

CONSOLIDATED TOMOKA LAND CO
Form DEFA14A
April 17, 2017

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (As Permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

CONSOLIDATED-TOMOKA LAND CO.
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

 - (4) Proposed maximum aggregate value of transaction:

 - (5) Total fee paid:
-

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

The following press release was issued by Consolidated-Tomoka Land Co. on April 17, 2017.

Press

Release

Contact: Mark E. Patten, Sr. Vice President and CFO

mpatten@ctlc.com

Phone: (386) 944-5643

Facsimile: (386) 274-1223

FOR CONSOLIDATED-TOMOKA LAND CO.

IMMEDIATE REPORTS FIRST QUARTER 2017 EARNINGS OF \$2.28 PER SHARE

RELEASE

DAYTONA BEACH, FLORIDA, April 17, 2017. Consolidated-Tomoka Land Co. (NYSE MKT: CTO) (the “Company”) today announced its operating results and earnings for the quarter ended March 31, 2017.

OPERATING RESULTS

Operating results for the quarter ended March 31, 2017 (as compared to the same period in 2016):

- Net income was \$2.28 per share, an increase of \$2.03 per share, or 812%;
 - The Company expects to exceed the high end of its guidance for earnings per share in 2017;
-

Edgar Filing: CONSOLIDATED TOMOKA LAND CO - Form DEFA14A

- Operating income was approximately \$22.8 million, an increase of approximately \$16.5 million, or approximately 257%; and
- Revenues from our Operating Segments were as follows:

Operating Segment	Revenue for the Quarter (\$000's)	Increase (Decrease) vs Same Period in 2016 (\$000's)	vs Same Period in 2016 (%)
Income	\$ 7,073	\$ 10,644	150.4%
Properties Interest	536	(3,325)	(619.8%)
Income from Commercial Loan Investments			
Real Estate Operations	29,475	19,203	65.2%
Golf Operations	1,475	110	7.5%
Agriculture & Other	154	135	87.7%
Total Revenues	\$ 38,713	\$ 20,159	52.1%

CEO and CFO Comments on Operating Results

John P. Albright, president and chief executive officer, stated, “We are very pleased with the Company’s performance in the first quarter, clearly reflecting the continued execution of our business plan and strategy, particularly the progress we have made monetizing the Company’s land holdings including the closing of the first Minto contract for more than \$27 million in sales proceeds and the successful deployment of those proceeds, utilizing the 1031 exchange structure, into the acquisition of four income properties.” Mr. Albright added, “Since becoming CEO in late 2011 through April 17, 2017, the Company has completed 24 separate land sales transactions for nearly 2,600 acres and almost \$82 million in sales proceeds, and has another approximately \$81 million under contract with eight different buyers, totaling approximately 27% of CTO’s remaining land holdings. CTO’s Board of Directors and management team remain committed to advancing the Company’s business plan, by continuing to convert our land holdings into income-producing investments and returning capital to shareholders, with the express purpose of maximizing shareholder value for all of CTO’s shareholders.” Mr. Albright concluded by noting, “We look forward to having our shareholders attend our 2017 annual shareholder meeting so they can see first-hand the substantial progress Minto has made on the development of the Latitude Margaritaville community and the other exciting projects, at or near the LPGA Boulevard and Interstate 95 intersection, that have opened or are soon to open on land that we have sold in recent years.”

Mark E. Patten, senior vice president and chief financial officer, stated, “We’re pleased with our first quarter 2017 earnings, particularly the earnings from the increased year-over-year land sales and the impact of the growth in our income property portfolio which continues to drive increasing free cash flow.” Mr. Patten continued, “Our earnings in the first quarter included approximately \$0.24 per share of non-recurring income related to the accounting treatment related to the acquisition of the fee interest in the golf operations land which triggered the reversal of approximately \$2.2 million in an accrued liability related to the straight-line treatment of the lease expense since the inception of the lease in 1997.” Mr. Patten added, “We finished the quarter in a strong position from a liquidity perspective and we have continued to invest some of this capacity in our expanded buy-back program, investing approximately \$2.9 million in just over 56,000 shares during the first quarter, completing the first \$10 million buyback program begun in 2016 and utilizing over \$1.1 million of our new \$10 million buyback program through April 13, 2017.”

OTHER HIGHLIGHTS

Other highlights for the quarter ended March 31, 2017, include the following:

- Repurchased 56,243 shares of the Company’s stock for approximately \$2.9 million at an average purchase price of \$52.05 per share;
 - Book value increased by \$1.91 per share to approximately \$27.88 per share as of March 31, 2017, an increase of approximately 7.4% versus December 31, 2016; and
-

- As of March 31, 2017: (i) Total cash was approximately \$8.5 million, which includes unrestricted cash and approximately \$4.1 million of 1031 restricted cash (“Available Cash”); (ii) Total debt (including the convertible note at face value) to total enterprise value (total debt plus equity market capitalization), net of Available Cash, was approximately 32.9%; and (iii) available borrowing capacity on our credit facility totaled approximately \$50.5 million, subject to borrowing base requirements.

Income Property Portfolio Update

The Company’s income property portfolio consisted of the following as of March 31, 2017:

Property Type	# of Properties	Annualized Revenue (\$000’s)	Avg. Years Remaining on Lease
Single-Tenant	22	\$ 13,500	9.1
Multi-Tenant	11	9,900	5.2
Total / Wtd. Avg.	33	\$ 23,400	7.6

In the first quarter of 2017 the Company acquired two income properties for an aggregate purchase price of approximately \$19.1 million at a weighted average cap rate of 6.46%.

Subsequent to Quarter End

On April 6, 2017, the Company acquired an approximately 22,500 square foot retail building in the metropolitan Boston, Massachusetts area (the “Jo-Ann Property”) for approximately \$6.3 million at a 7.1% cap rate. The Jo-Ann Property is 100% leased to Jo-Ann Stores, Inc. under a triple-net lease. The remaining lease term is approximately 12 years. The Jo-Ann Property was purchased using the remaining proceeds from the \$27.2 million sale of approximately 1,581 acres to Minto Communities, as well as the majority of the proceeds from the \$3.2 million sale of approximately 28 acres to VanTrust Real Estate, LLC, discussed below.

Loan Investment Update

Portfolio Summary

As of March 31, 2017, the Company owned three performing commercial loan investments which have an aggregate outstanding principal balance of approximately \$24 million. These loans are secured by real estate, or the borrower’s equity interest in real estate, located in Dallas, Texas, Sarasota, Florida, and Atlanta, Georgia, and have an average remaining maturity of approximately 0.6 years and a weighted average interest rate of 9.1%. One of the loans has a remaining 1-year extension and another loan has two one-year extensions remaining available at the borrower’s election, which would extend the remaining maturity of this portfolio to approximately 1.8 years.

Land Update

Land Sales

In the first quarter of 2017, the Company sold approximately 1,587 acres of land in two separate transactions with two different buyers generating aggregate sales proceeds of approximately \$28.7 million, representing an average of approximately \$18,000 per acre and resulting in aggregate gains at closing of approximately \$20.1 million, or approximately \$2.20 per share, after tax. The first quarter transactions included the following transactions:

1. The sale of approximately 1,581 acres, on the west side of Interstate 95 to Minto Communities (for the development of the 3,400-unit age-restricted Latitude Margaritaville community), for
-

approximately \$27.2 million, or approximately \$17,000 per acre, resulting in an estimated gain of approximately \$20.0 million, or \$2.20 per share after tax; and

2. The sale of approximately 6 acres, on the east side of Interstate 95 at Clyde Morris and LPGA boulevards, for approximately \$1.6 million, or approximately \$245,000 per acre.

Subsequent to Quarter End

On April 6, 2017, the Company completed the sale of approximately 28 acres, on the east side of Interstate 95 along Clyde Morris boulevard near LPGA boulevard, at a sales price of approximately \$3.2 million, or approximately \$117,000 per acre, resulting in an estimated gain of approximately \$3.0 million, or approximately \$0.32 per share after tax. The estimated gain includes the anticipated costs associated with the Company's responsibility for providing the mitigation credits needed for the buyer's wetlands permit. This 28-acre site was sold to an affiliate of VanTrust, who plans to develop a distribution facility of approximately 400,000 square feet for an affiliate of B. Braun, the global medical and pharmaceutical device company.

On April 13, 2017, the Company completed the sale of approximately 4.5 acres of land at a sales price of approximately \$1.2 million, or approximately \$274,000 per acre. The land is located on the east side of Interstate 95 at the northeast corner of LPGA Boulevard and Concierge Boulevard, just east of the existing Concierge office building. The purchaser intends to develop a mixed-use project including retail and office, creating additional capital investment and employment growth in the Daytona Beach area.

Land Pipeline Update

As of April 13, 2017, the Company's pipeline of potential land sales transactions included the following eight definitive purchase and sale agreements with eight different buyers, representing approximately 2,200 acres or 27% of our land holdings:

Contract (or Buyer)/Parcel	Acres	Contract Amount (\$000's)	Price Per Acre (\$ Rounded 000's)	Estimated Timing
1 Minto II (AR Residential)	1,686	\$ 31,360	\$ 19,000	'18 – '19
2 ICI (SF) – Option Parcel	146	\$ 1,400	\$ 10,000	'18 – '19
3 Residential	194	\$ 3,324	\$ 17,000	'18 – '19
4 Mixed-Use Retail (NADG)	82	\$ 20,187	\$ 246,000	'17 – '18
5 Commercial/Retail – Buc'ee's	55	\$ 14,000	\$ 400,000	'17 – '19
6 Commercial/Retail	22	\$ 5,574	\$ 253,000	'17 – '18
7 Commercial/Retail	30	\$ 2,938	\$ 98,000	'17

