

CONSOLIDATED TOMOKA LAND CO  
Form DEFA14A  
December 04, 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

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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)

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- (4) Date Filed:

The following press release was issued by Consolidated-Tomoka Land Co. on December 4, 2017.

Press

Release

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FOR CONSOLIDATED-TOMOKA ISSUES RESPONSE

IMMEDIATE TO DIRECTOR NOMINATIONS AND

RELEASE SHAREHOLDER PROPOSAL FROM WINTERGREEN ADVISERS

Initiates Dialogue with Wintergreen Fund's Board of Directors Regarding Conduct of Wintergreen Advisers

Demands Withdrawal of Nominations and Shareholder Proposal

DAYTONA BEACH, Fla. – December 4, 2017 – Consolidated-Tomoka Land Co. (NYSE American: CTO) (the “Company” or “CTO”) today responded to both a notice of intent to nominate three candidates for election to CTO’s board of directors (the “Board”), dated November 24, 2017, and a shareholder proposal dated November 13, 2017 (collectively, the “Wintergreen Materials”), received from Wintergreen Partners Fund, LP and Wintergreen Advisers, LLC, the advisor to the Wintergreen Fund, Inc. (NASDAQ: WGRNX and NASDAQ: WGRIX) (the “Fund” and collectively “Wintergreen”).

The Chairman of the Company, Laura M. Franklin, delivered a letter dated December 1, 2017, to Mr. David Winters of Wintergreen and to Mr. Bradden Backer, Mr. Nathan Adler, Mr. Joseph Bree, Mr. John Keffer, and Mr. John Wakely, the board of directors of the Fund, regarding the Wintergreen Materials. The full text of the letter follows:

Mr. Bradden Backer, Chairman

Mr. Nathan Adler, Director

Mr. Joseph Bree, Director

Mr. John Keffer, Director

Mr. John Wakely, Director

Wintergreen Fund, Inc.

333 Route 46 West, Suite 204

Mountain Lakes, NJ 07046

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Mr. David Winters

Wintergreen Advisers, LLC

Wintergreen Partners Fund, LP

333 Route 46 West, Suite 204

Mountain Lakes, NJ 07046

RE:Consolidated-Tomoka Land Co. 2018 Annual Meeting of Shareholders

Gentlemen:

As Chairman of the Board of Consolidated-Tomoka Land Co. (the “Company” or “CTO”), I am writing to you in response to the submission to CTO of a notice of intention to nominate three directors (“Nomination Notice”) to the CTO Board of Directors (the “Board”) and a shareholder proposal calling for a strategic review process (the “Wintergreen Proposal”), each having been submitted in November 2017, by Wintergreen Partners Fund, LP and Wintergreen Advisers, LLC, on behalf of its clients, including the Wintergreen Fund, Inc. (the “Fund” and collectively, “Wintergreen”).

The Board believes that the Nomination Notice and Wintergreen Proposal are calculated efforts by Wintergreen to deal with the Fund’s own apparent problems and are not in the best interests of all of CTO’s shareholders. We also firmly believe that it is in the best interests of all CTO shareholders to allow the Company to continue executing its business plan without the unwarranted distraction and cost of a second strategic review process since mid 2016, or another protracted and costly proxy fight.

We want to remind you that, as principals and directors of the Fund, you are bound by your fiduciary duties to your own investors. Consistent with these duties, we trust that you will carefully consider the contents of this letter and promptly withdraw the Nomination Notice and Wintergreen Proposal.

The Nomination Notice

We believe that a substantial majority of CTO’s shareholders continue to recognize that Wintergreen has engaged in activities intended to push the Company to pursue actions that promote outcomes that would disproportionately benefit Wintergreen without regard to the damage that might be caused to the Company and all our other shareholders. Such actions, which have persisted for more than two years, include a pattern of asserting baseless allegations against the Board and our senior management team, factual inaccuracies about the Company, and apparent violations of U.S. securities laws.

Consider that at the 2017 Annual Meeting of Shareholders (the “2017 Annual Meeting”), outside of Wintergreen’s own vote, less than 500,000 shares (or approximately 8% of CTO’s outstanding shares) were voted in support of the four Wintergreen nominees, three of whom Wintergreen has now re-nominated. Indeed, it seems worthwhile to also note that of the 45 independent institutional investors and mutual funds, other than Wintergreen, whose votes were tracked by ProxyInsight.com, not a single one voted for even one of Wintergreen’s nominees. In fact, the Fund’s CEO and Portfolio Manager, Mr. Winters, received the fewest votes of the eleven nominees. Both Institutional Shareholder Services and Glass Lewis backed the Company’s full slate of nominees and roundly rejected Wintergreen’s criticisms of the Company and its assessment of our execution of the Company’s business plan. We believe the voting results from the 2017 Annual Meeting (i) reflected the support of the substantial majority of our shareholders for the results being achieved by the Company; and (ii) indicated that a majority of our shareholders rejected Wintergreen’s nominees and their intentions.



We therefore do not see a reason to believe that another costly proxy contest associated with the 2018 Annual Meeting of Shareholders will result in a different outcome with regard to the election of Wintergreen's candidates – as all three are the same nominees rejected by our shareholders last year. Instead, another proxy contest will require the Company to incur what will likely be very substantial expense and effort for the second year in a row. It is also likely to adversely impact the Company's ability to execute its business plan, particularly the closing of certain transactions in the Land Pipeline (defined below) and the potential execution of additional land transaction contracts. Further, the ongoing public conflict with the Company's largest shareholder will likely impact the market value of our shares.

Another proxy contest would ultimately harm the interests of all CTO shareholders, including the Fund, and the Fund's investors, to whom you are the fiduciaries. Wintergreen seeks to bolster its claim that a change at the Board is appropriate by including in its Nomination Notice unsupported claims of additional "hidden value" that would somehow materialize for CTO shareholders were the Wintergreen nominees to be elected and were CTO to be sold or liquidated. We invite you to share with your investors and us what this hidden value represents and how it is derived. This type of baseless speculation seems to us to be extremely irresponsible for a large shareholder and member of the institutional investment community, and is yet another indication of Wintergreen's disruptive behavior.

### The Wintergreen Proposal

The Wintergreen Proposal requests that the Board again hire an independent financial advisor to evaluate ways to maximize shareholder value, including through a sale or liquidation of the Company. The Wintergreen Proposal is nearly identical to a proposal that was submitted by Wintergreen in November 2015. In response to the proposal from Wintergreen in 2015, an independent committee of the Board, working with Deutsche Bank as its independent financial advisor, completed a strategic alternatives review process (the "2016 Strategic Review") in July 2016, which was deliberate and comprehensive, and included a full and objective evaluation of potential alternatives for maximizing shareholder value, including through a sale of the Company or a sale of some or all of our assets.

As part of the 2016 Strategic Review, the Company received two all-stock merger offers at a valuation of approximately \$50 per share, which clearly did not adequately reflect the appropriate value of our business. At the conclusion of the 2016 Strategic Review, less than 18 months ago, the Board determined that continuing to execute CTO's business plan was the best way to maximize value for all of our shareholders. The Board continues to believe that the continued execution of our business plan is the best way to maximize value for our shareholders, and that the re-election of our directors by a substantial majority of our shareholders at the 2017 Annual Meeting and overwhelming rejection of Wintergreen's nominees was a clear indication that our shareholders agree with this conclusion.

CTO is successfully executing its business plan, most notably the monetization of our land holdings, in a tax efficient manner. This progress is evidenced by a number of objective measures including CTO's pipeline of potential land transactions (under contract or letter of intent) which totals approximately 5,900 acres, or 73% of our total land holdings, with potential proceeds of approximately \$153 million (the "Land Pipeline"). In addition, CTO has sold over 2,600 acres of land for approximately \$88.5 million since John Albright became CEO in late 2011. It's important to note, however, that while the majority of the transactions in our Land Pipeline are expected to close in 2018 and 2019, those transactions have not yet closed, and are subject to execution risk. It is misguided to

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believe that another strategic alternatives review process will yield a result different from the 2016 Strategic Review solely because a large amount of CTO's land holdings has been added to the Land Pipeline.

Given the status of the Company's Land Pipeline, it seems reasonable to ask why Wintergreen would seek to have the Company incur significant expense and distract management from the critical task of closing the transactions in the Land Pipeline, by conducting another strategic alternative process. It does not seem to me or my fellow directors that Wintergreen's behavior is that of a shareholder that is seeking to maximize the value of CTO, which raises the question of Wintergreen's true motives. To be clear, the market is well aware that this Board and management team remain open to any transaction that is in the best interest of all of CTO's shareholders. If Wintergreen believes that a potential buyer for the Company was not contacted during the 2016 Strategic Review, we welcome Wintergreen to make that introduction.

The fact that the Wintergreen Proposal again suggests that a liquidation of the Company's assets is a reasonable alternative for maximizing shareholder value is a startling demonstration that Wintergreen, in our view, does not understand the serious adverse tax implications of that alternative, and further demonstrates that Wintergreen's aim is solely to serve its own needs. Wintergreen's lack of understanding of the adverse tax implications of a liquidation of CTO is sufficiently surprising that we would suggest that you hire a financial advisor who specializes in the disposition and liquidation of real estate assets to assist you in your assessment of Wintergreen's request.

#### Wintergreen's Concentration Issue

The market is well aware of the fact that the manager of the Fund, Wintergreen Advisers, has accumulated an overly concentrated position in an illiquid stock for a mutual fund that must be in a position to provide liquidity to its own investors on a daily basis. Based on its most recent SEC filings, at 17%, the Fund's position in CTO stock is its second-largest investment. This concentration is, in part, the result of the Fund's total asset value declining from approximately \$776 million as of September 30, 2015 to just \$418 million (approximately) as of September 30, 2017, a decrease of approximately 46% in only two years. Because the Fund's ownership of CTO shares is so great in relation to CTO's trading volume, the divestiture of this position could not be completed through ordinary market transactions within a reasonable period of time, and the probable daily trading volumes would put substantial downward pressure on the market price of CTO's stock. This would likely cause the Fund, and CTO's other shareholders, to sustain losses. A reasonable investor could take the position that this dynamic represents an "overhang" in CTO's stock price and is a possible reason CTO's shares trade at a substantial discount to the net asset value estimated by the equity research analyst covering CTO. The Fund's concentration issue is likely exacerbated by the upcoming effectiveness of new SEC regulations, which take effect in 18 months, which will require disclosures regarding illiquid positions of the Fund.

New disclosures by the Fund regarding the illiquidity of its position in CTO stock could call into question the Fund's prior statements that it holds no illiquid securities. This could also cause the Fund to reduce the value it attributes to its CTO shares, an adjustment that would make it clear that Fund investors that had already redeemed their investment in the Fund had been favored over those that remain invested.

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This analysis is what leads us to believe that Wintergreen's apparent strategy for dealing with its own challenges is to force CTO to be sold or liquidated as soon as possible, without concern for whether such a sale would maximize value for CTO.

#### In Summary

The Company continues to perform and achieve strong results by most objective operating and financial measures. The management team is far along in the process of successfully monetizing the undeveloped land holdings in Daytona Beach and other assets such as our subsurface interests, in a tax efficient manner, and converting the proceeds into a high-quality portfolio of income-producing properties in major markets and growth markets across the country. Our cash flow has increased substantially and we have a more diverse, attractive set of real estate holdings.

Our shareholders have also done well, realizing a 90%+ total return on their investment in CTO over the last five years and nearly 30% since the conclusion of the 2016 Strategic Review.

Our Board has evolved too, with increased diversity both in experience and background and more recently with significant shareholder representation. Just last month, we invited a principal from Carlson Capital, one of our largest institutional investors and 5th largest shareholder, to join the Board. Now, two of our largest shareholders (including our CEO, John Albright) are represented on the Board. And, it should be noted, Wintergreen itself was instrumental in selecting and nominating three of our six incumbent independent Board members.

Please know, as well, that as a Board we have a duty to safeguard the best interests of all CTO shareholders. We therefore remain prepared to take all available steps to protect our shareholders' interests, including defending against any harm caused by Wintergreen's repetitive activist campaigns and baseless attacks on the directors and senior management of the Company.

The Board remains open, at all times, to discuss ways in which CTO can assist the Fund with its issues, including by having the Company repurchase, at an appropriate price, all or a significant portion of the CTO shares held by the Fund and the other investment vehicles managed by Wintergreen Advisers.

Our efforts of outreach with the principals at Wintergreen have thus far proved to have limited benefit and generally only resulted in the Board and senior management being publicly and privately berated by Wintergreen Advisers. In the coming weeks, we will contact you to schedule a time to meet and discuss these matters, as we hope to open a productive dialogue with the Board of Directors of the Fund.

Sincerely,

/s/ Laura M. Franklin

Laura M. Franklin

Chairman of the Board

Consolidated-Tomoka Land Co.

cc:Edward Horton (Seward & Kissel LLP)

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The Company encourages all CTO shareholders to carefully read the proxy materials and other disclosures related to the upcoming 2018 Annual Meeting, which will be made available to all shareholders entitled to vote at the meeting.

About Consolidated-Tomoka Land Co.

Consolidated-Tomoka Land Co. is a Florida-based publicly traded real estate company, which owns a portfolio of income investments in diversified markets in the United States including over 2.1 million square feet of income properties, as well as approximately 8,100 acres of land in the Daytona Beach area. Visit our website at [www.ctlc.com](http://www.ctlc.com).

We encourage you to review our most recent investor presentations for the quarter ended September 30, 2017 and the presentation for the NAREIT conference, both are available on our website at [www.ctlc.com](http://www.ctlc.com).

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## SAFE HARBOR

Certain statements contained in this press release (other than statements of historical fact) are forward-looking statements. Words such as “believe,” “estimate,” “expect,” “intend,” “anticipate,” “will,” “could,” “may,” “should,” “plan,” “predict,” “forecast,” “project,” and similar expressions and variations thereof are intended to identify certain of such forward-looking statements, which speak only as of the dates on which they were made, although not all forward-looking statements contain such words. Although forward-looking statements are made based upon management’s expectations and beliefs concerning future developments and their potential effect upon the Company, a number of factors could cause the Company’s actual results to differ materially from those set forth in the forward-looking statements. Such factors may include the completion of 1031 exchange transactions, the availability of investment properties that meet the Company’s investment goals and criteria, the modification of terms of certain land sales agreements, uncertainties associated with obtaining required governmental permits and satisfying other closing conditions for planned acquisitions and sales, as well as the uncertainties and risk factors discussed in our Annual Report on Form 10 K for the fiscal year ended December 31, 2016 as filed with the Securities and Exchange Commission. There can be no assurance that future developments will be in accordance with management’s expectations or that the effect of future developments on the Company will be those anticipated by management. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release.

## IMPORTANT ADDITIONAL INFORMATION AND WHERE TO FIND IT

The Company, its directors and certain of its executive officers may be deemed to be participants in the solicitation of proxies from the Company’s shareholders in connection with the Company’s 2018 Annual Meeting of Shareholders (the “2018 Annual Meeting”), to be held at such time and place to be announced by the Board. The Company intends to file a proxy statement and related proxy materials with the U.S. Securities and Exchange Commission (the “SEC”) in connection with any solicitation of proxies from the Company’s shareholders in connection with the 2018 Annual Meeting. **SHAREHOLDERS OF THE COMPANY ARE STRONGLY ENCOURAGED TO READ SUCH PROXY STATEMENT AND ALL OTHER RELATED MATERIALS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE, AS THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE 2018 ANNUAL MEETING.** Updated information regarding the identity of potential participants in the solicitation of proxies in connection with the 2018 Annual Meeting, and their direct or indirect interests, by security holdings or otherwise, will be set forth in such definitive proxy statement and other materials to be filed with the SEC. Shareholders may obtain the Proxy Statement, any amendments or supplements to the Proxy Statement and other materials filed by the Company with the SEC for no charge at the SEC’s website at [www.sec.gov](http://www.sec.gov). Copies will also be available at no charge at the Investor Relations section of our corporate website at [www.cltc.com](http://www.cltc.com).

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