CONSOLIDATED TOMOKA

For the UK, 2019 turned out to be a year of exits: There was the long-awaited BREXIT, the grueling process of the UK leaving the European Union; not to mention the unexpected MEGXIT in which Meghan Markel and Prince Harry fled to North America.

Consolidated-Tomoka Land Co. (the "Company") had its own exits of sorts, in the form of LANDXIT and GOLFXIT. These were both long-awaited transactions that allowed the Company to catapult into almost 100% cash flow producing assets, thus providing the Company with even stronger free cash flow. Those two transformative transactions also helped us to almost double our quarterly dividend and grow our book value by over $20 per share to $60 per share. We also created new cash flow streams for the Company by selling 20 of our single-tenant net leased income properties for approximately $149 million, to Alpine Income Property Trust, Inc. ("Alpine") (NYSE: PINE), a newly created publicly traded single-tenant net lease REIT. Alpine will be 100% dedicated to investing in and owning single-tenant net leased assets and the Company has an approximately 22% ownership in Alpine. In addition, the Company serves as the external manager for Alpine earning an annual base management fee and with the potential to earn an incentive fee if Alpine's shareholders achieve a targeted return on their investment. This transaction, as well as the LANDXIT (described below), provided the Company with over $200 million of cash proceeds to invest in multi-tenant properties through a 1031 like-kind exchange structure. We completed the redeployment of these 1031 proceeds in February 2020.

Going forward, Consolidated-Tomoka Land Co. will focus its ownership and investment activities primarily on multi-tenant retail assets. As I alluded to in last's years annual letter, it is time for a name change. The Company's bylaws require that we ask our shareholders to approve a change in the Company's name. We are proposing going from Consolidated-Tomoka Land Co. to CTO Realty Growth, Inc., which we believe better reflects the Company's future.

Land JV

Now back to the LANDXIT transaction. We sold a 66.5% controlling interest in the entity (the "Land JV") that owned our remaining 5,300 acres of undeveloped Daytona Beach land for $97 million to an investment fund named Magnetar Capital LLC ("Magnetar"). We retained a non-controlling 33.5% interest in the Land JV, which we also manage. As the Land JV continues to sell land, the structure is set up whereby Magnetar receives its capital and a preferred return first; thereafter the remaining proceeds get split, with 90% going to the Company and 10% going to Magnetar. As of this writing, we have distributed approximately $19.7 million from the $22 million of land sales after the October closing. A big congrats to Mark Patten who spearheaded the complicated joint venture negotiations and structure, as well as a big thanks to Teresa Thornton-Hill, Tammy MacIsaac and Holly Greene for working though all of the details of title and survey work for 40 separate land parcels, some of them dating back over 100 years. This took a lot of late nights and weekends.

Alpine Income Property Trust, Inc. REIT

October was a big month for the Company, we not only closed the Land JV transaction, the largest land transaction in the Company's history, but our Board of Directors also rang the closing bell at the New York Stock Exchange commemorating the Company's 50th anniversary as a public company and we announced the formation of Alpine. Alpine went public just before Thanksgiving with a $170 million market cap and no debt. As mentioned before, Alpine will focus exclusively on single-tenant net leased assets and CTO owns 22% of Alpine and serves as the external manager of Alpine. This new REIT allows us to have a significant ownership stake in a "pure-play" net lease REIT which should grow faster than CTO. Alpine has a $100 million line of credit to make acquisitions, with the ability to increase that to $150 million, and Alpine declared its first quarter dividend of $0.20 per share, which suggests a 4% dividend on the $19 per share IPO price. In the first two months of 2020 we acquired approximately $47 million of income properties, nearly 40% of the first-year acquisition goal of $120 million, getting us off to a strong start.

The creation of this company and the successful IPO took a team effort, but was led by our CFO, Mark Patten, our SVP of Investments, Steven Greathouse, and our General Counsel, Dan Smith. Mark had a lot of long nights bringing this IPO to a successful execution and he now has two public companies to manage for financial reporting and two credit facilities to oversee.

Golf

It's gone! No more golf. However, we did provide seller financing to help with the sale process. Disposition of the golf operations segment will eliminate approximately $1,000,000 of negative cash flow, creating additional positive cash flow for the Company and a cleaner story. We won't miss the golf operations, but we'll likely need a new venue for our annual shareholder meeting after this year.

Other Items

We've stayed committed to returning capital to our shareholders, and 2019 was a big year for that. In 2019, we invested more than $41 million to repurchase approximately 691,000 shares, which included approximately 321,000 of the 1,553,075 shares that Wintergreen sold in April 2019. The repurchases represented approximately 13% of the shares outstanding at January 1, 2019.

Here is a further recap of our 2019 results and other metrics:

- Earnings of $23.00 per diluted share vs $6.72 in 2018
- Sold an approximately 67% controlling interest in approximately 5,300 acres of land to Magnetar for $97 million
- Grew book value by approximately 54% to $60 per share
- Repurchased 691,000 shares for $41 million
- Raised the dividend by 63% to $0.44 per share for 2019

With the growth of revenue streams and income assets, we anticipate that the Company's operating free cash flow could exceed $4.00 per share in 2020, which we believe is a good position to be in. We believe there is good growth beyond this as we intend to sell the remaining low cap rate net lease holdings and reinvest into higher cap rate multi-tenant assets over time.

Performance Scorecard:

	Basic EPS	Dividend	CTO Share Price Performance(1)	RMZ Index(1)	Book Value Per Share
2019	$23.03	$0.44	15.7%	25.9%	$59.83
2018	$ 6.76	$0.27	(17.6%)	(4.2%)	$38.95
2017	$ 7.53	$0.18	19.3%	5.1%	$32.98
2016	$ 2.86	$0.12	1.6%	8.6%	$25.97
2015	$ 1.44	$0.08	(5.4%)	2.5%	$22.81
2014	$ 1.11	$0.07	54.0%	30.4%	$21.83
2013	$ 0.64	$0.06	17.2%	2.5%	$20.53
2012	$ 0.10	$0.04	14.7%	17.8%	$19.58

(1) Includes re-invested dividends

Income Properties

In the last 14 months, through February 2020, we have acquired 13 assets for approximately $302 million (most of this was funded using proceeds from the portfolio sale to Alpine, as well as, the proceeds from the Land JV transaction). This made Steven Greathouse a super busy person and very productive for CTO and Alpine shareholders. Steven is now hunting for acquisitions for both CTO and Alpine, so we plan on bringing in some additional resources to assist Steven.

We now own a portfolio of income properties with more than 2.3 million rentable square feet in 11 states. Our largest asset is Perimeter Place, a 269,000 square foot lifestyle power center that we acquired in February 2020 for approximately $75 million. The property is in a very dense submarket of Atlanta with very strong employment and population growth. The property is 80% leased, which gives us a good current yield and plenty of upside potential. In addition to the Perimeter Place purchase, in January 2020 we bought a 254,000 square foot power center called Crossroads Towne Center in the high growth market of Chandler, Arizona for $62 million. Finally, in December 2019, we purchased the Strand, a 212,000 square foot power center near the St John's Town Center in Jacksonville, Florida for approximately $63 million. These three acquisitions amounted to approximately $200 million of investments in very high-quality institutional assets located in strong markets.

Convertible Notes

With low interest rates, we were able to effectuate an exchange of our convertible notes that were maturing in March 2020, which carried a coupon rate of 4.5% and had a conversion price of approximately $68. We exchanged most of these soon-to-mature notes into new 5-year convertible notes with a coupon rate of 3.875% and a new conversion price of approximately $78. This extends out 26% of our debt maturities and locks in a favorable fixed rate.

REIT Consideration

As we announced with our year-end earnings, the Board has decided to evaluate and review the possibility of converting the Company to a real estate investment trust (REIT). As many of our shareholders know, given that the Company now has a high-class problem of strong free cash flow and not very much depreciation to offset it, the Company may be looking at a sizable federal tax bill in our current C-Corp structure. If we convert to a REIT (which requires shareholder approval) we will be required to pay a large one-time dividend of potentially more than $7.00 per share, called the Earnings and Profit Distribution ("E&P"). Generally, the E&P distribution is the Company's distribution of its historical retained earnings, essentially since the beginning of the IRS (since our Company's history actually predates the creation of the IRS in 1913). It should be noted that this "E&P" distribution is primarily paid through the issuance of new shares to our existing shareholders and with some cash (about 20% of the E&P dividend). In addition, if the Company were to convert to a REIT, we would be required to pay to our shareholders an annual dividend of an amount equal to 90% of our taxable income.

We believe the REIT structure could be a strong value recognition opportunity for the Company's shares, as REIT's have many dedicated funds devoted to investing in REIT's due to the attractive dividends and favorable tax structure.

We look forward to our journey in 2020 as we continue to grow cash value and mine value for our shareholders.

A big thank you is in order for our exceptional Board of Directors for their wisdom and insight. The Board has contributed immeasurably to the success of CTO's growth strategy through their incredible stewardship and experienced input. Thanks also to the other fifteen team members at HQ in Daytona Beach–in addition to those aforementioned team members in this letter, I want to thank all those who have spent many a weekend at the office to ensure a successful launch of Alpine and to successfully close the Land JV transaction. No more workload fell on anyone's shoulders or desk than Lisa Vorakoun. Lisa has been with CTO for more than 7 years and it wouldn't have happened without her. Thank you also to Bridget Clayton for assisting Lisa. Also, to Dan Smith, whose workload as General Counsel and Corporate Secretary has also doubled with two public companies and two Board of Directors to assist. Also, thanks to Robyn Bell for assisting me and holding down the fort when things get very busy. Brian Snell, thank you for, amongst other efforts, monitoring and managing the cash flows and handling all of the bank accounts that have to be set up. Thanks to Scott Bullock for keeping the land machine going. Scott has lots of civil engineers, land use attorneys and developers to shepherd to get our land deals to the closing table. Thank you to Mike Washuta for the many quality presentations and the websites that he has put together and manages for CTO and Alpine. Welcome back Helal Ismail from Darden School of Business, we are glad you are back, welcome David Tworoger, as our new Director of Asset Management and Regina Baugher as our new Financial Reporting Manager.

John P. Albright
President and
Chief Executive Officer