



Consolidated Tomoka Land Co. (Ticker: CTO)

Activist Investor: Wintergreen Advisers

8 April 2009

CATALYST SUMMARY

On March 9 Wintergreen Advisers filed preliminary proxy materials in an effort to solicit enough shareholder votes to elect three directors at Consolidated Tomoka Land Co's (CTO) next **Annual Meeting Scheduled for May 13, 2009**. If Wintergreen's nominees are elected, five of the eleven board members will have the endorsement from the activist fund. Wintergreen also intends to present three proposals at the meeting for shareholders to consider, including: (i) declassifying the board, (ii) separating the positions of Chairman & CEO, and (iii) setting the number of directors at eleven.

Wintergreen began accumulating CTO's stock in March 2006 shortly after the formation of the Wintergreen Fund (*see below*). Wintergreen quickly accumulated 25.9% and began pressing the company to maximize the value of their Daytona Beach properties.

CTO nominated a director recommended by Wintergreen at the 2007 annual meeting. However, that director resigned prior to the 2008 meeting citing a disagreement with the company's decision to combine the positions of Chairman and CEO. Since that time Wintergreen and CTO have held numerous discussions pertaining to board representation. On March 3, 2009 CTO issued a press release announcing that it had amended its bylaws to increase the number of directors from nine to eleven, and would be nominating on the company's slate of directors two nominees proposed by Wintergreen. On March 9 Wintergreen nominated three additional candidates for election to the board. The table below depicts the director candidates and their respective endorsements from CTO and Wintergreen.

	Class I (One Candidate)	Class II (One Candidate)	Class III (Four Candidates)
CTO	1 nominated by CTO	1 nominated by CTO; recommended by Wintergreen	4 nominated by CTO; 1 of which is recommended by Wintergreen
Wintergreen	No Position		3 nominated by Wintergreen to replace 3 not recommended by Wintergreen

Since CTO has a plurality voting structure the uncontested Class I and Class II directors will get seated. The four remaining Class III nominees who accumulate the most shareholder votes will be elected. *Our shareholder analysis suggests it is more than likely Wintergreen's candidates will obtain the necessary support to be elected.*

COMPANY PROFILE	
Previous Close:	29.03
52 -week Range:	21.56 – 60.00
Market Cap:	166M
Enterprise Value:	174M
Net Cash:	-3M
Net Cash per Share:	Negative
EBITDA:	7M
EV/EBITDA:	26.4
INVESTOR PROFILE	
Principal Activist	Wintergreen Advisers
Shares Held by Activists:	1,481,474
Percent Outstanding:	25.9%
Cost Basis:	\$61.42
Total as a % of float	28%
CAPITAL STRUCTURE	
Common Shares Outstanding	5,727,928
Preferred Shares:	None
Long Term Debt	6.2M

ACTIVIST INVESTOR PROFILE

The Wintergreen Fund is an open end investment company trading under the symbol WGRNX. Wintergreen is managed by David Winters, who launched the firm in May 2005 after holding various positions with Franklin Mutual Advisers, including President, CEO and Chief Investment Officer.

Wintergreen's investment philosophy consists of taking equity positions in undervalued companies, taking into account the relationship of book value to market value, cash flow and multiple of earnings. The "ABC's" of Wintergreen's investment strategy are comprised of the following key elements: **(A)** Activism & Arbitrage, **(B)** Bankruptcy, **(C)** Cash & Convertibles, **(D)** Distressed Companies, **(E)** Equities that are trading at a discount to intrinsic value, **(F)** Financial restructurings, **(G)** Global – including emerging markets, **(H)** Hedging to reduce risk, and **(I)** Integrity – management's ability and incentives to deliver superior returns.

COMPANY PROFILE

Consolidated Tomoka Land Co. (<http://www.consolidatedtomoka.com>) is a real estate operating company based in Daytona Beach Florida. Primary businesses include owned commercial properties leased to major retailers, agricultural operations with 10,700 acres of land on the west side of Daytona Beach, land sales and development, and property leasing for oil and mineral exploration. The company also operates two golf courses, a clubhouse facility, and food and beverage operations.

HEDGE FUND SOLUTIONS' VALUE ANALYSIS (IRRESPECTIVE OF THE ACTIVIST'S INVOLVEMENT)

Judging by the beating Consolidated Tomoka Land shares have taken over the past year, the company appears to have suffered the same fate that most other real estate related companies have due to the housing meltdown. But, while total revenue for 2008 fell 52% to \$20.6 million, CTO still earned \$4.8 million, for a 23% net profit margin. Still that pales in comparison to 2007's \$13.5 million net (31% net margin) and shares are down 51% from their 52 week high of \$60, and 63% from the \$80 mark achieved two years ago.

CTO owns a very interesting array of assets, primarily in Florida. Total acreage owned by the company is approximately 11,200, which is the equivalent of 17.5 square miles or an area roughly 4.2 miles by 4.2 miles. Most of the acreage (10,700) is located west of Daytona Beach, with access to several major highways, including I-95, Route 40, and International Speedway Boulevard. Some of this acreage is currently in timber, and some is used to grow hay. Given its proximity to Daytona Beach, however, this land may ultimately have a higher and better use if growth in the Daytona area resumes. The company also owns the full or fractional subsurface oil, gas and mineral interests in 516,000 Florida acres, the equivalent of rights for 283,000 full acres.

CTO also owns 26 commercial properties, averaging about 20,500 square feet, for a total of 535,047 square feet. Most of these properties are leased on long-term double or triple net leases to well-known retailers. Drugstore chains CVS (9) and Walgreen's (7) are the largest tenants, with RBC Centura Bank (3), Barnes and Noble (2), Lowes, Dicks Sporting Goods, and Best Buy also occupying stores.

While the company generates the bulk of operating from its income properties business- nearly 70% in 2008, the golf operations business continues to generate losses, including an operating loss of \$1.8 million in 2008.

The company maintains a fairly solid balance sheet. While CTO has just \$400,000 in cash, there's an additional \$5.3 million in marketable debt securities, \$2.5 million of which matures within 1 year, and just \$8.5 million in debt, \$2.6 million of which matures in 2009 (\$292,000) and 2010 (\$2.3 million). With a current market cap of \$166 million, the company's enterprise value is just \$174 million; very compelling considering the extent of land holdings, cash flow producing commercial property, and other assets.

ANALYSIS PROVIDED BY:

Damien Park is the President and CEO of Hedge Fund Solutions, LLC, a Philadelphia-based firm focused on issues related to shareholder activism.

Mr. Park is widely considered an expert on activist investments. He is a featured commentator on *RealMoney.com* discussing activist investments and is often quoted in leading business publications, including: *The Wall Street Journal*, *Business Week*, *CFO Magazine*, *TheStreet.com*, *The Deal*, *CNN Money*, *The New York Times*, *The Nikkei* and *Newsweek Japan*.

Damien frequently speaks at professional conferences and is the Chairman of the Hedge Fund Activism and Shareholder Value Summit, the largest annual gathering of activist hedge funds in the world.

Jonathan Heller, CFA, is a Partner at Hedge Fund Solutions, President of KEJ Financial Advisors - a fee-only financial planning firm, and a featured commentator on *RealMoney.com* discussing deep value investments.

Previously, Jon spent 17 years at Bloomberg Financial Markets in various roles which included the management of Bloomberg's Equity Fundamental Research Department and Bloomberg's Equity Data Research Department. Jon was also a senior markets editor of Bloomberg's Publishing Group, a writer for Bloomberg Personal Finance Magazine, and an associate editor and contributor for Bloomberg Markets Magazine. In 2005, Jon joined SEI Investments as director of investment communications within SEI's Investment Management Unit.

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IMPORTANT DISCLOSURE INFORMATION

Neither Damien Park nor Jonathan Heller holds long or short positions in the stocks mentioned in this analysis as of the date of this research.

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