our transition to self-management on October 25, 2013. Mr. Davis has served as Senior Vice President and Chief Financial Officer of Wells TIMO from March 2009 until our transition to self-management on October 25, 2013 and as Vice President from October 2007 through March 2009. From March 2013 to September 2013, he was Senior Vice President and Chief Financial Officer of Wells Core Office Income REIT, Inc., or Wells Core. From February 2012 to September 2013, Mr. Davis served as the Chief of Strategic Product Management for Wells REF with responsibility for the strategic planning, development and leadership of the corporate finance organization. In addition, Mr. Davis served as Senior Vice President of Wells Capital, Inc., or Wells Capital, from February 2013 to September 2013. From 2000 until joining Wells REF in 2007, Mr. Davis worked at Atlanta-based SunTrust Bank, where he held various positions focusing on capital needs for middle-market and large-cap clients. Mr. Davis previously held positions with CoBank of Denver, Colorado, as Capital Markets Officer from 1998 to 2000, and with SunTrust as Portfolio Manager for the AgriFoods Specialty Lending Group from 1994 to 1998. Mr. Davis received his Bachelor of Business Administration and Master of Business Administration from Ohio University.

John F. Razor has served as our Chief Operating Officer and Secretary since our transition to self-management on October 25, 2013 and became a director on December 17, 2013. Mr. Razor has served as our consultant from August 2013 to his appointment as our Chief Operating Officer and Secretary. Mr. Razor brings over 45 years of experience in the timberland and forest products industries, including expertise in manufacturing, fiber procurement and log

merchandising, sales and distribution. From September 2011 to our transition to self-management, Mr. Rasor has served as a Principal with Mr. Barag of TimberStar Advisors. From 2004 to September 2011, he served as Managing Director of TimberStar. During his 40-year career with Georgia-Pacific Corporation, or Georgia Pacific, Mr. Rasor served as an Executive Vice President of Georgia-Pacific from 1996 to 2003, where he was responsible for all of Georgia-Pacific's timberland and the procurement of all the wood and fiber needed to operate Georgia-Pacific's mills. He also played a key role in the separation of Georgia-Pacific's timberland assets into a separate operating entity in

Table of Contents

Index to Consolidated Financial Statements

1997 that subsequently merged with Plum Creek Timber Company, Inc. in 2001. Following the separation of Georgia Pacific's timberland assets, Mr. Rasor assumed responsibility for several of Georgia Pacific's building products business units and staff positions in addition to serving as a member of the Executive Management Committee of the company. Mr. Rasor attended Willamette University and the University of Oregon.

Our board of directors has determined that Mr. Rasor's extensive experience in the forest products industry, including the management of timberland operations and the procurement of wood fiber, will enable him to effectively carry out his duties and responsibilities as a director.

Audit Committee

Our board of directors has a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee's primary function is to assist our board of directors in fulfilling its responsibilities by selecting the independent auditors to audit our financial statements; reviewing with the independent auditors the plans and results of the audit engagement, approving the audit and overseeing our independent auditors; reviewing the financial information to be provided to our stockholders and others; reviewing the independence of the independent public accountants; considering the adequacy of fees; and reviewing the system of internal control over financial reporting which our management has established, and our audit and financial reporting process. The Audit Committee also is responsible for overseeing our compliance with applicable laws and regulations and for establishing procedures for the ethical conduct of our business.

The Nominating and Corporate Governance Committee determined that Henry G. Zigtema had the requisite accounting and related financial management expertise and should therefore be considered an "audit committee financial expert" within the meaning set forth by the rules of the SEC. Our audit committee currently consists of Donald S. Moss, Willis J. Potts, Jr., Douglas D. Rubenstein, and Henry G. Zigtema (Chairman).

Nominating and Corporate Governance Committee

The primary functions of the nominating and corporate governance committee are: (1) identifying individuals qualified to serve on the board of directors and recommending that the board of directors select a slate of director nominees for election by the stockholders at the annual meeting; (2) developing and recommending to the board of directors a set of corporate governance policies and principles and periodically re-evaluating such policies and guidelines for the purpose of suggesting amendments to them if appropriate; and (3) overseeing an annual evaluation of the board of directors and each of the committees of the board of directors. Currently, the nominating and corporate governance committee members include Willis J. Potts, Jr. (Chairman), Alan D. Gold, and Henry G. Zigtema.

Compensation Committee

The primary function of the Compensation Committee is to assist our board of directors in fulfilling its responsibilities with respect to the compensation of our Chief Executive Officer and our other executive officers and the administration of our compensation plans, programs and policies. For additional information about the Compensation Committee's processes and the role of executive officers and compensation consultants in determining compensation, see "Item 11 – Executive Compensation." Our Compensation Committee is comprised of Donald S. Moss (Chairman), Alan D. Gold, and Douglas D. Rubenstein.

Code of Ethics

We have adopted a Code of Ethics that applies to all of our executive officers and directors, including but not limited to, our principal executive officer and principal financial officer. Our Code of Ethics may be found at [www.catchmark.com](http://www.catchmark.com). Any amendments to or waivers of the Code of Ethics will also be disclosed on our website.

Section 16(a) Beneficial Ownership Reporting Compliance

50

---

Table of Contents

Index to Consolidated Financial Statements

Under the U.S. securities laws, directors, executive officers, and any persons beneficially owning more than 10% of our common stock are required to report their initial ownership of the common stock and most changes in that ownership to the SEC. Based solely on our review of copies of the reports filed with the SEC and written representations of our directors and executive officers, we believe all persons subject to these reporting requirements filed the required reports on a timely basis in 2014.

ITEM 11 EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

In the paragraphs that follow, we provide an overview and analysis of our compensation program and policies for 2014. Following this Compensation Discussion and Analysis, you will find a series of tables and narrative disclosure containing specific data about the compensation earned in 2014 by the following individuals, whom we refer to as our named executive officers (the "NEOs"):

• Jerry Barag, our Chief Executive Officer and President,

• John F. Rasor, our Chief Operating Officer and Secretary, and

• Brian M. Davis, our Senior Vice President, Chief Financial Officer, Treasurer and Assistant Secretary.

Compensation Governance Highlights

• The compensation committee is composed solely of independent directors.

• We do not provide U.S. tax code Section 280G excise tax "gross ups".

• We have stock ownership guidelines for our executive officers and our independent directors.

• The change in control definition contained in the Amended and Restated 2005 Long-Term Incentive Plan is not a "liberal" definition that would be activated on mere stockholder approval of a transaction.

• The exercise price of options granted under the Amended and Restated 2005 Long-Term Incentive Plan may not be less than the closing price of our common stock on the date of grant.

• The Amended and Restated 2005 Long-Term Incentive Plan prohibits the repricing of stock options without stockholder approval.

• Severance agreements for executive officers include double-trigger change-in-control severance benefits.

• The compensation committee has engaged an independent compensation consultant.

• The compensation committee has designed our compensation program to pay for performance, with a particular focus on long-term shareholder return, as evidenced by performance-based restricted share awards granted in 2015.

History of Compensation Committee and Compensation Program

Our compensation committee was formed in August 2013 in anticipation of our transition to self-management and our Initial Public Listed Offering. Prior to our transition to self-management, we did not have any employees and did not



pay any compensation to any of our NEOs. Messrs. Barag and Rasor, along with certain entities they control, provided us with consulting services in connection with the operation of our business from August 2013 through October 25, 2013, when we terminated the consulting agreement and hired Mr. Barag as our Chief Executive Officer and President, and Mr. Rasor as our Chief Operating Officer and Secretary, respectively. As a result, for the majority of 2013, we did not have, nor did our board consider, a compensation policy or program.

Table of ContentsIndex to Consolidated Financial Statements

In designing our NEOs' initial compensation packages, our compensation committee's objective was to provide compensation that directly relates to, incentivizes and rewards their contributions to our operating and financial performance, the overall growth of our company and the transition to self-management. In developing our compensation program for 2014 and beyond, our compensation committee strives to further align our executive officers' interests with the interests of our stockholders and encourage longer term value creation for our stockholders.

#### Role of the Compensation Committee and the Compensation Consultant

The compensation committee assists our board in discharging its responsibilities relating to compensation of our executive officers. Each of the three members of our compensation committee is independent as that term is defined in the listing standards of the NYSE and the director independence standards adopted by our board. Their independence from management allows our compensation committee members to apply independent judgment when designing our compensation program and in making pay decisions.

To assist in evaluating our compensation practices, in 2014, the compensation committee engaged FPL Associates L.P. ("FPL") to provide a competitive analysis of compensation levels for our named executive officers. Specifically, our compensation committee worked with FPL to establish our peer group, and FPL conducted a competitive market assessment of the compensation elements for each of our NEOs, compared to our peer group.

In determining the appropriate component companies for our peer group, our compensation committee and FPL focused on (i) timber-focused REITs; (ii) companies - both REITs and natural resources-based companies - of comparable size overall; and (iii) REITs that have recently conducted an initial public offering that have also experienced a sharp growth trajectory. The table below shows information for our 2014 peer group, all of which have fiscal years ending on December 31, with the exception of Universal Forest Products, whose fiscal year ends on the last Saturday of the calendar year.

Company	Market Capitalization as of December 31, 2014 (\$'s in millions)
CatchMark Timber Trust, Inc.	446
AmREIT, Inc.	522
Armada Hoffer Properties, Inc.	237
Deltic Timber	861
Excel Trust, Inc.	818
Forestar Group	538
Physicians Realty Trust	753
Pope Resources	275
Potlatch Corporation	1,700
Rayonier, Inc.	3,541
St Joe Company	1,697
STAG Industrial, Inc.	1,579
Summit Hotel Properties, Inc.	1,070
Universal Forest Products	1,063

The Compensation Committee primarily reviewed the lower quartile of compensation within the peer group. In setting actual compensation levels for our NEOs, however, our compensation committee considers various factors - each as discussed in greater detail below in this CD&A - and did not target any element of compensation at a particular percentile or percentile range of the peer group data. Rather, our compensation committee uses this information as one

input in its decision-making process.

Consideration of Last Year's Advisory Stockholder Vote on Executive Compensation

52

---

Table of Contents

Index to Consolidated Financial Statements

At the annual meeting of stockholders on August 13, 2014, approximately 96.7% of the votes cast were in favor of the advisory vote on the compensation of our NEOs, as discussed and disclosed in the 2014 Proxy Statement. In considering the results of the company's first advisory vote on executive compensation, our compensation committee concluded that the stockholder vote reflects favorable stockholder support of the compensation paid to our NEOs. In light of this support, the compensation committee decided to retain the primary components of the compensation program, with an emphasis on short and long-term incentive compensation. The compensation committee also continues to focus on more effectively linking pay for performance and, with that goal in mind, made several changes to the compensation program for 2015, as described below.

The compensation committee recognizes that executive pay practices and notions of sound governance principles continue to evolve. Consequently, the compensation committee intends to continue paying close attention to the advice and counsel of its independent compensation advisors and invites our stockholders to communicate any concerns or opinions on executive pay directly to the compensation committee or the board.

Elements of 2014 Named Executive Officer Compensation

Our compensation committee, based on recommendations of our compensation consultant and discussions with our management, determined the initial compensation levels for our NEOs that are intended to reward such individuals while closely aligning their interests with those of our stockholders. The key elements of compensation for our NEOs in 2014 were base salary, annual bonus, and equity incentive awards. We also have an employment agreement with each of our NEOs, as discussed later in this Compensation Discussion and Analysis.

**Base Salary.** The compensation committee set the initial base salary levels for our NEOs after considering a variety of factors, including market salary information, the executive's experience, geographic factors, our size and assets, general and administrative expenses, internal equity considerations, our transition to self-management and listing on the NYSE. The compensation committee set the initial base salary levels of Messrs. Barag, Rasor, and Davis at \$325,000, \$305,000, and \$305,000, respectively, and did not make any changes to base salaries for 2014.

**Annual Bonus.** Our compensation committee approved annual bonuses for our named executive officers based on its subjective assessment of the company's performance and the individual performance by each executive over the course of 2014. As part of its review, the compensation committee considered, among other things, the company's performance against targets related to funds from operations/cash available for distribution and acquisitions, as well as each executive's critical role in the company's transition to self-management. The resulting bonuses for Messrs. Barag, Rasor and Davis are \$215,000, \$110,000 and \$110,000, respectively, each of which are reported in the Bonus column of the Summary Compensation table.

**Equity Incentive Awards.** We provide a substantial portion of each of our NEOs' total annual compensation opportunity in the form of equity-based awards, as discussed in greater detail below.

**2013 Equity Awards.** In 2013, we provided our NEOs with (i) restricted stock units with vesting criteria that were intended to reward our NEOs for the successful completion of our Initial Listed Public Offering and listing on the NYSE and (ii) time-based and performance-based restricted shares of Class A common stock. Stock ownership is the simplest, most direct way to align our NEOs' interests with those of our stockholders. The vesting and other design features of these awards, together with our stock ownership guidelines, encourage long-term stock ownership by our NEOs to further motivate them to create long-term stockholder value.



Table of ContentsIndex to Consolidated Financial Statements

Award	Design Features	Purpose
Restricted Stock Units (RSUs)	Vested and converted to shares of Class A common stock upon closing of our IPO. Underlying shares are subject to a mandatory holding period, pursuant to which the executive must hold, on an after-tax basis (i) 100% of the shares through the 1st anniversary of the grant date, (ii) two-thirds through the 2nd anniversary of the grant date and (iii) one-third through the 3rd anniversary of the grant date	Vesting criteria incentivized and rewarded our NEOs for completion of our IPO. Holding period further aligns our NEOs' interests with those of our stockholders
Time-based restricted shares of Class A common stock	Vest in approximately equal annual installments on December 31 of each of 2014, 2015, 2016, and 2017, subject to the executive's continued employment	Retention Aligns interests with those of our stockholders
Performance-based restricted shares of Class A common stock	Vest based on continued employment and the achievement of specified financial targets related to (i) funds from operations /cash available for distribution (FFO/CAD) (30% weighting), (ii) acquisitions (30% weighting), (iii) stock price performance (20% weighting), and (iv) the achievement of individual performance targets over the 2014 fiscal year performance period (20% weighting)	Focus and incentivize our executives on achievement of key financial performance metrics that drive the operational success of our company Reward our executives for achievement of goals tailored to their individual roles Retention Aligns interests with those of our stockholders

As noted above, in designing the performance-based restricted share awards, the compensation committee selected FFO/CAD and acquisitions as performance metrics because such metrics drive the operational success of our company. The stock price performance metric was selected because it directly aligns management and stockholder interests and stock price appreciation is reflective of our company's growth and success. Eighty percent (80%) of the performance-based restricted shares were eligible to vest based on the achievement of three financial performance goals for 2014 and twenty percent (20%) of the performance-based restricted shares were eligible to vest based on the achievement of individual performance goals that relate to the executive's goals and objective for 2014. The performance-based restricted shares originally contained an "accretive acquisition" financial metric. On March 12, 2014, the compensation committee approved a modification to these awards to change the performance metric from "accretive acquisitions" to "acquisitions" in order to eliminate any potential uncertainty as to how accretive would be measured for purposes of this metric.

In determining the number of shares of Class A common stock to grant pursuant to each award, our compensation committee considered market total and equity compensation information, our size and assets, the transition to self-management and anticipated initial public offering and listing on the NYSE, information from FPL regarding market practices relating to equity awards in connection with initial public offerings, and general and administrative expenses. More information regarding the equity incentive awards can be found in the Outstanding Equity Awards at 2014 Fiscal-Year End table.

The 2013 equity awards were intended to comprise a component of both 2013 and 2014 compensation. Accordingly, our NEOs did not receive any grants of equity awards in 2014.

Attainment of Performance Goals Related to 2013 Equity Awards. Our NEOs earned eighty percent of the 2013 performance-based restricted shares awarded in 2014, based on achievement of the performance metrics and goals described below.



Table of ContentsIndex to Consolidated Financial Statements

## FFO/CAD (30% weighting)

	FFO/CAD	% of Target Award Earned
Target	\$11.60M	30%
Threshold	\$9.28M - \$11.60M	15%
Less than Threshold	Less than \$9.28M	0%

## Acquisitions (30% weighting)

	Acquisitions	% of Target Award Earned
Target	\$75.0M	30%
Threshold	\$60.0M - \$75.0M	15%
Less than Threshold	Less than \$60.0M	0%

## Stock Price Performance (20% weighting)

	Stock Price <sup>(1)</sup>	% of Target Award Earned
Target	\$17.50	20%
Threshold	\$15.50	10%
Less than Threshold	Less than \$15.50	0%

<sup>(1)</sup> The stock price must be maintained for ten consecutive trading days during the performance period.

Our NEOs had the opportunity to earn the remaining twenty percent of the performance-based restricted shares based on the compensation committee's assessment of their individual performance during 2014.

Based on the company's achievement of the performance goals as reflected in the table below and the compensation committee's subjective assessment and determination that the NEOs achieved 100% achievement of their individual performance goals, each of our NEOs earned eighty percent of the performance-based restricted shares, which restricted shares will cliff-vest on January 1, 2018, provided the NEO remains employed by us on such date.

FFO/CAD	Acquisitions	Stock Price
\$21.0M (30% earned)	\$236.0M (30% earned)	Less than \$15.50 (0% earned)

Retirement Benefits; Other Benefits and Perquisites. The NEOs are eligible to participate in our 401(K) plan and are entitled to the maximum paid vacations days per calendar year allowed under our policies.

## Changes in Compensation Program for 2015

As part of its ongoing effort to enhance and refine the compensation program, and as the Company has now been fully internalized and publicly traded for more than one year, the compensation committee made several important changes to the compensation program for 2015, including:

the introduction of a formal annual bonus program, pursuant to which our executives may earn a cash bonus based upon achievement of pre-determined goals related to adjusted EBITDA, acquisitions and debt/equity ratio, with a component of the bonus also being tied to the executive's individual performance; and

the grant of performance-based restricted stock awards that vest over a 3-year performance period based on achievement of goals related to a combination of relative TSR metrics.

Our compensation committee believes that these changes will further align our executive officers' interests with the interests of our stockholders and encourage longer term value creation for our stockholders.





Table of Contents

Index to Consolidated Financial Statements

Employment Agreements

Severance protections can play a valuable role in attracting and retaining key executive officers. Accordingly, we provide such protections for our NEOs in their employment agreements. Our compensation committee determined the level of severance benefits for our NEOs after consultation with FPL on prevalent market practices and, in general, considers these severance protections an important part of our executives' compensation and consistent with competitive practices. Tax gross ups are not provided in any of our agreements. Detailed information regarding these agreements and the benefits they provide is included under "Potential Payments Upon Termination of Employment or Change in Control."

Stock Ownership and Retention Guidelines

In the interest of promoting and increasing the executives' equity ownership in us and to further align their long-term interests with those of our stockholders, in October 2013, we adopted stock ownership guidelines that require executive officers to acquire and hold shares of our common stock, as follows:

	Multiple of Base Salary
Chief Executive Officer	4x
Chief Financial Officer	2x
Chief Operating Officer	2x

The NEOs are expected to achieve their stock ownership guideline by the later of October 25, 2018, or the fifth anniversary of their election or appointment as an executive officer, if later. Until the ownership guideline is met, or at any time the executive officer is not in compliance with the guideline, he or she must retain 100% of any shares received from us for service as an executive officer (with certain exceptions for payment of an exercise price, if applicable, and satisfaction of tax liability). Shares beneficially owned outright by the executive officer or his or her immediate family members residing in the same household and shares of restricted common stock or restricted stock units (whether or not vested) granted by us are considered owned for purposes of satisfying these guidelines. Shares subject to unexercised stock options or unearned performance shares, however, do not count toward these ownership guidelines.

Compensation Committee Report

The Compensation Committee of the Board oversees the compensation program of CatchMark Timber Trust, Inc. on behalf of the Board. In fulfilling its oversight responsibilities, the Compensation Committee reviewed and discussed with management the above Compensation Discussion and Analysis. In reliance on that review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, which will be filed with the Securities and Exchange Commission. This report shall not be deemed to be incorporated by reference by any general statement incorporating by reference this Annual Report into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and shall not otherwise be deemed filed under such Acts.

By the Compensation Committee:

Donald S. Moss, Chairman (August 26, 2013 to present)  
Willis J. Potts, Jr. (August 26, 2013 to February 10, 2014)  
Henry G. Zigtema (August 26, 2013 to February 10, 2014)  
Alan D. Gold (February 10, 2014 to present)  
Doug D. Rubenstein (February 10, 2014 to present)

Executive Compensation

56

---

Table of ContentsIndex to Consolidated Financial Statements

## Summary Compensation Table

The following table sets forth certain information with respect to compensation paid to or earned by our NEOs for the fiscal years ended December 31, 2014 and December 31, 2013.

Name and Principal Position	Year	Salary (\$)	Annual Bonus (\$)	Stock Awards (1) (\$)	All Other (2) (\$)	Total (\$)
Mr. Jerry Barag Chief Executive Officer and President	2014	325,000	215,000 <sup>(3)</sup>	—	20,438	560,438
	2013	92,796 <sup>(4)</sup>	—	838,449	2,438	933,683
Mr. John F. Rasor Chief Operating Officer and Secretary	2014	305,000	110,000 <sup>(3)</sup>	—	20,246	435,246
	2013	89,104 <sup>(4)</sup>	—	596,778	5,643	691,525
Mr. Brian M. Davis Senior Vice President, Chief Financial Officer, Treasurer and Assistant Secretary	2014	305,000	110,000 <sup>(3)</sup>	—	17,500	432,500
	2013	56,308 <sup>(4)</sup>	—	596,778	563	653,649

Reflects the aggregate grant date fair value of stock awards granted to the named executive officers, determined in accordance with Financial Accounting Standards Board ASC Topic 718 Stock Compensation (FASB ASC Topic 718). The grant date fair value of the time-based shares of restricted Class A common stock and the restricted stock unit awards was determined by reference to the per-share value of the shares on the grant date (\$13.50). The grant date fair value of the performance-based shares of restricted Class A common stock was computed by (A) multiplying (i) the target number of shares awarded to each named executive officer, by (ii) 0.5, which was the assumed probable outcome as of the grant date, and multiplying such product by (B) the closing price of the Class A common stock on the grant date (\$13.51). Assuming, instead, that the highest level of performance conditions would be achieved, the grant date fair values of these performance-based restricted shares would have been \$267,498 for Mr. Barag, \$210,756 for Mr. Rasor, and \$210,756 for Mr. Davis.

(1) Reflects employer's matching contribution to the 401(k) plan.

(2) Reflects the cash bonus awarded to our NEOs based on the compensation committee's review of performance during 2014. For more information, see the Compensation Discussion and Analysis.

(3) Includes \$32,796 and \$32,796 for Messrs. Barag and Rasor, respectively, received as fees for consulting services provided from August 2013 through October 25, 2013.

## 2014 Grants of Plan-Based Awards

Our NEOs did not receive any grants of plan-based awards for the fiscal year ended December 31, 2014.

## Outstanding Equity Awards at 2014 Fiscal Year-End

The following table sets forth certain information with respect to outstanding equity awards at December 31, 2014 with respect to our NEOs.

Table of ContentsIndex to Consolidated Financial Statements

Name	Stock Awards	
	Number of Shares or Units of Stock That Have Not Vested (#)(1)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(3)
Mr. Barag	9,900 <sup>(1)</sup>	112,068
	15,840 <sup>(2)</sup>	179,309
Mr. Rasor	7,800 <sup>(1)</sup>	88,296
	12,480 <sup>(2)</sup>	141,274
Mr. Davis	7,800 <sup>(1)</sup>	88,296
	12,480 <sup>(2)</sup>	141,274

Reflects shares of restricted Class A common stock granted to the NEO on November 4, 2013 that vest in (1) approximately equal annual installments on each of December 31, 2014, December 31, 2015, December 31, 2016, and December 31, 2017, subject to the executive's continued employment with us on each vesting date.

Reflects shares of restricted Class A common stock granted to the NEO on December 13, 2013 that were earned based upon achievement of performance goals related to (i) 2014 funds from operations /cash available for (2) distribution (FFO/CAD); (ii) 2014 acquisitions; (iii) 2014 stock price performance; and (iv) individual performance. The earned shares will vest on January 1, 2018, subject to the executive's continued employment with us on each vesting date.

(3) Based on the closing price of our Class A common stock on December 31, 2014, the last trading day of our fiscal year (\$11.32).

## 2014 Stock Vested

The following table summarizes amounts received in 2014 upon the vesting of shares of restricted stock held by our NEOs.

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (1)
Mr. Barag	3,300	37,356
Mr. Rasor	2,600	29,432
Mr. Davis	2,600	29,432

Represents the number of restricted shares of Class A common stock in 2014 and the aggregate value of such (1) shares of based upon the fair market value of our Class A common stock on December 31, 2014, the vesting date (\$11.32).

## Potential Payments Upon Termination of Employment or Change in Control

On October 30, 2013, we entered into an employment agreement with each of Messrs. Barag, Rasor and Davis, the terms of which commenced on October 25, 2013 and will terminate on December 31, 2017 for each of the executives. Each of the agreements provides for an automatic one-year renewal period, unless either party provides notice to the other of its intent not to renew the agreement. The employment agreements provide for a base salary of \$325,000, \$305,000, and \$305,000, for each of Messrs. Barag, Rasor and Davis, respectively. Pursuant to the employment agreements, we will provide or pay for health benefits for each of the executives, and the executives are entitled to participate in all incentive, savings and retirement plans and programs available to senior executives of our company.

The employment agreements provide for certain severance benefits if the executive's employment is terminated by us without cause or if the executive resigns for good reason, as follows:

severance equal to two times his then-current base salary, payable in installments over a 24-month period, or, if the termination occurs during the period commencing 90 days prior to a change in control and concluding on the one-year anniversary of a change in control, severance equal to three times his then-current base salary, payable in a single lump sum;

58

---

Table of Contents

Index to Consolidated Financial Statements

for Messrs. Barag and Davis, monthly payments for 18 months equal to the excess of (i) the COBRA cost of group health benefits over (ii) the active employee rate for such coverage, except that our obligation to provide this benefit will end if the executive becomes employed by another employer that provides him with group health benefits, and for Mr. Rasor, 18 monthly payments of \$1,413; and

expiration of the restrictions on the executive's outstanding equity awards that expire solely on the executive's continuous service with us, accelerated vesting of all of the executive's outstanding equity awards that vest based on continuous service with us, and, to the extent any awards held by the executive are exercisable in nature, the executive may exercise such awards through the end of the term of such award.

In order to receive the severance benefits, the executive must sign and not revoke a release of claims and comply with the restrictive covenants in his employment agreement. Each of the employment agreements contains non-competition, employee non-solicitation and customer non-solicitation covenants that apply during the executive's employment and for two years after termination of executive's employment during the term of the employment agreement, as well as covenants regarding confidentiality and ownership of property.

The employment agreements do not provide for any severance benefits in the event of the executive's termination (i) by us for cause, (ii) by the executive without good reason, or (iii) by reason of his death or disability except that, in the event of the executive's death or disability, his outstanding equity awards that vest based on continuous service with us will become fully-vested. In addition, the employment agreements provide that if any payments or benefits would be subject to the excise tax imposed on "parachute payments" under Section 4999 of the Code, the payments will be limited to the maximum amount that could be paid without triggering the excise tax.

Table of ContentsIndex to Consolidated Financial Statements

## Summary of Potential Termination Payments and Benefits

The following tables summarize the value of the termination payments and benefits that each of our named executive officers would receive if a change in control had occurred on December 31, 2014 and/or if the executive had terminated employment on December 31, 2014 under the circumstances shown. The amounts shown in the tables do not include accrued but unpaid salary or payments and benefits to the extent they are provided on a non-discriminatory basis to salaried employees generally upon termination of employment, such as distributions of plan balances under our tax-qualified 401(k) plan, and death or disability benefits under our generally available welfare programs.

Name	Termination for Cause or Resignation without Good Reason (\$)	Termination without Cause or Resignation For Good Reason not in connection with a Change in Control (\$)	Death or Disability (\$)	Termination without Cause or Resignation For Good Reason in connection with a Change in Control (\$)	Change in Control (without a termination of employment) (\$)
<b>Mr. Barag</b>					
Cash Severance	—	650,000	—	975,000	—
Health Benefits (1)	—	18,462	—	18,462	—
Value of Unvested Equity Awards (2)	—	291,377	291,377	291,377	291,377
Total	—	959,839	291,377	1,284,839	291,377
<b>Mr. Rasor</b>					
Cash Severance	—	610,000	—	915,000	—
Health Benefits (1)	—	25,434	—	25,434	—
Value of Unvested Equity Awards (2)	—	229,570	229,570	229,570	229,570
Total	—	865,004	229,570	1,170,004	229,570
<b>Mr. Davis</b>					
Cash Severance	—	610,000	—	915,000	—
Health Benefits (1)	—	28,668	—	28,668	—
Value of Unvested Equity Awards (2)	—	229,570	229,570	229,570	229,570
Total	—	868,238	229,570	1,173,238	229,570

(1) Represents for Messrs. Barag and Davis Company-paid COBRA for medical and dental coverage based on COBRA 2014 rates for 18 months and for Mr. Rasor 18 monthly payments of \$1,413.

(2) Represents the value of unvested equity awards that vest upon the designated event, valued as of year-end 2014 based upon the closing price of our Class A common stock on the NYSE on December 31, 2014, the last trading day in our 2014 fiscal year, of \$11.32.





Table of ContentsIndex to Consolidated Financial Statements

## 2014 Director Compensation

The following table provide information about the compensation earned by our independent directors during 2014.

Name	Fees Earned or Paid in Cash (\$) <sup>(1) (2)</sup>	Stock Awards (\$) <sup>(3)</sup>	Total (\$)
Alan D. Gold	62,750	30,000	92,750
Donald S. Moss	88,375	30,000	118,375
Willis J. Potts, Jr.	113,496	30,000	143,496
Douglas D. Rubenstein	67,750	30,000	97,750
Henry G. Zigtema	91,500	30,000	121,500

- (1) Includes base retainer and supplemental retainer payable quarterly in advance. During 2014, each independent director received five quarterly retainer payments, consisting of his 2014 retainer and first quarter 2015 retainer. . Mr. Potts elected to receive his supplemental retainer in the form of the company's Class A common stock. The number of shares granted was determined by dividing \$6,250 (one-quarter of Mr. Potts' supplemental cash retainer)
- (2) by the closing price of the company's Class A common stock on the NYSE on the respective payment date, rounded to the nearest whole share. We issued 2,529 shares of Class A common stock to Mr. Potts during 2014 as payment of the cash supplemental retainer, with a total value of \$31,246 due to rounding.
- Includes the grant date fair value of restricted stock granted in the amount of \$30,000 pursuant to our amended and restated independent directors' compensation plan, determined in accordance with FASB ASC Topic 718. Based on
- (3) the per share close price of \$13.79 of our Class A common stock on March 18, 2014, each independent director received 2,175 shares of restricted stock, all of which vest in thirds on each of the first three anniversaries of the date of grant.

As of December 31, 2014, our directors held the following unvested stock awards and option awards:

Name	Stock Awards(#)	Option Awards (#)
Alan D. Gold	2,842	—
Donald S. Moss	2,575	2,305
Willis J. Potts, Jr.	2,575	2,305
Douglas D. Rubenstein	2,842	—
Henry G. Zigtema	2,775	—

## Independent Director Compensation Program for 2014

On February 10, 2014, our board adopted the Amended and Restated Independent Director Compensation Plan, the terms of which are described below.

**Cash Compensation.** Effective January 1, 2014, each of our independent directors (other than a member of the Audit Committee) will receive an annual cash retainer of \$50,000 and Audit Committee members will receive \$54,000. In addition, each of the chairs of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee will receive a supplemental cash retainer of \$10,000, \$7,500 and \$5,000, respectively, and any non-executive chair of the board will receive a supplemental cash retainer of \$20,000. A director may choose to receive his or her cash retainers in shares of our common stock. Independent directors will not receive any fees for attendance at meetings of the board or committees thereof.

**Equity Compensation.** Effective January 1, 2014, each of our independent directors will receive, on the third business day following the date on which we file our annual report on Form 10-K with the SEC, a number of restricted shares having a value of \$30,000 on the grant date. The number of restricted shares granted to each independent director will

be determined by dividing \$30,000 by the fair market value per share of our common stock on the grant date. The restricted shares will vest in thirds on each of the first three anniversaries of the grant, subject to the independent

Table of ContentsIndex to Consolidated Financial Statements

director's continued service on the board on each such date, or on the earlier occurrence of a change in control of our company or the independent director's death, disability or termination with cause.

## Stock Ownership Guidelines for Independent Directors

On October 24, 2013, our board adopted stock ownership guidelines for our independent directors which require that each independent director own shares of our common stock having a value of four times his or her annual cash retainer. Each director must meet the stock ownership guidelines by the later of October 25, 2018, or the fifth anniversary of his or her election to the Board. Until the ownership guidelines are met, or at any time the director is not in compliance with the guidelines, he or she must retain 100% of any shares received from our company for service on the board, with an exception for shares sold for the limited purposes of paying the exercise price, in the case of stock options, or satisfying any applicable tax liability related to the award.

## Compensation Committee Interlocks and Insider Participation

No member of our board or the compensation committee serves as a member of a board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board or the compensation committee.

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

The following table sets forth information as of February 28, 2015, regarding the number and percentage of shares of Class A common stock and Class B common stock beneficially owned by: (1) each director and director nominee; (2) each named executive officer; (3) all directors and executive officers as a group; and (4) any person known to us to be the beneficial owner of more than 5% of our outstanding shares.

Names of Beneficial Owners <sup>(1)</sup>	Class A Common Stock		Class B Common Stock <sup>(5)</sup>		Total Common Stock	
	Shares	%	Shares	%	Shares	%
Common Stock						
T. Rowe Price Associates, Inc. <sup>(2)</sup>	4,019,800	10.2 %	—	*	4,019,800	10.2 %
Jerry Barag	149,388	*	—	*	149,388	*
John F. Rasor	100,819	*	—	*	100,819	*
Brian M. Davis	82,291	*	—	*	82,291	*
Alan D. Gold	6,875	*	—	*	6,875	*
Donald S. Moss <sup>(3)</sup>	19,272	*	—	*	19,272	*
Willis J. Potts, Jr. <sup>(3)</sup>	8,710		—	*	8,710	
Douglas D. Rubenstein	6,875	*	—	*	6,875	*
Henry G. Zigtema	7,575	*	—	*	7,575	*
All directors and executive officers as a group <sup>(4)</sup>	381,805	*	—	*	381,805	*

\* Less than 1%.

Except as otherwise indicated below, each beneficial owner has the sole power to vote and dispose of all common stock held by that beneficial owner. Beneficial ownership is determined in accordance with Rule 13d-3 under the Exchange Act. Common stock issuable pursuant to options, to the extent such options are exercisable within 60

(1) days, are treated as beneficially owned and outstanding for the purpose of computing the percentage ownership of the person holding the option, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

(2)

Edgar Filing: CatchMark Timber Trust, Inc. - Form 10-K

The amount shown and the following information are derived from the Schedule 13G/A (Amendment No.1) filed with the SEC on February 17, 2015 by T. Rowe Price Associates, Inc., reporting beneficial ownership as of December 31, 2014. The address for T. Rowe Price Associates, Inc. is 100 E. Pratt Street, Baltimore, Maryland 21202.

<sup>(3)</sup> Includes shares issuable upon the exercise of granted options.

62

---

Table of ContentsIndex to Consolidated Financial Statements

(4) The address for our directors and officers is 5 Concourse Parkway, Suite 2325, Atlanta, Georgia 30328.

(5) As of February 28, 2015, no Class B shares were outstanding.

## Equity Compensation Plan Information

The following table gives information as of December 31, 2014 about the common stock that may be issued under our equity compensation plans. Our 2005 Long-Term Incentive Plan (the “Original 2005 Plan”) was approved by our board and our sole stockholder in 2005. On October 25, 2013, our board amended and restated the Original 2005 Plan (the “Amended and Restated 2005 Plan”) and authorized the issuance of an additional 1,150,000 shares of Class A common stock and 50,000 shares of each of the Class B-1, Class B-2 and Class B-3 common stock under the Amended and Restated 2005 Plan. The Amended and Restated 2005 Plan has not been approved by our stockholders.

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (3)	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans Excluding Securities Reflected in Column (a)
Equity Compensation Plans Approved by Stockholders (1)	4,611	(2) \$ 23.85	195,915
Equity Compensation Plans Not Approved by Stockholders (4)	—	—	958,739
Total	4,611	\$ 23.85	1,154,654

(1) Original 2005 Plan

(2) Represents shares issuable to the exercise of stock options.

(3) Calculation of weighted average exercise price of outstanding stock options.

(4) Amended and Restated 2005 Plan.

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

## Related Person Transactions Policy

Our board of directors has adopted a related person transactions policy that became effective upon our transition to self-management on October 25, 2013. This policy provides that all related person transactions must be reviewed and approved by the audit committee or, in the event multiple members of the audit committee, including its chairman, are related persons having a direct or indirect material interest in the proposed related person transaction, by a majority of our disinterested directors in advance of us or any of our subsidiaries entering into the transaction. However, if we or any of our subsidiaries enter into a transaction without recognizing that such transaction constitutes a related person transaction, the approval requirement will be satisfied if such transaction is ratified by the audit committee or a majority of our disinterested directors, as applicable, promptly after we recognize that such transaction constituted a related person transaction. Disinterested directors are directors that do not have a personal financial interest in the transaction that is adverse to our financial interest or that of our stockholders. The term “related-party transaction” refers to a transaction required to be disclosed by us pursuant to Item 404 of Regulation S-K (or any successor provision) promulgated by the SEC.

## Transition to Self-Management

On October 25, 2013, we became self-managed by terminating the advisory agreement with Wells TIMO and hiring certain individuals previously employed by Wells TIMO or Wells REF, as well as hiring a Chief Executive Officer and President and Chief Operating Officer and Secretary not affiliated with Wells TIMO, which we refer to collectively as our transition to self-management. Wells TIMO was indirectly wholly owned by Wells REF, which is wholly owned

Table of Contents

Index to Consolidated Financial Statements

by Leo F. Wells. We no longer have any ongoing related party relationship with Wells TIMO, Wells REF, Mr. Wells or their affiliates.

Office Sublease. During 2014, we subleased approximately 5,723 square feet of office space from Wells REF for monthly base rent of \$5,961, plus additional costs for various space-related services, or an aggregate of \$17,883 for the year ended December 31, 2014. The sublease expired on March 31, 2014.

Transition Services Agreement. Pursuant to a transition services agreement, during 2014, Wells REF and its affiliates provided consulting, support and transitional services to us to assist our company in becoming self-managed. Specifically, these services included, without limitation, human resources, compliance and risk management, treasury and cash management, investor relations and stockholder support, information technology services, various administrative functions and other services. For these services, we were obligated to pay Wells REF a consulting fee equal to \$22,875 per month and to reimburse Wells REF for expenses it incurred in connection with the services provided, excluding its administrative service expenses such as personnel and overhead costs, or an aggregate of \$137,250 for the year ended December 31, 2014. The transition services agreement expired on June 30, 2014.

On January 31, 2014, we entered into an agreement with Wells REF related to transfer agency services fees ("Transfer Agency Fee Agreement"). According to the the Transfer Agency Fee Agreement, Wells REF paid an aggregate of \$250,000 in transfer agency fees directly to DST System, Inc. ("DST"), our former transfer agent prior to February 24, 2014, from December 2013 until February 2014.

#### Director Independence

A majority of the members of our board of directors, and all of the members of the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee are "independent" as defined by the NYSE. The NYSE standards provide that to qualify as an independent director, in addition to satisfying certain bright-line criteria, the board of directors must affirmatively determine that a director has no material relationship with us (either directly or as a partner, stockholder, or officer of an organization that has a relationship with us). The board of directors has determined that Alan D. Gold, Donald S. Moss, Willis J. Potts, Jr., Douglas D. Rubenstein, and Henry G. Zigtema each qualifies as an independent director under the NYSE standards.

#### ITEM 14 PRINCIPAL ACCOUNTANT FEES AND SERVICES

##### Independent Auditors

During the year ended December 31, 2014, Deloitte & Touche LLP served as our independent auditor and Deloitte Tax LLP provided certain domestic tax and other services. Deloitte & Touche LLP has served as our independent auditor since our formation.

##### Preapproval Policies

The Audit Committee's charter imposes a duty on the Audit Committee to preapprove all auditing services performed for us by our independent auditors, as well as all permitted nonaudit services (including the fees and terms thereof) in order to ensure that the provision of such services does not impair the auditors' independence. Unless a type of service to be provided by the independent auditors has received "general" preapproval, it will require "specific" preapproval by the Audit Committee.

All requests or applications for services to be provided by the independent auditor that do not require specific preapproval by the Audit Committee will be submitted to management and must include a detailed description of the services to be rendered. Management will determine whether such services are included within the list of services that have received the general preapproval of the Audit Committee. The Audit Committee will be informed on a timely



basis of any such services rendered by the independent auditors.

Table of ContentsIndex to Consolidated Financial Statements

Requests or applications to provide services that require specific preapproval by the Audit Committee will be submitted to the Audit Committee by both the independent auditors and the Principal Financial Officer, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence. The Chairman of the Audit Committee has been delegated the authority to specifically preapprove all services not covered by the general preapproval guidelines up to an amount not to exceed \$75,000 per occurrence. Amounts requiring preapproval in excess of \$75,000 per occurrence require specific preapproval by all members of the Audit Committee prior to engagement of our independent auditors. All amounts specifically preapproved by the Chairman of the Audit Committee in accordance with this policy are to be disclosed to the full Audit Committee at the next regularly scheduled meeting.

All services rendered by Deloitte & Touche LLP and Deloitte Tax LLP for the year ended December 31, 2014, were preapproved in accordance with the policies and procedures described above.

## Principal Auditor Fees

The Audit Committee reviewed the audit and nonaudit services performed by our principal auditor, as well as the fees charged by the principal auditor for such services. In its review of the nonaudit service fees, the Audit Committee considered whether the provision of such services is compatible with maintaining the independence of the principal auditor. The aggregate fees billed to us for professional accounting services, including the audit of our annual financial statements by our principal auditor, for the years ended December 31, 2014 and 2013, are set forth in the table below.

	2014	2013
Audit fees	\$420,000	\$322,000
Audit-related fees	45,000	225,613
Tax fees	89,345	74,345
All other fees	—	—
Total	\$554,345	\$621,958

For purposes of the preceding table, Deloitte & Touche and Deloitte Tax's professional fees are classified as follows: Audit fees—These are fees for professional services performed for the audit of our annual financial statements and the required review of quarterly financial statements and other procedures performed by Deloitte & Touche in order for them to be able to form an opinion on our consolidated financial statements. These fees also cover services that are normally provided by independent auditors in connection with statutory and regulatory filings or engagements.

Audit-related fees—These are fees for assurance and related services that traditionally are performed by independent auditors that are reasonably related to the performance of the audit or review of the financial statements, such as due diligence related to acquisitions and dispositions, attestation services that are not required by statute or regulation, internal control reviews, and consultation concerning financial accounting and reporting standards.

Tax fees—These are fees for all professional services performed by professional staff in our independent auditor's tax division, except those services related to the audit of our financial statements. These include fees for tax compliance, tax planning, and tax advice, including federal, state, and local issues. Services may also include assistance with tax audits and appeals before the IRS and similar state and local agencies, as well as federal, state, and local tax issues related to due diligence.

All other fees—These are fees for any services not included in the above-described categories, including assistance with internal audit plans and risk assessments.

Table of Contents

Index to Consolidated Financial Statements

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

- (a) 1. A list of the financial statements contained herein is set forth on page F-1 hereof.
- (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.
- (a) 3. The Exhibits filed in response to Item 601 of Regulation S-K are listed on the Exhibit Index attached hereto.
- (b) See (a) 3 above.
- (c) See (a) 2 above.

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 6<sup>th</sup> day of March 2015.

CATCHMARK TIMBER TRUST, INC.  
(Registrant)

Date: March 6, 2015

By: /s/ JERRY BARAG  
Jerry Barag  
President, Chief Executive Officer, and Director

Signature	Title	Date
/s/ JERRY BARAG Jerry Barag	President, Chief Executive Officer, and Director	March 6, 2015
/s/ BRIAN M. DAVIS Brian M. Davis	Senior Vice President, Chief Financial Officer, Treasurer, Assistant Secretary, and Principal Accounting Officer	March 6, 2015
/S/ JOHN F. RASOR John F. Rasor	Chief Operating Officer, Secretary and Director	March 6, 2015
/S/ WILLIS J. POTTS, JR. Willis J. Potts, Jr.	Chairman of the Board	March 6, 2015
/S/ DONALD S. MOSS Donald S. Moss	Independent Director	March 6, 2015
/S/ HENRY G. ZIGTEMA Henry G. Zigtema	Independent Director	March 6, 2015
/S/ ALAN D. GOLD Alan D. Gold	Independent Director	March 6, 2015
/S/ DOUGLAS D. RUBENSTEIN Douglas Rubenstein	Independent Director	March 6, 2015

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Financial Statements	Page
<u>Report of Independent Registered Public Accounting Firm</u>	<u>F- 2</u>
Consolidated Balance Sheets as of December 31, 2014 and 2013	<u>F- 4</u>
<u>Consolidated Statements of Operations for the Years Ended December 31, 2014, 2013, and 2012</u>	<u>F- 5</u>
<u>Consolidated Statements of Comprehensive Loss for the Years Ended December 31, 2014, 2013, and 2012</u>	<u>F- 6</u>
<u>Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2014, 2013, and 2012</u>	<u>F- 7</u>
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2014, 2013, and 2012</u>	<u>F- 8</u>
<u>Notes to Consolidated Financial Statements</u>	<u>F- 9</u>

F- 1

---

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of CatchMark Timber Trust, Inc. and subsidiaries (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of operation, comprehensive loss, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of CatchMark Timber Trust, Inc. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, 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), the Company's internal control over financial reporting as of December 31, 2014, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 6, 2015, expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Atlanta, Georgia  
March 6, 2015

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the internal control over financial reporting of CatchMark Timber Trust, Inc. and subsidiaries (the "Company") as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. 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. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2014 of the Company and our report dated March 6, 2015 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP

Atlanta, Georgia  
March 6, 2015

CATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

	December 31, 2014	2013
Assets:		
Cash and cash equivalents	\$17,365,370	\$8,613,907
Accounts receivable	797,976	593,546
Prepaid expenses and other assets	2,781,001	2,506,470
Deferred financing costs, less accumulated amortization of \$267,022 and \$9,633 as of December 31, 2014 and 2013, respectively	4,244,281	1,483,547
Timber assets (Note 3):		
Timber and timberlands, net	543,101,237	325,726,398
Intangible lease assets, less accumulated amortization of \$930,973 and \$927,451 as of December 31, 2014 and 2013, respectively	26,113	29,634
Total assets	\$568,315,978	\$338,953,502
Liabilities:		
Accounts payable and accrued expenses	\$2,357,925	\$3,127,857
Other liabilities	3,265,706	3,734,193
Note payable and line of credit (Note 4)	118,000,000	52,160,000
Total liabilities	123,623,631	59,022,050
Commitments and Contingencies (Note 6)	—	—
Stockholders' Equity:		
Class A common stock, \$0.01 par value; 889,500,000 shares authorized; 36,192,968 and 13,900,382 shares issued and outstanding as of December 31, 2014 and 2013, respectively	361,930	139,004
Class B-1 common stock, \$0.01 par value; 3,500,000 shares authorized; 0 and 3,164,483 shares issued and outstanding as of December 31, 2014 and 2013, respectively	—	31,645
Class B-2 common stock, \$0.01 par value; 3,500,000 shares authorized; 0 and 3,164,483 shares issued and outstanding as of December 31, 2014 and 2013, respectively	—	31,645
Class B-3 common stock, \$0.01 par value; 3,500,000 shares authorized; 3,164,476 and 3,164,483 shares issued and outstanding as of December 31, 2014 and 2013, respectively	31,644	31,644
Additional paid-in capital	612,518,523	432,117,205
Accumulated deficit and distributions	(167,363,988	) (152,688,059 )
Accumulated other comprehensive income (loss)	(855,762	) 268,368
Total stockholders' equity	444,692,347	279,931,452
Total liabilities and stockholders' equity	\$568,315,978	\$338,953,502
See accompanying notes.		



Table of ContentsIndex to Consolidated Financial StatementsCATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,		
	2014	2013	2012
Revenues:			
Timber sales	\$40,634,448	\$26,703,375	\$30,510,536
Timberland sales	10,649,819	2,498,757	10,972,440
Other revenues	3,026,442	2,845,458	2,716,803
	54,310,709	32,047,590	44,199,779
Expenses:			
Contract logging and hauling costs	17,321,986	13,606,299	15,798,776
Depletion	14,788,215	8,505,024	11,677,229
Cost of timberland sales	5,558,063	1,754,242	7,849,652
Forestry management expenses	3,567,232	2,769,162	2,271,201
General and administrative expenses	6,184,850	10,200,459	5,925,143
Land rent expense	830,842	1,043,157	1,575,443
Other operating expenses	2,942,373	2,771,562	2,801,934
	51,193,561	40,649,905	47,899,378
Operating income (loss)	3,117,148	(8,602,315 )	(3,699,599 )
Other income (expense):			
Interest income	177,449	3,247	1,638
Interest expense	(2,635,048 )	(4,704,673 )	(5,049,255 )
Gain (loss) on interest rate swap	—	106,821	(123,516 )
	(2,457,599 )	(4,594,605 )	(5,171,133 )
Net income (loss)	659,549	(13,196,920 )	(8,870,732 )
Dividends to preferred stockholder	—	(359,784 )	(373,992 )
Net income (loss) available to common stockholders	\$659,549	\$(13,556,704 )	\$(9,244,724 )
Weighted-average common shares outstanding —basic and diluted	31,567,786	13,145,779	12,741,822
Per-share information—basic and diluted:			
Net income (loss) available to common stockholders	\$0.02	\$(1.03 )	\$(0.73 )

See accompanying notes.

CATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Years Ended December 31,		
	2014	2013	2012
Net income (loss)	\$659,549	\$(13,196,920)	\$(8,870,732)
Other comprehensive income (loss):			
Market value adjustment to interest rate swap	(1,124,130)	956,042	(687,674)
Comprehensive loss	\$(464,581)	\$(12,240,878)	\$(9,558,406)

See accompanying notes.

CATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Class A Common Stock		Class B Common Stock		Preferred Stock		Additional Paid-In Capital	Accumulated Deficit and Distributions	Accu Othe Com Inco (Los
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance, December 31, 2011	3,146,527	\$31,466	9,439,583	\$94,396	37,748	\$48,685,499	\$271,617,462	\$(130,620,551)	\$—
Issuance of common stock	41,445	414	124,331	1,243			4,133,145	(61	)
Redemptions of common stock	(7,909	) (79	) (23,726	) (237	)		(742,799	)	
Dividends on preferred stock					—	373,992	(373,992	)	
Redemptions of preferred stock					(356	) (459,436	) —		
Commissions and discounts on stock sales and related dealer-manager fees							(361,364	)	
Other offering costs							(48,752	)	
Write-off of due to affiliates							27,315,249		
Net loss								(8,870,732	)
Other comprehensive loss									(687
Balance, December 31, 2012	3,180,063	\$31,801	9,540,188	\$95,402	37,392	\$48,600,055	\$301,538,949	\$(139,491,344)	\$(68
Issuance of common stock pursuant to: Listed Public Offerings	10,526,316	105,263	—	—			142,000,003		
Long term incentive plan, net of amounts withheld for income taxes	191,561	1,916	900	9			1,210,057		
Forfeiture of restricted stock award	(202	) (2	) (606	) (6	)		(197	) 205	
Fractional share conversion	17,662	176	(17,662	) (176	)		—		

Edgar Filing: CatchMark Timber Trust, Inc. - Form 10-K

Redemptions of common stock	(15,018 )	(150 )	(29,371 )	(295 )			(680,050 )		
Stock issuance cost							(11,591,773 )		
Dividends on preferred stock						359,784	(359,784 )		
Redemptions of preferred stock					(37,392)	(48,959,839 )			
Net loss								(13,196,920 )	
Other comprehensive income									956,
Balance, December 31, 2013	13,900,382	\$139,004	9,493,449	\$94,934	—	\$—	\$432,117,205	\$(152,688,059)	\$260,
Issuance of common stock pursuant to:									
Listed Public Offerings	15,953,947	159,539					190,062,495		
Long term incentive plan, net of amounts withheld for income taxes	9,694	97					381,152		
Redemptions of common stock	(7 )	—	(21 )	—			(370 )		
Conversion to Class A Shares	6,328,952	63,290	(6,328,952)	(63,290 )					
Dividends on common stock (\$.47 per share)								(15,335,478 )	
Stock issuance cost							(10,041,959 )		
Net income								659,549	
Other comprehensive loss									(1,112,
Balance, December 31, 2014	36,192,968	\$361,930	3,164,476	\$31,644	—	\$—	\$612,518,523	\$(167,363,988)	\$85,

See accompanying notes.

CATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2014	2013	2012
Cash Flows from Operating Activities:			
Net income (loss)	\$659,549	\$(13,196,920)	\$(8,870,732 )
Adjustments to reconcile net income (loss) to net cash from operating activities:			
Depletion	14,788,215	8,505,024	11,677,229
Basis of timberland sold	5,072,230	1,569,543	7,187,733
Noncash interest expense	738,079	1,331,664	1,731,310
Stock-based compensation expense	417,999	1,838,082	28,333
Other amortization	97,930	155,571	275,929
Unrealized gain on interest rate swaps	—	(128,934 )	(847,743 )
Basis of casualty loss	—	—	25,541
Changes in assets and liabilities:			
Accounts receivable	(204,430 )	64,809	(13,733 )
Prepaid expenses and other assets	618,512	(1,143,942 )	(580,259 )
Accounts payable and accrued expenses	(997,490 )	1,394,706	(228,993 )
Due to affiliates	—	(1,326,255 )	(153,941 )
Other liabilities	(1,345,790 )	(135,161 )	1,195,196
Net cash provided by (used in) operating activities	19,844,804	(1,071,813 )	11,425,870
Cash Flows from Investing Activities:			
Capital expenditures (excluding timberland acquisitions)	(905,996 )	(444,003 )	(530,739 )
Timberland acquisitions	(237,526,958 )	(1,742,528 )	(22,523,863 )
Funds released from escrow accounts	—	2,050,063	4,712,183
Net cash used in investing activities	(238,432,954 )	(136,468 )	(18,342,419 )
Cash Flows from Financing Activities:			
Proceeds from notes payable	320,750,000	—	133,000,000
Repayment of notes payable	(254,910,000 )	(80,196,123 )	(122,669,549 )
Financing costs paid	(3,301,614 )	(1,493,705 )	(1,370,396 )
Issuance of common stock	190,222,034	142,105,266	4,062,647
Dividends paid to common stockholders	(15,335,478 )	—	—
Share repurchase	(43,000 )	(582,235 )	—
Redemptions of common stock	(370 )	(680,495 )	(743,115 )
Redemptions of preferred stock	—	(37,392,000 )	(356,000 )
Dividends paid on preferred stock redeemed	—	(11,567,839 )	(103,436 )
Commissions on stock sales and related dealer-manager fees paid	—	—	(447,744 )
Other offering costs paid	(10,041,959 )	(11,591,773 )	(83,739 )
Net cash provided by (used in) financing activities	227,339,613	(1,398,904 )	11,288,668
Net increase (decrease) in cash and cash equivalents	8,751,463	(2,607,185 )	4,372,119
Cash and cash equivalents, beginning of period	8,613,907	11,221,092	6,848,973
Cash and cash equivalents, end of period	\$17,365,370	\$8,613,907	\$11,221,092

See accompanying notes.

Table of Contents

Index to Consolidated Financial Statements

CATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2014, 2013, AND 2012

1. Organization

On September 18, 2013, Wells Timberland REIT, Inc. changed its name to CatchMark Timber Trust, Inc. ("CatchMark Timber Trust"). CatchMark Timber Trust primarily engages in the ownership, management, acquisition, and disposition of timberlands located in the southeastern United States and has elected to be taxed as a real estate investment trust ("REIT") for federal income tax purposes. 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 formerly known as Wells Timberland Operating Partnership, L.P. CatchMark Timber Trust is the general partner of CatchMark Timber OP, possesses full legal control and authority over its operations, and owns 99.99% of its common partnership units. CatchMark LP Holder, LLC ("CatchMark LP Holder"), a recently formed, wholly-owned subsidiary of CatchMark Timber Trust is the sole limited partner of CatchMark Timber OP (see Note 7 – Noncontrolling Interest for more information). In addition, CatchMark Timber TRS, Inc. ("CatchMark TRS"), a Delaware corporation formerly known as Wells Timberland TRS, Inc., was formed as a wholly owned subsidiary of CatchMark Timber OP on January 1, 2006. Unless otherwise noted, references herein to CatchMark Timber Trust shall include CatchMark Timber Trust and all of its subsidiaries, including CatchMark Timber OP, and the subsidiaries of CatchMark Timber OP, including CatchMark TRS.

CatchMark Timber Trust previously operated as an externally advised REIT pursuant to an advisory agreement, as amended and restated (the "Advisory Agreement"), under which Wells Timberland Management Organization, LLC ("Wells TIMO"), a subsidiary of Wells Real Estate Funds, Inc. ("Wells REF"), performed certain key functions on behalf of CatchMark Timber Trust, including, among others, managing the day-to-day operations, investing capital proceeds and arranging financing. On September 18, 2013, CatchMark Timber Trust and CatchMark Timber OP entered into a Master Self-Management Transition Agreement (the "Master Agreement"), along with a series of other agreements and transactions, with Wells REF and Wells TIMO (together with their respective affiliates, "Wells"), pursuant to which CatchMark Timber Trust began its transition to a self-managed company. On October 24, 2013, the Master Agreement was amended (the "Master Agreement Amendment") to advance the date of the transition to October 25, 2013 (the "Self-Management Transition Date"), and CatchMark Timber Trust completed its transition to self-management on that date. For additional details about the related agreements, please refer to Note 12 – Related Party Transactions and Agreements.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The consolidated financial statements of CatchMark Timber Trust have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and shall include the accounts of any variable interest entity ("VIE") in which the Company or its subsidiaries is deemed the primary beneficiary. With respect to entities that are not VIEs, CatchMark Timber Trust's consolidated financial statements shall also include the accounts of any entity in which CatchMark Timber Trust or its subsidiaries owns a controlling financial interest and any limited partnership in which CatchMark Timber Trust or its subsidiaries owns a controlling general partnership interest. In determining whether a controlling interest exists, CatchMark Timber Trust considers, among other factors, the ownership of voting interests, protective rights, and participatory rights of the investors.

CatchMark Timber Trust owns a controlling financial interest in CatchMark Timber OP, CatchMark LP Holder and CatchMark TRS and, accordingly, includes the accounts of these entities in its consolidated financial statements. The financial statements of CatchMark Timber OP, CatchMark LP Holder and CatchMark TRS are prepared using accounting policies consistent with those used by CatchMark Timber Trust. All intercompany balances and transactions have been eliminated in consolidation.

F- 9

---

Table of Contents

Index to Consolidated Financial Statements

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 Timber Trust 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 upon 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 Timber Trust 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 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 as such balances, or portions thereof, become uncollectible. As of December 31, 2014, 2013, and 2012, no allowances have been provided against accounts receivable.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets are primarily comprised of prepaid rent, insurance, and operating costs, equipment and furniture, net of accumulated depreciation, and deferred costs associated with pending acquisitions. Prepaid expenses are expensed as incurred 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. CatchMark Timber Trust recognized amortization of deferred financing costs for the years ended December 31, 2014, 2013, and 2012 of approximately \$0.7 million, \$1.3 million, and \$1.7 million, respectively, which is included in interest expense in the accompanying consolidated



statements of operations.

F- 10

---

Table of Contents

Index to Consolidated Financial Statements

Timber Assets

Timber and timberlands, including logging roads, are stated at cost less accumulated depletion for timber harvested and accumulated road amortization. CatchMark Timber Trust 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 amortized over their estimated useful lives. 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

Depletion, or costs attributed to timber harvested, is charged against income as trees are harvested. Fee-simple timber tracts owned longer than one year and similarly managed are pooled together for depletion calculation purposes. Depletion rates are determined at least annually by dividing (a) the sum of (i) net carrying value of the timber, which equals the original cost of the timber less previously recorded depletion, and (ii) capitalized silviculture costs incurred and the projected silviculture costs, net of inflation, to be capitalized over the harvest cycle, by (b) the total timber volume estimated to be available over the harvest cycle. The average harvest cycle for our timberlands is between 26 years and 32 years. The capitalized silviculture cost is limited to the expenditures that relate to establishing stands of timber. For each fee timber tract owned less than one year, depletion rates are generally determined by dividing the acquisition cost attributable to its timber by the volume of timber acquired. Depletion rates for leased timber tracts, which are generally limited to one harvest, are calculated by dividing the acquisition cost attributable to its timber by the volume of timber acquired. Net carrying value of the timber and timberlands is used to compute the gain or loss in connection with timberland sales. No book basis is allocated to the sale of conservation easements.

Evaluating the Recoverability of Timber Assets

CatchMark Timber Trust continually monitors events and changes in circumstances that could indicate that the carrying amounts of the timber assets in which CatchMark Timber Trust has an ownership interest may not be recoverable. When indicators of potential impairment are present that suggest that the carrying amounts of timber assets may not be recoverable, CatchMark Timber Trust assesses the recoverability of these assets by determining whether the carrying value will be recovered through the undiscounted future operating cash flows expected from the use of the asset and its eventual disposition. Impairment losses would be recognized for (i) long-lived assets used in CatchMark Timber Trust's operations when the carrying value of such assets exceeds the undiscounted cash flows estimated to be generated from the future operations of those assets, and (ii) long-lived assets held for sale when the carrying value of such assets exceeds an amount equal to their fair value less selling costs. 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 present value of undiscounted cash flows, including estimated salvage value. CatchMark Timber Trust intends to use one harvest cycle for the purpose of evaluating the recoverability of timber and timberlands used in its operations. Future cash flow estimates are based on discounted probability-weighted projections for a range of possible outcomes. CatchMark Timber Trust considers assets to be held for sale at the point at which a sale contract is executed and the buyer has made a non-refundable earnest money deposit against the contracted purchase price. CatchMark Timber Trust has determined that there has been no impairment of its long-lived assets to date.

Allocation of Purchase Price of Acquired Assets

Upon the acquisition of timberland properties, CatchMark Timber Trust 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 are then allocated to timberland and timber based on management's determination of the relative fair value of these assets.



Table of Contents

Index to Consolidated Financial Statements

Intangible Lease Assets

In-place ground leases with CatchMark Timber Trust 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.

Fair Value of Debt Instruments

CatchMark Timber Trust applied 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 note 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.

Preferred Stock

The proceeds from issued and outstanding shares of preferred stock and dividends payable on preferred stock were recorded as preferred stock.

Common Stock

The par value of CatchMark Timber Trust'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.

Interest Rate Swaps

CatchMark Timber Trust has entered into interest rate swap contracts to mitigate its exposure to changing interest rates on variable rate debt instruments. CatchMark Timber Trust 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 effective portion of interest rate swaps that are designated as hedges are recorded as other comprehensive income (loss), while changes in the fair value of the ineffective portion of hedges, if any, are recognized in current earnings. 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 Timber Trust applied the provisions of the accounting standard for fair value measurements and disclosures in recording its interest rate swaps at fair value. The fair values of interest rate swaps, classified under Level 2, were determined using a third-party proprietary model that is based on prevailing market data for contracts with matching durations, current and anticipated London Interbank Offered Rate ("LIBOR") information, consideration of CatchMark Timber Trust's credit standing, credit risk of counterparties, and reasonable estimates about relevant future market conditions.

The following table presents information about CatchMark Timber Trust's interest rate swaps measured at fair value as of December 31, 2014 and 2013:

Table of ContentsIndex to Consolidated Financial Statements

Instrument Type	Balance Sheet Classification	Estimated Fair Value as of	
		December 31, 2014	2013
Derivatives designated as hedging instruments:			
Interest rate swap contract	(Other liabilities)	\$ (855,762	) \$ 268,368
	Prepaid expenses and other assets		

For additional information about CatchMark Timber Trust's interest rate swaps, see Note 5 – Interest Rate Swaps.

**Revenue Recognition**

Revenue from the sale of timber is recognized when the following criteria are met: (i) persuasive evidence of an agreement exists, (ii) legal ownership and the risk of loss are transferred to the purchaser, (iii) price and quantity are determinable, and (iv) collectibility is reasonably assured. CatchMark Timber Trust's primary sources of revenue are recognized as follows:

(1) For delivered sales contracts, which include amounts sufficient to cover costs of logging and hauling of timber, revenues are recognized upon delivery to the customer.

(2) For pay-as-cut contracts, the purchaser acquires the right to harvest specified timber on a tract, at an agreed-upon price per unit. Payments and contract advances are recognized as revenue as the timber is harvested based on the contracted sale rate per unit.

(3) Revenues from the sale of HBU and nonstrategic timberlands are recognized when title passes and full payment or a minimum down payment is received and full collectibility is assured. If a down payment of less than the minimum down payment is received at closing, CatchMark Timber Trust will record revenue based on the installment method.

(4) For recreational leases, rental income collected in advance is recorded as other liabilities in the accompanying consolidated balance sheets until earned over the term of the respective recreational lease and recognized as other revenue.

In addition to the sources of revenue noted above, CatchMark Timber Trust also may enter into lump-sum sale contracts, whereby the purchaser generally pays the purchase price upon execution of the contract. Title to the timber and risk of loss transfers to the buyer at the time the contract is consummated. Revenues are recognized upon receipt of the purchase price. When the contract expires, ownership of the remaining standing timber reverts to CatchMark Timber Trust; however, adjustments are not made to the revenues previously recognized.

**Stock-based Compensation**

CatchMark Timber Trust has issued stock-based compensation in the form of stock options and restricted stocks to its directors and employees pursuant to its Long-term Incentive Plan. Restricted stock awards issued are considered equity awards and are recorded as a reduction to additional paid-in capital upon issuance. The fair value of stock options and restricted stock is recognized over the respective weighted-average vesting periods by charging expenses and recording additional paid-in capital. For those awards with performance conditions, expense is only recorded if it is deemed probable that the performance condition will be achieved. Compensation expense recognized is recorded as forestry operating expenses for those employees whose job is related to forest operation and as general and administrative expense for all other employees and directors in the accompanying consolidated statements of operations. See Note 9 – Stock based compensation for a description of CatchMark Timber Trust's Long-term Incentive Plan.

**Earnings Per Share**

Basic earnings (loss) per share available to common stockholders is calculated as net income (loss) available to common stockholders divided by the weighted-average number of common shares outstanding during the period. Net income (loss) available to common stockholders is calculated as net income (loss) less dividends payable to or accumulated



Table of Contents

Index to Consolidated Financial Statements

to preferred stockholders. Diluted earnings (loss) per share available to common stockholders equals basic earnings per share available to common stockholders, 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. Basic and diluted earnings (loss) per share were the same for all periods presented as the dilutive effect of outstanding securities was immaterial.

Income Taxes

CatchMark Timber Trust has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), and has operated as such beginning with its taxable year ended December 31, 2009. To qualify to be taxed as a REIT, CatchMark Timber Trust must meet certain organizational and operational requirements, including a requirement to distribute at least 90% of its ordinary taxable income to its stockholders. As a REIT, CatchMark Timber Trust generally is not subject to federal income tax on taxable income it distributes to stockholders. CatchMark Timber Trust is 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. CatchMark Timber Trust records interest and penalties related to uncertain tax positions as general and administrative expense in the accompanying consolidated statements of operations.

CatchMark Timber Trust has elected to treat CatchMark Timber Trust TRS as a taxable REIT subsidiary. CatchMark Timber Trust may perform certain non-customary services, including real estate or non-real-estate related services, through CatchMark Timber Trust TRS. Earnings from services performed through CatchMark Timber Trust TRS are subject to federal and state income taxes irrespective of the dividends paid deduction available to REITs for federal income tax purposes. In addition, for CatchMark Timber Trust to continue to qualify to be taxed as a REIT, CatchMark Timber Trust's investment in CatchMark Timber Trust TRS may not exceed 25% of the value of the total assets of CatchMark Timber Trust.

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.

No provision for federal income taxes has been made in the accompanying consolidated financial statements, other than the provision relating to CatchMark Timber Trust TRS, as CatchMark Timber Trust did not generate taxable income for the periods presented. See Note 13 – Income Taxes for more information.

Business Segments

CatchMark Timber Trust owns interests in approximately 393,300 acres of timberland located in Alabama, Florida, Georgia, Louisiana, and Texas. CatchMark Timber Trust operates in a single reporting segment, and the presentation of CatchMark Timber Trust's financial condition and performance is consistent with the way in which CatchMark Timber Trust's operations are managed.

Reclassification

Certain prior period amounts have been reclassified to conform with the current period's financial statement presentation. Advisor fees and expense reimbursements incurred in 2013 and 2012 were previously included in a separate line item and are now included in general and administrative expenses for the respective periods in the accompanying consolidated statement of operations.

Recent Accounting Pronouncements

F- 14

---



Table of ContentsIndex to Consolidated Financial Statements

In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2013-11, Income Taxes: Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists ("ASU 2013-11"). ASU 2013-11 requires an entity to present an unrecognized tax benefit in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date or not intended to be used to settle any additional income taxes that would result in the dis-allowance of a tax position in which case the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. ASU 2013-11 became effective for CatchMark Timber Trust for the period beginning on January 1, 2014. The adoption of ASU 2013-11 did not have a material impact on CatchMark Timber Trust's financial statements or disclosures.

In May 2014, FASB issued Accounting Standards Update 2014-09, Revenue from Contracts with Customers ("ASU 2014-09"). Under this guidance, an entity is required to recognize revenue upon the transfer of promised goods or services to customers in an amount that reflects the expected consideration for those goods or services. ASU 2014-09 is effective beginning in fiscal 2017 and can be adopted either retrospectively or as a cumulative-effect adjustment as of the date of adoption. CatchMark Timber Trust is currently evaluating the effect that adopting this new accounting guidance will have on its financial statements or disclosures.

In February 2015, the FASB issued Accounting Standards Update 2015-02, Consolidation - Amendments to the Consolidation Analysis. ASU 2015-02 modifies existing consolidation guidance related to (i) limited partnerships and similar legal entities, (ii) the evaluation of variable interests for fees paid to decision makers or service providers, (iii) the effect of fee arrangements and related parties on the primary beneficiary determination, and (iv) certain investment funds. These changes are expected to limit the number of consolidation models and place more emphasis on risk of loss when determining a controlling financial interest. ASU 2015-02 is effective for fiscal years and interim periods within those years beginning after December 15, 2015. CatchMark Timber Trust is currently evaluating the impact of ASU 2015-02 on its consolidated financial statements and associated disclosures.

## 3. Timber Assets

As of December 31, 2014 and 2013, timber and timberlands consisted of the following, respectively:

	As of December 31, 2014		
	Gross	Accumulated Depletion or Amortization	Net
Timber	\$258,648,037	\$14,788,215	\$243,859,822
Timberlands	298,943,503	—	298,943,503
Mainline roads	614,513	316,601	297,912
Timber and timberlands	\$558,206,053	\$15,104,816	\$543,101,237
	As of December 31, 2013		
	Gross	Accumulated Depletion or Amortization	Net
Timber	\$149,859,173	\$8,505,024	\$141,354,149
Timberlands	184,114,333	—	184,114,333
Mainline roads	498,237	240,321	257,916
Timber and timberlands	\$334,471,743	\$8,745,345	\$325,726,398

Timberland Acquisitions

During the year ended December 31, 2014, CatchMark Timber Trust acquired the following timberland properties:

F- 15

---

Table of ContentsIndex to Consolidated Financial Statements

Property Name	State(s)	Date of Acquisition	Acres	Purchase Price exclusive of closing costs (in millions)
Waycross - Panola properties	Georgia / Texas	April 11, 2014	36,320	73.7
Satilla River property	Georgia / Florida	October 2, 2014	17,913	34.3
Oglethorpe property	Georgia	October 2, 2014	37,663	76.4
Beauregard property	Louisiana	October 30, 2014	21,009	38.0
Small property acquisitions <sup>(1)</sup>	Georgia		8,707	\$12.8
Total			121,612	\$235.2

<sup>(1)</sup> Small property acquisitions represent completed acquisitions with individual purchase prices less than \$20.0 million.

During the years ended December 31, 2013 and 2012, CatchMark Timber Trust acquired 1,786 acres and 30,199 acres of timberland for approximately \$1.4 million and \$20.5 million, respectively, excluding closing costs.

#### Timberland Sales

During the years ended December 31, 2014, 2013 and 2012, CatchMark Timber Trust sold approximately 3,761 acres, 1,167 acres, and 6,016 acres of timberland, respectively, for approximately \$10.6 million, \$2.5 million, and \$11.0 million, respectively. CatchMark Timber Trust's cost basis in the timberland sold was approximately \$5.1 million, \$1.6 million, and \$7.2 million respectively.

#### Intangible Lease Assets

Intangible Lease Assets consist of capitalized below-market in-place ground leases and are amortized as adjustments to land rent expense over the weighted-average remaining term of the respective leases. CatchMark Timber Trust had net below-market lease assets of approximately \$26,113 and \$29,634 as of December 31, 2014 and 2013, respectively, and recognized amortization of this asset of approximately \$3,521, \$85,766, and \$217,778 in 2014, 2013, and 2012, respectively.

#### 4. Note Payable and Line of Credit

##### CoBank Loan

CatchMark Timber Trust entered into a senior credit agreement with a syndicate of banks with CoBank, ACB ("CoBank"), serving as the administrative agent, Agfirst Farm Credit Bank, ("Agfirst"), Cooperatieve Centrale Raiffeisen-Boerenleenbank, B.A. ("RaboBank") and certain other financial institutions on September 28, 2012. Under the CoBank Loan, CatchMark Timber Trust borrowed \$133.0 million through a term loan facility ("CoBank Term Loan") and had access to a \$15.0 million revolving credit facility (the "CoBank Revolver"). Proceeds from the CoBank Term Loan were used to pay off the outstanding balance of the Mahrt loan, fund costs associated with closing the CoBank Loan, and partially fund a timberland acquisition. No amount was drawn under the CoBank Revolver. The CoBank Loan bore interest at an adjustable rate based on one-month LIBOR plus an applicable margin ranging from 2.00% to 2.75% (the "LIBOR Rate"), based on the loan-to-collateral-value ratio (the "LTV Ratio"). The LTV Ratio is expressed as a percentage, of (a) the outstanding principal amount of all loans outstanding, less certain amounts permitted to be set aside under the terms of the CoBank Loan, for working capital and other purposes and any cash

balances accumulated to fund distributions or future acquisitions, to (b) the value of the timberland assets, as determined in accordance with the CoBank Loan.

On December 19, 2013, CatchMark Timber Trust paid down the CoBank Loan by \$80.2 million using proceeds from its IPO.

#### Amended CoBank Loan

On December 19, 2013, CatchMark Timber Trust entered into a third amended and restated credit agreement (the “Amended CoBank Loan”) with CoBank, Agfirst, RaboBank, and certain other financial institutions. The Amended CoBank Loan amended and restated the CoBank Loan in its entirety.

The Amended CoBank Loan provided for borrowing under credit facilities consisting of:

- a \$15.0 million revolving credit facility (the “Revolving Credit Facility”),
- a \$150.0 million multi-draw term credit facility (the “Multi-Draw Term Facility”), and
- the remaining amount outstanding under the CoBank Term Loan (the “Term Loan Facility”, and together with the Revolving Credit Facility and the Multi-Draw Term Facility, the “New Credit Facilities”), which was \$52.2 million.

The Amended CoBank Loan provided that the New Credit Facilities may be increased, upon the agreement of lenders willing to increase their loans, by up to \$75.0 million, consisting of up to a \$10.0 million increase in the Revolving Credit Facility and the remainder available for incremental term loans.

The Revolving Credit Facility bore interest at an adjustable rate equal to a base rate plus between 0.50% and 1.75% or a LIBOR rate plus between 1.50% and 2.75%, in each case depending on CatchMark Timber Trust's LTV Ratio, and was due and payable on December 19, 2018.

The Multi-Draw Term Facility bore interest at an adjustable rate equal to a base rate plus between 0.75% and 2.00% or a LIBOR rate plus between 1.75% and 3.00%, in each case depending on the LTV Ratio, and was due and payable on December 19, 2020. The Multi-Draw Term Facility was interest only until the maturity date.

The Term Loan Facility bore interest at an adjustable rate equal to a base rate plus between 0.50% and 1.75% or a LIBOR rate plus between 1.50% and 2.75%, in each case depending on the CatchMark Timber Trust's LTV Ratio, and was due and payable on December 19, 2018.

On May 30, 2014, CatchMark Timber Trust entered into a joinder and amendment agreement which modified and amended the Amended CoBank Loan, by increasing the availability under the Revolving Credit Facility by \$10.0 million, from \$15.0 million to \$25.0 million, and the availability under the Multi-Draw Term Facility by \$65.0 million, from \$150.0 million to \$215.0 million.

During the year ended December 31, 2014, CatchMark Timber Trust borrowed \$202.8 million on the Multi-Draw Term Facility under the Amended CoBank Loan to fund timberland acquisitions (See Note 3 – Timber Assets).

During the year ended December 31, 2014, CatchMark Timber Trust repaid \$138.7 million under the Amended CoBank Loan. \$52.2 million of which was repaid on the Term Loan Facility and \$86.5 million of which was repaid on the Multi-Draw Term Facility.

#### 2014 Amended Credit Agreement

On December 23, 2014, CatchMark Timber Trust, through CatchMark Timber OP entered into a fourth amended and restated credit agreement (the “2014 Amended Credit Agreement”) with CoBank, Agfirst, RaboBank, and certain other financial institutions. The 2014 Amended Credit Agreement amended and restated the Amended CoBank Loan in its entirety.

The 2014 Amended Credit Agreement provides for borrowing under credit facilities consisting of:

- a \$35.0 million revolving credit facility (the “2014 Revolving Credit Facility”),
- a \$275.0 million multi-draw term credit facility (the “2014 Multi-Draw Term Facility”), and



Table of Contents

Index to Consolidated Financial Statements

a \$100.0 million term loan (the “2014 Term Loan Facility”, and together with the 2014 Revolving Credit Facility and the 2014 Multi-Draw Term Facility, the “2014 Amended Credit Facilities”).

The 2014 Amended Credit Agreement provides that the 2014 Amended Credit Facilities may be increased, upon the agreement of lenders willing to increase their loans, by up to \$200.0 million.

Borrowings under the 2014 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 other general corporate purposes. The 2014 Revolving Credit Facility will bear interest at an adjustable rate equal to a base rate plus between 0.50% and 1.50% or a LIBOR rate plus between 1.50% and 2.50%, in each case depending on CatchMark Timber Trust's LTV Ratio, and will terminate and all amounts under the facility will be due and payable on December 23, 2019.

The 2014 Multi-Draw Term Facility may be drawn upon up to eight times during the period beginning on December 23, 2014 through December 23, 2017 and may be used to finance domestic timber acquisitions and associated expenses, refinance loan amounts under the 2014 Revolving Credit Facility, and purchase up to \$25.0 million in CatchMark Timber Trust common stock. Amounts repaid under the 2014 Multi-Draw Term Facility may be re-borrowed prior to the third anniversary of the closing date. The 2014 Multi-Draw Term Facility will bear interest at an adjustable rate equal to a base rate plus between 0.75% and 1.75% or a LIBOR rate plus between 1.75% and 2.75%, in each case depending on the LTV Ratio, and will terminate and all amounts under the facility will be due and payable on December 23, 2021. The 2014 Multi-Draw Term Facility is interest only until the maturity date; however, if the CatchMark Timber Trust's LTV Ratio is equal to or in excess of 40%, then principal payments will be required to be made beginning on December 31, 2017 at a per annum rate of 5% of the principal amount outstanding under the 2014 Multi-Draw Term Facility.

The 2014 Term Loan Facility shall be used solely to refinance the balance outstanding under the Multi-Draw Term Facility under the Amended CoBank Loan. The 2014 Term Loan Facility will bear interest at an adjustable rate equal to a base rate plus be 1.75% or a LIBOR rate plus 1.75%, and will terminate and all amounts under the facility will be due and payable on December 23, 2024.

CatchMark Timber Trust is now eligible to receive annual patronage refunds, which are profit distributions made by CoBank and other Farm Credit System banks. The annual patronage refund is dependent on the weighted average debt balance for the fiscal year under the 2014 Term Loan Facility and the 2014 Multi-Draw Term Facility, as well as the financial performance of CoBank and other Farm Credit System banks. No amounts were received in the current year.

CatchMark Timber Trust pays the lenders an unused commitment fee on the unused portion of the 2014 Multi-Draw Term Facility and 2014 Revolving Credit Facility, at an adjustable rate ranging from 0.20% to 0.35%, depending on the LTV Ratio.

The 2014 Amended Credit Agreement contains, among others, the following financial covenants:

• Limits the LTV Ratio to 45% at the end of each fiscal quarter and upon the sale or acquisition of any property;  
• requires a minimum liquidity balance of \$20.0 million until the date that CatchMark Timber Trust has achieved a fixed charge coverage ratio of not less than 1.05:1.00; after such date CatchMark Timber Trust must maintain a fixed coverage charge ratio of not less than 1.05:1.00.

CatchMark Timber Trust was in compliance with the financial covenants of the 2014 Amended Credit Agreement as of December 31, 2014.

CatchMark Timber OP's obligations under the 2014 Amended Credit Agreement are collateralized by a first priority lien on the timberlands owned by CatchMark Timber Trust's subsidiaries and substantially all of CatchMark Timber

OP's and each of its 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, CatchMark Timber OP's obligations under the 2014 Amended Credit Agreement are jointly and severally guaranteed

F- 17

---

Table of ContentsIndex to Consolidated Financial Statements

by all of CatchMark Timber Trust and its subsidiaries pursuant to the terms of the 2014 Amended Credit Agreement. CatchMark Timber Trust has also agreed to guarantee certain losses caused by certain willful acts of CatchMark Timber OP or its subsidiaries. As of December 31, 2014, the outstanding balance under the 2014 Amended Credit Facilities was \$118.0 million, \$100.0 million of which was outstanding under the 2014 Term Loan Facility and \$18.0 million of which was outstanding under the 2014 Multi-Draw Term Facility.

## Interest Paid and Fair Value of Outstanding Debt

During the years ended December 31, 2014, 2013 and 2012, CatchMark Timber Trust made the following interest payments on its borrowings:

	2014	2013	2012
Mahrt Loan	\$—	\$—	\$2,533,285
CoBank Loan	—	2,934,713	726,347
Amended CoBank Loan	1,706,368	91,918	—
	\$1,706,368	\$3,026,631	\$3,259,632

Included in the interest payments for the year ended December 31, 2014 were unused commitment fees of \$0.4 million.

As of December 31, 2014, and 2013, the weighted-average interest rate on these borrowings, after consideration of an interest rate swap (see Note 5 – Interest Rate Swaps), was 2.58% and 2.14%, respectively. As of December 31, 2014 and 2013, the fair value of CatchMark Timber Trust'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.

## 5. Interest Rate Swaps

## Risk Management Objective of Using Derivatives

In addition to the operational risks which arise in the normal course of business, CatchMark Timber Trust is exposed to economic risks such as interest rate, liquidity, and credit risks. CatchMark Timber Trust has entered into interest rate swap contracts in order to mitigate interest rate risk exposure arising from its variable interest rate debts. CatchMark Timber Trust does not enter into derivative or interest rate contracts for speculative purposes; however, CatchMark Timber Trust's derivatives may not qualify for hedge accounting treatment.

## Interest Rate Swap Designated as Hedging Instrument

CatchMark Timber Trust was party to an interest rate swap agreement with Rabobank to hedge its exposure to changing interest rates on \$80.0 million of its variable interest rate term loan (the "2013 Rabobank Swap"). The 2013 Rabobank Swap became effective on March 28, 2013 and matures on September 30, 2017. Under the terms of the 2013 Rabobank Swap, CatchMark Timber Trust paid interest at a fixed rate of 0.9075% per annum to Rabobank and received one-month LIBOR-based interest payments from Rabobank. The 2013 Rabobank Swap qualified for hedge accounting treatment.

On December 19, 2013, in connection with entering into the Amended CoBank Loan, CatchMark Timber Trust unwound \$47.0 million of the notional amount of the 2013 Rabobank Swap and received a cash payment of approximately \$0.1 million from Rabobank as settlement. This amount was reclassified from accumulated other comprehensive income and recognized as realized gain on interest rate swap in current earnings in the consolidated statements of operations.



As a result of the payoff of its indebtedness under Amended CoBank Loan (see Note 4 – Notes Payable and Line of Credit) on July 18, 2014, CatchMark Timber Trust terminated the 2013 RaboBank Swap and received a counter-party payment of approximately \$0.2 million from Rabobank, which was recorded as interest income in the accompanying consolidated statements of operations.

F- 18

---

Table of Contents

Index to Consolidated Financial Statements

On December 24, 2014, in connection with entering into the 2014 Amended Credit Agreement, CatchMark Timber Trust entered into an interest rate swap with Rabobank to hedge its exposure to changing interest rates on \$35.0 million of the 2014 Amended Credit Agreement that is subject to a variable interest rate (the "2014 Rabobank Swap"). The 2014 Rabobank Swap became effective on December 23, 2014 and matures on December 23, 2024. Under the terms of the 2014 Rabobank Swap, CatchMark Timber Trust pays interest at a fixed rate of 2.395% per annum to Rabobank and receives one-month LIBOR-based interest payments from Rabobank. The 2014 Rabobank Swap qualifies for hedge accounting treatment.

During the year ended December 31, 2014, CatchMark Timber Trust recognized a change in fair value of the 2013 Rabobank Swap and the 2014 Rabobank Swap agreements (collectively, the "Swap Agreements") of approximately \$1.1 million as other comprehensive loss. There was no hedge ineffectiveness on the Swap Agreements required to be recognized in current earnings. During the year ended December 31, 2014 and 2013, net payments of approximately \$0.1 million and \$0.4 million were made under the Swap Agreements by CatchMark Timber Trust and were recorded as interest expense, respectively.

## 6. Commitments and Contingencies

### Timber Agreements

In connection with the acquisition of its timberlands, CatchMark Timber Trust entered into a fiber supply agreement and a master stumpage agreement (collectively, the "Timber Agreements") with a wholly owned subsidiary of MeadWestvaco Corporation ("MeadWestvaco"). The fiber supply agreement provides that MeadWestvaco will purchase specified tonnage of timber from CatchMark TRS at specified prices per ton, depending upon the type of timber. The fiber supply agreement is subject to quarterly market pricing adjustments based on an index published by Timber Mart-South, a quarterly trade publication that reports raw forest product prices in 11 southern states. The master stumpage agreement provides that CatchMark Timber Trust will sell specified amounts of timber and make available certain portions of its timberlands to CatchMark TRS for harvesting. The initial term of the Timber Agreements is October 9, 2007 through December 31, 2032, subject to extension and early termination provisions. The Timber Agreements ensure a long-term source of supply of wood fiber products for MeadWestvaco in order to meet its paperboard and lumber production requirements at specified mills and provide CatchMark Timber Trust with a reliable customer for the wood products from its timberlands. For the years ended December 31, 2014, 2013, and 2012, approximately 34%, 60%, and 54%, respectively, of our net timber sales revenue was derived from the Timber Agreements.

MeadWestvaco can terminate the Timber Agreements prior to the expiration of the initial term if CatchMark Timber Trust replaces Forest Resource Consultants, Inc. ("FRC") as the forest manager without the prior written consent of MeadWestvaco, except pursuant to an internalization of the company's management functions. CatchMark Timber Trust can terminate the Timber Agreements if MeadWestvaco (1) ceases to operate the Mahrt mill for a period that exceeds 12 consecutive months, (2) fails to purchase a specified tonnage of timber for two consecutive years, subject to certain limited exceptions or (3) fails to make payments when due (and fails to cure within 30 days). In addition, either party can terminate the Timber Agreements if the other party commits a material breach (and fails to cure within 60 days) or becomes insolvent.

In addition, the 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.

In connection with the acquisition of the Waycross-Panola properties, CatchMark Timber Trust assumed a timber supply agreement which allows a third party to harvest and purchase timber located on the Waycross properties (the "Waycross Supply Agreement"). The Waycross Supply Agreement established a minimum and maximum purchase amounts of pine pulpwood and is subject to quarterly price adjustments based on a index published by Timber Mart-South. The Waycross Supply Agreement is effective from January 1, 2011 through December 31, 2020, subject to early

F- 19

---

Table of ContentsIndex to Consolidated Financial Statements

termination provisions. For the year ended December 31, 2014, approximately 2% of our net timber sales revenue was derived from the Waycross Supply Agreement.

## FRC Timberland Operating Agreement

Pursuant to the terms of the timberland operating agreement between CatchMark Timber Trust and FRC (the "Timberland Operating Agreement"), FRC manages and operates CatchMark Timber Trust's timberlands and related timber operations, including ensuring delivery of timber to MeadWestvaco in compliance with the Timber Agreements. In consideration for rendering the services described in the Timberland Operating Agreement, CatchMark Timber Trust 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 revenues generated by the timber operations. The incentive fee is payable quarterly in arrears. The Timberland Operating Agreement, as amended, is effective through March 31, 2017, with the option to extend for one-year periods and may be terminated by either party with mutual consent or by CatchMark Timber Trust with or without cause upon providing 120 days' prior written notice.

## Obligations under Operating Leases

CatchMark Timber Trust owned leasehold interests related to the use of approximately 28,600 acres of timberland as of December 31, 2014. These operating leases have expiration dates ranging from 2015 through 2022. Approximately 20,500 acres of these leased timberlands are leased to CatchMark Timber Trust under one long-term lease that expires in May 2022 (the "LTC Lease"). The LTC Lease calls for four quarterly lease payments totaling \$3.10 per acre plus an annual adjustment payment based on the change in a price index as published by the U.S. Department of Labor's Bureau of Labor Statistics from the LTC Lease's base year of 1956. The all-in per-lease acre rate, after considering both the quarterly and the annual adjustment payments, was \$21.22 for the lease year ended May 2014, which was used to calculate the following remaining required payments under the terms of the operating leases as of December 31, 2014:

2015	\$689,684
2016	662,171
2017	662,171
2018	662,171
2019	557,171
Thereafter	1,610,466
	\$4,843,834

## Litigation

From time to time, CatchMark Timber Trust 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 Timber Trust 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 Timber Trust accrues the best estimate within the range. If no amount within the range is a better estimate than any other amount, CatchMark Timber Trust accrues the minimum amount within the range. If an unfavorable outcome is probable but the amount of the loss cannot be reasonably estimated, CatchMark Timber Trust 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 Timber Trust discloses the nature and estimate of the possible loss of the litigation. CatchMark Timber Trust does not disclose information with respect to litigation where an unfavorable outcome is considered to be remote.



Table of Contents

Index to Consolidated Financial Statements

CatchMark Timber Trust 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 Timber Trust. CatchMark Timber Trust is not aware of any legal proceedings contemplated by governmental authorities.

7. Noncontrolling Interest

CatchMark Timber Trust is the general partner of CatchMark Timber OP and owns 99.99% of its common partnership units. CatchMark LP Holder is the sole limited partner, holding 200 common units representing approximately 0.01% of the partnership interests. Limited partners holding common units of partnership interests in CatchMark Timber OP have the option to redeem such units after the units have been held for one year. Unless CatchMark Timber Trust exercises its right to purchase common units of CatchMark Timber OP for shares of its common stock, CatchMark Timber OP would redeem such units with cash.

8. Stockholders' Equity

Under CatchMark Timber Trust's charter, it has authority to issue a total of 1,000 million 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, 100 million shares are designated as preferred stock.

Recapitalization

In October 2013, CatchMark Timber Trust amended its charter to effectuate a recapitalization of its common stock that consisted of (1) a ten-to-one reverse stock split of its then-outstanding common stock, re-designated as Class A Common Stock; and (2) the issuance of one share of each of Class B-1, B-2, and B-3 for each share of Class A Common Stock. The combined effect was equivalent to a 2.5-to-one reverse split and decreased the total number of the company's common stock outstanding. Since the Recapitalization was effected on a pro rata basis with respect to all stockholders, it did not affect any stockholder's proportionate ownership of CatchMark Timber Trust's outstanding shares.

All outstanding shares of Class B Common Stock have converted into shares of Class A Common Stock. The Class B Common Stock was identical to the Class A Common Stock except that the Class B common stock was not listed on a national securities exchange. The shares of Class B Common Stock converted into shares of Class A Common Stock on the following schedule: (1) June 12, 2014, in the case of the Class B-1 common stock, (2) December 12, 2014, in the case of the Class B-2 common stock, and (3) February 27, 2015, in the case of the Class B-3 common stock. The Class B-3 Common Stock was originally scheduled to convert into Class A Common Stock on June 12, 2015, however on February 18, 2015, with consent of Raymond James, who served as an underwriter for the company's initial listed offering as described below, the board of directors approved the acceleration of our Class B-3 common stock into Class A common stock to February 27, 2015.

The board of directors had the authority to accelerate the conversion of the Class B-3 shares to a date not earlier than 12 months following the listing with the consent of the lead underwriter of its initial listed public offering. On February 18, 2015, the board of directors, with the consent of the lead underwriter, exercised its authority and accelerated the conversion of the Class B-3 shares to February 27, 2015. For further information, see Note 15 — Subsequent Events.

Initial Listed Public Offering

On September 23, 2013, CatchMark Timber Trust filed a Registration Statement on Form S-11 with the SEC for a public offering of up to \$172.5 million of its Class A common stock, which was declared effective by the SEC on December 11, 2013. On December 12, 2013, CatchMark Timber Trust listed its Class A common stock on NYSE (the

"Initial Listed Public Offering"). CatchMark Timber Trust completed its Initial Listed Public Offering on December 17, 2013, selling 10.5 million shares of its Class A common stock. After deducting underwriting discounts and commissions of \$9.9 million and direct Initial Listed Public Offering costs of \$1.6 million, approximately \$80.2 million of the net proceeds were used to pay down the outstanding debt balance, and \$49.0 million were used to redeem the Preferred Shares held by Wells REF and the accrued but unpaid dividends.

F- 21

---

Table of Contents

Index to Consolidated Financial Statements

On January 9, 2014, the underwriters for the Initial Listed Public Offering exercised their overallotment option to purchase 1.6 million shares of CatchMark Timber Trust's Class A common stock in full. After deducting approximately \$1.5 million of underwriting discounts and commissions, CatchMark Timber Trust received net proceeds of approximately \$19.8 million, \$18.2 million of which was used to pay down the outstanding note payable.

Follow-on Listed Public Offering

On June 20, 2014, CatchMark Timber Trust filed a Registration Statement on Form S-3 with the SEC for future public offerings of up to \$600.0 million in an undefined combination of common stock, preferred stock, debt securities, depositary shares, or warrants. The Form S-3 was declared effective by the SEC on July 2, 2014.

On July 16, 2014 and July 23, 2014 respectively, CTT issued 12.5 million and 1.9 million shares, respectively, for \$11.75 per share, under the Follow-on Listed Public Offering. After deducting \$7.0 million and \$1.0 million in underwriting discounts and commissions, respectively, CatchMark Timber Trust received net proceeds of \$139.9 million and \$21.0 million, before other offering costs, respectively. CatchMark Timber Trust used \$118.5 million of the net proceeds to pay off its outstanding debt (see Note 4 – Note Payable and Line of Credit).

As of December 31, 2014, CatchMark Timber Trust included \$10.0 million of issuance costs in stockholders' equity which partially offset the proceeds from the Initial Listed Public Offering and the Follow-on Listen Public Offering.

Preferred Stock Redemption

Upon the closing of the Initial Listed Public Offering, on December 17, 2013, CatchMark Timber Trust redeemed all of its outstanding preferred stock at the original issue price of approximately \$37.4 million, plus accrued but unpaid dividends of \$11.6 million. As of December 31, 2014 and 2013, CatchMark Timber Trust had no shares of preferred stock outstanding.

9. Stock Based Compensation

Amended and Restated Long-Term Incentive Plan

On October 24, 2013, CatchMark Timber Trust's board of directors approved the Amended and Restated 2005 Long-Term Incentive Plan (the "LTIP"), effective on October 25, 2013, to (i) increase the number of shares of common stock available for issuance thereunder to 1,150,000 shares of Class A common stock and 50,000 shares of each of the Class B-1, Class B-2 and Class B-3 common stock, (ii) extend the term of the LTIP to October 25, 2023, (iii) incorporate into the plan document previously-approved, stand-alone amendments, and (iv) make certain additional ministerial changes.

Equity Compensation for Independent Directors

Prior to January 1, 2014, each independent director elected or appointed to CatchMark Timber Trust's board on or after November 13, 2009 received a grant of 1,000 shares of restricted stock upon his initial election or appointment. Upon each subsequent re-election to the board, each independent director received a subsequent grant of 400 shares of restricted stock. The shares of restricted stock vest in thirds on each of the first three anniversaries of the date of grant. Effective January 1, 2014, each of the independent directors receives, on the day following an annual stockholders meeting, a number of restricted shares having a value of \$30,000 on the grant date. The number of restricted shares granted to each independent director will be determined by dividing \$30,000 by the fair market value per share of



CatchMark Timber Trust's common stock on the grant date. The restricted shares will vest in thirds on each of the first three anniversaries of the grant, subject to the independent director's continued service on the board on each such date, or on the earlier occurrence of a change in control of our company or the independent director's death, disability or termination with cause.

F- 22

---

Table of ContentsIndex to Consolidated Financial Statements

During 2014 and 2013, 10,875 and 3,200 shares of restricted stock were granted to the independent directors, respectively. Life-to-date as of December 31, 2014, CatchMark Timber Trust had granted 20,475 shares of restricted stock to its independent directors, 5,400 shares of which had vested and 1,467 shares of which were forfeited upon the resignation of two independent directors. As of December 31, 2014, 13,608 restricted shares to directors remained unvested. Deferred compensation costs of approximately \$0.2 million is expected to be recognized over a weighted average period of 2.2 years.

One of the independent directors elected to receive a portion of his compensation in CatchMark Timber Trust's common stock in lieu of cash. Accordingly, CatchMark Timber Trust granted 2,529 shares to this independent director during 2014. These shares vested immediately upon issuance.

## Stock Ownership Guidelines for Independent Directors

On October 24, 2013, the board of directors adopted stock ownership guidelines for independent directors which require that each independent director own shares of CatchMark Timber Trust. CatchMark Timber Trust's common stock having a value of four times his or her annual cash retainer. Each director must meet the stock ownership guidelines by the later of October 25, 2018, or the fifth anniversary of his or her election to the board. Until the ownership guidelines are met, or at any time the director is not in compliance with the guidelines, he or she must retain 100% of any shares received from our company for service on the board, with an exception for shares sold for the limited purposes of paying the exercise price, in the case of stock options, or satisfying any applicable tax liability related to the award.

## Equity Compensation for Employees

Pursuant to the LTIP, CatchMark Timber Trust issued the following restricted stock grants to its employees during 2013:

	Time-Based Restricted Shares <sup>(1)</sup>	Performance-Based Restricted Shares <sup>(2)</sup>	IPO RSUs <sup>(3)</sup>
Executives	34,000	51,000	91,000
Non-executives	20,000	—	39,400
Total	54,000	51,000	130,400
Weighted average price of restricted shares granted <sup>(4)</sup>	\$ 13.57	\$ 13.55	\$ 13.57

The restricted shares vest in equal annual installments on each of December 31, 2014, December 31, 2015, December 31, 2016, and December 31, 2017, subject to the an employee' continued employment with CatchMark Timber Trust on each vesting date, or on the earlier occurrence of a change in control or the employee's termination of employment (i) by CatchMark Timber Trust without cause, (ii) by the employee for good reason, or (iii) by reason of the executive's death or disability.

The number of restricted shares earned will be based upon achievement of performance goals for 2014 as established by the compensation committee of the board of directors, and the earned shares will vest December 31, 2017, subject to the executive's continued employment with CatchMark Timber Trust on that date. In the event of a change in control, these shares will vest as of the date of the change in control.

<sup>(3)</sup> The restricted stock units vested and converted to shares of Class A common stock upon Listing, 84,261 shares were issued net of shares surrendered upon vesting to satisfy required minimum tax withholding obligations.

<sup>(4)</sup> The fair value of each share granted is equal to the share price of CatchMark Timber Trust's common stock on the date of grant.

During the year ended December 31, 2014, 13,500 time-based restricted shares became vested to both executives and non-executives, with a fair value of approximately \$0.2 million. CatchMark Timber Trust withheld 3,710 shares to satisfy minimum tax withholding obligations for vested time-based restricted shares. As of December 31, 2014, 40,500

F- 23

---

Table of ContentsIndex to Consolidated Financial Statements

time-based restricted shares remained unvested, representing deferred compensation costs of approximately \$0.5 million. This cost is expected to be recognized over 3 years.

As of December 31, 2014, 51,000 performance shares remained unvested, resulting in deferred compensation costs of approximately \$0.4 million. This cost is expected to be recognized over 3 years.

CatchMark Timber Trust recognized compensation expenses over the period from the date of grant to the vesting date. During the year ended December 31, 2014 and 2013, CatchMark Timber Trust recorded \$0.3 million and \$1.5 million of stock-based compensation cost in General and Administrative Expenses, and \$0.1 million and \$0.4 million of stock-based compensation expense in Forestry Management Expenses, respectively.

#### 10. Recreational Leases

CatchMark Timber Trust 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 another one-year term. CatchMark Timber Trust retains substantially all of the risks and benefits of ownership of the timberland properties leased to tenants. As of December 31, 2014, approximately 372,200 acres, or 95%, of CatchMark Timber Trust's timberland available for hunting and recreational uses had been leased to tenants under operating leases that expire between March and June 2015. 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 other liabilities until earned over the terms of the respective recreational leases and recognized as other revenue. As of December 31, 2014 and 2013, approximately \$1.5 million and \$1.1 million, respectively, of such rental receipts are recorded as other liabilities in the accompanying consolidated balance sheets. For each of the three years in the period ended December 31, 2014, CatchMark Timber Trust recognized other revenues related to recreational leases of approximately \$2.7 million, \$2.5 million, \$2.4 million, respectively.

#### 11. Supplemental Disclosures of Noncash Activities

Outlined below are significant noncash investing and financing transactions for the years ended December 31, 2014, 2013, and 2012, respectively:

	2014	2013	2012
Write-off of fully amortized deferred financing costs	\$459,148	\$1,370,920	\$—
Write-off of due to affiliates	\$—	\$—	\$27,315,249
Discounts applied to issuance of common stock	\$—	\$—	\$43,761
Other liabilities assumed upon acquisition of timberland	\$—	\$125,163	\$1,156,317
Cancellation of stock dividends	\$—	\$—	\$(329 )

#### 12. Related-Party Transactions and Agreements

##### Advisory Agreement

As discussed in Note 1 – Organization, CatchMark Timber Trust previously operated as an externally advised REIT pursuant to the Advisory Agreement with Wells TIMO, pursuant to which Wells TIMO acted as CatchMark Timber Trust's external advisor and performed certain key functions on behalf of CatchMark Timber Trust, including, among others, management of day-to-day operations and investment of capital proceeds. In connection with CatchMark Timber Trust's transition to self-management, the Advisory Agreement terminated on October 25, 2013.

During the periods ended December 31, 2013 and 2012, the amount of advisor fees and expense reimbursements Wells TIMO was entitled to as CatchMark Timber Trust's external advisor was determined pursuant to various amendments and restatements of the advisory agreement, as described below:

F- 24

---

Table of Contents

Index to Consolidated Financial Statements

Effective July 1, 2013 through October 25, 2013, pursuant to an amended and restated advisory agreement (the “Restated Advisory Agreement”), the monthly advisor fee payable to Wells TIMO equaled to one-twelfth of 1.0% of the aggregate value of CatchMark Timber Trust's properties as established in connection with the estimated valuation conducted as of September 30, 2012 pursuant to applicable FINRA rules (“Assets Under Management”). Asset Under Management shall be adjusted upon the sale any properties for an amount greater than \$5.0 million in aggregate or the acquisition of any properties for an amount greater than \$5.0 million in aggregate. However, aggregate advisor fees payable for fiscal year 2013 shall not exceed 1.0% of Assets Under Management as of September 30, 2012.

In addition, the Restated Advisory Agreement eliminated the reimbursement by CatchMark Timber Trust of administrative service expenses that Wells TIMO incurs in fulfilling its duties as advisor, including personnel costs and CatchMark Timber Trust's allocable share of other overhead of Wells TIMO.

Between April 1, 2012 and June 30, 2013, a second amendment to the advisory agreement (“Advisory Agreement Amendment No. 2”), provided that as of and for each quarter, the amount of fees and expense reimbursements payable to Wells TIMO was limited to the lesser of (i) 1.0% of assets under management as of the last day of the quarter less advisor fees paid for the preceding three quarters, and (ii) free cash flow for the four quarters then ended in excess of an amount equal to 1.25 multiplied by CatchMark Timber Trust's interest expense for the four quarters then ended. Free cash flow was defined as EBITDA (as defined in CatchMark Timber Trust's loan agreements), less all capital expenditures paid by CatchMark Timber Trust on a consolidated basis, less any cash distributions (except for the payments of accrued but unpaid dividends as a result of any redemptions of CatchMark Timber Trust's outstanding preferred stock).

Between April 1, 2011 and March 30, 2012, an amendment to the advisory agreement (“Advisory Agreement Amendment No. 1”) limited the amount of fees and expense reimbursements as of and for each quarter to the least of: (1) an asset management fee equal to one fourth of 1.0% of asset under management plus reimbursements for all costs and expenses Wells TIMO incurred in fulfilling its duties as the asset manager, (2) one quarter of 1.5% of assets under management, or (3) free cash flow in excess of an amount equal to 1.05 multiplied by interest on outstanding debt. Free cash flow was defined as EBITDA (as defined in CatchMark Timber Trust's credit agreements), less all capital expenditures paid by CatchMark Timber Trust on a consolidated basis, less any cash distributions (except for the payments of accrued but unpaid dividends as a result of any redemptions of CatchMark Timber Trust's outstanding preferred stock), less any cash proceeds from timberland sales equal to the cost basis of the properties sold.

Under the Advisory Agreement, Wells TIMO was also entitled to receive the following:

Reimbursement of organization and offering costs paid by Wells TIMO and its affiliates on behalf of CatchMark Timber Trust, not to exceed 1.2% of gross offering proceeds. CatchMark Timber Trust incurred and charged to additional paid-in capital cumulative organization and offering costs of approximately \$3.6 million, representing approximately 1.2% of cumulative gross proceeds raised by CatchMark Timber Trust under the Public Offerings. As of December 31, 2011, approximately \$2.2 million of organization and offering costs incurred by CatchMark Timber Trust and due to Wells TIMO had been deferred by the terms of CatchMark Timber Trust's loan agreements. On January 27, 2012, Wells TIMO forgave the deferred organization and offering expenses. After adjusting for this write-off, organization and offering costs represents approximately 0.5% of cumulative gross proceeds raised under the Public Offerings.

For any property sold by CatchMark Timber Trust, if Wells TIMO provided a substantial amount of services in connection with the sale (as determined by CatchMark Timber Trust's independent directors), a fee equal to (i) for each property sold at a contract price up to \$20.0 million, up to 2.0% of the sales price, and (ii) for each property sold at a contract price in excess of \$20.0 million, up to 1.0% of the sales price. The precise amount of the fee within the

preceding limits will be determined by CatchMark Timber Trust's board of directors, including a majority of the independent directors, based on the level of services provided and market norms. The real estate disposition fee may be in addition to real estate commissions paid to third

F- 25

---

Table of Contents

Index to Consolidated Financial Statements

parties. However, the total real estate commissions (including such disposition fee) may not exceed the lesser of (i) 6.0% of the sales price of each property or (ii) the level of real estate commissions customarily charged in light of the size, type, and location of the property.

No payments were permitted under the Advisory Agreement if they would have caused a default under CatchMark Timber Trust's credit agreements.

On January 20, 2012, CatchMark Timber Trust entered into an agreement with Wells TIMO to forgive approximately \$25.1 million of accrued but unpaid asset management fees and expense reimbursements that were previously deferred due to restrictions under CatchMark Timber Trust's credit agreements. Due to the related-party nature of these transactions, this amount, along with the organizational and offering costs forgiven by Wells TIMO on January 27, 2012, were recorded as additional paid-in capital during 2012.

Master Self-Management Transition Agreement and Termination of Advisory Agreement

On September 18, 2013, CatchMark Timber Trust, CatchMark Timber OP, Wells REF and Wells TIMO entered into the Master Agreement, which sets forth the framework for CatchMark Timber Trust's separation from Wells and its transition to self-management. On October 24, 2013, the parties entered into the Master Agreement Amendment and terminated the Restated Advisory Agreement effective on October 25, 2013.

Pursuant to the Master Agreement, Wells agreed to facilitate and support CatchMark Timber Trust's efforts to hire up to eight employees of Wells identified by CatchMark Timber Trust who, as of the date of the Master Agreement, performed substantial services for CatchMark Timber Trust pursuant to the Advisory Agreement (collectively, the "Targeted Personnel"). On October 25, 2013, CatchMark Timber Trust hired the Targeted Personnel selected by CatchMark Timber Trust with such compensation and benefits as determined by CatchMark Timber Trust.

Upon the termination of the Advisory Agreement, the special limited partnership units held by Wells TIMO in CatchMark Timber OP were automatically redeemed by CatchMark Timber OP, and Wells TIMO was not entitled to any consideration in connection with such redemption. On October 25, 2013, CatchMark LP Holder purchased all of Wells TIMO's common limited partnership units in CatchMark Timber OP for an aggregate purchase price of \$1,312. For further information on the special limited partnership units, refer to the consolidated financial statements and accompanying notes included in CatchMark Timber Trust's Annual Report on Form 10-K for the year ended December 31, 2013.

Transition Services Agreement

Pursuant to the Master Agreement, CatchMark Timber Trust and Wells REF entered into a Transition Services Agreement (the "TSA") on October 25, 2013, pursuant to which Wells REF and its affiliates will provide certain consulting, support and transitional services to CatchMark Timber Trust at the direction of CatchMark Timber Trust in order to facilitate CatchMark Timber Trust's successful transition to self-management.

In exchange for the services provided by Wells REF under the TSA, CatchMark Timber Trust or CatchMark Timber OP paid Wells REF a monthly consulting fee of \$22,875 (the "Consulting Fee"). In addition to the Consulting Fee, CatchMark Timber Trust or CatchMark Timber OP paid directly or reimburse Wells REF for any third-party expenses paid or incurred by Wells REF and its affiliates on CatchMark Timber Trust's behalf or CatchMark Timber OP behalf in connection with the services provided pursuant to the TSA; provided, however, that (1) Wells REF obtained written approval from CatchMark Timber Trust or CatchMark Timber OP prior to incurring any third-party expenses for the account of, or reimbursable by, CatchMark Timber Trust or CatchMark Timber OP and (2) CatchMark Timber Trust



was not required to reimburse Wells REF for any administrative service expenses, including Wells REF's overhead, personnel costs and costs of goods used in the performance of services under the TSA.

The TSA remained in effect until June 30, 2014. Following the termination of the TSA, Wells REF was not entitled to continue to receive the Consulting Fee; provided, however, that (1) Wells REF was entitled to receive from CatchMark

F- 26

---

Table of ContentsIndex to Consolidated Financial Statements

Timber Trust within 30 days after the termination date all unpaid reimbursements of expenses and all earned but unpaid Consulting Fees payable to Wells REF prior to the termination date, and (2) if CatchMark Timber Trust terminated the TSA without cause prior to June 30, 2014, Wells REF was entitled to receive the Consulting Fee through June 30, 2014.

## Sublease Agreement

Pursuant to the Master Agreement, Wells REF and CatchMark Timber OP entered into the Sublease on October 25, 2013, pursuant to which CatchMark Timber OP will sublet from Wells REF a portion of the office space currently used and occupied by Wells REF. The term of the Sublease commenced on October 25, 2013, and terminated on March 31, 2014. CatchMark Timber OP paid Wells REF a monthly rent of \$5,961 pursuant to the Sublease, provided that no rent was payable for October, November and December 2013.

## Indemnification Agreements

On September 18, 2013, CatchMark Timber Trust entered into indemnification agreements, effective as of September 18, 2013, with each of CatchMark Timber Trust's then-current directors and executive officers and Jerry Barag and John F. Rasor (collectively, the "Indemnitees"). Pursuant to the indemnification agreements, CatchMark Timber Trust will indemnify each Indemnitee to the maximum extent permitted by Maryland law against any judgments, damages, liabilities, losses or expenses incurred by such Indemnitee by reason of such Indemnitee's status as a present or former director, officer, employee or agent of CatchMark Timber Trust.

## Related-Party Costs

Pursuant to the terms of the agreements described above, CatchMark Timber Trust incurred the following related-party costs for the years ended December 31, 2014, 2013 and 2012, respectively:

	2014	2013	2012
Advisor fees and expense reimbursements	\$—	\$3,561,608	\$3,720,000
Consulting fees	137,250	50,178	—
Office rent	17,883	—	—
Disposition fees	—	39,096	219,449
Commissions <sup>(1) (2)</sup>	—	—	246,546
Dealer-manager fees <sup>(1)</sup>	—	—	71,057
Other offering costs <sup>(1)</sup>	—	—	48,752
Total	\$155,133	\$3,650,882	\$4,305,804

<sup>(1)</sup> Commissions, dealer-manager fees, and other offering costs were charged against stockholders' equity as incurred.

<sup>(2)</sup> Substantially all commissions were re-allowed to participating broker/dealers.

## 13. Income Taxes

CatchMark Timber Trust elected to be taxed as a REIT for its taxable years ended December 31, 2014, 2013, and 2012. As of January 1, 2009 (the "REIT Commencement Date"), its REIT commencement date, CatchMark Timber Trust had net built-in gains on its timber assets of approximately \$18.3 million. CatchMark Timber Trust elected not to take such net built-in gains into income immediately prior to the REIT Commencement Date, but rather subsequently recognize gain on the disposition of any assets it holds at the REIT Commencement Date, if disposed of within the ten-year period beginning on the REIT Commencement Date. CatchMark Timber Trust will be subject to tax on such net built-in gains at the highest regular corporate rate during the ten-year period beginning on the REIT Commencement Date on the lesser of (a) the excess of the fair market value of the asset disposed of as of the REIT Commencement Date over its basis in the asset as of the REIT Commencement Date (the built-in gain with respect to

that asset as of the REIT Commencement Date); (b) the amount of gain CatchMark Timber Trust would otherwise recognize on the disposition; or (c) the amount of net built-in gain in its assets as of the REIT commencement date not already recognized

F- 27

---

Table of ContentsIndex to Consolidated Financial Statements

during the ten-year period. As of December 31, 2014, CatchMark Timber Trust had net built-in gains of approximately \$17.3 million.

At December 31, 2014, CatchMark Timber Trust had federal and state net operating loss carryforwards of approximately \$122.4 million and \$99.6 million, respectively. Such net operating loss carryforwards may be utilized, subject to certain limitations, to offset future taxable income, including net built-in gains. If not utilized, the federal net operating loss carryforwards will begin to expire in 2027, and the state net operating loss carryforwards will begin to expire in 2022.

As of December 31, 2014 and 2013, the tax basis carrying value of CatchMark Timber Trust's total assets was approximately \$552.9 million and approximately \$325.9 million, respectively.

CatchMark Timber Trust records deferred income taxes using enacted tax laws and rates for the years in which the taxes are expected to be paid. Deferred income 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. Components of the deferred tax asset as of December 31, 2014 and 2013 were attributable to the operations of Catchmark Timber TRS only and were as follows:

	As of December 31, 2014	2013	
Deferred tax asset:			
Net operating loss carryforward	\$7,653,129	\$5,920,309	
Gain on timberland sales	(3,521	) (256	)
Other	20,148	(6,461	)
Total deferred tax asset	7,669,756	5,913,592	
Valuation allowance	(7,669,756	) (5,913,592	)
Deferred tax asset, net	\$—	\$—	

CatchMark Timber Trust did not incur any deferred tax liabilities for the years ended December 31, 2014 and 2013.

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 and valuation allowances (net of federal benefit). A reconciliation of the federal statutory income tax rate to CatchMark Timber TRS' effective tax rate for the years ended December 31, 2014, 2013, and 2012 is as follows:

	2014	2013	2012	
Federal statutory income tax rate	34.00	% 34.00	% 34.00	%
State income taxes, net of federal benefit	3.21	3.06	3.32	
Other temporary differences	0.50	(0.02	) 0.07	
Write-off of due to affiliates	—	—	(76.14	)
Other permanent differences	(0.02	) 21.03	2.58	
Valuation allowance	(37.69	) (58.07	) 36.17	
Effective tax rate	—	% —	% —	%

The difference between the federal statutory tax rate and effective tax rate relates primarily to the state statutory rates and valuation allowance.

#### 14. Quarterly Results (unaudited)

Table of ContentsIndex to Consolidated Financial Statements

Presented below is a summary of the unaudited quarterly financial information for the years ended December 31, 2014 and 2013:

	2014			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$8,869,937	\$11,900,749	\$12,653,350	\$20,886,673
Operating income (loss)	\$(3,061 )	\$433,182	\$(276,249 )	\$2,963,276
Net income (loss)	\$(388,059 )	\$(349,401 )	\$(763,098 )	\$2,160,107
Net income (loss) available to common stockholders	\$(388,059 )	\$(349,401 )	\$(763,098 )	\$2,160,107
Basic and diluted net income (loss) per share available to common stockholders <sup>(1) (2)</sup>	\$(0.02 )	\$(0.01 )	\$(0.02 )	\$0.05
	2013			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$7,387,791	\$9,252,419	\$7,857,246	\$7,550,134
Operating loss	\$(1,196,915 )	\$(1,617,420 )	\$(1,579,249 )	\$(4,208,731 ) <sup>(3)</sup>
Net loss	\$(1,986,734 )	\$(2,563,923 )	\$(2,527,903 )	\$(6,118,360 )
Net loss available to common stockholders	\$(2,078,868 )	\$(2,656,892 )	\$(2,621,893 )	\$(6,199,051 )
Basic and diluted net loss per share available to common stockholders <sup>(1)(2)</sup>	\$(0.16 )	\$(0.21 )	\$(0.21 )	\$(0.43 )

(1) The sums of the quarterly amounts do not equal loss per share for the years ended December 31, 2014 and 2013 due to the increases in weighted-average shares outstanding over the years.

(2) Amounts adjusted for all periods presented to reflect impact of additional shares of common stock issued and outstanding as a result of the Recapitalization.

(3) Reflects costs incurred related to CatchMark Timber Trust's transition to self-management, listing on the NYSE, and the Initial Listed Public Offering.

## 15. Subsequent Events

### Class B-3 Common Stock conversion

On February 18, 2015, CatchMark Timber Trust's Board of Directors accelerated the conversion of shares of Class B-3 common stock to shares of Class A common stock from June 12, 2015 to February 27, 2015. Upon completion of this conversion, all outstanding shares of CatchMark Timber Trust's common stock were shares of Class A common stock, eligible to trade on the NYSE.

### Dividend declaration

On February 18, 2015, CatchMark Timber Trust declared a cash dividend of \$0.125 per share for its Class A and Class B-3 common stock for stockholders of record on March 2, 2015, payable on March 16, 2015.

Table of Contents

Index to Consolidated Financial Statements

EXHIBIT INDEX

Exhibit Number	Description
3.1	Sixth Articles of Amendment and Restatement (incorporated by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 filed on August 9, 2013)
3.2	First Articles of Amendment to the Sixth Articles of Amendment and Restatement (incorporated by reference to Exhibit 3.2 to the Registration Statement on Form S-11 (File No. 333-191322) filed on September 23, 2013 (the “Initial S-11 Registration Statement”))
3.3	Articles of Amendment (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on October 25, 2013 (the “October 25 Form 8-K”))
3.4	Articles of Amendment (incorporated by reference to Exhibit 3.2 to the October 25 Form 8-K)
3.5	Articles Supplementary (incorporated by reference to Exhibit 3.3 to the October 25 Form 8-K)
3.6	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.6 to Registration Statement on Form S-8 (File No. 333-191916) filed on October 25, 2013 (the “S-8 Registration Statement”))
10.1	Master Self-Management Transition Agreement by and among CatchMark Timber Trust, Inc., CatchMark Timber Operating Partnership, L.P., Wells Timberland Management Organization, LLC and Wells Real Estate Funds, Inc. (incorporated by reference to Exhibit 10.2 to the Initial S-11 Registration Statement)
10.2	Amendment No. 1 to the Master Self-Management Transition Agreement by among CatchMark Timber Trust, Inc., CatchMark Timber Operating Partnership, L.P., Wells Timberland Management Organization, LLC and Wells Real Estate Funds, Inc. (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 filed on October 30, 2013 (the “2013 Third Quarter Form 10-Q”))
10.3	Transition Services Agreement by and among CatchMark Timber Trust, Inc., CatchMark Timber Operating Partnership, L.P. and Wells Real Estate Funds, Inc. (incorporated by reference to Exhibit 10.7 to the 2013 Third Quarter Form 10-Q)
10.4	Preferred Stock Redemption Agreement by and among CatchMark Timber Trust, Inc., Wells Real Estate Funds, Inc., Leo F. Wells, III and Douglas P. Williams (incorporated by reference to Exhibit 10.4 to the Initial S-11 Registration Statement)
10.5	Amendment to the Preferred Stock Redemption Agreement dated as of September 20, 2013 by and among CatchMark Timber Trust, Inc., Wells Real Estate Funds, Inc., Leo F. Wells, III and Douglas P. Williams (incorporated by reference to as Exhibit 10.5 to the Initial S-11 Registration Statement)
10.6	Amendment No. 2 to the Preferred Stock Redemption Agreement by and among CatchMark Timber Trust, Inc., Wells Real Estate Funds, Inc. Leo F. Wells, III and Douglas P. Williams (incorporated by reference to Exhibit 10.6 to the 2013 Third Quarter Form 10-Q)

Edgar Filing: CatchMark Timber Trust, Inc. - Form 10-K

- 10.7 Third Amended and Restated Agreement of Limited Partnership of Wells Timberland Operating Partnership, L.P. ((incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 filed on August 7, 2009)
- 10.8 Amended and Restated 2005 Long-Term Incentive Plan (incorporates by reference to Exhibit 10.1 to the S-8 Registration Statement)
- 10.9+ CatchMark Timber Trust, Inc. Amended and Restated Independent Directors Compensation Plan (Effective January 1, 2014) (incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K filed on February 19, 2014)
- 10.10 Form of Indemnification Agreement (incorporated by reference to Exhibit 10.12 to the Initial S-11 Registration Statement)
-

Table of Contents

Index to Consolidated Financial Statements

Exhibit Number	Description
10.11	Amended and Restated Security Agreement dated as of March 24, 2010 between Wells Timberland Operating Partnership, L.P., Timberlands II, LLC, as the borrowers, Wells Timberland TRS, Inc., Wells TRS Harvesting Operations, LLC, Wells Timberland HBU, LLC, in favor of CoBank, ACB, as administrative agent and certain financial institutions as the lenders (incorporated by reference to Exhibit 10.17 to the 2009 Form 10-K)
10.12	Third Amended and Restated Credit Agreement, dated as of December 19, 2013, by and among Timberlands II, LLC and CatchMark Timber Operating Partnership, L.P., as Borrowers, CoBank, ACB, as Administrative Agent, Joint Lead Arranger, Sole Bookrunner, Swingline Lender and Issuing Lender, AgFirst Farm Credit Bank, as Joint Lead Arranger and Syndication Agent, Cooperatieve Centrale Raiffeisen-Boerenleenbank, B.A. "RaboBank Nederland", New York Branch, as Document Agent, and Certain Financial Institutions, as the Lenders (incorporated by reference to Exhibit 10.1 to Current Report on Form 8-K filed on December 26, 2013 (the "December 26 Form 8-K"))
10.13	Second Amended and Restated Security Agreement, dated as of December 19, 2013, made by CatchMark Timber Operating Partnership, L.P., Timberlands II, LLC, CatchMark Timber TRS, Inc., CatchMark TRS Harvesting Operations, LLC, CatchMark HBU, LLC in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party (incorporated by reference to Exhibit 10.2 to the December 26 Form 8-K )
10.14	Second Amended and Restated Security Agreement, dated as of December 19, 2013, made by CatchMark Timber Trust, Inc. in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party (incorporated by reference to Exhibit 10.3 to the December 26 Form 8-K )
10.15	Second Amended and Restated Limited Guaranty, dated as of December 19, 2013, made by CatchMark Timber Trust, Inc. in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party (incorporated by reference to Exhibit 10.4 to the December 26 Form 8-K )
10.16	Second Amended and Restated Guaranty, dated as of December 19, 2013 made by CatchMark Timber TRS, Inc. in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party (incorporated by reference to Exhibit 10.5 to the December 26 Form 8-K )
10.17	Second Amended and Restated Guaranty made by CatchMark TRS Harvesting Operations, LLC in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party(incorporated by reference to Exhibit 10.6 to the December 26 Form 8-K )
10.18	Amended and Restated Guaranty made by CatchMark HBU, LLC in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party (incorporated by reference to Exhibit 10.7 to the December 26 Form 8-K )
10.19	Second Amended and Restated Pledge Agreement, dated as of December 19, 2013, made by CatchMark Timber Operating Partnership, L.P., Timberlands II, LLC, CatchMark Timber TRS, Inc., CatchMark TRS Harvesting Operations, LLC, CatchMark HBU, LLC in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party (incorporated by reference to Exhibit 10.8 to the December 26 Form 8-K )



10.20 Joinder and Amendment Agreement dated May 30, 2014, by and among Timberlands II, LLC., and CatchMark Timber Operating Partnership, L.P., as borrowers, CatchMark Texas Timberlands GP, LLC, and Catchmark Texas Timberlands LP, L.P., as subsidiaries, and CoBank A.C.B., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 filed on August 14, 2014)

10.21 Fourth Amended and Restated Credit Agreement, dated as of December 23, 2014, by and among CatchMark Timber Operating Partnership, L.P., as Borrower, certain Guarantors, CoBank, ACB, as Administrative Agent, Joint Lead Arranger, Sole Bookrunner, Swingline Lender and Issuing Lender, AgFirst Farm Credit Bank, as Joint Lead Arranger and Syndication Agent, Cooperatieve Centrale Raiffeisen-Boerenleenbank, B.A. "RaboBank Nederland", New York Branch, as Document Agent, and Certain Financial Institutions, as the Lenders (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on December 30, 2014 (the "December 30, 2014 8-K"))

10.22 Third Amended and Restated Security Agreement, dated as of December 23, 2014, made by 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 and CatchMark Texas Timberlands, L.P. in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party (incorporated by reference to Exhibit 10.2 to the December 30, 2014 Form 8-K)

---

Table of Contents

Index to Consolidated Financial Statements

Exhibit Number	Description
10.23	Third Amended and Restated Pledge Agreement, dated as of December 23, 2014, made by 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 and CatchMark Texas Timberlands, L.P. in favor of CoBank, ACB, as administrative agent for the benefit of itself and each Lender Party (incorporated by reference to Exhibit 10.4 to the December 30, 2014 Form 8-K)
10.24	Georgia Form of Recognition Agreement (Master Stumpage Agreement) dated as of October 9, 2007 among Timberlands II, LLC, Wells TRS Harvesting Operations, LLC, MeadWestvaco Coated Board, Inc., MeadWestvaco Corporation, CoBank, ACB, as the senior administrative agent, and Wachovia Bank, N.A., as the subordinated administrative agent (incorporated by reference to Exhibit 10.17 to the Registration Statement on Form S-11 (No. 333-129651) filed on December 14, 2007 (“Post-Effective Amendment No. 2”))
10.25	Alabama Form of Recognition Agreement (Master Stumpage Agreement) dated as of October 9, 2007 among Timberlands II, LLC, Wells TRS Harvesting Operations, LLC, MeadWestvaco Coated Board, Inc., MeadWestvaco Corporation, CoBank, ACB, as the senior administrative agent, and Wachovia Bank, N.A., as the subordinated administrative agent (incorporated by reference to Exhibit 10.18 to Post-Effective Amendment No. 2)
10.26	Georgia Form of Recognition Agreement (Fiber Supply Agreement) dated as of October 9, 2007 among Wells TRS Harvesting Operations, LLC, Timberlands II, LLC, MeadWestvaco Coated Board, Inc., MeadWestvaco Corporation, CoBank, ACB, as the senior administrative agent, and Wachovia Bank, N.A., as the subordinated administrative agent (incorporated by reference to Exhibit 10.19 to Post-Effective Amendment No. 2)
10.27	Alabama Form of Recognition Agreement (Fiber Supply Agreement) dated as of October 9, 2007 among Wells TRS Harvesting Operations, LLC, Timberlands II, LLC, MeadWestvaco Coated Board, Inc., MeadWestvaco Corporation, CoBank, ACB, as the senior administrative agent, and Wachovia Bank, N.A., as the subordinated administrative agent (incorporated by reference to Exhibit 10.20 to Post-Effective Amendment No. 2)
10.28	Master Stumpage Agreement dated October 9, 2007 by and among Timberlands II, LLC, Wells TRS Harvesting Operations, LLC, and MeadWestvaco Coated Board, Inc. (incorporated by reference to Exhibit 10.25 to the 2009 Form 10-K)
10.29	Fiber Supply Agreement dated October 9, 2007 by and among Wells TRS Harvesting Operations, LLC, MeadWestvaco Corporation, and MeadWestvaco Coated Board, Inc. (incorporated by reference to Exhibit 10.26 to the 2009 Form 10-K)
10.30	Purchase and Sale Agreement dated July 7, 2014 between Wildwood Timberlands, LLC, as seller, and CatchMark Timber Trust, Inc., as buyer (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2014 filed on November 13, 2014)
10.31	Purchase and Sale Agreement dated March 13, 2014 between Forestree VI LP and Forestree VI Texas LP, as seller, and CatchMark Timber Trust, Inc., as buyer (incorporated by reference to Exhibit 10.2 to

Edgar Filing: CatchMark Timber Trust, Inc. - Form 10-K

the Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 filed on May 13, 2014)

- 10.32 Employment Agreement by and between CatchMark Timber Trust, Inc. and Jerry Barag (incorporated by reference to Exhibit 10.9 to the 2013 Third Quarter Form 10-Q)
  - 10.33 Employment Agreement by and between CatchMark Timber Trust, Inc. and John F. Rasor (incorporated by reference to Exhibit 10.10 to the 2013 Third Quarter Form 10-Q)
  - 10.34 Employment Agreement by and between CatchMark Timber Trust, Inc. and Brian M. Davis (incorporated by reference to Exhibit 10.11 to the 2013 Third Quarter Form 10-Q)
  - 10.35 Form of Performance-Based Restricted Stock Award Certificate under the Amended and Restated CatchMark Timber Trust, Inc. 2005 Long-Term Incentive Plan
  - 10.36 Form of Service-Based Restricted Stock Award Certificate under the Amended and Restated CatchMark Timber Trust, Inc. 2005 Long-Term Incentive Plan
  - 10.37 Form of Restricted Stock Unit Award Certificate under the Amended and Restated CatchMark Timber Trust, Inc. 2005 Long-Term Incentive Plan
-

Table of Contents

Index to Consolidated Financial Statements

Exhibit Number	Description
21.1*	Subsidiaries of the Company
23.1*	Consent of Deloitte & Touche LLP
31.1*	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
31.2*	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
32.1*	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
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
*	Filed herewith.
+	Management contract or compensatory plan or arrangement.