

CatchMark Timber Trust, Inc.  
Form 10-Q  
November 03, 2016

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

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FORM 10-Q

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(Mark  
One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 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

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(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 October 31, 2016:

Class A Common Stock 38,831,579 shares

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FORM 10-Q

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
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
FCCR	Fixed Charge Coverage Ratio
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
RSU	Restricted Stock Unit
TRS	Taxable REIT Subsidiary
TSR	Total Shareholder Return
U.S.	United States
VIE	Variable Interest Entity
WestRock	WestRock Company (formerly known as MeadWestvaco Corporation)

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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 and nine months ended September 30, 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)	
	September 30, 2016	December 31, 2015
Assets:		
Cash and cash equivalents	\$ 13,820	\$ 8,025
Accounts receivable	3,798	2,562
Prepaid expenses and other assets	2,875	3,277
Deferred financing costs, net	337	354
Timber assets (Note 3):		
Timber and timberlands, net	671,345	584,854
Intangible lease assets, less accumulated amortization of \$937 and \$934 as of September 30, 2016 and December 31, 2015, respectively	20	23
Total assets	\$ 692,195	\$ 599,095
Liabilities:		
Accounts payable and accrued expenses	\$ 4,951	\$ 3,307
Other liabilities	7,339	3,703
Note payable and line of credit, less net deferred financing costs (Note 4)	294,110	181,047
Total liabilities	306,400	188,057
Commitments and Contingencies (Note 6)	—	—
Stockholders' Equity:		
Class A common stock, \$0.01 par value; 900,000 shares authorized; 38,832 and 38,975 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	388	390
Additional paid-in capital	605,692	607,409
Accumulated deficit and distributions	(216,660	) (195,341 )
Accumulated other comprehensive loss	(3,625	) (1,420 )
Total stockholders' equity	385,795	411,038
Total liabilities and stockholders' equity	\$ 692,195	\$ 599,095
See accompanying notes.		



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CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except for per-share data)

	(Unaudited) Three Months Ended September 30,		(Unaudited) Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues:				
Timber sales	\$15,988	\$12,633	\$47,673	\$38,399
Timberland sales	1,199	3,555	10,708	10,320
Other revenues	1,123	1,441	3,076	3,328
	18,310	17,629	61,457	52,047
Expenses:				
Contract logging and hauling costs	6,485	4,874	18,602	14,818
Depletion	7,072	6,710	20,836	19,308
Cost of timberland sales	734	3,089	9,125	8,496
Forestry management expenses	1,516	1,071	4,240	3,253
General and administrative expenses	2,206	1,684	6,584	5,216
Land rent expense	163	158	455	533
Other operating expenses	1,156	1,112	3,212	2,985
	19,332	18,698	63,054	54,609
Operating loss	(1,022 )	(1,069 )	(1,597 )	(2,562 )
Other income (expense):				
Interest income	12	1	35	3
Interest expense	(1,887 )	(876 )	(4,567 )	(2,532 )
	(1,875 )	(875 )	(4,532 )	(2,529 )
Net loss available to common stockholders	\$(2,897 )	\$(1,944 )	\$(6,129 )	\$(5,091 )
Weighted-average common shares outstanding - basic and diluted	38,831	39,430	38,837	39,470
Net loss per-share available to common stockholders - basic and diluted	\$(0.07 )	\$(0.05 )	\$(0.16 )	\$(0.13 )

See accompanying notes.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands)

	(Unaudited) Three Months Ended September 30,		(Unaudited) Nine Months Ended September 30,	
	2016	2015	2016	2015
Net loss	\$(2,897)	\$(1,944)	\$(6,129)	\$(5,091)
Other comprehensive income (loss):				
Market value adjustment to interest rate swaps	(15 )	(1,303 )	(2,205 )	(996 )
Comprehensive loss	\$(2,912)	\$(3,247)	\$(8,334)	\$(6,087)

See accompanying notes.

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CATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)  
(in thousands, except for per-share data)

	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit and Distributions	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance, December 31, 2015	38,975	\$ 390	—	\$ —	\$607,409	\$(195,341 )	\$ (1,420 )	\$ 411,038
Common stock issued pursuant to:								
Long-term incentive plan, net of forfeitures and amounts withheld for income taxes	131	1			1,120			1,121
Dividends to common stockholders (\$0.395 per share)						(15,190 )		(15,190 )
Repurchases of common shares (274 ) (3 )					(2,837 )			(2,840 )
Net loss						(6,129 )		(6,129 )
Other comprehensive loss							(2,205 )	(2,205 )
Balance, September 30, 2016	38,832	\$ 388	—	\$ —	\$605,692	\$(216,660 )	\$ (3,625 )	\$ 385,795

	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit and Distributions	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance, December 31, 2014	36,193	\$ 362	3,164	\$ 32	\$612,518	\$(167,364 )	\$ (856 )	\$ 444,692
Common stock issued pursuant to:								
Long-term incentive plan, net of amounts withheld for income taxes	195	2			639			641
Conversion to Class A Shares	3,164	32	(3,164)	(32 )				—
Dividends to common stockholders (\$0.375 per share)						(14,743 )		(14,743 )
Repurchases of common shares (448 ) (5 )					(4,583 )			(4,588 )
Net loss						(5,091 )		(5,091 )
Other comprehensive loss							(996 )	(996 )
Balance, September 30, 2015	39,104	\$ 391	—	\$ —	\$608,574	\$(187,198 )	\$ (1,852 )	\$ 419,915

See accompanying notes.

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

	(Unaudited)	
	Nine Months	
	Ended	
	September 30,	
	2016	2015
Cash Flows from Operating Activities:		
Net loss	\$(6,129 )	\$(5,091 )
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depletion	20,836	19,308
Other amortization	97	88
Stock-based compensation expense	1,320	642
Noncash interest expense	699	490
Basis of timberland sold	8,591	7,753
Changes in assets and liabilities:		
Accounts receivable	(1,236 )	(1,407 )
Prepaid expenses and other assets	61	397
Accounts payable and accrued expenses	1,618	1,015
Other liabilities	1,390	560
Net cash provided by operating activities	27,247	23,755
Cash Flows from Investing Activities:		
Timberland acquisitions	(113,288)	(28,541 )
Capital expenditures (excluding timberland acquisitions)	(2,307 )	(1,626 )
Net cash used in investing activities	(115,595)	(30,167 )
Cash Flows from Financing Activities:		
Proceeds from note payable	116,000	20,500
Repayments of note payable	(1,933 )	(498 )
Financing costs paid	(1,696 )	(252 )
Dividends paid to common stockholders	(15,190 )	(14,743 )
Repurchases of common shares	(3,038 )	(4,588 )
Net cash provided by financing activities	94,143	419
Net increase (decrease) in cash and cash equivalents	5,795	(5,993 )
Cash and cash equivalents, beginning of period	8,025	17,365
Cash and cash equivalents, end of period	\$13,820	\$11,372

See accompanying notes.

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CATCHMARK TIMBER TRUST, INC. AND SUBSIDIARIES  
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016 (unaudited)

1. Organization

CatchMark Timber Trust Inc. ("CatchMark Timber Trust") (NYSE: CTT) primarily engages in the ownership, management, acquisition, and disposition of timberlands located in the U.S. South and has elected to be taxed as a 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. 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. In addition, CatchMark Timber TRS, Inc. ("CatchMark TRS"), a Delaware corporation, was formed as a wholly owned subsidiary of CatchMark Timber OP in 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 generates 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. CatchMark Timber Trust also periodically generates income and cash flow from the sale of non-strategic timberland properties, or HBU 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. CatchMark Timber Trust expects to realize additional long-term returns from the potential appreciation in value of its timberlands as well as from the biological growth of its standing timber inventory in excess of its timber harvest.

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 the rules and regulations of the SEC, including the instructions to Form 10-Q and Article 10 of Regulation S-X and do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the statements for these unaudited interim periods presented include all adjustments, which are of a normal and recurring nature, necessary for a fair and consistent presentation of the results for such periods. Results for these interim periods are not necessarily indicative of results for a full year. CatchMark Timber Trust's consolidated financial statements 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. All intercompany balances and transactions have been eliminated in consolidation. For further information, refer to the audited financial statements and footnotes included in CatchMark Timber Trust's Annual Report on Form 10-K for the year ended December 31, 2015.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)". The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual periods beginning after December 15, 2018, including interim periods within those annual periods, with early adoption

permitted. A modified retrospective transition approach is required for lessees classified as capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain

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practical expedients available. CatchMark Timber Trust has not yet adopted the new standard and is currently evaluating the impact that the standard will have on its financial statements.

In March 2016, the FASB issued ASU No. 2016-09, "Compensation — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting". ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. For public entities, ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted. CatchMark Timber Trust has not yet adopted the new standard and is currently evaluating the impact that the standard will have on its financial statements.

## 3. Timber Assets

As of September 30, 2016 and December 31, 2015, timber and timberlands consisted of the following, respectively:

(in thousands)	As of September 30, 2016		
	Gross	Accumulated Depletion or Amortization	Net
Timber	\$ 307,839	\$ 20,836	\$ 287,003
Timberlands	383,947	—	383,947
Mainline roads	866	471	395
Timber and timberlands	\$ 692,652	\$ 21,307	\$ 671,345

(in thousands)	As of December 31, 2015		
	Gross	Accumulated Depletion or Amortization	Net
Timber	\$ 281,198	\$ 27,091	\$ 254,107
Timberlands	330,446	—	330,446
Mainline roads	707	406	301
Timber and timberlands	\$ 612,351	\$ 27,497	\$ 584,854

## Timberland Acquisitions

During the nine months ended September 30, 2016 and 2015, CatchMark Timber Trust acquired fee-simple interests in approximately 60,400 and 17,600 acres of timberland for \$112.7 million and \$27.9 million, respectively, exclusive of closing costs. A detailed breakout of acreage acquired by state is listed below:

Acres Acquired In:	Nine Months Ended September 30,	
	2016	2015
Georgia	5,200	9,700
Louisiana	—	300
South Carolina	55,200	—
Texas	—	7,600
Total	60,400	17,600

All timberland acquisitions were accounted for as asset purchases.





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## Timberland Sales

During the nine months ended September 30, 2016 and 2015, CatchMark Timber Trust sold approximately 6,300 and 5,600 acres of timberland for \$10.7 million and \$10.3 million, respectively. CatchMark Timber Trust's cost basis in the timberland sold was \$8.6 million and \$7.8 million, respectively. A detailed breakout of land sale acreage by state is listed below:

	Nine Months Ended September 30,	
Acres Sold In:	2016	2015
Alabama	500	2,200
Georgia	5,200	2,200
Florida	600	—
Texas	—	1,200
Total	6,300	5,600

## Current Timberland Portfolio

As of September 30, 2016, CatchMark Timber Trust owned interests in approximately 479,100 acres of timberlands in the U.S. South, of which 455,300 acres were held in fee-simple interests and 23,800 acres were held in leasehold interests. A detailed breakout of land acreage by state is listed below:

	As of September 30, 2016		
Acres Located In:	Fee	Lease	Total
Alabama	72,300	5,600	77,900
Florida	2,000	—	2,000
Georgia	254,500	18,200	272,700
Louisiana	21,300	—	21,300
North Carolina	1,600	—	1,600
South Carolina	67,700	—	67,700
Tennessee	300	—	300
Texas	35,600	—	35,600
Total:	455,300	23,800	479,100

## 4. Note Payable and Line of Credit

## 2014 Amended Credit Agreement

CatchMark Timber Trust is party to an amended and restated credit agreement with CoBank, AgFirst, Rabobank, and certain other financial institutions (the "2014 Amended Credit Agreement"), which provides for borrowings consisting of:

- a \$35.0 million revolving credit facility (the "2014 Revolving Credit Facility");
- a \$365.0 million multi-draw term credit facility (the "2014 Multi-Draw Term Facility"); and
- 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 Facilities may be increased, upon the agreement of lenders willing to increase their loans, by an additional \$110.0 million.

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As of September 30, 2016 and December 31, 2015, CatchMark Timber Trust's amounts outstanding under the 2014 Amended Credit Facilities consisted of the following:

(dollars in thousands)	Maturity Date	Stated Rate <sup>(2)</sup>	Current Interest Rate <sup>(3)</sup>	Outstanding Balance as of	
				September 30, 2016	December 31, 2015
2014 Term Loan Facility	12/23/2024	LIBOR + 1.75%	2.29%	\$ 100,000	\$ 100,000
2014 Multi-Draw Term Facility	12/23/2021	LIBOR + 2.25%	2.77%	199,069	85,002
Total principal balance				\$ 299,069	\$ 185,002
Less: net unamortized deferred financing costs <sup>(1)</sup>				(4,959 )	(3,955 )
Total				\$ 294,110	\$ 181,047

<sup>(1)</sup> Represents costs incurred for borrowings under the 2014 Term Loan Facility and the 2014 Multi-Draw Term Facility only.

<sup>(2)</sup> The applicable LIBOR margin on the 2014 Multi-Draw Term Facility ranges between 1.75% and 2.75%, depending on the LTV ratio.

<sup>(3)</sup> Represents the weighted average interest rate as of September 30, 2016. The weighted average interest rate excludes the impact of the interest rate swaps (see Note 5 – Interest Rate Swaps), amortization of deferred financing costs, unused commitment fees, and estimated patronage refunds.

As of September 30, 2016, \$200.9 million remained available under the 2014 Amended Credit Facilities, \$165.9 million from the 2014 Multi-Draw Term Facility and \$35.0 million from the 2014 Revolving Credit Facility.

## Patronage

As a result of entering into the 2014 Amended Credit Agreement, CatchMark Timber Trust became eligible to receive annual patronage refunds from its lenders (the "Patronage Banks"), a profit-sharing program made available to borrowers of the Farm Credit System lenders. CatchMark Timber Trust has received a patronage refund on its eligible patronage loans for 2014 and 2015 and accrues for the expected refunds for 2016 by multiplying the weighted average eligible outstanding balance by 0.90%. For the three months ended September 30, 2016 and 2015, CatchMark Timber Trust recorded \$0.7 million and \$0.3 million in expected patronage refunds. For the nine months ended September 30, 2016 and 2015, CatchMark Timber Trust recorded \$1.6 million and \$0.9 million in expected patronage refunds.

## Debt Covenants

The 2014 Amended Credit Agreement permits CatchMark Timber Trust to declare and pay dividends, distributions, and other payments to its stockholders and to its employees, officers and directors so long as there are no events of default and the minimum liquidity balance is not less than \$20.0 million. In addition, CatchMark Timber Trust is permitted to declare and pay dividends, distributions, and other payments to its stockholders as required to maintain its REIT qualification so long as certain events of default have not occurred. Further, the 2014 Amended Credit Agreement subjects CatchMark Timber Trust to mandatory prepayment from proceeds generated from dispositions of timberlands. However, provided that no event of default has occurred and the LTV ratio does not exceed 40%, CatchMark Timber Trust is not required to repay the loans until (1) the aggregate net real property disposition proceeds received during any fiscal year exceeds 2% of the bank value of the timberlands and (2) lease termination proceeds of greater than 0.5% and 1.5% of the bank value of the timberlands in a single termination or in aggregate over the term of the facility, respectively.

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 FCCR of not less than 1.05:1.00; and  
• requires maintenance of a minimum liquidity balance of no less than \$20.0 million at any time.

CatchMark Timber Trust was in compliance with the financial covenants of the 2014 Amended Credit Agreement as of September 30, 2016.

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CatchMark Timber Trust'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 Trust's subsidiaries' other assets in which a security interest may lawfully be granted, including, without limitation, accounts, equipment, inventory, intellectual property, bank accounts and investment property. In addition, CatchMark Timber Trust's obligations under the 2014 Amended Credit Agreement are jointly and severally guaranteed by CatchMark Timber Trust and all of 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 Trust or its subsidiaries.

## Interest Paid and Fair Value of Outstanding Debt

CatchMark Timber Trust pays the lenders a 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.

During the three months ended September 30, 2016 and 2015, CatchMark Timber Trust made interest payments of \$2.1 million and \$0.8 million, respectively, on its borrowings. Included in the interest payments for the three months ended September 30, 2016 and 2015 were unused commitment fees of \$0.2 million and \$0.1 million, respectively.

During the nine months ended September 30, 2016 and 2015, CatchMark Timber Trust made interest payments of \$4.8 million and \$2.3 million, respectively, on its borrowings. Included in the interest payments for the nine months ended September 30, 2016 and 2015 were unused commitment fees of \$0.5 million and \$0.3 million, respectively.

As of September 30, 2016 and December 31, 2015, the weighted-average interest rate on these borrowings, after consideration of interest rate swaps, was 2.94% and 2.65%, respectively. After further consideration of the expected patronage refunds, CatchMark Timber Trust's weighted average interest rate as of September 30, 2016 and December 31, 2015 was 2.04% and 1.75%, respectively.

As of September 30, 2016, 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

CatchMark Timber Trust uses interest rate swaps to mitigate its exposure to changing interest rates on its variable rate debt instruments. On August 11, 2016, CatchMark Timber Trust entered into an interest rate swap agreement with Rabobank on \$45.0 million of the 2014 Term Loan Facility that is subject to a variable interest rate (the "2016 Rabobank Swap"). The 2016 Rabobank Swap qualifies for hedge accounting treatment. CatchMark Timber Trust had two interest rate swaps outstanding as of September 30, 2016 which effectively fixed interest rates on \$80.0 million of its 2014 Term Loan Facility, with terms below:

(dollars in thousands)	Effective Date	Maturity Date	Pay Rate	Receive Rate	Notional Amount
2014 Rabobank Swap	12/23/2014	12/23/2024	2.395%	one-month LIBOR	\$ 35,000
2016 Rabobank Swap	8/23/2016	12/23/2024	1.280%	one-month LIBOR	\$ 45,000
Total					\$ 80,000

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

The following table presents information about CatchMark Timber Trust's interest rate swaps measured at fair value as of September 30, 2016 and December 31, 2015:

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(in thousands)		Estimated Fair Value as of	
Instrument Type	Balance Sheet Classification	September 30, 2016	December 31, 2015
Derivatives designated as hedging instruments:			
Interest rate swaps	Other liabilities	\$(3,625)	\$ (1,420 )

During the nine months ended September 30, 2016, CatchMark Timber Trust recognized a change in fair value of the interest rate swaps of approximately \$2.2 million as other comprehensive loss. There was no hedge ineffectiveness on the interest rate swaps required to be recognized in current earnings. Net payments of approximately \$0.5 million made under the interest rate swaps by CatchMark Timber Trust during the nine months ended September 30, 2016 were recorded as interest expense.

## 6. Commitments and Contingencies

### Mahrt Timber Agreements

CatchMark Timber Trust is party to a fiber supply agreement and a master stumpage agreement (collectively, the "Mahrt Timber Agreements") with a wholly owned subsidiary of WestRock. The fiber supply agreement provides that WestRock 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 Mahrt Timber Agreements is October 9, 2007 through December 31, 2032, subject to extension and early termination provisions. The Mahrt Timber Agreements ensure a long-term source of supply of wood fiber products for WestRock in order to meet its paperboard and lumber production requirements at specified mills and provide CatchMark Timber Trust with a reliable customer for the wood products from its timberlands.

### Timberland Operating Agreement

Pursuant to the terms of the timberland operating agreement between CatchMark Timber Trust and FRC (the "FRC Timberland Operating Agreement"), FRC manages and operates a majority of CatchMark Timber Trust's timberlands and related timber operations, including ensuring delivery of timber to WestRock in compliance with the Mahrt Timber Agreements. In consideration for rendering the services described in the timberland operating agreement, CatchMark 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 timber harvest revenues generated by the timberlands, which 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.

### 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

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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.

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, financial condition, or cash flows of CatchMark Timber Trust. CatchMark Timber Trust is not aware of any such legal proceedings contemplated by governmental authorities.

## 7. Stock-based Compensation

### Long-term Incentive Plan

CatchMark Timber Trust's LTIP allows for the issuance of options, stock appreciation rights, restricted stock, RSUs, and deferred stock units of its common stock to the employees and independent directors. The LTIP provides for issuance of up to 1.3 million shares of CTT common stock through October 25, 2023.

Effective October 1, 2015, under the Amended and Restated Independent Directors' Compensation Plan (a sub-plan of the LTIP), each of the independent directors receives, on the first business day immediately prior to the date on which CatchMark Timber Trust holds its annual stockholders meeting, a number of shares of CatchMark Timber Trust common stock having a value of \$50,000 on the grant date. The number of shares granted to each independent director will be determined by dividing \$50,000 by the fair market value per share of CatchMark Timber Trust's common stock on the grant date. The shares are fully-vested and non-forfeitable upon the respective grant date. During the nine months ended September 30, 2016, CatchMark Timber Trust issued 20,440 shares to its independent directors.

### Restricted Stock Grants

CatchMark Timber Trust has issued service-based and performance-based restricted stock to its employees and independent directors pursuant to its LTIP. Service-based restricted stock grants vest ratably over a multi-year period. Performance-based restricted stock is granted to the executive officers and restricted shares may be earned based on the level of achievement of certain pre-determined performance goals over the performance period. Earned awards are determined by the compensation committee of the board of directors after the end of the performance period and vest over a period specific to each performance grant.

During the nine months ended September 30, 2016, CatchMark Timber Trust granted 125,123 shares of service-based restricted stock to its employees that vest over a four-year period.

A rollforward of CatchMark Timber Trust's unvested restricted stock award activity for the nine months ended September 30, 2016 is as follows:

	Employees		Independent Directors	
	Number of Underlying Shares	Weighted Average Grant Date Fair Value	Number of Underlying Shares	Weighted Average Grant Date Fair Value
Unvested as of December 31, 2015	278,100	\$ 10.29	20,901	\$ 12.71
Granted	125,123	10.51	—	—
Vested	(34,225 )	12.34	(10,956)	12.88
Forfeited	(1,000 )	11.57	—	—

Unvested as of September 30, 2016 367,998 \$ 10.17 9,945 \$ 12.52

#### Restricted Stock Units

On May 5, 2016, CatchMark Timber Trust issued 80,366 RSUs to its executive officers (the "2016 Performance Awards"), with a weighted average grant date per-unit fair value of \$14.28. A RSU gives the holder thereof the right, subject to certain restrictions and risk of forfeiture, to receive shares of common stock of CatchMark Timber Trust in

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the future. The number of RSUs earned is determined based on CatchMark Timber Trust's TSR as compared to a pre-established peer group's TSR and to the Russell 3000 Index over the performance period. 50% of any RSUs awarded vest on the date it is determined by the compensation committee of the board of directors and the remaining 50% vest on the one year anniversary of the determination date.

The fair value of the 2016 Performance Awards was calculated using a Monte-Carlo simulation with the following assumptions:

Grant date market price (May 5, 2016)	\$ 10.57
Weighted average fair value per granted share	\$ 14.28
Assumptions:	
Volatility	28.54 %
Expected term (years)	3.0
Dividend yield	5.11 %
Risk-free interest rate	0.95 %

#### Stock-based Compensation Expense

During the three months ended September 30, 2016 and 2015, CatchMark Timber Trust recognized approximately \$0.4 million and \$0.2 million, respectively, of stock-based compensation expense. During the nine months ended September 30, 2016 and 2015, CatchMark Timber Trust recognized approximately \$1.3 million and \$0.6 million, respectively, of stock-based compensation expense. As of September 30, 2016, approximately \$3.6 million of unrecognized compensation expenses related to non-vested restricted stock and RSU's remained and will be recognized over a weighted-average period of 3.3 years.

#### 8. Subsequent Event

##### Dividend declaration

On November 3, 2016, CatchMark Timber Trust declared a cash dividend of \$0.135 per share for its Class A common stockholders of record on November 30, 2016, payable on December 16, 2016.

#### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our accompanying consolidated financial statements and notes thereto. See also "Cautionary Note Regarding Forward-Looking Statements" preceding Part I, as well as our consolidated financial statements and the notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2015.

##### Overview

We primarily engage in the ownership, management, acquisition, and disposition of timberland properties located in the U.S. South. 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. We also periodically generate income and cash flow from the sale of HBU timberland and non-strategic timberland. We expect to realize additional long-term returns from the potential appreciation in value of our timberlands as well as from the biological growth of our standing timber inventory in excess of our timber harvest.



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The focus of our business is to invest in timberlands and to actively manage our assets to provide current income and attractive long-term returns to our stockholders. Our immediate emphasis is to grow through accretive acquisitions. We continue to build our pipeline of potential acquisitions focused in the U.S. South, where we see the best value opportunities.

On June 15, 2016, we completed our largest timberland transaction (the "Carolinas Midlands III transaction") since our listing on the NYSE, acquiring approximately 51,700 acres in South Carolina for \$101.4 million, including closing costs. The Carolinas Midlands III transaction adds approximately 2.0 million tons to our merchantable inventory, comprised of 70% pine plantations by acreage and 49% sawtimber by tons. The property is expected to add between 250,000 to 300,000 tons (4.8 to 5.8 tons per acre) to our annual harvest over the next decade. The Carolinas Midlands III transaction was funded with proceeds from our 2014 Multi-Draw Term Facility. We also assumed 96 recreational leases which cover approximately 51,600 acres and provide approximately \$0.5 million in revenue annually.

During the nine months ended September 30, 2016, we acquired a total of approximately 60,400 acres of timberland within the markets of Coastal Georgia and the Carolinas, for a total of \$114.0 million, including closing costs. These acquisitions added approximately 2.3 million of merchantable inventory, comprised of 68% pine plantations by acreage and 46% sawtimber by tons.

As of September 30, 2016, we owned interests in approximately 479,100 acres of high quality industrial timberlands that have been intensively managed for sustainable commercial timber production, consisting of 74% pine stands and 26% hardwood stands. Our timberlands are within an attractive and competitive fiber basket encompassing a diverse group of pulp, paper and wood products manufacturing facilities.

As of September 30, 2016, our timber inventory consisted of an estimated 17.4 million tons of merchantable inventory with the following components:

	Tons (in millions)		
	Fee	Lease	Total
Merchantable timber inventory <sup>(1)</sup> :			
Pulpwood	8.5	0.3	8.8
Sawtimber <sup>(2)</sup>	8.2	0.4	8.6
Total:	16.7	0.7	17.4

(1) Merchantable timber inventory does not include current year growth, which should approximate current year harvest volumes (see Results of Operations below for information on current year harvest volume).

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

A substantial portion of our timber sales is derived from the Mahrt Timber Agreements under which we sell specified amounts of timber to WestRock subject to market pricing adjustments. For the year ended December 31, 2016, WestRock is required to purchase approximately 441,000 tons of timber under the Mahrt Timber Agreements. For the three months and nine months ended September 30, 2016, WestRock purchased approximately 138,000 and 357,000 tons, respectively, under the Mahrt Timber Agreements which represented approximately 21% and 17% of our net timber sales revenue, respectively. WestRock has historically purchased tonnage that exceeded the minimum requirement under the Mahrt Timber Agreements. See Note 6 – Commitments and Contingencies of our accompanying consolidated financial statements for additional information regarding the material terms of the Mahrt Timber Agreements.

In connection with the Carolinas Midlands III transaction, we assumed a pulpwood supply agreement (the "Carolinas Midlands III Supply Agreement") which requires us to harvest and sell agreed-upon pulpwood volumes to a third-party mill which they are required to purchase at defined market prices. Through its expiration on November 3,

2026, the Carolinas Midlands III Supply Agreement is expected to add between 50,000 to 100,000 tons to our annual harvest. During the year ended December 31, 2016, we are required to sell approximately 72,000 tons of pulpwood under the Carolinas Midlands III Supply Agreement. During the three months and nine months ended September 30, 2016, we have sold approximately 34,000 and 38,000 tons, respectively, under the Carolinas Midlands III Supply Agreement which represented 6% and 2% of our net timber revenue, respectively.

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### Liquidity and Capital Resources

#### Overview

Cash flows generated from our operations are primarily used to fund recurring expenditures and distributions to our stockholders. The amount of distributions to common stockholders is determined by our board of directors and is dependent upon a number of factors, including funds deemed available for distribution based principally on our current and future projected operating cash flows, reduced by capital requirements necessary to maintain and grow our existing timberland portfolio. In determining the amount of distributions to common stockholders, we also consider our financial condition, our expectations of future sources of liquidity, current and future economic conditions, market demand for timber and timberlands, and tax conditions, including the annual distribution requirements necessary to maintain our status as a REIT under the Code.

In determining how to allocate cash resources in the future, we will initially consider the source of the cash. We anticipate using a portion of cash generated from operations, after payments of periodic operating expenses and interest expense, to fund certain capital expenditures required for our timberlands. Any remaining cash generated from operations may be used to 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. Capital expenditures, including new timberland acquisitions, are generally funded with cash from operations or existing debt availability; however, proceeds from future debt financings and equity offerings may be used to fund capital expenditures, acquire new timberland properties and pay down existing and future borrowings.

#### Short-Term Liquidity and Capital Resources

Net cash provided by operating activities for the nine months ended September 30, 2016 was \$27.2 million, a \$3.5 million increase from the nine months ended September 30, 2015, primarily driven by an increase of \$5.5 million in net timber sales and a \$0.6 million increase in net cash received from timberland sales, offset by increases in cash paid for interest, forestry management fees and general and administrative expenses.

Net cash used in investing activities for the nine months ended September 30, 2016 was \$115.6 million, a \$85.4 million increase from the nine months ended September 30, 2015. We acquired 60,400 acres of timberland during the nine months ended September 30, 2016 as compared to 17,600 acres during the nine months ended September 30, 2015.

Net cash provided by financing activities for the nine months ended September 30, 2016 was \$94.1 million, an increase of \$93.7 million from the nine months ended September 30, 2015, primarily as a result of a \$94.1 million increase in net borrowings due to our 2016 Timberland Acquisitions and a \$1.6 million decrease in share repurchases (see Share Repurchase Program below), offset by an increase of \$1.4 million in financing costs paid.

We believe that we have access to adequate liquidity and capital resources, including cash flow generated from operations, cash on-hand, and borrowing capacity, necessary to meet our current and future obligations that become due over the next 12 months. As of September 30, 2016, we had a cash balance of \$13.8 million and had access to \$200.9 million of additional borrowing availability under the 2014 Amended Credit Facilities (see 2014 Amended Credit Agreement below).

#### 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 timberland sales, proceeds from secured or unsecured financings from banks and other lenders, and public offerings of equity or debt securities. 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.

Our bylaws preclude us from incurring debt in excess of 200% of our net assets. As of September 30, 2016, our debt-to-net-assets ratio as a percentage of our total gross assets (other than intangibles) less total liabilities, was approximately 55%. Our debt-to-net-assets ratio will vary based on our level of current and future borrowings, which will depend on



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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.

## Share Repurchase Program

On August 7, 2015, our board of directors approved a stock repurchase program for up to \$30.0 million of our common stock at management's discretion. The program has no set duration and the board may discontinue or suspend the program at any time. There were no common stock repurchases during the quarter ended September 30, 2016. As of September 30, 2016, we had 38.8 million shares of common stock outstanding and may repurchase up to an additional \$21.2 million under the program. The 2014 Amended Credit Facilities allows us to borrow up to \$25.0 million under the 2014 Multi-Draw Term Facility to repurchase our common stock. Management believes that opportunistic repurchases of our common stock is a prudent use of capital resources.

## Contractual Obligations and Commitments

As of September 30, 2016, our contractual obligations are as follows:

Contractual Obligations (in thousands)	Payments Due by Period				
	Total	2016	2017-2018	2019-2020	Thereafter
Debt obligations <sup>(1)</sup>	\$299,069	\$—	\$—	\$—	\$299,069
Estimated interest on debt obligations <sup>(1) (2)</sup>	55,789	2,199	17,591	17,591	18,408
Operating lease obligations <sup>(3)</sup>	3,217	20	1,226	1,016	955
Other liabilities <sup>(4)</sup>	511	4	200	169	138
Total	\$358,586	\$2,223	\$19,017	\$18,776	\$318,570

Represents respective obligations under the 2014 Amended Credit Facilities as of September 30, 2016, \$100.0

<sup>(1)</sup> million of which was outstanding under the 2014 Term Loan Facility and \$199.1 million of which was outstanding under the 2014 Multi-Draw Term Facility (see 2014 Amended Credit Agreement below).

<sup>(2)</sup> Amounts include the impact of two interest rate swaps. 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.

## 2014 Amended Credit Agreement

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

• \$35 million revolving credit facility (the “2014 Revolving Credit Facility”);

• \$365 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 2014 Revolving Credit Facility and the 2014 Multi-Draw Term Facility, the “2014 Amended Credit Facilities”).

The 2014 Amended Credit Facilities may be increased, upon the agreement of lenders willing to increase their loans, by an additional \$110 million. The table below presents the details of our 2014 Amended Credit Facilities as of September 30, 2016:

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(dollars in thousands)

Facility Name	Maturity Date	Stated Rate <sup>(1)</sup>	Unused Commitment Fee	Outstanding Balance	Total Availability	Remaining Availability
2014 Revolving Credit Facility	12/23/2019	LIBOR + 2.25%	0.30 %	\$ —	\$ 35,000	\$ 35,000
2014 Multi-Draw Term Facility	12/23/2021	LIBOR + 2.25%	0.30 %	199,069	365,000	165,931
2014 Term Loan Facility	12/23/2024	LIBOR + 1.75%	N/A	100,000	100,000	—
Total				\$ 299,069	\$ 500,000	\$ 200,931

(1) The applicable LIBOR margin on the 2014 Revolving Credit Facility and the 2014 Multi-Draw Term Facility ranges from 1.75% to 2.75%, depending on the LTV ratio.

## Patronage

As a result of entering into the 2014 Amended Credit Agreement, we have become eligible to receive annual patronage refunds from our lenders. The annual patronage refund is dependent on the weighted average debt balance with each participating lender, as calculated by CoBank, for the respective fiscal year under the eligible patronage loans, as well as the financial performance of the Patronage Banks. In March 2016, we received a patronage refund of \$1.2 million on our borrowings under the eligible patronage loans that were outstanding during 2015. Of the total amount received, 75% was received in cash and 25% was received in equity in Patronage Banks. The equity component of the patronage refund is redeemable for cash only at the discretion of the Patronage Banks' board of directors and then only if its minimum capital standards are met. The Patronage Banks targeted equity threshold for redemption is based on the percentage of the five-year historical average loan balance.

## Debt Covenants

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 us to maintain a FCCR of not less than 1.05:1; and
- requires maintenance of a minimum liquidity balance of no less than \$20.0 million at any time.

We were in compliance with the financial covenants of the 2014 Amended Credit Agreement as of September 30, 2016.

## Results of Operations

## Overview

Our results of operations are materially impacted by the fluctuating nature of timber prices, changes in the levels and composition of our harvest volumes, the level of timberland acquisitions and 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 three months and nine months ended September 30, 2016 and 2015 are shown in the following tables:



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	Three Months Ended		Change
	September 30,		
	2016	2015	%
Timber sales volume (tons)			
Pulpwood	362,887	289,608	25 %
Sawtimber <sup>(1)</sup>	190,945	155,815	23 %
	553,832	445,423	24 %
Harvest mix			
Pulpwood	66	% 65	%
Sawtimber <sup>(1)</sup>	34	% 35	%
Net timber sales price (per ton) <sup>(2)</sup>			
Pulpwood	\$13	\$13	2 %
Sawtimber <sup>(1)</sup>	\$24	\$25	(4 )%
Timberland sales			
Gross sales (000's)	\$1,199	\$3,555	
Sales volumes (acres)	794	1,953	
Sales price (per acre)	\$1,510	\$1,820	
	Nine Months Ended		Change
	September 30,		
	2016	2015	%
Timber sales volume (tons)			
Pulpwood	995,686	843,673	18 %
Sawtimber <sup>(1)</sup>	635,258	487,725	30 %
	1,630,944	1,331,398	22 %
Harvest mix			
Pulpwood	61	% 63	%
Sawtimber <sup>(1)</sup>	39	% 37	%
Net timber sales price (per ton) <sup>(2)</sup>			
Pulpwood	\$14	\$13	7 %
Sawtimber <sup>(1)</sup>	\$24	\$26	(7 )%
Timberland sales			
Gross sales (000's)	\$10,708	\$10,320	
Sales volumes (acres)	6,276	5,611	
Sales price (per acre)	\$1,706	\$1,839	

<sup>(1)</sup> Includes 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 three months and nine months ended September 30, 2016 and 2015.



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As expected, our net stumpage pricing stayed flat during the third quarter. Compared to the same periods in 2015, our pulpwood pricing improved while sawtimber pricing was lower. The higher pulpwood pricing was due to increases in demand as a result of significant wet weather in the U.S. South. Our pulpwood stumpage prices also benefited from the expansion into the South Carolina and Coastal Georgia markets, which offered some of the highest pulpwood prices in the U.S. South. Our sawtimber pricing was lower partly due to higher mix of chip-n-saw in our harvest volume for the three months and nine months ended September 30, 2016, as compared to the same periods in 2015. Additionally, we opportunistically took advantage of a stronger lumber market during the first half of 2015 and realized better sawtimber prices.

Our realized stumpage prices, while trending with the overall South-wide timber market as tracked by Timber Mart-South, are generally higher than the South-wide average (weighted by our mix) due to the premiums offered by the micro-markets in which we operate.

We expect that our sawtimber and pulpwood pricing will remain flat during the fourth quarter of 2016.

Comparison of the three months ended September 30, 2016 versus the three months ended September 30, 2015

Revenues. Revenues increased to \$18.3 million for the three months ended September 30, 2016 from \$17.6 million for the three months ended September 30, 2015 due to an increase in timber sales revenue of \$3.4 million offset by a decrease in timberland sales revenue of \$2.4 million and a decrease of \$0.3 million in other revenues. Gross timber sales revenue increased 27% as a result of a 24% increase in harvest volume and increases in pulpwood pricing. During the three months ended September 30, 2016, we generated \$2.9 million of timber sales revenue from properties acquired within the last 12 months, predominantly driven by harvest in the Carolinas.

Details of timber sales by product for the three months ended September 30, 2015 and 2016 are shown in the following table:

(in thousands)	Three Months Ended September 30, 2015	Changes attributable to:		Three Months Ended September 30, 2016
		Price	Volume	
Timber sales <sup>(1)</sup>				
Pulpwood	\$ 7,129	\$209	\$ 1,990	\$ 9,328
Sawtimber <sup>(2)</sup>	5,504	(153 )	1,309	6,660
	\$ 12,633	\$56	\$ 3,299	\$ 15,988

<sup>(1)</sup> Timber sales are presented on a gross basis.

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

Timberland sales revenue decreased to \$1.2 million for the three months ended September 30, 2016 from \$3.6 million for the three months ended September 30, 2015 due to selling fewer acres in 2016. Other revenues decreased to \$1.1 million for the three months ended September 30, 2016 from \$1.4 million for the three months ended September 30, 2015 due to receiving \$0.5 million in easement income in 2015.

Operating expenses. Contract logging and hauling costs increased to \$6.5 million for the three months ended September 30, 2016 from \$4.9 million for the three months ended September 30, 2015 as a result of a 31% increase in delivered sales volume. Delivered sales as a percentage of our total harvest volume increased to 64% for the three months ended September 30, 2016 from 61% for the three months ended September 30, 2015. The delivered sales volume increases were predominantly driven by the implementation of delivered wood sales on properties acquired since our listed public offering.

Depletion expense increased to \$7.1 million for the three months ended September 30, 2016 from \$6.7 million for the three months ended September 30, 2015 as a result of a 24% increase in harvest volume, offset by lower blended depletion rates. Our blended depletion rates were lower in the current year due to a decrease in harvest from timber deeds, which deplete at higher rates than our long-term fee timber.

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Costs of timberland sales decreased to \$0.7 million for the three months ended September 30, 2016 from \$3.1 million for the three months ended September 30, 2015 due to selling fewer acres in 2016. Other operating expenses increased to \$1.2 million for the three months ended September 30, 2016 from \$1.1 million for the three months ended September 30, 2015, primarily as a result of higher property taxes and other costs associated with having more acres under management.

Forestry management expenses increased to \$1.5 million for the three months ended September 30, 2016 from \$1.1 million for the three months ended September 30, 2015, due to higher cash and non-cash compensation costs for our forest management staff and higher forestry management fees as a result of the growth of our timberland portfolio.

General and administrative expenses increased to \$2.2 million for the three months ended September 30, 2016 from \$1.7 million for the three months ended September 30, 2015, primarily due to increases in compensation costs and dead deal costs. Compensation expenses increased by \$0.3 million due to increased staffing and the incremental stock-based compensation cost from implementing the 2016 LTIP program.

Interest expense. Interest expense increased to \$1.9 million for the three months ended September 30, 2016 from \$0.9 million for the three months ended September 30, 2015 primarily due to a \$1.3 million increase in cash paid for interest as a result of a higher average debt balance through the period and higher interest rates under our variable-rate debt, offset by an increase in accrued patronage refunds of \$0.4 million.

Net loss. Our net loss increased to \$2.9 million for the three months ended September 30, 2016 from \$1.9 million for the three months ended September 30, 2015 as a result of a \$1.0 million increase in our interest expense. Our net loss per share for the three months ended September 30, 2016 and 2015 was \$0.07 and \$0.05, respectively. We anticipate future net losses to fluctuate with timber prices, harvest volumes, timberland sales, and interest expense based on our level of current and future borrowings.

Comparison of the nine months ended September 30, 2016 versus the nine months ended September 30, 2015

Revenues. Revenues increased to \$61.5 million for the nine months ended September 30, 2016 from \$52.0 million for the nine months ended September 30, 2015 due to an increase in timber sales revenue of \$9.3 million and an increase in timberland sales revenue of \$0.4 million, offset by a decrease in other revenue of \$0.3 million. Gross timber sales revenue increased 24% as a result of a 22% increase in harvest volume and increases in pulpwood pricing. We generated \$5.7 million of timber sales revenue from properties acquired within the last 12 months. Properties held longer than 12 months contributed another \$3.6 million to the increase in the timber sales revenue primarily driven by volume increases.

Details of timber sales by product for the nine months ended September 30, 2015 and 2016 are shown in the following table:

(in thousands)	Nine Months Ended September 30, 2015	Changes attributable to:		Nine Months Ended September 30, 2016
		Price	Volume	
Timber sales <sup>(1)</sup>				
Pulpwood	\$ 20,873	\$943	\$ 3,893	\$ 25,709
Sawtimber <sup>(2)</sup>	17,526	(864 )	5,302	21,964
	\$ 38,399	\$79	\$ 9,195	\$ 47,673

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

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



Timberland sales revenue increased to \$10.7 million for the nine months ended September 30, 2016 from \$10.3 million for the nine months ended September 30, 2015 due to selling more acres in 2016. Our average sales price per acre sold decreased in the current year as we retained the harvest rights to approximately 101,000 tons of merchantable timber

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on the acreage sold, which has a book value of \$2.4 million. Other revenues decreased to \$3.1 million for the nine months ended September 30, 2016 from \$3.3 million for the nine months ended September 30, 2015 due to receiving \$0.5 million in easement income in 2015.

Operating expenses. Contract logging and hauling costs increased to \$18.6 million for the nine months ended September 30, 2016 from \$14.8 million for the nine months ended September 30, 2015 as a result of a 24% increase in delivered sales volume. Delivered sales as a percentage of our total harvest was 63% for the nine months ended September 30, 2016 as compared to 62% for the nine months ended September 30, 2015. The delivered sales volume increase was predominantly driven by the implementation of delivered wood sales on properties acquired since our listed public offering.

Depletion expense increased to \$20.8 million for the nine months ended September 30, 2016 from \$19.3 million for the nine months ended September 30, 2015 due to a 22% increase in harvest volume, offset by lower blended depletion rates. Our blended depletion rates were lower in the current year due to a decrease in harvest from timber deeds, which deplete at higher rates than our long-term fee timber.

Costs of timberland sales increased to \$9.1 million for the nine months ended September 30, 2016 from \$8.5 million for the nine months ended September 30, 2015 due to selling more acres. Other operating expenses increased to \$3.2 million for the nine months ended September 30, 2016 from \$3.0 million for the nine months ended September 30, 2015, primarily as a result of higher property taxes and other costs associated with having more acres under management.

Forestry management expenses increased to \$4.2 million for the nine months ended September 30, 2016 from \$3.3 million for the nine months ended September 30, 2015, due to higher cash and non-cash compensation costs for our forest management staff and higher forestry management fees as a result of the growth of our timberland portfolio.

General and administrative expenses increased to \$6.6 million for the nine months ended September 30, 2016 from \$5.2 million for the nine months ended September 30, 2015, primarily due to a \$0.7 million increase in employee compensation expenses, a \$0.3 million increase in independent director compensation expense, and a \$0.1 million increase in dead deal costs. Employee compensation costs increased by \$0.7 million, due to increased staffing and incremental stock-based compensation costs from the implementation of 2016 LTIP program. Independent directors' compensation cost increased primarily as a result of issuing fully-vested stock in 2016 pursuant to an amended and restated directors' compensation plan (See Note 7 – Stock-based Compensation in the accompanying consolidated financial statements).

Interest expense. Interest expense increased to \$4.6 million for the nine months ended September 30, 2016 from \$2.5 million for the nine months ended September 30, 2015 primarily due to a \$2.5 million increase in cash paid for interest as a result of higher average debt balance through the period and higher interest rates under our variable-rate debt, offset by an increase in accrued patronage refunds of \$0.7 million.

Net loss. Our net loss increased to \$6.1 million for the nine months ended September 30, 2016 from \$5.1 million for the nine months ended September 30, 2015 as a result of a \$2.0 million increase in our interest expense offset by a \$1.0 million decrease in operating loss. Our net loss per share for the nine months ended September 30, 2016 and 2015 was \$0.16 and \$0.13, respectively. We anticipate future net losses to fluctuate with timber prices, harvest volumes, timberland sales, and interest expense based on our level of current and future borrowings.

Adjusted EBITDA

The discussion below is intended to enhance the reader's understanding of our operating performance and our ability to satisfy lender requirements. EBITDA is a non-GAAP measure of operating performance. EBITDA is defined by the SEC; however, we have excluded certain other expenses due to their non-cash 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 the significant amount of timber assets subject to depletion and the significant

amount of financing subject to interest and amortization expense, management considers Adjusted EBITDA to be an important measure of our financial condition and performance. The 2014 Amended Credit Agreement contains a minimum debt service coverage ratio based, in part, on Adjusted EBITDA since this measure is representative of adjusted income available for interest payments.

For the three months ended September 30, 2016, Adjusted EBITDA was \$7.2 million, a \$1.6 million decrease from the three months ended September 30, 2015, primarily due to a \$2.2 million decrease in net timberland sales, a \$0.3 million decrease in other revenues, a \$0.4 million increase in general and administrative expenses and a \$0.4 million increase in forestry management expenses, offset by a \$1.7 million increase in net timber sales.

For the nine months ended September 30, 2016, Adjusted EBITDA was \$29.3 million, a \$4.1 million increase from the nine months ended September 30, 2015, primarily due to a \$5.5 million increase in net timber sales and a \$0.6 million increase in net timberland sales, offset by a \$0.3 million decrease in other revenues, a \$0.7 million increase in general and administrative expenses and a \$0.9 million increase in forestry management expenses.

Our reconciliation of net loss to Adjusted EBITDA for the three months and nine months ended September 30, 2016 and 2015 follows:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net loss	\$(2,897)	\$(1,944)	\$(6,129)	\$(5,091)
Add:				
Depletion	7,072	6,710	20,836	19,308
Basis of timberland sold	663	2,859	8,591	7,753
Amortization <sup>(1)</sup>	287	188	797	578
Stock-based compensation expense	405	231	1,320	642
Interest expense <sup>(1)</sup>	1,635	719	3,868	2,042
Adjusted EBITDA	\$7,165	\$8,763	\$29,283	\$25,232

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.

#### 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, 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 WestRock. The Mahrt Timber Agreements provide that we will sell to WestRock 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 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

We recognize depletion expense as timber is harvested. Depletion rates are calculated at least annually using the straight-line method by dividing (a) the remaining merchantable inventory book value by (b) the current standing timber inventory volume.

#### 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.

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### 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 fair values of timberland and timber are determined based on available market information and estimated cash flow projections that utilize appropriate discount factors and capitalization rates. Estimates of future cash flows are based on a number of factors including the historical operating results, known and anticipated trends, and market and economic conditions. 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) collectability 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.

Revenues from the sale of HBU timberland and nonstrategic timberlands are recognized when title passes and full (3) payment or a minimum down payment is received and full collectability 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. Any extensions of time will be negotiated under a new or amended contract.

### Commitments and Contingencies

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

♣Mahrt Timber Agreements;

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 Event

#### Dividend declaration

On November 3, 2016, CatchMark Timber Trust declared a cash dividend of \$0.135 per share for its Class A common stockholders of record on November 30, 2016, payable on December 16, 2016.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

As a result of entering into our credit agreement, we are exposed to interest rate changes. Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve these objectives, we have entered into interest rate swaps from time to time, 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 September 30, 2016, we had \$299.1 million outstanding under the 2014 Amended Credit Facilities, of which \$100.0 million matures on December 23, 2024 and \$199.1 million matures on December 23, 2021. The loans bear interest at a LIBOR Rate plus a margin ranging from 1.75% to 2.75% based upon the then-current LTV ratio (see Note 4 – Note Payable and Line of Credit of the accompanying consolidated financial statements for the applicable margin and current interest rates as of September 30, 2016).

As of September 30, 2016, \$80.0 million of our total debt outstanding is subject to an effectively fixed-interest rate when coupled with our two interest rate swaps (see Note 5 – Interest Rate Swaps of the accompanying consolidated financial statements). Under our interest rate swaps, we pay interest at a weighted-average fixed rate of 1.768% per annum and receive variable LIBOR-based interest payments from the Rabobank. As of September 30, 2016, these balances incurred interest expense at an average rate of 3.520%. A change in the market interest rate impacts the net financial instrument position of the interest rate swaps; however, it has no impact on interest incurred or cash flows.

As of September 30, 2016, after consideration of our interest rate swaps, approximately \$219.1 million of our total debt outstanding is subject to an effectively variable-interest rate. This balance incurred interest expense at an average rate of 2.73% as of September 30, 2016. A 1.0% change in interest rates would result in a change in interest expense of approximately \$2.2 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 Facilities and acquisition of timberland properties.





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ITEM 4. CONTROLS AND PROCEDURES

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

Management, with the participation of the Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), has evaluated 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 quarterly 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 quarterly 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.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. 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 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2015.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

- (a) There have been no defaults with respect to any of our indebtedness.
- (b) Not applicable.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

- (a) During the third quarter of 2016, there was no information that was required to be disclosed in a report on Form 8-K that was not disclosed in a report on Form 8-K.
- (b) There are no material changes to the procedures by which stockholders may recommend nominees to our board of directors since the filing of our Schedule 14A.

### ITEM 6. EXHIBITS

The exhibits required to be filed with this report are set forth on the Exhibit Index hereto and incorporated by reference herein.

**SIGNATURES**

Pursuant to the requirements 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.

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

Date: November 3, 2016 By: /s/ Brian M. Davis  
Brian M. Davis  
Senior Vice President and Chief Financial Officer  
(Principal Financial Officer)

EXHIBIT INDEX TO THIRD QUARTER 2016 FORM 10-Q  
CATCHMARK TIMBER TRUST, INC.

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)
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)
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.