

CatchMark Timber Trust, Inc.
Form 10-Q
May 05, 2016

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

FORM 10-Q

(Mark
One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 2016

OR
 Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to

Commission file number 001-36239

CATCHMARK TIMBER TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland

20-3536671

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

5 Concourse Parkway, Suite 2325, Atlanta, GA

Atlanta, GA 30328

(Address of principal executive offices)

(Zip Code)

(855) 858-9794

(Registrant's telephone number, including area code)

N/A

(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically 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 during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files)

Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

Yes No

Number of shares outstanding of the registrant's classes of common stock, as of April 29, 2016:

Class A Common Stock 38,772,424 shares

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CATCHMARK TIMBER TRUST, INC.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q of CatchMark Timber Trust, Inc. and subsidiaries (“CatchMark Timber Trust,” “we,” “our,” or “us”) may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). In addition, CatchMark 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-Q, 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 in our Annual Report on Form 10-K for the year ended December 31, 2015 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.

GLOSSARY

The following abbreviations or acronyms may be used in this document and shall have the adjacent meanings set forth below:

| | |
|----------|---|
| AgFirst | Agfirst Farm Credit Bank |
| ASC | Accounting Standards Codification |
| ASU | Accounting Standards Update |
| CoBank | CoBank, ACB |
| Code | Internal Revenue Code of 1986, as amended |
| EBITDA | Earnings from Continuing Operations before Interest, Taxes, Depletion, and Amortization |
| FASB | Financial Accounting Standards Board |
| FCC | Fixed Charge Coverage |
| FRC | Forest Resource Consultants, Inc. |
| GAAP | Generally Accepted Accounting Principles |
| HBU | Higher and Better Use |
| LIBOR | London Interbank Offered Rate |
| LTIP | Long-term incentive plan |
| LTV | Loan-to-Value |
| NYSE | New York Stock Exchange |
| Rabobank | Cooperatieve Centrale Raiffeisen-Boerenleenbank, B.A. |
| REIT | Real Estate Investment Trust |
| SEC | Securities and Exchange Commission |
| TRS | Taxable REIT Subsidiary |
| U.S. | United States |
| VIE | Variable Interest Entity |
| WestRock | WestRock Company (formerly known as MeadWestvaco Corporation) |
| WIS | Wells Investment Securities, Inc. |

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The information furnished in the accompanying consolidated balance sheets and related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows reflects all normal and recurring adjustments that are, in management's opinion, necessary for a fair and consistent presentation of the aforementioned financial statements.

The accompanying consolidated financial statements should be read in conjunction with the condensed notes to CatchMark Timber Trust's consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this Quarterly Report on Form 10-Q and with CatchMark Timber Trust's Annual Report on Form 10-K for the year ended December 31, 2015. CatchMark Timber Trust's results of operations for the three months ended March 31, 2016 are not necessarily indicative of the operating results expected for the full year.

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

| | (Unaudited) | |
|---|-------------------|----------------------|
| | March 31, 2016 | December 31, 2015 |
| Assets: | | |
| Cash and cash equivalents | \$ 14,309 | \$ 8,025 |
| Accounts receivable | 2,166 | 2,562 |
| Prepaid expenses and other assets | 3,581 | 3,277 |
| Deferred financing costs, less accumulated amortization of \$145 and \$123 as of March 31, 2016 and December 31, 2015, respectively | 332 | 354 |
| Timber assets (Note 3): | | |
| Timber and timberlands, net | 582,809 | 584,854 |
| Intangible lease assets, less accumulated amortization of \$935 and \$934 as of March 31, 2016 and December 31, 2015, respectively | 22 | 23 |
| Total assets | \$ 603,219 | \$ 599,095 |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 3,393 | \$ 3,307 |
| Other liabilities | 4,412 | 3,703 |
| Note payable and line of credit, less net deferred financing costs (Note 4) | 193,466 | 181,047 |
| Total liabilities | 201,271 | 188,057 |
| Commitments and Contingencies (Note 6) | — | — |
| Stockholders' Equity: | | |
| Class A common stock, \$0.01 par value; 900,000 shares authorized; 38,772 and 38,975 shares issued and outstanding as of March 31, 2016 and December 31, 2015, respectively | 388 | 390 |
| Additional paid-in capital | 605,040 | 607,409 |
| Accumulated deficit and distributions | (200,739) | (195,341) |
| Accumulated other comprehensive loss | (2,741 | |