CatchMark Timber Trust, Inc.
Form 10-K
March 13, 2014

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

FORM 10-K

(Mark One)

x	Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2013
	or
o	Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the Period from ______ to _______.

Commission File Number 001-36239

CATCHMARK TIMBER TRUST, INC
(Exact name of registrant as specified in its charter)

Maryland	20-3536671
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
5 Concourse Parkway, Suite 2325, Atlanta, GA	30328
(Address of principal executive offices)	(Zip Code)
(855) 858-9794	
Registrant’s telephone number, including area code	

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

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

Securities registered pursuant to Section 12(g) of the Act:
CLASS B-1 COMMON STOCK
CLASS B-2 COMMON STOCK
CLASS B-3 COMMON STOCK

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes o No x
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes o No x
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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

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

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

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

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

Yes o No x

Aggregate market value of the common stock held by non-affiliates: . Since there was no established market for the voting and non-voting common stock as of June 30, 2013, there is no market value for shares of such stock held by non-affiliates of the registrant as of such date. As of June 30, 2013, there were 12,618,474 shares of common stock held by non-affiliates.

Number of shares outstanding of the registrant's
classes of common stock, as of February 28, 2014:
Class A Common Stock 15,479,790 shares
Class B-1 Common Stock 3,164,476 shares
Class B-2 Common Stock 3,164,476 shares
Class B-3 Common Stock 3,164,476 shares

FORM 10-K

CATCHMARK TIMBER TRUST, INC.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on Form 10-K of CatchMark Timber Trust, Inc. and subsidiaries ("CatchMark Timber Trust," "we," "our," or "us"), formerly known as Wells Timberland REIT, Inc., may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). In addition, CatchMark Timber Trust, or the executive officers on CatchMark Timber Trust's behalf, may from time to time make forward-looking statements in reports and other documents CatchMark Timber Trust files with the Securities and Exchange Commission (the "SEC") or in connection with oral statements made to the press, potential investors, or others. We intend for all such forward-looking statements to be covered by the applicable safe harbor provisions for forward-looking statements contained in the Securities Act and the Exchange Act. Such statements include, in particular, statements about our plans, strategies, and prospects and are subject to certain risks and uncertainties, as well as known and unknown risks, which could cause actual results to differ materially from those projected or anticipated. Therefore, such statements are not intended to be a guarantee of our performance in future periods.

Forward-looking statements can generally be identified by our use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "estimate," "believe," "continue," or other similar words. Readers are cautioned not to place u reliance on these forward-looking statements, which speak only as of the date that this report is filed with the SEC. We make no representations or warranties (express or implied) about the accuracy of any such forward-looking statements contained in this Form 10-K, and we do not intend to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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

PART I

ITEM 1. BUSINESS

General

CatchMark Timber Trust, Inc. ("CatchMark Timber Trust"), formerly known as Wells Timberland REIT, Inc., is a real estate company investing in timberlands that has elected to be taxed as a real estate investment trust ("REIT") for federal income tax purposes. CatchMark Timber Trust was incorporated in Maryland in 2005, commenced operations in 2007, and conducts substantially all of its business through CatchMark Timber Operating Partnership, L.P. (“CatchMark Timber OP”), a Delaware limited partnership formerly known as Wells Timberland Operating Partnership, L.P.. CatchMark Timber Trust is the general partner of CatchMark Timber OP, possesses full legal control and authority over its operations, and owns 99.99% of its common partnership units. As a result of our transition to self-management described below, on October 25, 2013, CatchMark LP Holder, LLC (“CatchMark LP Holder”), a recently formed, wholly-owned subsidiary of CatchMark Timber Trust replaced Wells Timberland Management Organization, LLC ("Wells TIMO"), our former external advisor, as the sole limited partner of CatchMark Timber OP (See Note 7 – Noncontrolling Interest and Special Units of the accompanying consolidated financial statements for more information). In addition, CatchMark Timber TRS, Inc. (“CatchMark TRS”), a Delaware corporation formerly known as Wells Timberland TRS, Inc., was formed as a wholly owned subsidiary of CatchMark Timber OP on January 1, 2006. Unless otherwise noted, references to CatchMark Timber Trust, "we", "us", or "our" herein shall include CatchMark Timber Trust and all of its subsidiaries, including CatchMark Timber OP, and the subsidiaries of CatchMark Timber OP, including CatchMark TRS.

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

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

	2013		2012		2011	
Timber sales	83	%	69	%	89	%
Timberland sales	8	%	25	%	4	%
Other revenues	9	%	6	%	7	%
Total	100	%	100	%	100	%

As of December 31, 2013, we owned interests in approximately 278,100 acres of timberland, consisting of approximately 247,200 acres held in fee-simple interests, or our fee timberlands, and approximately 30,900 acres held in leasehold interests, or our leased timberlands. Our leased timberlands include approximately 20,500 acres under one long-term lease expiring in 2022, which we refer to as the long-term contract or LTC lease, and approximately 10,400 acres under multiple, single-rotation leases expiring between 2014 and 2019, which we refer to as the private land management or PLM leases. Our timberlands are located on the Lower Piedmont and Upper Coastal Plains of East Central Alabama and West Central Georgia (the "Mahrt Timberland") within an attractive and competitive fiber basket encompassing a numerous and diverse group of pulp, paper, and wood products manufacturing facilities. As of December 31, 2013, our timberlands contained acreage consisted of approximately 73% pine stands and approximately 27% hardwood stands, and our timber inventory consisted of approximately 10.4 million tons of merchantable timber inventory, including approximately 6.1 million tons of pulpwood, 2.3 million tons of chip-n-saw, and 2.0 million tons of sawtimber.

Recapitalization and Listing on the NYSE

On December 12, 2013, we listed our Class A common stock on the New York Stock Exchange (the “NYSE”) under the symbol "CTT" (the "Listing"). We completed our first listed public offering (the "IPO") on December 17, 2013, selling approximately 10.5 million shares of our common stock. In preparation for the listing of our common stock on the NYSE, we filed amendments to our charter to effect a recapitalization of our common stock (the “Recapitalization”), which includes a reverse stock split and a stock dividend transaction. On October 24, 2013, we effectuated a ten-to-one reverse stock split of our outstanding common stock and designated our then-authorized common stock as “Class A common stock.” On October 25, 2013, we declared and issued a stock dividend pursuant to which each then-outstanding share of our Class A common stock received:

- one share of Class B-1 common stock; plus
- one share of Class B-2 common stock; plus
- one share of Class B-3 common stock.

Any fractional shares of Class A common stock outstanding after the reverse stock split also received an equivalent fractional share of Class B-1, Class B-2 and Class B-3 common stock, which was then immediately converted into Class A common stock.

All of our Class B common stock is identical to our Class A common stock except that (i) we do not intend to list our Class B common stock on a national securities exchange, and (ii) shares of our Class B common stock will convert automatically on a one-for-one basis into shares of our Class A common stock on the following schedule:

- six months following the listing date, in the case of the Class B-1 common stock;
- 12 months following the listing date, in the case of the Class B-2 common stock; and
- 18 months following the listing date, in the case of the Class B-3 common stock.

Our board of directors has the authority to accelerate the conversion of the Class B-2 shares and the Class B-3 shares to dates not earlier than nine months and 12 months, respectively, following the listing date with the consent of the underwriter of our IPO. All shares of our Class B common stock will have converted into our Class A common stock by the date that is 18 months from the listing date.

The combined effect of the ten-to-one reverse stock split and the stock dividend is equivalent to a 2.5-to-one reverse stock split. The Recapitalization was intended to achieve a stock price that is consistent with market expectations for underwritten public offerings by REITs. It also had the effect of decreasing the total number of outstanding shares of our common stock, but did not change the number of shares of common stock that are authorized for issuance under our charter. The Recapitalization was effected on a pro rata basis with respect to all of our stockholders. Accordingly, it did not affect any stockholder’s proportionate ownership of our outstanding shares.

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Our Business and Growth Strategies

Our objective is to maximize total returns to our stockholders through the ongoing implementation of the following business and growth strategies:

Actively Manage Our Timberlands for Long-Term Results. We intend to actively manage our timberlands to maximize long-term returns by achieving an optimum balance among biological timber growth, generation of current cash flow from harvesting, and responsible environmental stewardship. We intend to (1) implement a revised business strategy that will increase our annual harvest volume based on a sustainable harvest plan to support a distribution to our stockholders, and (2) establish annual HBU sales targets in the range of 1% to 2% of our fee timberland acreage, which will further augment our anticipated stockholder distributions. We may, from time to time, choose to temporarily harvest timber at levels above or below our estimated sustainable yield for a variety of reasons, including as a response to market conditions or as a means to improve long-term productivity of certain timber stands. Further, we expect to continue making investments in forest technology, including improved seedlings, in order to increase the sustainable yield of our timberlands over the long-term.

Maximize Our Profitability on Timber Sales. We actively manage our log merchandising efforts and stumpage sales with the goal of achieving the highest available price for our timber products. We compete with other timberland owners on the basis of the quality of our logs, the prices of our logs, our reputation as a reliable supplier and our ability to meet customer specifications. We will continue to work diligently and proactively with our third-party contractors to ensure that we optimize our logging, hauling, sorting, and merchandising operations to extract the maximum profitability from each of our logs based on the foregoing considerations.

Pursue Attractive Timberland Acquisitions. We intend to selectively pursue timberland acquisition opportunities. Due to the expected liquidation of the ownership positions of a number of timberland investment management organizations over the next several years, we expect there will be a robust supply of attractive timberlands available for sale. Generally, we expect to focus our acquisition efforts in the most commercially desirable timber-producing regions of the U.S. South and U.S. Pacific Northwest, although we may also pursue opportunistic acquisitions outside of these regions. Further, we expect to focus our acquisition efforts on properties that can be accretive to our cash available for distribution. We may also enter into additional fiber supply agreements with respect to acquired properties in order to ensure a steady source of demand for our incremental timber production.

Opportunistically Sell HBU Lands. We continuously assess potential alternative uses of our timberlands, as some of our properties may be more valuable for development, conservation, recreational or other rural purposes than for growing timber. We intend to capitalize on the value of our timberland portfolio by opportunistically monetizing HBU timberlands. The close proximity of our existing timberlands to several major population centers (including Columbus, Georgia; Atlanta, Georgia; and Montgomery, Alabama) provides us with opportunities to periodically sell parcels of our land at favorable valuations. We generally expect to monetize 1% to 2% of our fee timberland acreage on an annual basis pursuant to our land sales program, although such results may vary. We may also decide to pursue various land entitlements on certain properties in order to realize higher long-term values on such properties.

Practice Sound Environmental Stewardship. We will remain committed to responsible environmental stewardship and sustainable forestry. Our timberlands are third-party audited and certified in accordance with the 2010-2014 SFI (sustainable forest initiative) standard. SFI standards promote sustainable forest management through recognized core principles, including measures to protect water quality, biodiversity, wildlife habitat and at-risk species. Our timberlands are further managed to meet or exceed all state regulations through the implementation of best management practices as well as internal policies designed to ensure compliance. We believe our continued commitment to environmental stewardship will allow us to maintain our timberlands' productivity, grow our customer base and enhance our reputation as a preferred timber supplier.

Timber Agreements

In connection with the acquisition of the Mahrt Timberland, we entered into a master stumpage agreement and a fiber supply agreement (collectively, the “Timber Agreements”) with a wholly owned subsidiary of MeadWestvaco Corporation (“MeadWestvaco”). The master stumpage agreement provides that we will sell specified amounts of timber and make available certain portions of the Mahrt Timberland to CatchMark TRS for harvesting. The fiber supply agreement provides that MeadWestvaco will purchase specified tonnage of timber from CatchMark TRS at specified prices per ton, depending upon the type of timber product. The prices for the timber purchased pursuant to the fiber supply agreement are negotiated every two years but are subject to quarterly adjustments based on an index published by Timber Mart-South, a quarterly trade publication that reports raw forest product prices in 11 southern states. The initial term of the Timber Agreements is October 9, 2007 through December 31, 2032, subject to extension and early termination provisions. The Timber Agreements ensure a long-term supply of wood fiber products for MeadWestvaco in order to meet its paperboard and lumber production requirements at specified mills and provide us with a reliable consumer for the wood products from the Mahrt Timberland. For the years ended December 31, 2013, 2012, and 2011, approximately 60%, 54%, and 58%, respectively, of our net timber sales revenue was derived from the Timber Agreements. For 2013, we are required to make available for purchase by MeadWestvaco, and MeadWestvaco is required to purchase, a minimum of approximately 0.7 million tons of timber at fiber supply agreement pricing. The loss of MeadWestvaco as a customer would have a material adverse effect on our business.

Competition

We compete with various private and industrial timberland owners as well as governmental agencies that own or manage timberlands in the U.S. South. Due to transportation and delivery costs, pulp, paper and wood products manufacturing facilities typically purchase wood fiber within a 100-mile radius of their location, which thereby limits, to some degree, the number of significant competitors in any specific regional market. Factors affecting the level of competition in our industry include price, species, grade, quality, proximity to the mill customer, and our reliability and consistency as a supplier. Also, as we seek to acquire assets, we are in competition for targeted timberland tracts with other similar timber investment companies, as well as investors in land for purposes other than growing timber. As a result, we may have to pay more for the timberland tracts to become the purchaser if another suitable tract cannot be substituted. When it becomes time to dispose of timberland tracts, we will again be in competition with sellers of similar tracts to locate suitable purchasers of timberland.

Economic Dependency

We are dependent upon the ability of our timber customers to pay their contractual amounts as they become due. The inability of a customer to pay future supply agreement amounts would have a negative impact on our results of operations. We are not aware of any reason why our current customers will not be able to pay their contractual amounts as they become due in all material respects. Situations preventing our customers from paying contractual amounts could result in a material adverse impact on our results of operations.

Environmental Matters

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

Employees

We became self-managed on October 25, 2013 and had nine employees as of December 31, 2013.

Regulatory Matters

The SEC is conducting a non-public, formal, fact finding investigation regarding Wells Investment Securities, Inc., or WIS, the former dealer-manager for our previous non-listed public offerings, and our company. The investigation relates to whether there have been violations of certain provisions of the federal securities laws regarding valuation, potential distributions, marketing and suitability.

We have not been accused of any wrongdoing by the SEC. We also have been informed by the SEC that the existence of this investigation does not mean that the SEC has concluded that anyone has violated any laws or regulations or that the SEC has a negative opinion of any person, entity or security. We have received a formal subpoena for documents and information and we have been cooperating fully with the SEC. We cannot reasonably estimate the timing of the conclusion of the investigation, nor can we predict whether or not the SEC will take any action against us as a result of the investigation and, if they do, what the ultimate outcome will be.

Access to SEC Filings

Access to copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and other filings we make with the SEC, including amendments to such filings, may be obtained free of charge from our website at www.catchmark.com, or through a link to the www.sec.gov website. These filings are available promptly after we file them with, or furnish them to, the SEC.

ITEM 1A RISK FACTORS

Risks Related to Our Business and Operations

The cyclical nature of the forest products industry could impair our operating results.

Our operating results are affected by the cyclical nature of the forest products industry. Our operating results depend on prices for timber that can experience significant variation and that have been historically volatile. Like other participants in the forest products industry, we have limited direct influence over the timing and extent of price changes for cellulose fiber, timber, and wood products. Although some of the supply agreements we have or expect to enter into in the future fix the price of our harvested timber for a period of time, these contracts may not protect us from the long-term effects of price declines and may restrict our ability to take advantage of price increases.

The demand for timber and wood products is affected primarily by the level of new residential construction activity, the supply of manufactured timber products, including imports of timber products, and, to a lesser extent, repair and remodeling activity and other commercial and industrial uses. The demand for timber also is affected by the demand for wood chips in the pulp and paper markets and for hardwood in the furniture and other hardwood industries. The demand for cellulose fiber is related to the demand for disposable products such as diapers and feminine hygiene products. These activities are, in turn, subject to fluctuations due to, among other factors:

- changes in domestic and international economic conditions;
- interest and currency rates;
- population growth and changing demographics; and
- seasonal weather cycles (for example, dry summers and wet winters).

Decreases in the level of residential construction activity generally reduce demand for logs and wood products. This can result in lower revenues, profits, and cash flows. In addition, increases in the supply of logs and wood products at both the local and national level also can lead to downward pressure on prices during favorable price environments. Timber owners generally increase production volumes for logs and wood products during favorable price environments. Such increased production, however, when coupled with even modest declines in demand for these products in general, could lead to oversupply and lower prices. Oversupply can result in lower revenues, profits, and cash flows to us and could negatively impact our results of operations.

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

Wood products are subject to increasing competition from a variety of substitute products, including products made from engineered wood composites, fiber/cement composites, plastics and steel, as well as import competition from other worldwide suppliers. This could result in lower demand for wood products and impair our operating results.

Our cash distributions are not guaranteed and may fluctuate.

Our board of directors, in its sole discretion, determines the amount of the distributions (including the determination of whether to retain net capital gains income) to be provided to our stockholders. Our board will determine whether to authorize a distribution and the amount of such distribution based on its consideration of a number of factors including, but not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity and other factors, including debt covenant restrictions that may impose limitations on cash payments, future acquisitions and divestitures, harvest levels, changes in the price and demand for our products and general market demand for timberlands, including those timberlands that have higher-and-better uses. In addition, our board of directors may choose to retain operating cash flow for investment purposes, working capital reserves or other purposes, and these retained funds, although increasing the value of our underlying assets, may not correspondingly increase the market price of our common stock. Consequently, our distribution levels may fluctuate. Our failure to meet the market's expectations with regard to future cash distributions likely would adversely affect the market price of our common stock.

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

We entered into the Timber Agreements with MeadWestvaco in connection with the acquisition of Mahrt Timberland. The Timber Agreements provide that we will sell (through CatchMark TRS) specified amounts of timber to MeadWestvaco, subject to market pricing adjustments and certain early termination rights of the parties. The Timber Agreements are intended to ensure a long-term source of supply of wood fiber products for MeadWestvaco in order to meet its paperboard and lumber production requirements at specified mills and provide us with a reliable customer for the wood products from our timberlands. Our financial performance is substantially dependent on the economic performance of MeadWestvaco as a consumer of our wood products. Approximately 60% of our net timber sales revenue for 2013 was derived from the Timber Agreements, which significantly exceeded the minimum amount of timber that MeadWestvaco was required to purchase pursuant to the Timber Agreements. If MeadWestvaco does not continue to purchase significantly more than the minimum amount of timber it is required to purchase from us, or if MeadWestvaco becomes unable to purchase the required minimum amount of timber from us, there could be a material adverse effect on our business and financial condition.

In addition, in the event of a force majeure impacting MeadWestvaco, which is defined by the Timber Agreements to include, among other things, lightning, fires, storms, floods, infestation, other acts of God or nature, power failures and labor strikes or lockouts by employees, the amount of timber that MeadWestvaco is required to purchase in the calendar year would be reduced pro rata based on the period during which the force majeure was in effect and continuing. If the force majeure is in effect and continuing for 15 days or more, MeadWestvaco would not be required to purchase the timber that was not purchased during the force majeure period. If the force majeure is in effect and continuing for fewer than 15 days, MeadWestvaco would have up to 180 days after the termination of the force majeure period to purchase the timber that was not purchased during the force majeure period. As a result, the occurrence of a force majeure under the terms of the Timber Agreements could adversely impact our business and financial condition.

We have completed two significant timberland property acquisitions and may be unsuccessful in executing our investment strategy.

We have completed two significant acquisitions of timberland properties and we intend to pursue investments in strategic timberlands when market conditions warrant. Our ability to identify and acquire desirable timberlands depends upon the performance of our management team in the selection of our investments. As with any investment, our future acquisitions, if any, may not perform in accordance with our expectations. In addition, we anticipate financing such acquisitions through proceeds from equity or debt offerings (including offerings of partnership units by our operating partnership), borrowings, cash from operations, proceeds from asset dispositions, or any combination thereof. Our inability to finance future acquisitions on favorable terms or the failure of any acquisitions to conform to our expectations, could adversely affect our results of operations.

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

Our ability to finance our growth is dependent to a significant degree on external sources of capital and as a company that has only recently listed its shares on the NYSE, our ability to access such capital on favorable terms could be hampered by a number of factors, many of which are outside of our control, including, without limitation, a decline in general market conditions, decreased market liquidity, increases in interest rates, an unfavorable market perception of our growth potential, a decrease in our current or estimated future earnings or a decrease in the market price of our common stock. In addition, our ability to access additional capital may be limited by the terms of our bylaws, which restrict our incurrence of debt, and by our existing indebtedness, which, among other things, restricts our incurrence of debt and the payment of dividends. Any of these factors, individually or in combination, could prevent us from being able to obtain the capital we require on terms that are acceptable to us, and the failure to obtain necessary capital could materially adversely affect our future growth.

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

Our total assets as of December 31, 2013 were $339.0 million and our revenues for the year ended December 31, 2013 were $32.0 million. Because our company is smaller than many other publicly traded REITs, our operating expenses are, and we expect will continue to be, a larger percentage of our total revenues than many other public companies. If we are unable to access external sources of capital and grow our business, our operating expenses will have a greater effect on our financial performance and may reduce the amount of cash flow available to distribute to our stockholders.

Continued economic weakness from the severe recession that the U.S. economy recently experienced may materially and adversely affect our financial condition and results of operations.

The U.S. economy is still experiencing weakness from the severe recession that it recently experienced, which resulted in increased unemployment and a decline in timberland values. Although the U.S. economy has emerged from the recent recession, high levels of unemployment have persisted, and timberland values have not fully recovered to pre-recession levels and may not for a number of years. If the economic recovery slows or stalls, we may continue to experience downward pressure on the amounts we are able to charge our customers.

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

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

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

We have only acquired timberlands and expect to make additional timberlands acquisitions in the future. We are subject to risks inherent in concentrating investments in real estate. The risks resulting from a lack of diversification become even greater as a result of our strategy to invest primarily, if not exclusively, in timberlands. A downturn in the real estate industry generally or the timber or forest products industries specifically could reduce the value of our properties and could require us to recognize impairment losses from our properties. A downturn in the timber or forest products industries also could prevent our customers from making payments to us and, consequently, would prevent us from meeting debt service obligations or making distributions to our stockholders. The risks we face may be more pronounced than if we diversified our investments outside real estate or outside timberlands.

Our timberlands are located in Georgia and Alabama, and adverse economic and other developments in that area could have a material adverse effect on us.

All of our timberlands are located in Georgia and Alabama. As a result, we may be susceptible to adverse economic and other developments in this region, including industry slowdowns, business layoffs or downsizing, relocations of businesses, changes in demographics, increases in real estate and other taxes and increased regulation, any of which could have a material adverse effect on us.

In addition, the geographic concentration of our property makes us more susceptible to adverse impacts from a single natural disaster such as fire, hurricane, earthquake, insect infestation, drought, disease, ice storms, windstorms, flooding and other factors that could negatively impact our timber production.

We have only recently completed our transition to self-management, and therefore we have not established a track record with our new management team.

On October 25, 2013, we completed our transition to self-management and hired a management team and other employees to run our company. Two of our executive officers, Jerry Barag (our Chief Executive Officer and President) and John F. Rasor (our Chief Operating Officer and Secretary) had no affiliation with us or Wells TIMO until they commenced providing consulting services to us in August 2013. As a result, we have a limited track record with the new members of our management team and we may experience difficulties in integrating these individuals into our company. In addition, two of our three executive officers have not previously served as executive officers of a publicly traded company. If our management team does not perform as we expect, our results of operations will be adversely affected.

Our results of operations could be negatively impacted by our transition to self-management.

As a result of our transition to self-management, we no longer bear the costs of the various fees and expense reimbursements previously paid to Wells TIMO; however, our expenses now include the compensation and benefits of our officers, employees and consultants, as well as overhead previously paid by Wells TIMO. Furthermore, these employees provide us services historically provided by Wells TIMO. We cannot assure you that we will be able to provide those services at the same level as were provided to us prior to our transition to self-management, and our costs for these services may be greater than these costs were prior to our transition to self-management. In addition, there may be unforeseen costs, expenses and difficulties associated with providing those services on a self-managed basis.

In connection with our transition to self-management, we and our operating partnership entered into a transition services agreement and an office sublease with Wells REF for Wells REF to provide services to us, and the termination of these agreements or the failure of Wells REF to provide these services could adversely impact our operations.

In connection with our transition to self-management, we and our operating partnership entered into a transition services agreement with Wells REF for Wells REF and its affiliates to provide services to us that enable us to operate as an independent company. This agreement requires Wells REF to provide services to us that include human resources, compliance and risk management, treasury and cash management, investor relations and stockholder support, information technology services, various administrative functions and other services until June 30, 2014. Our operating partnership has also entered into a sublease with Wells REF pursuant to which Wells REF subleases our corporate headquarters to us through March 31, 2014. The early termination of these agreements or the failure of

Wells REF to provide these services to us could adversely impact our operations.

A large portion of Wells REF’s income was derived under a consulting agreement with Columbia Property Trust, Inc., or Columbia, that expired on December 31, 2013. Wells REF does not expect to receive significant compensation from

Columbia beyond December 31, 2013. Wells REF does not expect to replace that income from other sources. There is no guarantee that Wells REF will continue to have the financial resources to continue to provide services to us. A decline in the level of service provided by Wells REF could impair our operating results and could ultimately have an adverse effect on the value of our common stock.

We depend on the efforts and expertise of our key executive officers and would be adversely affected by the loss of their services.

We depend on the efforts and expertise of our Chief Executive Officer, our Chief Operating Officer and our Chief Financial Officer, to execute our business strategy and we cannot guarantee their continued service. The loss of their services, and our inability to find suitable replacements, would have an adverse effect on our business.

If we fail to maintain an effective system of disclosure controls and procedures and integrated internal controls, we may not be able to report our financial results accurately, which could have a material adverse effect on us.

We are required to report our operations on a consolidated basis under the Generally Accepted Accounting Principles ("GAAP"). If we fail to maintain proper overall business controls, our results of operations could be harmed or we could fail to meet our reporting obligations. In addition, the existence of a material weakness or significant deficiency could result in errors in our financial statements that could require a restatement, cause us to fail to meet our reporting obligations and cause stockholders to lose confidence in our reported financial information, which could have a material adverse effect on us. In addition, we will have to modify our disclosure controls and procedures and internal controls in connection with our transition to self-management, which may increase the risk to us of experiencing a significant deficiency or material weakness in our internal controls or failing to maintain effective disclosure controls and procedures. If we fail to establish and maintain such new controls effectively, we may experience inaccuracies or delays in our financial reporting. In the case of any joint ventures we might enter into, we may also be subject to additional risks and uncertainties in that we may be dependent upon, and subject to liability, losses or reputation damage relating to, overall business controls, that are not under our control which could have a material adverse effect on us. In addition, we rely on FRC and its systems to provide us with certain information related to our operations, including our timber sales. Although we review such information prior to incorporating it into our accounting systems, we cannot assure the accuracy of such information. If FRC’s systems fail to accurately report to us the information on which we rely, we may not be able to accurately report our financial results, which could have a material adverse effect on us.

If issues arise during our transition to a new vendor of certain of our information technology systems, including our accounting technology, our operating results and ability to manage our business effectively could be adversely affected.

As a result of our transition to self-management, we are implementing a new information technology system which includes new accounting software. As we implement the new system, we may experience temporary interruptions or failures in our systems that could adversely impact our operating results and our ability to report accurate financial results in a timely manner. There is no assurance that the new systems will operate as designed, which could result in an adverse impact on our operating results, cash flows and financial condition.

We have experienced aggregate net losses attributable to our common stockholders, including approximately $36.7 million between January 1, 2011 and December 31, 2013, and we may experience future losses.

We had net losses attributable to our common stockholders of approximately $13.6 million, $9.2 million, and $13.5 million for the years ended December 31, 2013, 2012, and 2011, respectively. If we continue to incur net losses in the future or such losses increase, our financial condition, results of operations, cash flow and our ability to service our indebtedness and make distributions to our stockholders would be materially and adversely affected, any of which could adversely affect the market price of our Class A common stock.

We are subject to the credit risk of our customers. The failure of any of our customers to make payments due to us under supply agreements could have an adverse impact on our financial performance.

Current and future customers who agree to purchase our timber under supply contracts will range in credit quality from high to low. We assume the full credit risk of these parties, as we have no payment guarantees under the contract or insurance if one of these parties fails to make payments to us. While we intend to continue acquiring timberlands in well-developed and active timber markets with access to numerous customers, we may not be successful in this endeavor. Depending upon the location of any additional timberlands we acquire and the supply agreements we enter into, our supply agreements may be concentrated among a small number of customers. Even though we may have legal recourse under our contracts, we may not have any practical recourse to recover payments from some of our customers if they default on their obligations to us. Any bankruptcy or insolvency of our customers, or failure or delay by these parties to make payments to us under our agreements, would cause us to lose the revenue associated with these payments and adversely impact our cash flow, financial condition and results of operations.

We intend to sell portions of our timberlands, either because they are HBU properties or in response to changing conditions, but if we are unable to sell these timberlands promptly or at the price that we anticipate, our land sale revenues may be reduced, which could reduce the cash available for distribution to our stockholders.

On an annual basis, we intend to sell approximately 1% to 2% of our fee timberland acreage, specifically timberlands that we have determined have become more valuable for development, recreational, conservation and other uses than for growing timber, which we refer to as HBU properties. We intend to use the proceeds from these sales to support our distributions to our stockholders. We may also sell portions of our timberland from time to time in response to changing economic, financial or investment conditions. Because timberlands are relatively illiquid investments, our ability to promptly sell timberlands is limited. The following factors, among others, may adversely affect the timing and amount of our income generated by sales of our timberlands:

- general economic conditions;
- availability of funding for governmental agencies, developers, conservation organizations, individuals and others to purchase our timberlands for recreational, conservation, residential or other purposes;
- local real estate market conditions, such as oversupply of, or reduced demand for, properties sharing the same or similar characteristics as our timberlands;
- competition from other sellers of land and real estate developers;
- weather conditions or natural disasters having an adverse effect on our properties;
- relative illiquidity of real estate investments;
- forestry management costs associated with maintaining and managing timberlands;
- changes in interest rates and in the availability, cost and terms of debt financing;
- impact of federal, state and local land use and environmental protection laws;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances, and the related costs of compliance with laws and regulations, fiscal policies and ordinances; or
- it may be necessary to delay sales in order to minimize the risk that gains would be subject to the 100% prohibited transactions tax.

In acquiring timberlands and in entering into long-term supply agreements, we may agree to lock-out provisions that materially restrict us from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These factors and any others that would impede our ability to respond quickly to market opportunities could adversely impact our results of operations and reduce our cash available to pay distributions to our stockholders.

Large-scale increases in the supply of timber may affect timber prices and reduce our revenues.

The supply of timber available for sale in the market could increase for a number of reasons, including producers introducing new capacity or increasing harvest levels. Some governmental agencies, principally the U.S.D.A. Forest Service and the U.S. Department of the Interior’s Bureau of Land Management, own large amounts of timberlands. If these agencies choose to sell more timber from their holdings than they have been selling in recent years, timber prices could fall and our revenues could be reduced. Any large reduction in the revenues we expect to earn from our timberlands would reduce the returns, if any, we are able to achieve for our stockholders.

Uninsured losses relating to the timberlands we own and may acquire may reduce our stockholders’ returns.

The volume and value of timber that can be harvested from the timberlands we own and may acquire may be limited by natural disasters such as fire, hurricane, earthquake, insect infestation, drought, disease, ice storms, windstorms, flooding, and other weather conditions and natural disasters, as well as other causes such as theft, trespass, condemnation, or other casualty. We do not intend to maintain insurance for any loss to our standing timber from natural disasters or other causes. Any funds used for such losses would reduce cash available for distributions to our stockholders.

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

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

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

Our primary assets are our timberlands. Weather conditions, timber growth cycles, property access limitations, availability of contract loggers and haulers, and regulatory requirements associated with the protection of wildlife and water resources may restrict our ability to harvest our timberlands. Other factors that may restrict our timber harvest include damage to our standing timber by fire, hurricane, earthquake, insect infestation, drought, disease, ice storms, windstorms, flooding and other weather conditions and natural disasters. Changes in global climate conditions could intensify one or more of these factors. Although damage from such causes usually is localized and affects only a limited percentage of standing timber, there can be no assurance that any damage affecting our timberlands will in fact be so limited. As is common in the forest products industry, we do not maintain insurance coverage for damage to our timberlands. Furthermore, we may choose to invest in timberlands that are intermingled with sections of federal land managed by the U.S.D.A. Forest Service or other private owners. In many cases, access might be achieved only through a road or roads built across adjacent federal or private land. In order to access these intermingled timberlands, we would need to obtain either temporary or permanent access rights to these lands from time to time. Our revenue, net income, and cash flow from our operations will be dependent to a significant extent on the continued ability to harvest timber on our timberlands at adequate levels and in a timely manner. Therefore, if we were to be restricted from harvesting on a significant portion of our timberlands for a prolonged period of time, or if material damage to a significant portion of our standing timber were to occur, then our results of operations could be adversely affected.

We face possible liability for environmental clean-up costs and wildlife protection laws related to the timberlands we acquire, which could increase our costs and reduce our profitability and cash distributions to our stockholders.

Our business is subject to laws, regulations, and related judicial decisions and administrative interpretations relating to, among other things, the protection of timberlands, endangered species, timber harvesting practices, recreation and aesthetics and the protection of natural resources, air and water quality that are subject to change and frequently enacted. These changes may adversely affect our ability to harvest and sell timber, and remediate contaminated properties. We are subject to regulation under, among other laws, the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response Compensation and Liability Act of 1980, the National Environmental Policy Act, and the Endangered Species Act, as well as comparable state laws and regulations. Violations of various statutory and regulatory programs that apply to our operations could result in civil penalties; damages, including natural resource damages; remediation expenses; potential injunctions; cease-and-desist orders; and criminal penalties.

Laws and regulations protecting the environment have generally become more stringent in recent years and could become more stringent in the future. Some environmental statutes impose strict liability, rendering a person liable for environmental damage without regard to the person’s negligence or fault. We may acquire timberlands subject to environmental liabilities, such as clean-up of hazardous substance contamination and other existing or potential liabilities of which we are not aware, even after investigations of the properties. We may not be able to recover any of these liabilities from the sellers of these properties. The cost of these clean-ups could therefore increase our operating costs and reduce our profitability and cash available to make distributions to our stockholders. The existence of contamination or liability also may materially impair our ability to use or sell affected timberlands.

The Endangered Species Act and comparable state laws protect species threatened with possible extinction. At least one species present on our timberlands has been, and in the future more may be, protected under these laws. Protection of threatened and endangered species may include restrictions on timber harvesting, road-building, and other forest practices on private, federal, and state land containing the affected species. The size of the area subject to restriction varies depending on the protected species at issue, the time of year, and other factors, but can range from less than one acre to several thousand acres.

The Clean Water Act regulates the direct and indirect discharge of pollutants into the waters of the United States. Under the Clean Water Act, it is unlawful to discharge any pollutant from a “point source” into navigable waters of the United States without a permit obtained under the National Pollutant Discharge Elimination System permit program of the Environmental Protection Agency, or the EPA. Storm water from roads supporting timber operations that is conveyed through ditches, culverts and channels are exempted by EPA rule from this permit requirement, leaving these sources of water discharge to state regulation. The scope of these state regulations vary by state and are subject to change, and the EPA’s exemption has recently been subject to legal challenges and legislative responses. To the extent we are subject to future federal or state regulation of storm water runoff from roads supporting timber operations, our operational costs to comply with such regulations could increase and our results of operations could be adversely affected.

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

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

Our estimates of the timber growth rates on our properties may be inaccurate, which would impair our ability to realize expected revenues from those properties.

We rely upon estimates of the timber growth rates and yield when acquiring and managing timberlands. These estimates are central to forecasting our anticipated timber revenues and expected cash flows. Growth rates and yield estimates are developed by forest statisticians using measurements of trees in research plots on a property. The growth equations predict the rate of height and diameter growth of trees so that foresters can estimate the volume of timber that may be present in the tree stand at a given age. Tree growth varies by soil type, geographic area, and climate. Inappropriate application of growth equations in forest management planning may lead to inaccurate estimates of future volumes. If these estimates are inaccurate, our ability to manage our timberlands in a profitable manner will be diminished, which may cause our results of operations to be adversely affected.

Changes in assessments, property tax rates and state property tax laws may reduce our net income and our ability to make distributions to our stockholders.

Our expenses may be increased by assessments of our timberlands and changes in property tax laws. We generally intend to hold our timberlands for a substantial amount of time. Property values tend to increase over time, and as property values increase, the related property taxes generally also increase, which would increase the amount of taxes we pay. In addition, changes to state tax laws or local initiatives could also lead to higher tax rates on our timberlands. Because each parcel of a large timberland property is independently assessed for property tax purposes, our timberlands may receive a higher assessment and be subject to higher property taxes. In some cases, the cost of the property taxes may exceed the income that could be produced from that parcel if we continue to hold it as timberland. If our timberlands become subject to higher tax rates, such costs could have a material adverse effect on our financial condition, results of operations and ability to make distributions to our stockholders.

Changes in land uses in the vicinity of our timberlands may increase the amount of the property that we classify as HBU properties, and property tax regulations may reduce our ability to realize the values of those HBU properties.

An increase in the value of other properties in the vicinity of our timberlands may prompt us to sell parcels of our land as HBU properties. Local, county and state regulations may prohibit us from, or penalize us for, selling a parcel of timberland for real estate development. Some states regulate the number of times that a large timberland property may be subdivided within a specified time period, which would also limit our ability to sell our HBU property. In addition, in some states timberland is subject to certain property tax policies that are designed to encourage the owner of the timberland to keep the land undeveloped. These policies may result in lower taxes per acre for our timberlands as long as they are used for timber purposes only. However, if we sell a parcel of timberland in such states as HBU property, we may trigger tax penalties, which could require us to repay all of the tax benefits that we have received. Our inability to sell our HBU properties on terms that are favorable to us could negatively affect our financial condition and our ability to make distributions to our stockholders.

We may be unable to properly estimate non-timber revenues from any properties that we acquire, which would impair our ability to acquire attractive properties, as well as our ability to derive the anticipated revenues from those properties.

If we acquire additional properties, we likely will expect to realize revenues from timber and non-timber-related activities, such as the sale of conservation easements and recreational leases. Non-timber activities can contribute significantly to the revenues that we derive from a particular property. We will rely on estimates to forecast the amount and extent of revenues from non-timber-related activities on our timberlands. If our estimates concerning the revenue from non-timber-related activities are incorrect, we will not be able to realize the projected revenues. If we are unable to realize the level of revenues that we expect from non-timber activities, our revenues from the underlying timberland would be less than expected and our results of operations and ability to make distributions to our stockholders may be negatively impacted.

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

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

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

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

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

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

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

We may determine to acquire timberlands located in timber-producing regions outside the United States. These international investments could cause our business to be subject to unexpected, uncontrollable and rapidly changing events and circumstances in addition to those experienced in U.S. locations. Adverse changes in the following factors, among others, could have a negative impact on our business, results of operations, and our financial condition:

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

Risks Related to Our Organizational Structure

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Our board of directors may change significant corporate policies without stockholder approval.

Our investment, financing, borrowing and distribution policies and our policies with respect to all other activities, including growth, debt, capitalization and operations, are determined by our board of directors. These policies may be amended or revised at any time and from time to time at the discretion of our board of directors without a vote of our stockholders. As a result, the ability of our stockholders to control our policies and practices is extremely limited. We could make investments and engage in business activities that are different from, and possibly riskier than, the investments and businesses described in this prospectus. In addition, our board of directors may change our policies with respect to conflicts of interest provided that such changes are consistent with applicable legal and regulatory requirements, including the listing standards of the NYSE. A change in these policies could have an adverse effect on our financial condition, results of operations, cash flows, per share trading price of our Class A common stock and ability to satisfy our debt service obligations and to make distributions to our stockholders.

Our board of directors may increase the number of authorized shares of stock and issue stock without stockholder approval, including in order to discourage a third party from acquiring our company in a manner that could result in a premium price to our stockholders.

Subject to applicable legal and regulatory requirements, our charter authorizes our board of directors, without stockholder approval, to amend our charter from time to time to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of stock of any class or series, to authorize us to issue authorized but unissued shares of our common stock or preferred stock and to classify or reclassify any unissued shares of our common stock or preferred stock into other classes or series of stock and to set the preferences, rights and other terms of such classified or unclassified shares. As a result, we may issue series or classes of common stock or preferred stock with preferences, dividends, powers and rights, voting or otherwise, that are senior to, or otherwise conflict with, the rights of holders of our common stock. In addition, our board of directors could establish a series of preferred stock that could, depending on the terms of such series, delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stock or that our stockholders may believe is in their best interests.

In order to preserve our status as a REIT, our charter limits the number of shares a person may own, which may discourage a takeover that could otherwise result in a premium price for our common stock or otherwise benefit our stockholders.

Our charter, with certain exceptions, authorizes our directors to take such actions as are necessary and desirable to preserve our qualification as a REIT for federal income tax purposes. Unless exempted by our board of directors (prospectively or retroactively), no person may actually or constructively own more than 9.8% of the outstanding shares of our capital stock or more than 9.8% (by value or number of shares, whichever is more restrictive) of the outstanding shares of our common stock. This restriction may have the effect of delaying, deferring or preventing a change in control of our company, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price for our common stock or otherwise be in the best interest of our stockholders.

Certain provisions of Maryland law could inhibit changes in control of us, which could lower the value of our Class A common stock.

Certain provisions of the Maryland General Corporation Law ("MGCL"), may have the effect of inhibiting or deterring a third party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of shares of our common stock with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

- "business combination" provisions that, subject to limitations, prohibit certain business combinations between us and an "interested stockholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting stock or an affiliate or associate of ours who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of our then outstanding stock) or an affiliate of an interested stockholder for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter may impose super majority stockholder voting requirements unless certain minimum price conditions are satisfied; and

- "control share" provisions that provide that "control shares" of our company (defined as shares which, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of outstanding "control shares") have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

We have opted out of these provisions of the MGCL, in the case of the business combination provisions of the MGCL by resolution of our board of directors, and in the case of the control share provisions of the MGCL pursuant to a provision in our bylaws. However, following our opt out, in the future, our board of directors may by resolution elect to opt in to the business combination provisions of the MGCL and our board of directors may, by amendment to our bylaws and without stockholder approval, opt in to the control share provisions of the MGCL.

Title 3, Subtitle 8 of the MGCL permits our board of directors, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to implement certain takeover defenses, including adopting a classified board. Such takeover defenses may have the effect of inhibiting a third party from making an acquisition proposal for us or of delaying, deferring or preventing a change in control of us under the circumstances that otherwise could provide our stockholders with the opportunity to realize a premium over the then current market price.

In addition, the advance notice provisions of our bylaws could delay, defer or prevent a transaction or a change of control of our company that might involve a premium price for holders of our common stock or that our stockholders may believe to be in their best interests. Likewise, if our board of directors were to opt in to the business combination provisions of the MGCL or the provisions of Title 3, Subtitle 8 of the MGCL, or if the provision in our bylaws opting out of the control share acquisition provisions of the MGCL were rescinded by our board of directors, these provisions of the MGCL could have similar anti-takeover effects.

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

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

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

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

Risks Related to Our Debt Financing

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Our existing indebtedness and any future indebtedness we may incur could adversely affect our financial health and operating flexibility.

In September 2012, we borrowed approximately $133.0 million from CoBank (the "CoBank Loan") to refinance the outstanding Mahrt loan balance and to partially fund a property acquisition related to a portion of our timberlands that we held under the LTC lease. We repaid approximately $0.6 million of the CoBank Loan with cash on-hand in 2012 and $80.2 million using the proceeds of the IPO. On December 19, 2013, we, through our subsidiaries, entered into a third amended and restated credit agreement (the "Amended CoBank Loan"), with CoBank, ACB ("CoBank"), Agfirst Farm Credit Bank, and Cooperatieve Centrale Raiffelsen-Boerenleenbank, B.A.("RaboBank"), and certain financial institutions. The Amended CoBank Loan amends and restates in its entirety the CoBank Loan. The Amended CoBank Loan provides for borrowing under credit facilities consisting of a $15.0 million revolving credit facility, a $150.0 million multi-draw term credit facility, and the $52.2 million outstanding under our existing term loan credit facility (collectively, the "New Credit Facilities"). We intend to use the new $150.0 million multi-draw credit facility for future timberland acquisitions.

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

- limiting our ability to borrow additional amounts for working capital, capital expenditures, debt service requirements, execution of our growth strategy or other purposes;
- limiting our ability to use operating cash flow in other areas of our business because we must dedicate a portion of these funds to service the debt;
- increasing our vulnerability to general adverse economic and industry conditions, including increases in interest rates;
- limiting our ability to capitalize on business opportunities, including the acquisition of additional properties, and to react to competitive pressures and adverse changes in government regulation;
- limiting our ability or increasing the costs to refinance indebtedness;
- limiting our ability to enter into marketing and hedging transactions by reducing the number of counterparties with whom we can enter into such transactions as well as the volume of those transactions;
- forcing us to dispose of one or more properties, possibly on disadvantageous terms;
- forcing us to sell additional equity securities at prices that may be dilutive to existing stockholders;
- causing us to default on our obligations or violate restrictive covenants, in which case the lenders or mortgagees may accelerate our debt obligations, foreclose on the properties that secure their loans and take control of our properties that secure their loans and collect rents and other property income; and
- in the event of a default under any of our recourse indebtedness or in certain circumstances under our mortgage indebtedness, we would be liable for any deficiency between the value of the property securing such loan and the principal and accrued interest on the loan.

If any one of these events were to occur, our financial condition, results of operations, cash flow and our ability to satisfy our principal and interest obligations could be materially and adversely affected.

Our financial condition could be adversely affected by financial and other covenants and other provisions under the Amended CoBank Loan or other debt agreements.

We entered into the Amended CoBank Loan agreement on December 19, 2013 and are required to comply with certain financial and operating covenants, including, among other things, covenants that require us to maintain certain leverage and coverage ratios and covenants that prohibit or restrict our ability to incur additional indebtedness, grant liens on our real or personal property, make certain investments, dispose of our assets and enter into certain other types of transactions. The Amended CoBank loan also prohibits us from declaring, setting aside funds for, or paying any

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dividend, distribution, or other payment to our stockholders other than as required to maintain our REIT qualification if our LTV ratio is greater than or equal to 45%. We may declare and pay distributions so long as our LTV ratio remains below 45% and we maintain a minimum fixed-charge coverage ratio of 1.05:1.00, or minimum liquidity balance as defined by the credit agreement. This requirement has restricted our ability to pay cash distributions in the past.Our credit agreement also subjects us to mandatory prepayment from proceeds generated from dispositions of timberlands, which may have the effect of limiting our ability to make distributions under certain circumstances. The mandatory prepayment excludes (1) the first $4.0 million (or $5.0 million) of cost basis of timberland dispositions in any fiscal year if (a) our LTV ratio calculated on a pro forma basis after giving effect to such disposition does not exceed 40% (or is below 30%), and (b) such cost basis is used as permitted under the facility; and (2) lease termination proceeds of less than $2.0 million in a single termination until aggregate lease termination proceeds during the term of the facility exceeds $5.0 million. These restrictions may prevent us from taking actions that we believe would be in the best interest of our business and may make it difficult for us to successfully execute our business strategy or effectively compete with companies that are not similarly restricted. In addition, a breach of these covenants or other event of default would allow CoBank to accelerate payment of the loan. Given the restrictions in our debt covenants on these and other activities, we may be significantly limited in our operating and financial flexibility and may be limited in our ability to respond to changes in our business or competitive activities in the future.

We may incur additional indebtedness which could increase our business risks and may reduce the value of your investment.

We have acquired, and in the future may acquire, real properties by borrowing funds. In addition, we may incur mortgage debt and pledge some or all of our real properties as security for that debt to obtain funds to acquire additional real properties. We may also borrow funds if needed to satisfy the REIT tax qualification requirement that we distribute at least 90% of our annual REIT taxable income to our stockholders. We may also borrow funds if we otherwise deem it necessary or advisable to ensure that we maintain our qualification as a REIT for federal income tax purposes. Our bylaws do not limit us from incurring debt until our aggregate debt would exceed 200% of our net assets.

Significant borrowings by us increase the risks of a stockholder’s investment. If there is a shortfall between the cash flow from our properties and the cash flow needed to service our indebtedness, then the amount available for distributions to stockholders may be reduced. In addition, incurring mortgage debt increases the risk of loss since defaults on indebtedness secured by a property may result in lenders initiating foreclosure actions. In that case, we could lose the property securing the loan that is in default, thus reducing the value of a stockholder’s investment. For tax purposes, a foreclosure of any of our properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds our tax basis in the property, we would recognize taxable income on foreclosure, but we would not receive any cash proceeds. We may give full or partial guarantees to lenders of mortgage debt on behalf of the entities that own our properties. When we give a guaranty on behalf of an entity that owns one of our properties, we will be responsible to the lender for satisfaction of the debt if it is not paid by such entity. If any mortgages or other indebtedness contains cross-collateralization or cross-default provisions, a default on a single loan could affect multiple properties.

Our decision to hedge against interest rate changes may have a material adverse effect on our financial results and condition, and there is no assurance that our hedges will be effective.

We have used interest rate hedging arrangements in the past in order to manage our exposure to interest rate volatility, and may in the future do so again. These hedging arrangements involve risk, including the risk that counterparties may fail to honor their obligations under these arrangements, that these arrangements may not be effective in reducing our exposure to interest rate changes, that the amount of income that we may earn from hedging transactions may be limited by federal tax provisions governing REITs, and that these arrangements may result in higher interest rates than we would otherwise pay. Moreover, no amount of hedging activity can completely insulate us from the risks associated with changes in interest rates. Failure to hedge effectively against interest rate changes may materially adversely affect our results of operations and financial condition.

High mortgage interest rates may make it difficult for us to finance or refinance properties, which could reduce the number of properties we can acquire, our net income, and the amount of cash distributions we can make.

If mortgage debt is unavailable at reasonable interest rates, we may not be able to finance the purchase of properties. If we place mortgage debt on properties, we run the risk of being unable to refinance the properties when the loans become due, or of being unable to refinance on favorable terms. If interest rates are higher when we refinance the properties, our income could be reduced. If any of these events occurs, our cash flow would be reduced. This, in turn, would reduce cash available for distribution to our stockholders and may hinder our ability to raise more capital by issuing more stock or by borrowing more money.

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

We have incurred significant indebtedness that accrues interest at a variable rate, and we may incur additional debt in the future. Interest we pay under the Amended CoBank Loan and any other debt we incur will reduce our operating cash flows and hinder our ability to make distributions to our stockholders. Additionally, if we incur additional variable-rate debt, increases in interest rates would increase our interest cost, which would reduce our cash flows and our ability to pay distributions to our stockholders. In addition, if we need to repay existing debt during periods of high interest rates, we could be required to sell one or more of our investments in order to repay the debt, which sale at that time might not permit realization of the maximum return on such investments.

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

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

Federal Income Tax Risks

Failure to continue to qualify as a REIT would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distributions to our stockholders and materially and adversely affect our financial condition and results of operations.

We believe that we have been organized, owned and operated in conformity with the requirements for qualification and taxation as a REIT under the Code and that our intended manner of ownership and operation will enable us to continue to meet the requirements for qualification and taxation as a REIT for federal income tax purposes. Our qualification as a REIT depends upon our ability to meet requirements regarding our organization and ownership, distributions of our income, the nature and diversification of our income and assets, and other tests imposed by the

Code. We cannot assure you that we will satisfy the requirements for REIT qualification in the future. Future legislative, judicial or administrative changes to the federal income tax laws could be applied retroactively, which could result in our disqualification as a REIT.

Stockholders should be aware that qualification as a REIT involves the application of highly technical and complex provisions of the Code as to which there are only limited judicial and administrative interpretations and involves the determination of facts and circumstances not entirely within our control. In 2012, we entered into an option agreement with a prospective buyer relating to the sale of a timberlands parcel and received a substantial option premium in connection therewith. If that option were to lapse unexercised, we would be required to include the premium in gross income. While an existing IRS regulation purports to treat premium income from a lapsed option on real estate as nonqualifying gross income for REIT purposes, at the time we entered into the option agreement, we obtained an opinion from one of our tax advisors concluding that if the option lapsed unexercised, the premium income more likely than not would be treated as gain from the sale of real property, and therefore qualifying income, for purposes of the 75% and 95% gross income tests. Such opinion is based, in part, on the subsequent enactment of a statutory provision which treats income from the lapse of an option on property as gain from the sale of a capital asset if the underlying property is a capital asset. If the option were to lapse unexercised, a court were to disagree with such opinion and the resulting nonqualifying gross income caused us to fail to satisfy either or both gross income tests, we would not lose our REIT status if we reasonably relied on a reasoned opinion of our tax advisor, and instead we would be subject to a tax equal to the amount by which such nonqualifying gross income causes us to fail the gross income tests, multiplied by a fraction intended to reflect our profitability. We believe this reasonable cause exception should apply in that event, although there can be no assurance that the Internal Revenue Service, or the IRS, or the courts would agree.

If we fail to qualify as a REIT for any taxable year, we will be subject to federal and state income tax on our taxable income, if any, at corporate rates and, possibly, penalties. In addition, we would generally be disqualified from treatment as a REIT for the four taxable years following the year of losing our REIT status. To the extent we have taxable net income, losing our REIT status would reduce our net earnings available for investment or distribution to stockholders because of the additional tax liability. In addition, distributions to stockholders would no longer qualify for the dividends-paid deduction, and we would no longer be required to make distributions. If this occurs, we might be required to borrow funds or liquidate some investments in order to pay the applicable tax. Our failure to qualify as a REIT could impair our ability to expand our business and raise capital, and it would adversely affect the value of our common stock.

Even if we continue to qualify to be taxed as a REIT for federal income tax purposes, we may be subject to other tax liabilities that reduce our cash flows.

Even if we continue to qualify to be taxed as a REIT for federal income tax purposes, we may be subject to some federal, state, and local taxes on our income or property. For example:

- In order to qualify as a REIT, we must distribute annually at least 90% of our REIT taxable income to our stockholders (determined without regard to the dividends-paid deduction or net capital gain). To the extent that we satisfy the distribution requirement but distribute less than 100% of our REIT taxable income (including net capital gain), we will be subject to federal and state corporate income tax on the undistributed income.
- We will be subject to a 4% nondeductible excise tax on the amount, if any, by which distributions we pay in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income, and 100% of our undistributed income from prior years.
- If we have net income from the sale of foreclosure property that we hold primarily for sale to customers in the ordinary course of business or other nonqualifying income from foreclosure property, we must pay a tax on that income at the highest corporate income tax rate.
- If we sell a property, other than foreclosure property, that we hold primarily for sale to customers in the ordinary course of business, our gain may be subject to the 100% "prohibited transaction" tax.
- Our taxable REIT subsidiaries will be subject to tax on their taxable income.

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Certain of our business activities are potentially subject to the prohibited transaction tax, which could reduce the return on stockholders’ investments.

As a REIT, we would be subject to a 100% tax on any net income from “prohibited transactions.” In general, prohibited transactions are sales or other dispositions of property to customers in the ordinary course of business. Delivered logs, if harvested and sold by a REIT directly, would likely constitute property held for sale to customers in the ordinary course of business and would, therefore, be subject to the prohibited transactions tax if sold at a gain. Accordingly, under the timber agreements, we sell standing timber to CatchMark TRS under pay-as-cut contracts which generate capital gain to us under Section 631(b) of the Code (to the extent the timber has been held by us for more than one year), and CatchMark TRS, in turn, harvests such timber and sells logs to MeadWestvaco. This structure should avoid the prohibited transactions tax, and we use a similar structure for the sale of delivered logs to other customers. However, if the IRS were to successfully disregard CatchMark TRS’ role as the harvester and seller of such logs for federal income tax purposes, our income, if any, from such sales could be subject to the 100% penalty tax. In addition, sales by us of HBU property at the REIT level could, in certain circumstances, constitute prohibited transactions. We intend to avoid the 100% prohibited transaction tax by satisfying safe harbors in the Code, structuring dispositions as non-taxable like-kind exchanges or making sales that otherwise would be prohibited transactions through one or more TRS' whose taxable income is subject to regular corporate income tax. We may not, however, always be able to identify properties that might be treated as part of a “dealer” land sales business. For example, if we sell any HBU properties at the REIT level that we incorrectly identify as property not held for sale to customers in the ordinary course of business or that subsequently become properties held for sale to customers in the ordinary course of business, we may be subject to the 100% prohibited transactions tax.

The taxable income of CatchMark TRS is subject to federal and applicable state and local income tax. While we seek to structure the pricing of our timber sales to CatchMark TRS at market rates, the IRS could assert that such pricing does not reflect arm’s-length pricing and impute additional taxable income to CatchMark TRS.

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

To qualify as a REIT, we must satisfy tests on an ongoing basis concerning, among other things, the sources of our income, nature of our assets, and the amounts we distribute to our stockholders. We may be required to make distributions to stockholders at times when it would be more advantageous to reinvest cash in our business or when we do not have funds readily available for distribution. Compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

Even though we intend to maintain our REIT status, our cash dividends are not guaranteed and may fluctuate.

Generally, REITs are required to distribute 90% of their ordinary taxable income. We have substantial net operating losses that, subject to possible limitations, will reduce our taxable income. In addition, capital gains may be retained by us but would be subject to income taxes. If capital gains are retained rather than distributed, our stockholders would be notified and they would be deemed to have received a taxable distribution, with a refundable credit for any federal income tax paid by us. Accordingly, we will not be required to distribute material amounts of cash if substantially all of our taxable income is income from timber-cutting contracts or sales of timberland that is treated as capital gains income. Our board of directors, in its sole discretion, determines the amount of quarterly dividends to be provided to our stockholders based on consideration of a number of factors, including but not limited to, tax considerations. Consequently, our dividend levels may fluctuate.

Our use of taxable REIT subsidiaries may affect the value of our common stock relative to the share price of other REITs.

We conduct a portion of our business activities through one or more taxable REIT subsidiaries, or TRSs. A TRS is a fully taxable corporation that may earn income that would not be qualifying REIT income if earned directly by us. Our use of TRSs enables us to engage in non-REIT-qualifying business activities. However, under the Code, no more than 25% of the value of the assets of a REIT may be represented by securities of one or more TRSs. This limitation may affect our ability to increase the size of our non-REIT-qualifying operations. Furthermore, because the income earned by our TRSs is subject to corporate income tax and is not subject to the requirement to distribute annually at least 90% of our REIT taxable income to our stockholders, our use of TRSs may cause our common stock to be valued differently than the shares of other REITs that do not use TRSs as extensively as we use them.

We may be limited in our ability to fund distributions on our capital stock and pay our indebtedness using cash generated through our TRSs.

Our ability to receive dividends from our TRSs is limited by the rules with which we must comply to maintain our status as a REIT. In particular, at least 75% of gross income for each taxable year as a REIT must be derived from passive real estate sources including sales of our standing timber and other types of qualifying real estate income, and no more than 25% of our gross income may consist of dividends from TRSs and other non-real estate income. This limitation on our ability to receive dividends from our TRSs may affect our ability to fund cash distributions to our stockholders or make payments on our borrowings using cash flows from our TRSs. The net income of our TRSs is not required to be distributed, and income that is not distributed will not be subject to the REIT income distribution requirement.

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

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

Risks Related to Our Common Stock

Although our Class B common stock is not listed on a national securities exchange following the IPO, sales of such shares or the perception that such sales could occur could have a material adverse effect on the trading price of our Class A common stock.

After giving effect to the IPO including the overallotment option the underwriters exercised in full on January 9, 2014 , approximately 25.0 million shares of our common stock have been issued and outstanding, of which approximately 9.5 million, or approximately 38%, were shares of our Class B common stock, which is divided equally among our Class B-1, Class B-2 and Class B-3 common stock. Although our Class B common stock is not listed on a national securities exchange, it is not subject to transfer restrictions (other than the restrictions on ownership and transfer of stock set forth in our charter); therefore, such stock will be freely tradeable. As a result, it is possible that a market may develop for shares of our Class B common stock, and sales of such shares, or the perception that such sales could occur, could have a material adverse effect on the trading price of our Class A common stock.

Additionally, all of our Class B common stock will be converted into Class A common stock over time. As a result, holders of shares of Class B common stock seeking to immediately liquidate their investment in our common stock could engage in immediate short sales of our Class A common stock prior to the date on which the Class B common stock converts into Class A common stock and use the shares of Class A common stock that they receive upon conversion of their Class B common stock to cover these short sales in the future. Such short sales could depress the market price of our Class A common stock.

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Future conversions of our Class B common stock could adversely affect the market price of our Class A common stock.

As of February 28, 2014, we had approximately 9.5 million shares of our Class B-1, Class B-2 and Class B-3 common stock outstanding. Although our Class B common stock is not listed on a national securities exchange, our Class B-1 common stock, Class B-2 common stock, and Class B-3 common stock will convert automatically into Class A common stock 6 months, twelve months and eighteen months, respectively, following the listing of our Class A common stock on December 12, 2013; provided, however, that our board of directors has the authority to accelerate the conversion of the Class B-2 shares and Class B-3 shares to dates not earlier than 9 months and twelve months, respectively, following the listing with the consent of Raymond James. We cannot predict the effect that the conversion of shares of our Class B common stock into our Class A common stock will have on the market price of our Class A common stock, but these ongoing conversions may place downward pressure on the price of our Class A common stock, particularly at the time of each conversion.

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

The U.S. stock markets, including the NYSE, on which our Class A common stock listed under the symbol “CTT,” have experienced significant price and volume fluctuations. As a result, the market price of shares of our Class A common stock is likely to be similarly volatile, and investors in shares of our Class A common stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. We cannot assure you that the market price of our Class A common stock will not fluctuate or decline significantly in the future.

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

- the annual yield from distributions on our Class A common stock as compared to yields on other financial instruments;
- equity issuances by us, or future sales of substantial amounts of our Class A common stock by our existing or future stockholders, or the perception that such issuances or future sales may occur;
- short sales or other derivative transactions with respect to our Class A common stock;
- conversions of our Class B common stock into shares of our Class A common stock or sales of our Class B common stock or the perception that such sales may occur;
- changes in market valuations of companies in the timberland or real estate industries;
- increases in market interest rates or a decrease in our distributions to stockholders that lead purchasers of our Class A common stock to demand a higher yield;
- fluctuations in stock market prices and volumes;
- additions or departures of key management personnel;
- our operating performance and the performance of other similar companies;
- actual or anticipated differences in our quarterly operating results;
- changes in expectations of future financial performance or changes in estimates of securities analysts;
- publication of research reports about us or our industry by securities analysts or failure of our results to meet expectations of securities analysts;
- failure to qualify as a REIT;
- adverse market reaction to any indebtedness we incur in the future;
- strategic decisions by us or our competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business strategy;

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

In the past, securities class action litigation has often been instituted against companies following periods of volatility in the price of their common stock. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have a material adverse effect on our cash flows, our ability to execute our business strategy and our ability to make distributions to our stockholders.

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

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

Future offerings of debt securities, which would be senior to our common stock, or equity securities, which would dilute our existing stockholders and may be senior to our common stock, may adversely affect the market price of our common stock.

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

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

One of the factors that may influence the price of our Class A common stock will be our distribution rate on the Class A common stock (as a percentage of the share price of our Class A common stock), relative to market interest rates. We have declared cash distributions for the first time for the first quarter of 2014 to be paid on March 17, 2014 and expect to declare cash distributions in the future. If market interest rates increase, prospective purchasers of our Class A common stock may desire a higher yield on our Class A common stock or seek securities paying higher dividends or yields. Higher interest rates would not, however, result in more funds being available for distribution and, in fact, would likely increase our borrowing costs and might decrease our funds available for distribution, and therefore we may not be able, or may not choose to, pay a higher distribution rate. As a result, if interest rates rise, it is likely that the market price of our Class A common stock will decrease, because potential investors may require a higher dividend yield on our Class A common stock as market rates on interest-bearing securities, such as bonds, rise.

There is currently no public market for shares of our Class B common stock, and as a result, Class B stockholders may receive less consideration for their shares than they may have received if they had been able sell immediately upon the listing of our Class A common stock on the NYSE.

There is currently no public market for shares of our Class B common stock until such shares convert into shares of our Class A common stock pursuant to the timing described in Item 1–Business, Recapitalization and Listing on the NYSE. We terminated the SRP, effective October 31, 2013, for all redemptions, even for redemptions in connection with death, disability and confinement to a long-term care facility. As a result, our Class B stockholders have very limited, if any, liquidity with respect to their shares of Class B common stock. Further, the trading price per share of common stock when the shares of Class B common stock convert into shares of Class A common stock could be very different than the trading price per share of the common stock on the date of the listing of our Class A common stock on the NYSE. As a result, Class B stockholders may receive less consideration for their shares than they may have received if they had been able to sell immediately upon the effectiveness of the listing.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

As of December 31, 2013, we owned interests in approximately 278,100 acres of timberland, consisting of approximately 247,200 acres held in fee-simple interests and approximately 30,900 acres held in leasehold interests. Our leased timberlands include approximately 20,500 acres under one long-term lease expiring in 2022, and approximately 10,400 acres under multiple, single-rotation leases expiring between 2013 and 2019. Our timberlands are located on the Lower Piedmont and Upper Coastal Plains of East Central Alabama and West Central Georgia within an attractive and competitive fiber basket encompassing a numerous and diverse group of pulp, paper and wood products manufacturing facilities.

As of December 31, 2013, our timberlands contained an estimated 10.4 million tons of merchantable timber inventory, of which approximately 6.1 million tons was pulpwood, 2.3 million tons was chip-n-saw, and 2.0 million tons was sawtimber. Our methods of estimating our timber inventory are consistent with industry practices. We must use various assumptions and judgments to determine both our current timber inventory and the timber inventory that will be available over the harvest cycle; therefore, the physical quantity of such timber may vary significantly from our estimates. Our estimated inventory is calculated for each tract by utilizing growth formulas based on representative sample tracts and tree counts for various diameter classifications. The calculation of inventory is subject to periodic adjustments based on statistical sampling of the harvestable timbered acres, known as timber sample cruises, actual volumes harvested and other timber activity, including timberland sales. In addition to growth, the inventory calculation takes into account in-growth, which is the annual transfer of the oldest pre-merchantable age class into merchantable inventory. The age at which timber is considered merchantable is reviewed periodically and updated for changing harvest practices, future harvest age profiles and biological growth factors.

Forests are subject to a number of natural hazards, including damage by fire, hurricanes, insects and disease. Changes in global climate conditions may intensify these natural hazards. Severe weather conditions and other natural disasters can also reduce the productivity of timberlands and disrupt the harvesting and delivery of forest products. Because our timberlands are concentrated in the Lower Piedmont and Upper Coastal Plains of East Central Alabama and West Central Georgia, damage from natural disasters could impact a material portion of our timberlands at one time. Our active forest management should help to minimize these risks. Consistent with the practices of other timber companies, we do not maintain insurance against loss of standing timber on our timberlands due to natural disasters or other causes.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are party to legal proceedings, which arise in the ordinary course of our business. We are not currently involved in any legal proceedings of which the outcome is reasonably likely to have a material adverse effect on our results of operations or financial condition. Nor are we aware of any such legal proceedings contemplated by governmental authorities.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Market Information and Stockholders of Record

Our Class A common shares were listed on the NYSE on December 12, 2013 under the symbol "CTT". Prior to December 12, 2013, none of our common stock was listed on a national securities exchange and there was no established public trading market for such shares. Our Class B common stock is not listed on a national securities exchange and there is no established public trading market for such shares. However, all of our Class B common stock will convert to publicly traded Class A common stock by June 12, 2015.

As of February 28, 2014, we had approximately 15.5 million shares of Class A common stock outstanding held by a total of 3,687 holders of record; approximately 3.2 million shares of Class B-1 common stock outstanding held by a total of 3,895 holders of record; approximately 3.2 million shares of Class B-2 common stock outstanding held by a total of 3,897 holders of record; and approximately 3.2 million shares of Class B-3 common stock outstanding held by a total of 3,898 holders of record. The number of stockholders is based on the records of ComputerShare Inc. ("ComputerShare") who serves as our registrar and transfer agent.

The table below reflects the range of intra-day high and low sales prices of our Class A common stock during December 2013:

	High	Low
2013		
Fourth Quarter (1)	$14.00	$13.40

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

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Redemption of Common Stock

In connection with our transition to self-management, on September 18, 2013, our board of directors approved the termination of the share redemption plan ("SRP"), effective as of October 31, 2013. During the three months ended December 31, 2013, we repurchased shares of our common stock as follows:

Period	Number of Shares Purchase		Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan or Program	Approximate Dollar Value of Shares Available That May Yet Be Redeemed Under the Plan or Program
October 2013	8,333		$15.58	8,333	(1)
November 2013	—		n/a	—	—
December 2013	5,227	(2)	$13.50	5,227	—
Total	13,560		$14.78	13,560	

(1) Our share redemption plan commenced on August 11, 2006 and was amended on November 8, 2010, March 16, 2012, August 6, 2012, and September 18, 2013. In connection with the execution of the Master Agreement, on September 18, 2013, our board of directors terminated the SRP, effective as of October 31, 2013.

(2) On December 12, 2013, we redeemed 5,227 shares for $70,554 to cash out the fractional shares of Class A common stock generated as the result of the Recapitalization at the IPO price of $13.50 per share.

Redemptions of Preferred Stock

Between October 2007 and December 2009, we issued 32,128 shares of Series A preferred stock and 11,500 shares of Series B preferred stock to Wells REF in exchange for approximately $32.1 million and $11.5 million, respectively. As of December 31, 2012, 27,585 shares of Series A preferred stock and 9,807 shares of Series B preferred stock were outstanding ("Preferred Shares") plus accrued but unpaid dividends.

On September 18, 2013, we entered into a preferred stock redemption agreement with Wells REF, Leo F. Wells, III, our former President and Chairman of the Board of CatchMark Timber Trust, and Douglas P. Williams, our former Executive Vice President, Secretary, Treasurer and Director of CatchMark Timber Trust. The agreement was subsequently amended on September 20, 2013 and October 25, 2013 (as amended, the “Preferred Stock Redemption Agreement”). Pursuant to the Preferred Stock Redemption Agreement, on December 17, 2013, we redeemed the outstanding 37,392 Preferred Shares at the original issue price of approximately $37.4 million, plus accrued but unpaid dividends of $11.6 million. As of December 31, 2013, no preferred shares were outstanding. For additional information on the Preferred Stock Redemption Agreement, see Note 9 – Stockholders' Equity of the accompanying consolidated financial statements.

Distributions

In connection with our transition to self-management, on September 18, 2013, our distribution reinvestment plan was terminated, effective as of September 18, 2013.

On December 19, 2013, our board of directors declared a cash distribution for the first quarter of 2014 for $0.11 per share for each class of our common stock. The distribution is payable on March 17, 2014 to stockholders of record as of February 28, 2014. We intend to make regular quarterly distributions to holders of our common stock. Dividends will be made to those stockholders who are stockholders as of the dividend record dates.

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

Our new management team implemented a revised business strategy that includes (1) increasing our annual harvest volume based on a sustainable harvest plan in order to support a distribution to our common stockholders and (2) establishing annual HBU sales targets. See further discussions in Item 7. Management Discussions and Analysis – Overview. If we are unable to sell our increased harvest volume or execute on our land sales program, we may not be able to generate cash returns necessary to support our estimated initial distribution range and our actual distribution may be lower than such range. Although we believe this estimated distribution range is based on reasonable assumptions regarding our anticipated revised harvest and HBU strategies, reflects our best currently available estimates and judgments, and presents, to the best of management’s current knowledge and belief, our expected course of action and the expected future financial performance in order to form a reasonable basis for setting the initial distribution, no assurance can be given that the estimates will prove accurate, and actual distributions may be significantly different from our estimated range. The assumptions set forth above and used in determining our estimated range of initial distributions are not intended to be a projection or forecast of our actual results of operations or our liquidity and have been made for the sole purpose of estimating the range of our initial quarterly distribution rate.

We cannot guarantee that our board of directors will not change our distribution policy in the future. The amount of distributions that we may pay to our common stockholders will be determined by our board of directors in its sole discretion and is dependent upon a number of factors, including, but not limited to, our financial condition, our capital requirements, our expectations of future sources of liquidity, current and future economic conditions and market demand for timber and timberlands and tax considerations. For more information regarding risk factors that could materially and adversely affect us and the payment of distributions, see Item 1A – Risk Factors.

If our operations do not generate sufficient cash flow to enable us to pay our intended or required distributions, we may be required to reduce our distributions or fund our distributions from working capital, borrowings or additional equity raises, or we may make a portion of required distributions in the form of a taxable stock dividend. Under certain circumstances, our credit agreements may limit our ability to make distributions to our common stockholders. Under our existing credit agreement, we may declare and pay distributions so long as our LTV ratio remains below 45% and we maintain a minimum fixed-charge coverage ratio of 1.05:1.00, or minimum liquidity balance as defined by the credit agreement. This requirement has restricted our ability to pay cash distributions in the past. Our credit agreement is also subject to mandatory prepayment from proceeds generated from dispositions of timberlands, which may have the effect of limiting our ability to make distributions under certain circumstances. The mandatory prepayment excludes (1) the first $4.0 million (or $5.0 million) of cost basis of timberland dispositions in any fiscal year if (a) our LTV ratio calculated on a pro forma basis after giving effect to such disposition does not exceed 40% (or is below 30%), and (b) such cost basis is used as permitted under the facility; and (2) lease termination proceeds of less than $2.0 million in a single termination until aggregate lease termination proceeds during the term of the facility exceeds $5.0 million. In addition, our charter allows us to issue preferred stock that could have a preference on distributions. We currently have no intention to issue any new shares of preferred stock, however if we issue any preferred stock in the future, the distribution preference on the preferred stock could limit our ability to make distributions to our common stockholders.

U.S. federal income tax law requires that a REIT distribute annually at least 90% of its REIT net taxable income, excluding net capital gains, and that it pay tax at regular corporate rates to the extent that it annually distributes less than 100% of its net taxable income including net capital gains. We anticipate that our estimated cash available for distribution will exceed the annual distribution requirements applicable to REITs. However, under some circumstances, we may be required to pay distributions in excess of cash available for distribution in order to meet these distribution requirements, and we may need to borrow funds to make some distributions.

Recent Sale of Unregistered Securities

Pursuant to our Amended and Restated Independent Directors Compensation Plan, we granted 400 shares of restricted common stock to each of our three independent directors upon their re-election to our board of directors on August 9, 2013. These shares were issued pursuant to an exemption from registration under Section 4(2) of the Securities Act for transactions not involving a public offering.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data for 2013, 2012, 2011, 2010, and 2009 should be read in conjunction with the accompanying consolidated financial statements and related notes in "Item 8. Financial Statements and Supplementary Data" hereof.

	As of December 31,				
	2013	2012	2011	2010	2009
Cash and cash equivalents	$8,613,907	$11,221,092	$6,848,973	$8,788,967	$5,636,878
Restricted cash and cash equivalents	$—	$2,050,063	$6,762,246	$7,852,763	$7,955,701
Total assets	$338,953,502	$350,260,242	$345,322,607	$360,491,122	$371,571,157
Total liabilities	$59,022,050	$140,173,053	$155,514,335	$199,831,437	$244,046,346
Total stockholders' equity	$279,931,452	$210,087,189	$189,808,272	$160,659,685	$127,524,811
Outstanding debt	$52,160,000	$132,356,123	$122,025,672	$168,840,592	$216,841,297

	For the Year Ended December 31,				
	2013	2012	2011	2010	2009
Total revenues	$32,047,590	$44,199,779	$40,017,827	$47,582,144	$52,245,649
Operating loss	$(8,602,315)	$(3,699,599)	$(6,072,205)	$(5,460,961)	$(7,855,603)
Net loss	$(13,196,920)	$(8,870,732)	$(11,945,363)	$(15,809,720)	$(19,948,257)
Net loss available to common stockholders	$(13,556,704)	$(9,244,724)	$(13,502,038)	$(19,518,100)	$(23,588,636)
Per-share data—basic and diluted:					
Net loss available to common stockholders	$(1.03)	$(0.29)	$(0.47)	$(0.86)	$(1.36)
Weighted-average common shares outstanding	13,145,779	12,741,822	11,395,632	9,122,648	6,922,680