ANSELL LTD
Form 15F-12G
June 05, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 15F

CERTIFICATION OF A FOREIGN PRIVATE ISSUER S TERMINATION OF REGISTRATION OF A CLASS OF SECURITIES UNDER SECTION 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934 OR ITS TERMINATION OF THE DUTY TO FILE REPORTS UNDER SECTION 13(a) OR SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 000-15850

ANSELL LIMITED

(Exact name of Registrant as specified in its charter)

Victoria, Australia

(Jurisdiction of incorporation or organization)

Level 3, 678 Victoria Street, Richmond, Victoria, 3121, Australia

(Address, including zip code, and telephone number, including area code, of registrant s

principal executive offices)

Ordinary Shares

(Title of each class of securities covered by this Form)

Place an X in the appropriate box(es) to indicate the provision(s) relied upon to terminate the duty to file reports under the Securities Exchange Act of 1934:

Rule 12h-6(a) (for equity securities)	x	Rule 12h-6(d) (for successor registrants)	¨
Rule 12h-6(c) (for debt securities)	¨	Rule 12h-6(i) (for prior Form 15 filers)	¨

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Item 1. Exchange Act Reporting History

A. Ansell Limited (we or the Company) first incurred the duty to file reports under section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (the Exchange Act) on May 8, 1987, by virtue of the registration under the Exchange Act of ordinary shares by Pacific Dunlop Limited. Pacific Dunlop Limited changed its name to Ansell Limited in 2002.

B. We have submitted all reports required under section 13(a) or section 15(d) of the Exchange Act and corresponding rules of the Securities and Exchange Commission (the Commission) for the 12 months preceding the filing of this Form 15F. In addition, we have filed annual reports on Form 20-F each year beginning with 1987.

Item 2. Recent United States Market Activity

On December 14, 2006, we filed a registration statement on Form S-8 in connection with the Company s Long-Term Incentive Plan. We filed a post-effective amendment to terminate the registration of our ordinary shares remaining unsold thereunder on June 5, 2007.

Prior to the Form S-8, our securities were last sold in the United States in a registered offering under the Securities Act of 1933, as amended (the Securities Act), under a registration statement on Form F-3 filed with the Commission on February 10, 1997. This registration statement related to the offering of American Depositary Shares, each representing four ordinary shares of Pacific Dunlop Limited, in the United States.

Item 3. Foreign Listing and Primary Trading Market

A. Our ordinary shares are listed for trading on the Australian Stock Exchange Limited (the ASX). We have determined that the ASX constitutes the primary trading market for our ordinary shares based on the information set forth in Paragraph C. below.

B. Our ordinary shares were initially listed for trading on the ASX on August 16, 1920. We have maintained a listing of our ordinary shares on the ASX for at least the 12 months preceding the filing of this Form 15-F.

C. For the 12-month period beginning on May 1, 2006 and ending on April 30, 2007, the average daily trading volume of on-exchange transactions in our ordinary shares through the ASX was 793,564 ordinary shares. For the same period, the worldwide average daily trading volume was 799,324 ordinary shares (including both on-exchange and off-exchange transactions). Therefore, for such period, approximately 99.28 % of the trading of our ordinary shares took place in, on or through the facilities of the ASX. All trades in our ordinary shares are processed through our share registry, Computershare Investor Services Pty. Limited (Computershare). All off-exchange transactions must, on a daily basis, be submitted to CHESS, the ASX electronic trading system. Those off-exchange transactions are recorded on the day on which they are submitted to CHESS. Based on these facts and this procedure, in determining our average daily trading volume, we have relied on daily trading volume information supplied to us by Computershare.

We voluntary de-listed from the NASDAQ National Market and terminated our American Depositary Receipt (ADR) program, effective June 5, 2006. Since then, our ordinary shares have not been listed for trading on any exchange other than the ASX.

The trading volume data used in the calculation in this Item 3 are included in tabular form attached as Exhibit 10.1 to this Form 15F.

Item 4. Comparative Trading Volume Data

A. For purposes of the calculations set forth in this Item 4, we use the recent 12-month period beginning on May 1, 2006 and ending on April 30, 2007.

B. The average daily trading volume of our ordinary shares in the United States for the 12-month period beginning on May 1, 2006 and ending on April 30, 2007 was 5,759 ordinary shares (including ADRs and over-the-counter). The average daily trading volume of our ordinary shares worldwide during the same period was 799,324 ordinary shares.

The trading volume data used to calculate the average trading volume data in this Paragraph B are included in tabular form attached as Exhibit 10.2 to this Form 15F.

C. For the 12-month period beginning on May 1, 2006 and ending on April 30, 2007, the average daily trading volume of our ordinary shares in the United States (including ADRs and over-the-counter) was 0.72 percent of the average daily trading volume of the ordinary shares worldwide.

The trading volume data used to calculate the percentage set forth in this Paragraph C are included in tabular form attached as Exhibit 10.2 to this Form 15F.

D. Not applicable.

E. We voluntarily delisted our ADRs from the NASDAQ National Market and terminated our ADR program, effective as of June 5, 2006. Each ADR represented four ordinary shares. The average daily trading volume of ordinary shares in the United States (including ADRs and over-the-counter) for the 12-month period beginning on June 6, 2005 and ending on June 5, 2006, was 1.85 percent of the average daily trading volume of our ordinary shares worldwide.

The trading volume data used to calculate the percentage set forth in this Paragraph E are included in tabular form attached as Exhibit 10.3 to this Form 15F.

F. We determined the average daily trading volume in the United States based on information provided to us by JP Morgan Chase Bank, N.A., which acted as depositary for the ADR Program. Our calculations reflect that each ADR represented four of our ordinary shares. As described above under Item 3. Foreign Listing and Primary Trading Market, the worldwide average daily trading volume included in our calculation is based on information supplied to us by Computershare.

Item 5. Alternative Record Holder Information

Not applicable.

Item 6. Debt Securities

Not applicable.

Item 7. Notice Requirement

A. On June 4, 2007, we published the notice, required by Rule 12h-6(h), disclosing our intent to terminate our duty to file reports under section 13(a) or 15(d) of the Exchange Act.

B. We issued the notice described in Paragraph A. in the form of a press release in the United States, transmitted by Business Wire. A copy of this press release is attached as Exhibit 10.4 to this Form 15F.

Item 8. Prior Form 15 Filers

Not applicable.

PART II

Item 9. Rule 12g3-2(b) Exemption

We will post to our web site, www.ansell.com, all information required under Rule 12g3-2(b)(1)(iii), including all information that we have made or are required to make public pursuant to Australian law, have filed or are required to file with the ASX, or have distributed or are required to distribute to our securityholders, in each case promptly after such information is made or required to be made public.

PART III

Item 10. Exhibits

10.1 Australian Stock Exchange Limited and worldwide comparative trading volume data for the 12-month period ended April 30, 2007.

10.2 United States and worldwide comparative trading volume data for the 12-month period ended April 30, 2007.

10.3 NASDAQ National Market and worldwide comparative trading volume data for the 12-month period ended June 5, 2006.

10.4 Press release dated June 4, 2007.

Item 11. Undertakings

The undersigned issuer hereby undertakes to withdraw this Form 15F if, at any time before the effectiveness of its termination of reporting under Exchange Act Rule 12h-6, it has actual knowledge of information that causes it reasonably to believe that, at the time of filing the Form 15F:

(1) the average daily trading volume of its subject class of securities in the United States exceeded 5 percent of the average daily trading volume of that class of securities on a worldwide basis for the same recent 12-month period that the issuer used for purposes of Rule 12h-6(a)(4)(i);

(2) its subject class of securities was held of record by 300 or more United States residents or 300 or more persons worldwide, if proceeding under Rule 12h-6(a)(4)(ii) or Rule 12h-6(c); or

(3) it otherwise did not qualify for termination of its Exchange Act reporting obligations under Rule 12h-6.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, Ansell Limited has duly authorized the undersigned person to sign on its behalf this certification on Form 15F. In so doing, Ansell Limited certifies that, as represented on this Form, it has complied with all of the conditions set forth in Rule 12h-6 for terminating its registration under section 12(g) of the Exchange Act, or its duty to file reports under section 13(a) or section 15(d) of the Exchange Act, or both.

ANSELL LIMITED

By: /s/ Rustom Jilla
Name: Rustom Jilla
Title: Senior Vice President and Chief Financial Officer

Date: June 5, 2007

EXHIBIT INDEX

Exhibit	Description of Exhibit
10.1	Australian Stock Exchange Limited and worldwide comparative trading volume data for the 12-month period ended April 30, 2007.
10.2	United States and worldwide comparative trading volume data for the 12-month period ended April 30, 2007.
10.3	NASDAQ National Market and worldwide comparative trading volume data for the 12-month period ended June 5, 2006.
10.4	Press release dated June 4, 2007.

Net Income Attributable to Consolidated-Tomoka Land Co.

$

1.44

$

0.36

$

1.96

$

0.46

Diluted

Net Income Attributable to Consolidated-Tomoka Land Co.

$

1.44

$

0.36

$

1.95

$

0.45

Per Share Information:

The effect of 93,000 and 85,500 potentially dilutive securities was not included for the three and nine months ended September 30, 2016, respectively, as the effect would be antidilutive. The effect of 32,500 and 40,200 potentially dilutive securities were not included for the three and nine months ended September 30, 2015, respectively, as the effect would be antidilutive.

The Company intends to settle its 4.50% Convertible Senior Notes due 2020 (the “Convertible Notes”) in cash upon conversion with any excess conversion value to be settled in shares of our common stock. Therefore, only the amount in excess of the par value of the Convertible Notes will be included in our calculation of diluted net income per share using the treasury stock method. As such, the Convertible Notes have no impact on diluted net income per share until the price of our common stock exceeds the initial conversion price of $68.90, adjusted effective August 5, 2016 to $68.87. The average price of our common stock during the three and nine months ended September 30, 2016 and 2015 did not exceed the conversion price which resulted in no additional diluted outstanding shares.

NOTE 11. TREASURY STOCK

In November 2008, the Company’s Board of Directors authorized the Company to repurchase from time to time up to $8 million of its common stock. There was no expiration date for the repurchase authorization. The Company repurchased 4,660 shares of its common stock at a cost of approximately $105,000 through December 31, 2013 and those shares were retired. During 2014, the Company repurchased an additional 25,836 shares of its common stock on the open market for a total cost of approximately $928,000, or an average price per share of $35.92, and placed those shares in treasury. During the year ended December 31, 2015, the Company repurchased an additional 119,403 shares of its common stock on the open market for a total cost of approximately $6.5 million, or an average price per share of $54.31, and placed those shares in treasury, thereby completing the $8 million share repurchase program.

In the fourth quarter of 2015, the Company announced a new $10 million stock repurchase program. Under the new $10 million repurchase program, during the nine months ended September 30, 2016, the Company repurchased 113,429 shares of its common stock on the open market for a total cost of approximately $5.5 million, or an average price per share of $48.35, and placed those shares in treasury.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 12. LONG-TERM DEBT

Credit Facility. The Company has a revolving credit facility (the “Credit Facility”) with Bank of Montreal (“BMO”) as the administrative agent for the lenders thereunder. The Credit Facility is guaranteed by certain wholly-owned subsidiaries of the Company. The Credit Facility bank group is led by BMO and also includes Wells Fargo and Branch Banking & Trust Company. The Credit Facility matures on August 1, 2018 with the ability to extend the term for 1 year.

The Credit Facility has a total borrowing capacity of $75.0 million with the ability to increase that capacity up to $125.0 million during the term. The Credit Facility provides the lenders with a secured interest in the equity of the Company subsidiaries that own the properties included in the borrowing base. The indebtedness outstanding under the Credit Facility accrues interest at a rate ranging from the 30-day LIBOR plus 135 basis points to the 30-day LIBOR plus 225 basis points based on the total balance outstanding under the Credit Facility as a percentage of the total asset value of the Company, as defined in the Credit Facility. The Credit Facility also accrues a fee of 20 to 25 basis points for any unused portion of the borrowing capacity based on whether the unused portion is greater or less than 50% of the total borrowing capacity.

At September 30, 2016, the current commitment level under the Credit Facility was $75.0 million. The available borrowing capacity under the Credit Facility was approximately $58.8 million, based on the level of borrowing base assets. As of September 30, 2016, the Credit Facility had a $4.0 million balance.

On March 21, 2016, the Company entered into an amendment of the Credit Facility (the “First Amendment”). The First Amendment modified certain terms of the Company’s Credit Facility effective as of September 30, 2015, including, among other things, (i) modifying certain non-cash or non-recurring items in the calculation of Adjusted EBITDA, as defined in the Credit Facility, and eliminating stock repurchases from the calculation of fixed charges, both of which are part of the calculation of the fixed charge coverage ratio financial covenant, (ii) the addition of a measure for the fixed charge coverage ratio that must be met before the Company may repurchase shares of its own stock, and (iii) providing a consent of the lenders regarding the amount of the Company’s stock repurchases since the third quarter of 2015.

On April 13, 2016, the Company entered into an amendment of the Credit Facility (the “Second Amendment”). The Second Amendment modified section 8.8(n) of the Credit Facility which pertains to permitted stock repurchases by the Company by, among other things, (i) adding the gains from the sale of unimproved land, including the sale of subsurface interests or the release of surface entry rights, net of taxes incurred in connection with the sale, to the calculation of Adjusted EBITDA, for the purpose of determining the coverage ratio that must be met before the Company may repurchase shares of its own stock, and (ii) reducing the coverage ratio that must be met before the Company may repurchase shares of its own stock pursuant to section 8.8(n) from 1.75x to 1.50x. As of the date of the Second Amendment, the Company met the required coverage ratio; therefore, subject to black-out periods and other restrictions applicable to share repurchases, the Company will be able to continue to make additional repurchases of its own common stock under its existing $10 million repurchase program.

The Credit Facility is subject to customary restrictive covenants, including, but not limited to, limitations on the Company’s ability to: (a) incur indebtedness; (b) make certain investments; (c) incur certain liens; (d) engage in certain affiliate transactions; and (e) engage in certain major transactions such as mergers. In addition, the Company is subject to various financial maintenance covenants, including, but not limited to, a maximum indebtedness ratio, a maximum secured indebtedness ratio, and a minimum fixed charge coverage ratio. The Credit Facility also contains affirmative covenants and events of default, including, but not limited to, a cross default to the Company’s other indebtedness and

upon the occurrence of a change of control. The Company's failure to comply with these covenants or the occurrence of an event of default could result in acceleration of the Company's debt and other financial obligations under the Credit Facility.

Mortgage Notes Payable. On February 22, 2013, the Company closed on a $7.3 million non-recourse first mortgage loan originated with UBS Real Estate Securities Inc., secured by its interest in the two-building office complex leased to Hilton Resorts Corporation, which was acquired on January 31, 2013. The mortgage loan matures in February 2018, carries a fixed rate of interest of 3.655% per annum, and requires payments of interest only prior to maturity.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

On March 8, 2013, the Company closed on a $23.1 million non-recourse first mortgage loan originated with Bank of America, N.A., secured by its interest in fourteen income properties. The mortgage loan carried a fixed rate of 3.67% per annum, and required payments of interest only prior to its maturity. On September 16, 2016, in conjunction with the Portfolio Sale closing, pursuant to the Portfolio Sale agreement, the buyer assumed the $23.1 million mortgage loan. Accordingly, the Company is no longer subject to this loan as of September 30, 2016.

On September 30, 2014, the Company closed on a $30.0 million non-recourse first mortgage loan originated with Wells Fargo, secured by its interest in six income properties. The mortgage loan matures in October 2034, and carries a fixed rate of 4.33% per annum during the first ten years of the term, and requires payments of interest only during the first ten years of the loan. After the tenth anniversary of the effective date of the loan, the cash flows generated by the underlying six income properties must be used to pay down the principal balance of the loan until paid off or until the loan matures. The loan is fully pre-payable after the tenth anniversary date of the effective date of the loan.

On April 15, 2016, the Company closed on a $25.0 million non-recourse first mortgage loan originated with Wells Fargo, secured by the Company's income property leased to Wells Fargo located in Raleigh, North Carolina. The mortgage loan has a 5-year term with two years interest only, and interest and a 25-year amortization for the balance of the term. The mortgage loan bears a variable rate of interest based on the 30-day LIBOR plus a rate of 190 basis points. The interest rate for this mortgage loan has been fixed through the use of an interest rate swap that fixed the rate at 3.17%. The mortgage loan can be prepaid at any time subject to the termination of the interest rate swap.

Convertible Debt. On March 11, 2015, the Company issued $75.0 million aggregate principal amount of 4.50% Convertible Notes. The Convertible Notes bear interest at a rate of 4.50% per year, payable semiannually in arrears on March 15 and September 15 of each year, beginning on September 15, 2015. The Convertible Notes will mature on March 15, 2020, unless earlier purchased or converted. The initial conversion rate was 14.5136 shares of common stock for each $1,000 principal amount of Convertible Notes, which represented an initial conversion price of approximately $68.90 per share of common stock. On July 20, 2016 the Company's Board of Directors implemented a quarterly dividend in place of the previous semi-annual dividend. As a result, effective August 5, 2016, the adjusted conversion rate is 14.5195 shares of common stock for each $1,000 principal amount of Convertible Notes, which represents an adjusted conversion price of approximately $68.87 per share of common stock.

The conversion rate is subject to adjustment in certain circumstances. Holders may not surrender their Convertible Notes for conversion prior to December 15, 2019 except upon the occurrence of certain conditions relating to the closing sale price of the Company's common stock, the trading price per $1,000 principal amount of Convertible Notes, or specified corporate events. The Company may not redeem the Convertible Notes prior to the stated maturity date and no sinking fund is provided for the Convertible Notes. The Convertible Notes are convertible, at the election of the Company, into solely cash, solely shares of the Company's common stock, or a combination of cash and shares of the Company's common stock. The Company intends to settle the Convertible Notes in cash upon conversion, with any excess conversion value to be settled in shares of our common stock. In accordance with GAAP, the Convertible Notes are accounted for as a liability with a separate equity component recorded for the conversion option. A liability was recorded for the Convertible Notes on the issuance date at fair value based on a discounted cash flow analysis using current market rates for debt instruments with similar terms. The difference between the initial proceeds from the Convertible Notes and the estimated fair value of the debt instruments resulted in a debt discount, with an offset recorded to additional paid-in capital representing the equity component. The discount on the Convertible Notes was approximately $6.1 million at issuance, which represents the cash discount paid of approximately $2.6 million and the approximate $3.5 million attributable to the value of the conversion option recorded in equity, which is being amortized into interest expense through the maturity date of the Convertible Notes. As of September 30, 2016, the unamortized debt discount of our Convertible Notes was approximately $4.4 million.

Net proceeds from issuance of the Convertible Notes was approximately $72.4 million (net of the cash discount paid of approximately $2.6 million) of which approximately $47.5 million was used to repay the outstanding balance of our Credit Facility as of March 11, 2015. We utilized the remaining amount for investments in income-producing properties or investments in commercial loans secured by commercial real estate.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Long-term debt as of September 30, 2016 consisted of the following:

	September 30, 2016	
	Total	Due Within One Year
Credit Facility	$ 4,000,000	$ —
Mortgage Note Payable (originated with UBS)	7,300,000	—
Mortgage Note Payable (originated with Wells Fargo)	30,000,000	—
Mortgage Note Payable (originated with Wells Fargo)	25,000,000	—
4.50% Convertible Senior Notes due 2020, net of discount	70,593,625	—
Loan Costs, net of accumulated amortization	(1,339,869)	—
Total Long-Term Debt	$ 135,553,756	$ —

Payments applicable to reduction of principal amounts as of September 30, 2016 will be required as follows:

Year Ending December 31,	Amount
Remainder of 2016	$ —
2017	—
2018	11,300,000
2019	—
2020	75,000,000
2021	25,000,000
Thereafter	30,000,000
Total Long-Term Debt - Face Value	$ 141,300,000

The carrying value of long-term debt as of September 30, 2016 consisted of the following:

	Total
Current Face Amount	$ 141,300,000
Unamortized Discount on Convertible Debt	(4,406,375)
Loan Costs, net of accumulated amortization	(1,339,869)
Total Long-Term Debt	$ 135,553,756

For the three months ended September 30, 2016, interest expense, excluding amortization of loan costs and debt discounts, was approximately $1.7 million with approximately $2.6 million paid during the period. For the nine months ended September 30, 2016, interest expense, excluding amortization of loan costs and debt discounts, was approximately $5.2 million with approximately $6.0 million paid during the quarter. No interest was capitalized during the three or nine months ended September 30, 2016.

For the three months ended September 30, 2015, interest expense, excluding amortization of loan costs and debt discounts, was approximately $1.5 million with approximately $2.4 million paid during the period. For the nine months ended September 30, 2015, interest expense, excluding amortization of loan costs and debt discounts, was approximately $4.0 million with approximately $3.9 million paid during the period. No interest was capitalized during

the three and nine months ended September 30, 2015.

The amortization of loan costs incurred in connection with the Company's long-term debt is included in interest expense in the consolidated financial statements. Loan costs are amortized over the term of the respective loan agreements using the straight-line method, which approximates the effective interest method. For the three months ended September 30, 2016 and 2015, the amortization of loan costs totaled approximately $488,000 and $98,000, respectively. For the nine months ended September 30, 2016 and 2015, the amortization of loan costs totaled approximately $715,000 and $265,000, respectively. The three months ended September 30, 2016 included approximately $367,000 of unamortized loan costs which were written off and included in interest expense related to the $23.1 million mortgage loan assumed by the buyer upon closing the Portfolio Sale on September 16, 2016.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

The amortization of the approximately $6.1 million discount on the Convertible Notes is also included in interest expense in the consolidated financial statements. The discount is amortized over the term of the Convertible Notes using the effective interest method. For the three months ended September 30, 2016 and 2015 the amortization of the discount totaled approximately $282,000 and $265,000, respectively. For the nine months ended September 30, 2016 and 2015 the amortization of the discount totaled approximately $834,000 and $583,000, respectively.

The Company was in compliance with all of its debt covenants as of December 31, 2015 and September 30, 2016. With the completion of income property acquisitions during the three months ended September 30, 2016, as of September 30, 2016, the Company was compliant with the covenant under the Credit Facility which requires the Company to maintain a borrowing base value of $75.0 million for income properties included in the borrowing base.

NOTE 13. INTEREST RATE SWAP

During April 2016, the Company entered into an interest rate swap agreement to hedge cash flows tied to changes in the underlying floating interest rate tied to LIBOR for the $25.0 million mortgage note payable as discussed in Note 12, "Long-Term Debt." During the three and nine months ended September 30, 2016, the interest rate swap agreement was 100% effective. Accordingly, the change in fair value on the interest rate swap has been classified in accumulated other comprehensive income. As of September 30, 2016, the fair value of our interest rate swap agreement, which was a loss of approximately $367,000, was included in accrued and other liabilities on the consolidated balance sheets. The interest rate swap was effective on April 7, 2016 and matures on April 7, 2021. The interest rate swap fixed the variable rate debt on the notional amount of related debt of $25.0 million to a rate of 3.17%.

NOTE 14. ACCRUED AND OTHER LIABILITIES

Accrued and other liabilities consisted of the following:

	As of September 30, 2016	December 31, 2015
Golf Course Lease	$ 2,321,373	$ 2,602,638
Accrued Property Taxes	1,097,110	40,042
Reserve for Tenant Improvements	569,151	812,493
Accrued Interest	298,520	1,195,231
Environmental Reserve and Restoration Cost Accrual	1,581,377	2,405,635
Cash Flow Hedge - Interest Rate Swap	366,690	—
Other	1,883,512	1,811,880
Total Accrued and Other Liabilities	$ 8,117,733	$ 8,867,919

In July 2012, the Company entered into an agreement with the City to, among other things, amend the lease payments under its golf course lease (the "Lease Amendment"). Under the Lease Amendment, the base rent payment, which was scheduled to increase from $250,000 to $500,000 as of September 1, 2012, will remain at $250,000 for the remainder of the lease term and any extensions would be subject to an annual rate increase of 1.75% beginning September 1, 2013. The Company also agreed to invest $200,000 prior to September 1, 2015 for improvements to certain of the

facilities. In addition, pursuant to the Lease Amendment, beginning September 1, 2012, and continuing throughout the initial lease term and any extension option, the Company will pay additional rent to the City equal to 5.0% of gross revenues exceeding $5,500,000 and 7.0% of gross revenues exceeding $6,500,000. Since the inception of the lease, the Company has recognized the rent expense on a straight-line basis resulting in an estimated accrual for deferred rent. Upon the effective date of the Lease Amendment, the Company’s straight-line rent was revised to reflect the lower rent levels through expiration of the lease. As a result, approximately $3.0 million of the rent previously deferred will not be due to the City, and will be recognized into income over the remaining lease term, which expires in 2022. As of September 30, 2016, approximately $1.4 million of the rent previously deferred that will not be due to the City remained to be amortized through September 2022.

In connection with the acquisition on April 22, 2014 of the property in Katy, Texas leased to Lowe’s, the Company was credited approximately $651,000 at closing for certain required tenant improvements, some of which are not required to be completed until December 2016. As of September 30, 2016, approximately $100,000 of these tenant improvements had been completed and funded, leaving approximately $551,000 remaining to be funded.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

During the year ended December 31, 2014, the Company accrued an environmental reserve of approximately $110,000 in connection with an estimate of additional costs required to monitor a parcel of less than one acre of land owned by the Company in Highlands County, Florida on which environmental remediation work had previously been performed. The Company engaged legal counsel who, in turn, engaged environmental engineers to review the site and the prior monitoring test results. During the year ended December 31, 2015, their review was completed, and the Company made an additional accrual of approximately $500,000, representing the low end of the range of possible costs estimated by the engineers to be between $500,000 and $1.0 million to resolve this matter subject to the approval of the state department of environmental protection (the “FDEP”). The FDEP has preliminarily accepted the Company’s proposed remediation plan which supports the approximate $500,000 accrual. Since the initial accrual of approximately $110,000 was made, approximately $148,000 in costs have been incurred through September 30, 2016.

During the year ended December 31, 2015, the Company accrued $187,500 for the estimated penalty associated with a regulatory matter pertaining to the Company’s prior agricultural activities on certain of the Company’s land located in Daytona Beach, Florida. The penalty of $187,500 was paid during the three months ended September 30, 2016. Additionally, as part of the resolution of the regulatory matter, as of December 31, 2015, the Company accrued an obligation of approximately $1.7 million, representing the low end of the estimated range of possible wetlands restoration costs for approximately 148.35 acres within such land, and included such estimated costs on the consolidated balance sheets as an increase in the basis of our land and development costs associated with those and benefitting surrounding acres. The final proposal for restoration work was received during the second quarter of 2016 which totaled approximately $2.0 million. Accordingly, an increase in the accrual of approximately $300,000 was recorded during the second quarter of 2016. The Company funded approximately $905,000 of the total $2.0 million of estimated costs during the nine months ended September 30, 2016, leaving a remaining accrual of approximately $1.1 million. This matter is more fully described in Note 18 “Commitments and Contingencies.”

NOTE 15. DEFERRED REVENUE

Deferred revenue consisted of the following:

	As of September 30, 2016	December 31, 2015
Deferred Oil Exploration Lease Revenue	$ 789,003	$ 885,822
Deferred Land Sale Revenue	917,562	12,656,773
Prepaid Rent	1,011,372	907,325
Other Deferred Revenue	313,763	274,690
Total Deferred Revenue	$ 3,031,700	$ 14,724,610

On September 20, 2016, the Company received an approximate $807,000 rent payment for the sixth year of the Company’s eight-year oil exploration lease, which is being recognized ratably over the twelve month lease period ending in September 2017.

In connection with the 98.69 acres of land sales in the Town Center which closed during the fourth quarter of 2015 and the first quarter of 2016, approximately $918,000 of the aggregate $21.4 million sales price is deferred as of September 30, 2016 to be recognized as revenue on a percentage-of-completion basis as the required infrastructure improvements are completed. The estimated completion date is before the end of November 2016.

NOTE 16. STOCK-BASED COMPENSATION

EQUITY-CLASSIFIED STOCK COMPENSATION

Market Condition Restricted Shares – Peer Group Vesting

Under the Amended and Restated 2010 Equity Incentive Plan (the "2010 Plan") in September 2010 and January 2011, the Company granted to certain employees restricted shares of the Company's common stock, which would vest upon the achievement of certain market conditions, including thresholds relating to the Company's total shareholder return as compared to the total shareholder return of a certain peer group during a five-year performance period.

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The Company used a Monte Carlo simulation pricing model to determine the fair value of its awards that are based on market conditions. The determination of the fair value of market condition-based awards is affected by the Company's stock price as well as assumptions regarding a number of other variables. These variables include expected stock price volatility over the requisite performance term of the awards, the relative performance of the Company's stock price and shareholder returns to companies in its peer group, annual dividends, and a risk-free interest rate assumption. Compensation cost is recognized regardless of the achievement of the market conditions, provided the requisite service period is met.

A summary of activity during the nine months ended September 30, 2016, is presented below:

Market Condition Non-Vested Restricted Shares	Shares	Wtd. Avg. Grant Date Fair Value
Outstanding at January 1, 2016	2,400	$ 23.42
Granted	—	—
Vested	(2,300)	23.42
Expired	—	—
Forfeited	(100)	23.42
Outstanding at September 30, 2016	—	$ —

As of September 30, 2016, there is no unrecognized compensation cost as there are no outstanding shares remaining.

Market Condition Restricted Shares – Stock Price Vesting

"Inducement" grants of 96,000 and 17,000 shares of restricted Company common stock were awarded to Mr. Albright and Mr. Patten in 2011 and 2012, respectively. Mr. Albright's restricted shares were granted outside of the 2010 Plan while Mr. Patten's restricted shares were awarded under the 2010 Plan. The Company filed a registration statement with the Securities and Exchange Commission on Form S-8 to register the resale of Mr. Albright's restricted stock under this award. The restricted shares will vest in six increments based upon the price per share of the Company's common stock during the term of their employment (or within sixty days after termination of employment by the Company without cause) meeting or exceeding the target trailing sixty-day average closing prices ranging from $36 per share for the first increment to $65 per share for the final increment. If any increment of the restricted shares fails to satisfy the applicable stock price condition prior to six years from the grant date, that increment of the restricted shares will be forfeited. As of September 30, 2016, four increments of Mr. Albright's and Mr. Patten's awards had vested.

Additional grants of 2,500 and 3,000 shares of restricted Company common stock were awarded to Mr. Smith and another officer under the 2010 Plan, during the fourth quarter of 2014 and the first quarter of 2015, respectively. The restricted stock will vest in two increments based upon the price per share of Company common stock during the term of their employment (or within sixty days after termination of employment by the Company without cause), meeting or exceeding the target trailing sixty-day average closing prices of $60 per share and $65 per share for the two increments. If any increment of the restricted shares fails to satisfy the applicable stock price condition prior to six years from the grant date, that increment of the restricted shares will be forfeited. As of September 30, 2016, no increments of Mr. Smith's or the other officer's awards had vested.

A grant of 94,000 shares of restricted Company common stock was awarded to Mr. Albright under the 2010 Plan during the second quarter of 2015. As more fully described at the end of Note 16 “Stock-Based Compensation,” on February 26, 2016, 72,000 of these shares were surrendered, of which 4,000 were re-granted on February 26, 2016 with identical terms of the surrendered restricted stock and 68,000 were permanently surrendered. The 26,000 shares of restricted Company common stock outstanding from these grants will vest in four increments based upon the price per share of Company common stock during the term of his employment (or within sixty days after termination of employment by the Company without cause), meeting or exceeding the target trailing thirty-day average closing prices ranging from $60 per share for the first increment to $75 per share for the final increment. If any increment of the restricted shares fails to satisfy the applicable stock price condition prior to January 28, 2021, that increment of the restricted shares will be forfeited. As of September 30, 2016, no increments of this award had vested.

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On February 26, 2016, the Company entered into amendments to the employment agreements and certain restricted share award agreements to clarify the Company’s intention that the restricted shares granted thereunder, if they are subject to performance-based vesting conditions, will fully vest at any time during the 24-month period following a change in control and termination of the employee subsequent to the change in control.

The Company used a Monte Carlo simulation pricing model to determine the fair value of its awards that are based on market conditions. The determination of the fair value of market condition-based awards is affected by the Company’s stock price as well as assumptions regarding a number of other variables. These variables include expected stock price volatility over the requisite performance term of the awards, the relative performance of the Company’s stock price and shareholder returns to companies in its peer group, annual dividends, and a risk-free interest rate assumption. Compensation cost is recognized regardless of the achievement of the market conditions, provided the requisite service period is met.

A summary of the activity for these awards during the nine months ended September 30, 2016, is presented below:

Market Condition Non-Vested Restricted Shares	Shares	Wtd. Avg. Fair Value
Outstanding at January 1, 2016	137,500	$ 30.58
Granted	4,000	38.98
Vested	—	—
Expired	—	—
Forfeited	(72,000)	34.46
Outstanding at September 30, 2016	69,500	$ 27.03

In connection with the permanent surrender of 68,000 shares of restricted Company common stock, approximately $1.6 million of related stock-based compensation expense was recognized during the nine months ended September 30, 2016 to accelerate the remaining expense pertaining the total grant date fair value of these awards.

As of September 30, 2016, there was approximately $30,000 of unrecognized compensation cost, adjusted for estimated forfeitures, related to market condition non-vested restricted shares, which will be recognized over a remaining weighted average period of 0.3 years.

Three Year Vest Restricted Shares

On January 22, 2014, the Company granted to certain employees 14,500 shares of restricted Company common stock under the 2010 Plan. One-third of the restricted shares vest on each of the first, second, and third anniversaries of the grant date, provided the grantee is an employee of the Company on those dates. In addition, any unvested portion of the restricted shares will vest upon a change in control.

On January 28, 2015, the Company granted to certain employees, which did not include Mr. Albright, 11,700 shares of restricted Company common stock under the 2010 Plan. Additionally, on February 9, 2015, the Company granted 8,000 shares of restricted Company common stock to Mr. Albright under the 2010 Plan. One-third of both awards of restricted shares will vest on each of the first, second, and third anniversaries of the January 28, 2015 grant date, provided the grantee is an employee of the Company on those dates. In addition, any unvested portion of the restricted shares will vest upon a change in control.

On January 27, 2016, the Company granted to certain employees 21,100 shares of restricted Company common stock under the 2010 Plan. One-third of the restricted shares will vest on each of the first, second, and third anniversaries of January 28, 2016, provided the grantee is an employee of the Company on those dates. In addition, any unvested portion of the restricted shares will vest upon a change in control.

The Company's determination of the fair value of the three year vest restricted stock awards was calculated by multiplying the number of shares issued by the Company's stock price at the grant date, less the present value of expected dividends during the vesting period. Compensation cost is recognized on a straight-line basis over the vesting period.

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A summary of activity during the nine months ended September 30, 2016, is presented below:

Three Year Vest Non-Vested Restricted Shares	Shares	Wtd. Avg. Fair Value Per Share
Outstanding at January 1, 2016	26,900	$ 49.73
Granted	21,100	44.88
Vested	(10,363)	47.89
Expired	—	—
Forfeited	(133)	46.08
Outstanding at September 30, 2016	37,504	$ 47.53

As of September 30, 2016, there was approximately $1.2 million of unrecognized compensation cost, adjusted for estimated forfeitures, related to the three year vest non-vested restricted shares, which will be recognized over a remaining weighted average period of 1.9 years.

Non-Qualified Stock Option Awards

Pursuant to the Non-Qualified Stock Option Award Agreements between the Company and Messrs. Albright, Patten, and Smith, each of these Company employees was granted an option to purchase 50,000, 10,000, and 10,000 shares of Company common stock, in 2011, 2012, and 2014, respectively, under the 2010 Plan, with an exercise price per share equal to the fair market value on their respective grant dates. One-third of the options will vest on each of the first, second, and third anniversaries of their respective grant dates, provided the recipient is an employee of the Company on those dates. In addition, any unvested portion of the options will vest upon a change in control. The options expire on the earliest of: (a) the tenth anniversary of the grant date; (b) twelve months after the employee’s death or termination for disability; or (c) thirty days after the termination of employment for any reason other than death or disability.

On January 23, 2013, the Company granted options to purchase 51,000 shares of the Company’s common stock under the 2010 Plan to certain employees of the Company, including 10,000 shares to Mr. Patten, with an exercise price per share equal to the fair market value at the date of grant. One-third of these options vested on each of the first, second, and third anniversaries of the grant date, provided the recipient was an employee of the Company on those dates. The options expire on the earliest of: (a) the fifth anniversary of the grant date; (b) twelve months after the employee’s death or termination for disability; or (c) thirty days after the termination of employment for any reason other than death or disability.

On February 9, 2015, the Company granted to Mr. Albright an option to purchase 20,000 shares of the Company’s common stock under the 2010 Plan with an exercise price of $57.50. The option vested on January 28, 2016. The option expires on the earliest of: (a) January 28, 2025; (b) twelve months after the employee’s death or termination for disability; or (c) thirty days after the termination of employment for any reason other than death or disability.

On May 20, 2015, the Company granted to Mr. Albright an option to purchase 40,000 shares of the Company’s common stock under the 2010 Plan, with an exercise price of $55.62. As more fully described at the end of Note 16 “Stock-Based Compensation,” on February 26, 2016, this option was surrendered and an option to purchase 40,000 shares was granted on February 26, 2016 with identical terms. One-third of the option vested immediately and the remaining two-thirds will vest on January 28, 2017 and January 28, 2018, provided he is an employee of the Company on such dates. In addition, any unvested portion of the option will vest upon a change in control. The option expires

on the earliest of: (a) January 28, 2025; (b) twelve months after the employee's death or termination for disability; or (c) thirty days after the termination of employment for any reason other than death or disability.

On June 29, 2015, the Company granted to an officer of the Company an option to purchase 10,000 shares of the Company's common stock under the 2010 Plan, with an exercise price of $57.54. One-third of the option will vest on each of the first, second, and third anniversaries of the grant date, provided the recipient is an employee of the Company on such dates. In addition, any unvested portion of the option will vest upon a change in control. The option expires on the earliest of: (a) June 29, 2025; (b) twelve months after the employee's death or termination for disability; or (c) thirty days after the termination of employment for any reason other than death or disability.

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The Company used the Black-Scholes valuation pricing model to determine the fair value of its non-qualified stock option awards. The determination of the fair value of the awards is affected by the stock price as well as assumptions regarding a number of other variables. These variables include expected stock price volatility over the term of the awards, annual dividends, and a risk-free interest rate assumption.

A summary of the activity for the awards during the nine months ended September 30, 2016, is presented below:

Non-Qualified Stock Option Awards	Shares	Wtd. Avg. Ex. Price	Wtd. Avg. Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2016	116,850	$ 48.63		
Granted	40,000	55.62		
Exercised	(850)	34.95		
Expired	—	—		
Forfeited	(40,000)	55.62		
Outstanding at September 30, 2016	116,000	$ 48.73	6.66	$ 285,740
Exercisable at September 30, 2016	75,800	$ 45.40	1.60	$ 439,036

A summary of the non-vested options for these awards during the nine months ended September 30, 2016, is presented below:

Non-Qualified Stock Option Awards	Shares	Fair Value of Shares Vested
Non-Vested at January 1, 2016	88,260	
Granted	40,000	
Vested	(48,060)	$ 2,478,088
Expired	—	
Forfeited	(40,000)	
Non-Vested at September 30, 2016	40,200	

The weighted average grant date fair value of options granted during the nine months ended September 30, 2016 was approximately $13.97 per share. The total intrinsic value of options exercised during the nine months ended September 30, 2016 was approximately $30,000. As of September 30, 2016, there was approximately $424,000 of unrecognized compensation related to non-qualified, non-vested stock option awards, which will be recognized over a remaining weighted average period of 1.6 years.

LIABILITY-CLASSIFIED STOCK COMPENSATION

The Company previously had a stock option plan (the “2001 Plan”) pursuant to which 500,000 shares of the Company’s common stock were eligible for issuance. The 2001 Plan expired in 2010, and no new stock options may be issued under the 2001 Plan. Under the 2001 Plan, both stock options and stock appreciation rights were issued in prior years and such issuances were deemed to be liability-classified awards under the Share-Based Payment Topic of FASB

ASC, which are required to be remeasured at fair value at each balance sheet date until the award is settled.

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A summary of share option activity under the 2001 Plan for the nine months ended September 30, 2016 is presented below:

Stock Options

Liability-Classified Stock Options	Shares	Wtd. Avg. Ex. Price	Wtd. Avg. Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2016	18,000	$ 64.69		
Granted	—	—		
Exercised	—	—		
Expired	(3,000)	67.27		
Forfeited	(4,000)	64.99		
Outstanding at September 30, 2016	11,000	$ 63.87	0.86	$ —
Exercisable at September 30, 2016	11,000	$ 63.87	0.86	$ —

In connection with the grant of non-qualified stock options, a stock appreciation right for each share covered by the option was also granted. The stock appreciation right entitles the optionee to receive a supplemental payment, which may be paid in whole or in part in cash or in shares of common stock, equal to a portion of the spread between the exercise price and the fair market value of the underlying shares at the time of exercise. No options were exercised during the nine months ended September 30, 2016. All options had vested as of December 31, 2013.

Stock Appreciation Rights

Liability-Classified Stock Appreciation Rights	Shares	Wtd. Avg. Fair Value	Wtd. Avg. Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2016	18,000	$ 2.64		
Granted	—	—		
Exercised	—	—		
Expired	(3,000)	—		
Forfeited	(4,000)	0.87		
Outstanding at September 30, 2016	11,000	$ 1.66	0.86	$ —
Exercisable at September 30, 2016	11,000	$ 1.66	0.86	$ —

No stock appreciation rights were exercised during the nine months ended September 30, 2016. All stock appreciation rights had vested as of December 31, 2013.

The fair value of each share option and stock appreciation right is estimated on the measurement date using the Black-Scholes option pricing model based on assumptions noted in the following table. Expected volatility is based on the historical volatility of the Company’s share price and other factors. The Company has elected to use the simplified method of estimating the expected term of the options and stock appreciation rights.

Due to the small number of employees included in the 2001 Plan, the Company uses the specific identification method to estimate forfeitures and includes all participants in one group. The risk-free rate for periods within the contractual term of the share option is based on the U.S. Treasury rates in effect at the time of measurement. The Company issues new, previously unissued, shares as options are exercised.

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Following are assumptions used in determining the fair value of stock options and stock appreciation rights:

Assumptions at:	September 30, 2016		December 31, 2015	
Expected Volatility	21.20	%	29.40	%
Expected Dividends	0.16	%	0.15	%
Expected Term	0.86	years	1.3	years
Risk-Free Rate	0.45	%	0.75	%

There were no stock options or stock appreciation rights granted under the 2001 Plan during the nine months ended September 30, 2016 or 2015. The liability for stock options and stock appreciation rights, valued at fair value, reflected on the consolidated balance sheets at September 30, 2016 and December 31, 2015, was approximately $52,000 and $136,000, respectively. These fair value measurements are based on Level 2 inputs based on Black-Scholes and market implied volatility. The Black-Scholes determination of fair value is affected by variables including stock price, expected stock price volatility over the term of the awards, annual dividends, and a risk-free interest rate assumption.

Amounts recognized in the consolidated financial statements for stock options, stock appreciation rights, and restricted stock are as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Total Cost of Share-Based Plans Charged Against Income Before Tax Effect	$ 401,967	$ 728,833	$ 2,893,589	$ 1,350,557
Income Tax Expense Recognized in Income	$ (155,059)	$ (281,147)	$ (1,116,202)	$ (520,977)

As described above, in January 2015, the Compensation Committee awarded to Mr. Albright 8,000 restricted shares of the Company's common stock. In February 2015, the Compensation Committee awarded to Mr. Albright options to purchase a total of 20,000 shares of the Company's common stock. In May 2015, in connection with the extension of Mr. Albright's employment agreement, the Compensation Committee awarded to Mr. Albright 94,000 restricted shares of the Company's common stock (the "May 2015 Restricted Share Grant") and options to purchase a total of 40,000 shares of the Company's common stock (the "May 2015 Option Grant"). Each of these awards were approved by the Company's Board.

Upon review of the total equity awards to Mr. Albright in 2015, it was determined that the annual per person award limit under the 2010 Plan was inadvertently exceeded. In determining the extent to which the 2010 Plan's individual annual award limit had been exceeded by the above awards, the Compensation Committee, as the administrator of the 2010 Plan, identified a conflict between Sections 3(d) and 3(e) of the 2010 Plan, the relevant provisions which provide limitations of the 2010 Plan. Section 3(d) of the 2010 Plan could be read to provide an overall limit of 50,000 shares applicable to all awards granted to a participant in any calendar year; however, the Compensation Committee could not disregard Section 3(e) of the 2010 Plan. Section 3(e) could be read to provide for two additional limits of 50,000 shares each for any (a) "Qualified Performance-Based Awards" (as defined in the 2010 Plan) constituting stock options and stock appreciation rights and (b) "Qualified Performance-Based Awards" other than stock options and stock appreciation rights. If the Compensation Committee were to determine that Section 3(e) of the 2010 Plan provides the

applicable limits for two categories of “Qualified Performance-Based Awards,” then the Compensation Committee could conclude that Section 3(d) of the 2010 Plan provides the limit for awards other than Qualified Performance-Based Awards.

The Compensation Committee consulted with outside advisors and determined that it was not possible to conclude which interpretation of the 2010 Plan was conclusively correct. Pursuant to its authority to interpret the 2010 Plan, the Compensation Committee elected to comply with the limit in Section 3(d) of the 2010 Plan. As a result of applying this interpretation of the 2010 Plan, the awards granted to Mr. Albright in 2015 exceeded the 2010 Plan’s individual annual award limit by 112,000 shares of our common stock (the “Excess 2015 Awards”).

On February 26, 2016, the Company notified the NYSE MKT (i) that the Excess 2015 Awards may have violated Rule 711 of the NYSE MKT Company Guide and (ii) of the Company and Mr. Albright’s intention to rectify the Excess 2015

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Awards in the manner described below. On March 4, 2016, the NYSE MKT notified the Company that it would not take any action and considered the matter closed.

In consultation with the Board, Mr. Albright elected to rectify the Excess 2015 Awards by surrendering, in full, the May 2015 Option Grant and surrendering, in part, the May 2015 Restricted Share Grant. A portion of the surrendered awards has been replaced with new awards under the 2010 Plan in 2016. Effective as of February 26, 2016, the Compensation Committee awarded Mr. Albright (i) an option to purchase an additional 40,000 shares of our common stock under the 2010 Plan (the “New Option Grant”) and (ii) a grant of 4,000 restricted shares of our common stock (the “New Restricted Share Grant”).

The New Option Grant has an exercise price per share of $55.62, which is equal to the exercise price per share applicable to the May 2015 Option Grant. This option is intended to have the same vesting terms as the May 2015 Option Grant, and as a result has vested with respect to 13,200 shares, and will vest with respect to 13,200 shares and 13,600 shares on January 28, 2017 and January 28, 2018, respectively. The New Restricted Share Grant is intended to have the same vesting terms as the May 2015 Restricted Share Grant, and as a result will vest upon the price per share of Company common stock during the term of Mr. Albright’s employment (or within 60 days after termination of his employment by the Company other than for cause, due to death or disability or due to his voluntary resignation) meeting or exceeding the target trailing 30-day average closing price of $75 per share. If the restricted shares fail to satisfy the stock price condition prior to January 28, 2021, the restricted shares will be forfeited. Any unvested restricted shares will vest immediately upon Mr. Albright’s termination of employment without Cause or for his resignation for Good Reason (as such terms are defined in his amended and restated employment agreement), in each case, at any time during the 24-month period following a change in control. Mr. Albright has the right to vote the restricted shares prior to their vesting but is not entitled to dividends paid on any unvested shares. These restricted shares have not yet vested.

Because the Excess 2015 Awards exceeded the 2010 Plan limits, the grants do not qualify, for purposes of calculating the Code Section 162(m) compensation for Mr. Albright for tax purposes, as performance-based awards.

As noted herein, 112,000 shares of the awards granted to Mr. Albright in 2015 were deemed to have exceeded the limits of the 2010 Plan. However, when granted these shares were issued and outstanding as of their grant date and all legal requirements for their issuance under Florida law and the Company’s organizational documents were fulfilled and Mr. Albright’s ability to enforce his rights to such grants could not be negated or otherwise impaired. All requirements under ASC 718-10-20 were met, including a mutual understanding of the key terms and conditions of the awards, the company was contingently liable to issue the shares underlying the awards, and all required approvals for the awards to be legally issued and outstanding were obtained as of the grant date. Consequently, the 112,000 shares were deemed appropriately reflected as stock compensation expense as of the year ended December 31, 2015.

Effective as of February 26, 2016, the Company entered into amendments to the employment agreements and certain restricted share award agreements of Messrs. Albright, Patten, and Smith to clarify the Company’s intention that the restricted shares granted thereunder, if they are subject to performance-based vesting conditions, will fully vest upon the executive’s termination of employment without cause or his resignation for good reason (as such terms are defined in his employment agreement), in each case, at any time during the 24-month period following a change in control. There was no impact to the valuation established at the original date of grant pertaining to this modification of the restricted share award agreements of Messrs. Albright, Patten, and Smith.

NOTE 17. INCOME TAXES

The Company's effective income tax rate was 43.7% and 39.4% for the nine months ended September 30, 2016 and 2015, respectively. The provision for income taxes reflects the Company's estimate of the effective rate expected to be applicable for the full fiscal year, adjusted for any discrete events, which are reported in the period that they occur. During the first quarter of 2016, 68,000 shares of restricted Company common stock were permanently surrendered which constituted a discrete event in which the total related stock compensation expense charged to earnings under GAAP of approximately $2.3 million, of which approximately $1.6 million was recognized during the first quarter of 2016 and approximately $676,000 was recognized during the year ended December 31, 2015, became permanently non-deductible for tax purposes as the surrendered shares will not vest. Accordingly, no income tax benefit was recorded related to the approximately $2.3 million of stock compensation expense.

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The Company files a consolidated income tax return in the United States Federal jurisdiction and the States of Arizona, Colorado, California, Florida, Illinois, Georgia, Maryland, North Carolina, Texas, and Washington. The Internal Revenue Service has audited the federal tax returns through the year 2012, with all proposed adjustments settled. The Florida Department of Revenue has audited the Florida tax returns through the year 2014, with all proposed adjustments settled. The Company recognizes all potential accrued interest and penalties to unrecognized tax benefits in income tax expense.

NOTE 18. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

From time to time, the Company may be a party to certain legal proceedings, incidental to the normal course of its business. While the outcome of the legal proceedings cannot be predicted with certainty, the Company does not expect that these proceedings will have a material effect upon our financial condition or results of operations.

On November 21, 2011, the Company, Indigo Mallard Creek LLC and Indigo Development LLC, as owners of the property leased to Harris Teeter, Inc. (“Harris Teeter”) in Charlotte, North Carolina, were served with pleadings filed in the General Court of Justice, Superior Court Division for Mecklenburg County, North Carolina, for a highway condemnation action involving this property. The proposed road modifications would impact access to the property. The Company does not believe the road modifications provided a basis for Harris Teeter to terminate the Lease. Regardless, in January 2013, the North Carolina Department of Transportation (“NCDOT”) proposed to redesign the road modifications to keep the all access intersection open for ingress with no change to the planned limitation on egress to the right-in/right-out only. Additionally, NCDOT and the City of Charlotte proposed to build and maintain a new access road/point into the property. Construction has begun and is not expected to be completed before the second quarter of 2017. Harris Teeter has expressed satisfaction with the redesigned project and indicated that it will not attempt to terminate its lease if this project is built as currently redesigned. Because the redesigned project will not be completed until 2017, the condemnation case has been placed in administrative closure. As a result, the trial and mediation will not likely be scheduled until requested by the parties, most likely in 2017.

Contractual Commitments – Expenditures

In conjunction with the Company’s sale of approximately 3.4 acres of land to RaceTrac Petroleum, Inc. (“RaceTrac”) in December 2013, the Company agreed to reimburse RaceTrac for a portion of the costs for road improvements and the other costs associated with bringing multiple ingress/egress points to the entire approximately 23 acre Williamson Crossing site, including the Company’s remaining approximately 19.6 acres. The estimated cost for the improvements equals approximately $1.26 million of which the Company’s commitment is to reimburse RaceTrac in an amount equal to the lesser of 77.5% of the actual costs or $976,500, and can be paid over five years from sales of the remaining land or at the end of the fifth year after the sale to RaceTrac. In 2013 the Company deposited $283,500 of cash in escrow related to the improvements, which is classified as restricted cash in the consolidated balance sheets. The total amount in escrow as of September 30, 2016 was approximately $286,000, including accrued interest. Accordingly as of September 30, 2016, the remaining maximum commitment is approximately $690,000.

In connection with the acquisition on April 22, 2014 of the property in Katy, Texas leased to Lowe’s, the Company was credited approximately $651,000 at closing for certain required tenant improvements, some of which are not required to be completed until December 2016. As of September 30, 2016, $100,000 of these tenant improvements

had been completed and funded, leaving approximately $551,000 remaining to be funded as of September 30, 2016.

In conjunction with the Company's sale of approximately 98.69 acres within the Town Center, the Company is obligated to complete certain infrastructure improvements, including, but not limited to, the addition or expansion of roads and underlying utilities, and storm water retention (the "Infrastructure Work"). The Company entered into a construction agreement for approximately $9.1 million, including change orders through September 30, 2016, for the substantial portion of the Infrastructure Work. Approximately $8.6 million of the costs under this agreement have been incurred through September 30, 2016 and therefore, the remaining maximum commitment as of September 30, 2016 under this agreement is approximately $508,000. The anticipated completion for the Infrastructure Work is before the end of November 2016.

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In conjunction with the Company's sale of approximately 18.10 acres of land to an affiliate of Sam's Club ("Sam's") in December 2015, the Company agreed to reimburse Sam's for a portion of their construction costs applicable to adjacent outparcels retained by the Company. As a result, in December 2015, the Company deposited $125,000 of cash in escrow related to construction work which is classified as restricted cash in the consolidated balance sheets. The total amount in escrow as of September 30, 2016 was approximately $125,000, including accrued interest. Accordingly, the Company's maximum commitment related to the construction work benefitting the outparcels adjacent to Sam's land parcel is approximately $125,000, to be paid from escrow upon completion.

In conjunction with the Company's sale of approximately 14.98 acres of land to an affiliate of Integra Land Company ("Integra") in December 2015, the Company agreed to reimburse Integra approximately $276,000 for a portion of the costs for road access and related utility improvements that will benefit the 14.98 acre land parcel sold to Integra as well as the surrounding acreage still owned by the Company. The Company also agreed to reimburse Integra approximately $94,000 for site relocation costs. Accordingly, in December 2015, the Company deposited a combined $370,000 of cash in escrow related to these reimbursements which are classified as restricted cash in the consolidated balance sheets. During the nine months ended September 30, 2016, approximately $350,000 was disbursed from the escrow account. Accordingly, as of September 30, 2016, the Company's maximum remaining commitment related to these reimbursements is approximately $20,000 to be paid from escrow as costs are incurred.

On April 5, 2016, the Company entered into a 15 year lease with 24 Hour Fitness for the anchor space at The Grove at Winter Park property located in Winter Park, Florida. The lease is for approximately 40,000 square feet, or 36%, of the 112,000 square foot multi-tenant retail center. On July 6, 2016, the Company funded approximately $4.0 million into an escrow account for customary tenant improvements for the build out of the space to be occupied by 24 Hour Fitness, which we estimate will open in the first quarter of 2017. 24 Hour Fitness will draw funding from escrow as construction progresses. As of September 30, 2016, approximately $1.9 million of construction has been funded from the escrow account, leaving a remaining commitment of approximately $2.1 million.

Contractual Commitments – Land Pipeline

As of October 28, 2016, the Company's pipeline of potential land sales transactions included the following eight definitive purchase and sale agreements with seven different buyers, representing approximately 39% of our land holdings:

	Contract (or Buyer) / Parcel	No. of Acres	Contract Amount ($000's)	Price per Acre ($000's)	Estimated Timing
1	Commercial/Retail	4	$ 1,175	$ 294,000	'18
2	Mixed-Use Retail	22	5,574	253,000	'17
3	Mixed-Use Retail (NADG)	82	20,187	248,000	'17 - '18
4	Commercial/Retail	6	1,470	245,000	'17
5	AR Residential (Minto)	1,581	28,651	18,000	'16 - '17
6	AR Residential (Minto)	1,686	31,360	19,000	'18 - '19
7	SF Residential (ICI)	600	9,000	15,000	'16 - '17
8	SF Residential	73	1,050	14,000	'17
	Total	4,054	$ 98,467	$ 24,000	

As noted above, all of these agreements contemplate closing dates ranging from the fourth quarter of 2016 through fiscal year 2019, and the Company expects some of the transactions to close in 2016, although the buyers are not contractually obligated to close until after 2016. Each of the transactions are in varying stages of due diligence by the various buyers including, in some instances, having made submissions to the planning and development departments of the City of Daytona Beach, and other permitting activities with other applicable governmental authorities. In addition to other customary closing conditions, the majority of these transactions are conditioned upon the receipt of approvals or permits from those various governmental authorities, as well as other matters that are beyond our control. If such approvals are not obtained, the prospective buyers may have the ability to terminate their respective agreements prior to closing. As a result, there can be no assurances regarding the likelihood or timing of any one of these potential land transactions being completed or the final terms thereof, including the sales price.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Minto Communities

One of the definitive sales contracts is with an affiliate of Minto Communities for Minto's development of Oasis Daytona, a 3,400-unit master planned age-restricted resort-style community on a 1,586-acre parcel (the "Minto Parcel") of the Company's land holdings west of Interstate 95 (the "First Minto Contract"). The First Minto Contract was originally executed in May 2014. Minto received zoning and entitlement approvals from the City in April 2016 for the 3,400 residential units and approximately 215,000 square feet of commercial space. On September 27, 2016, the Company sold approximately 4.5 acres (the "Sales Center Site") included in the Minto Parcel to Minto for a purchase price of approximately $205,000, or approximately $46,000 per acre. Minto has begun construction on the Sales Center Site of the sales center for Oasis Daytona. In addition, during the quarter the Company agreed to a price reduction of $1.0 million for the remaining 1,581 acres under the First Minto Contract to reflect the estimated costs Minto will incur in connection with the wetlands restoration program the Company agreed to in its settlement with governmental environmental agencies regarding the Company's agricultural activities prior to 2012. The First Minto Contract provides for recourse seller financing (the "Minto Note"), which if Minto elects to utilize will require the Company to monetize the Minto Note within 180 days of closing to effectuate a 1031 exchange transaction for the total amount of the land transaction proceeds. Should Minto elect to utilize the seller financing option, it is reasonably probable that the Company's monetization of the resulting Minto Note would be at a discount to the face value of the Minto Note. With the Company having resolved certain regulatory matters related to the Company's prior agricultural activities on the land that includes the property under contract with Minto, and with Minto's filing of its permit application with the U.S. Army Corps of Engineers (the "ACOE"), the Company expects this transaction to close in late 2016 subject to Minto's receipt of their permit from the ACOE.

Tomoka Town Center

The NADG First Parcel and Outparcel sales represent the first two of multiple transactions contemplated under the NADG Agreement. The NADG Agreement provides NADG with the ability to acquire the Remaining Option Parcels during the Option Period. The Remaining Option Parcels represent a total of approximately 81.50 acres and total potential proceeds to the Company of approximately $20.2 million, or approximately $248,000 per acre. Pursuant to the NADG Agreement, NADG can close on any or all of the Remaining Option Parcels at any time during the Option Period, should certain conditions be met. The NADG Agreement also establishes a price escalation percentage that would be applied to any of the Remaining Option Parcels that are acquired after January 2017, and an additional price escalation percentage that would be applied to any Remaining Option Parcels acquired in 2018.

Other Matters

In connection with a certain land sale contract to which the Company is a party, the purchaser's pursuit of customary development entitlements gave rise to an inquiry by federal regulatory agencies regarding prior agricultural activities by the Company on such land. During the second quarter of 2015, we received a written information request regarding such activities. We submitted a written response to the information request along with supporting documentation. We believe the issues raised by, and the land which was the subject of, this inquiry are similar to or the same as those which were addressed and resolved by the settlement agreement executed in December 2012 between the Company and the St. Johns River Water Management District (the "District") and the permit which the District subsequently issued to the Company. During the fourth quarter of 2015, based on discussions with the agency, a penalty related to this matter was deemed probable, and accordingly the estimated penalty of $187,500 was accrued as of December 31, 2015, for which payment was made during the quarter ended September 30, 2016. Also during the fourth quarter of 2015, the agency advised the Company that the resolution to the inquiry would likely require the Company to incur costs associated with wetlands restoration relating to approximately 148.35 acres of the Company's land. At December

31, 2015, the Company's third-party environmental engineers estimated the cost for such restoration activities to range from approximately $1.7 million to approximately $1.9 million. Accordingly, as of December 31, 2015, the Company accrued an obligation of approximately $1.7 million, representing the low end of the estimated range of possible restoration costs and included such estimated costs on the consolidated balance sheets as an increase in the basis of our land and development costs associated with those and benefitting surrounding acres. As of June 30, 2016 the final proposal from the Company's third-party environmental engineer was received for a total cost of approximately $2.0 million. Accordingly, an increase in the accrual of approximately $300,000 was made during the second quarter of 2016. The Company funded approximately $905,000 of the total $2.0 million of estimated costs during the nine months ended September 30, 2016. The Company believes there is at least a reasonable possibility that the estimated remaining liability of approximately $1.1 million could change within one year of the date of the consolidated financial statements, which in turn could have

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

a material impact on the Company's consolidated balance sheets and future cash flows. The Company evaluates its estimates on an ongoing basis; however, actual results may differ from those estimates. Additionally, resolution of the regulatory matter required the Company to apply for an additional permit pertaining to an additional approximately 54.66 acres, which permit may require mitigation activities which the Company anticipates could be satisfied through the utilization of existing mitigation credits owned by the Company or the acquisition of mitigation credits. The Company anticipates that resolution of this matter will allow the Company to obtain certain permits from the applicable federal or state regulatory agencies needed in connection with the closing of the land sale contract that gave rise to this matter. The number of mitigation credits that may be required is not currently estimable and as the utilization or purchase of such credits would be incorporated into the basis of the land under contract, no amounts related to mitigation credits have been accrued as of September 30, 2016. In addition, in connection with other land sale contracts to which the Company is or may become a party, the pursuit of customary development entitlements by the potential purchasers may require the Company to utilize or acquire mitigation credits for the purpose of obtaining certain permits from the applicable federal or state regulatory agencies. Any costs incurred in connection with utilizing or acquiring such credits would be incorporated into the basis of the land under contract and, accordingly, no amounts related to such potential future costs have been accrued as of September 30, 2016.

During the fourth quarter of 2015 and the first quarter of 2016, the Company received communications from a single institutional shareholder, some of which have been filed publicly. In investigating the shareholder's allegations contained in certain communications and pursuing the strategic alternatives process, the Company has incurred costs of approximately $1.2 million and approximately $219,000, respectively, to date, through September 30, 2016. Approximately $1.3 million was incurred during the nine months ended September 30, 2016, primarily in connection with the investigative work for legal representation, accounting services, additional director and committee meeting fees, or other third party costs. To date, none of the shareholder's allegations have been found to have any basis or merit; however, such costs could continue to be incurred and, while not reasonably estimable, may represent significant costs for the Company which would have an adverse impact on the Company's results of operations and cash flows.

NOTE 19. BUSINESS SEGMENT DATA

The Company operates in four primary business segments: income properties, commercial loan investments, real estate operations, and golf operations. Our income property operations consist primarily of income-producing properties, and our business plan is focused on investing in additional income-producing properties. Our income property operations accounted for 70.3% and 68.6% of our identifiable assets as of September 30, 2016 and December 31, 2015, respectively, and 42.6% and 57.8% of our consolidated revenues for the nine months ended September 30, 2016 and 2015, respectively. As of September 30, 2016, we had three commercial loan investments including one fixed-rate and one variable-rate mezzanine loan and a variable-rate B-Note representing a secondary tranche in a commercial mortgage loan. Our real estate operations primarily consist of revenues generated from land transactions and leasing, royalty income, and revenue from the release of surface entry rights from our subsurface interests. Our golf operations consist of a single property located in the City, with two 18-hole championship golf courses, a practice facility, and clubhouse facilities, including a restaurant and bar operation, fitness facility, and pro-shop with retail merchandise. The majority of the revenues generated by our golf operations are derived from members and public customers playing golf, club memberships, and food and beverage operations.

The Company evaluates performance based on profit or loss from operations before income taxes. The Company's reportable segments are strategic business units that offer different products. They are managed separately because

each segment requires different management techniques, knowledge, and skills.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Information about the Company’s operations in the different segments for the three and nine months ended September 30, 2016 and 2015 is as follows:

	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Revenues:				
Income Properties	$ 6,021,331	$ 5,034,090	$ 18,483,654	$ 13,426,817
Commercial Loan Investments	534,212	546,640	2,050,507	1,816,834
Real Estate Operations	4,643,646	1,748,398	18,979,164	3,976,340
Golf Operations	1,001,368	949,083	3,877,923	3,935,076
Agriculture and Other Income	10,388	19,504	48,070	59,181
Total Revenues	$ 12,210,945	$ 8,297,715	$ 43,439,318	$ 23,214,248
Operating Income:				
Income Properties	$ 4,590,689	$ 4,036,330	$ 14,672,265	$ 11,105,324
Commercial Loan Investments	534,212	546,640	2,050,507	1,816,834
Real Estate Operations	3,386,463	1,431,785	14,340,299	2,755,151
Golf Operations	(301,552)	(406,386)	(276,761)	(266,237)
Agriculture and Other Income	(42,506)	(31,980)	(105,529)	(90,649)
General and Corporate Expense	7,712,203	(432,949)	(3,675,088)	(6,496,935)
Total Operating Income	$ 15,879,509	$ 5,143,440	$ 27,005,693	$ 8,823,488
Depreciation and Amortization:				
Income Properties	$ 1,866,162	$ 1,335,214	$ 5,571,785	$ 3,413,024
Golf Operations	64,676	68,712	201,944	194,618
Agriculture and Other	14,622	13,203	44,657	36,978
Total Depreciation and Amortization	$ 1,945,460	$ 1,417,129	$ 5,818,386	$ 3,644,620
Capital Expenditures:				
Income Properties	$ 49,751,977	$ 25,596,355	$ 52,604,951	$ 35,610,312
Commercial Loan Investments	—	14,500,000	—	15,394,879
Real Estate Operations ($5,744,636 Contributed by Consolidated VIE)	—	11,489,272	—	11,489,272
Golf Operations	4,500	2,045	17,661	108,462
Agriculture and Other	2,465	17,817	18,332	31,223
Total Capital Expenditures	$ 49,758,942	$ 51,605,489	$ 52,640,944	$ 62,634,148

	As of September 30, 2016	December 31, 2015
Identifiable Assets:		
Income Properties	$ 265,252,097	$ 277,519,902
Commercial Loan Investments	24,027,185	38,487,119

Real Estate Operations	67,255,069	59,787,157
Golf Operations	2,906,098	3,607,259
Agriculture and Other	18,103,021	24,952,207
Total Assets	$ 377,543,470	$ 404,353,644

Operating income represents income from continuing operations before loss on early extinguishment of debt, interest expense, investment income, and income taxes. General and corporate expenses are an aggregate of general and administrative expenses, impairment charges, depreciation and amortization expense, and gains (losses) on the disposition of assets. Identifiable assets by segment are those assets that are used in the Company's operations in each segment. Other assets consist primarily of cash, property, plant, and equipment related to the other operations, as well as the general and corporate operations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 20. RECENTLY ISSUED ACCOUNTING POLICIES

In May 2014, the FASB issued ASU 2014-09, which amends its guidance on the recognition and reporting of revenue from contracts with customers. In April 2016, the FASB issued ASU 2016-10, which further amends ASU 2014-09. The amendments in these updates are effective for annual reporting periods beginning after December 15, 2018. The Company is currently evaluating the provisions to determine the potential impact, if any, the adoption will have on its consolidated financial statements. The Company plans to implement ASU 2014-09 effective January 1, 2019.

In April 2015, the FASB issued ASU 2015-03, related to simplifying the presentation of debt issuance costs. The amendments in this update are effective for annual reporting periods beginning after December 15, 2015. The amendment requires entities to present debt issuance costs related to a recognized debt liability as a direct deduction from the carrying amount of the debt liability, whereas previously, debt issuance costs were presented as a deferred charge in the asset section of the balance sheet. The Company has adopted ASU 2015-03 effective January 1, 2016. The amount of unamortized debt issuance costs as of December 31, 2015 that were reclassified to be included as a direct deduction from the carrying amount of the debt liability was approximately $1.7 million.

In January 2016, the FASB issued ASU 2016-01, relating to the recognition and measurement of financial assets and financial liabilities. The amendments in this update are effective for annual reporting periods beginning after December 15, 2017. The Company is currently evaluating the provisions to determine the potential impact, if any, the adoption will have on its consolidated financial statements. The Company plans to implement ASU 2016-01 effective January 1, 2018.

In February 2016, the FASB issued ASU 2016-02, which requires entities to recognize assets and liabilities that arise from financing and operating leases and to classify those finance and operating lease payments in the financing or operating sections, respectively, of the statement of cash flows. The amendments in this update are effective for annual reporting periods beginning after December 15, 2018. The Company is currently evaluating the provisions to determine the potential impact, if any, the adoption will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, which amends certain aspects of the stock-based compensation guidance. The amendments in this update are effective for annual reporting periods beginning after December 15, 2016. The Company is currently evaluating the provisions to determine the potential impact, if any, the adoption will have on its consolidated financial statements. The Company plans to implement ASU 2016-09 effective January 1, 2017.

NOTE 21. VARIABLE INTEREST ENTITY

During the year ended December 31, 2015, the Company entered into a real estate venture (the “Beach Venture”) with an unaffiliated third party institutional investor (the “Venture Partner”), whereby the Beach Venture acquired approximately six acres of vacant beachfront property located in Daytona Beach, Florida. The Company acquired its 50% interest in the Beach Venture for approximately $5.7 million and serves as its general partner with day-to-day management responsibilities. The Beach Venture is structured such that the Company earns a base management fee and will receive a preferred interest as well as a promoted interest if certain return hurdles are achieved. The Company’s preferred interest represents the first 9% of the investment return achieved at the disposition of the property. GAAP requires consolidation of a variable interest entity (“VIE”) in which an enterprise has a controlling financial interest and is the primary beneficiary. Upon entering into the Beach Venture described above and as of

September 30, 2016, the Company determined it has a controlling financial interest and is the primary beneficiary; therefore, the Beach Venture is a VIE and has been consolidated in the Company's financial statements.

As of September 30, 2016, the Beach Venture has one asset totaling $11,613,782 consisting of the six acre vacant beachfront property. During the year ended December 31, 2015, the Company contributed 50%, or $5,664,787, to the Beach Venture for the initial property acquisition, with the other 50% contributed by the Venture Partner. The Beach Venture has been accounted for in real estate operations with the inter-company management fees totaling approximately $18,000 during the nine months ended September 30, 2016, eliminated upon consolidation. The Company and the Venture Partner are currently under contract for the Company to purchase the Venture Partner's interest in the Beach Venture. There can be no assurances regarding the likelihood or timing of the potential purchase of the Venture Partner's non-controlling interest by the Company or, if it does occur, the final terms including the purchase price.

The Beach Venture has received approval from the City planning board for the development of the site including construction of two structures that are intended to be occupied by two different branded restaurants. The Company expects that the Beach Venture will provide the capital for the development of the restaurants which is estimated to be approximately $6 million.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 22. SUBSEQUENT EVENTS

Under the $10.0 million stock repurchase program, subsequent to September 30, 2016 through October 27, 2016, the Company has repurchased 12,196 shares of its common stock on the open market for a total cost of approximately $613,000, or an average price per share of $50.25, and placed those shares in treasury.

On October 13, 2016, the Company sold approximately 17 acres of land at a sales price of approximately $3.0 million, or approximately $174,000 per acre, resulting in an estimated gain at closing of approximately $2.7 million, or approximately $0.29 per share after tax. The land is located on the west side of Interstate 95 on Tomoka Farms Road just south of the soon to open CarMax dealership. The proceeds from the transaction are expected to be used as part of one or more Section 1031 like-kind exchange transactions.

On October 14, 2016, the Company acquired an approximately 76,000 square foot single-story Class A two-tenant office building in Santa Clara, California (the "Property") for $30 million. The Property is situated on approximately 5.24 acres and is 100% leased to Centrify Corporation and Adesto Technologies under triple-net leases with remaining terms of approximately 4 years and 7 years, respectively. The Property was built in 1978 and underwent a complete renovation in 2014 totaling approximately $14 million. The current zoning of the 5.24 acre parcel also allows for an additional 100,000 square feet of density. The purchase is expected to be part of a 1031 like-kind exchange.

During October 2016, the Company received cash payments totaling approximately $1.6 million from two of the buyers of the Company's land sold in the fourth quarter of 2015 to purchase impact fees from the Company with a basis of equal value.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

When the Company uses any of the words "anticipate," "assume," "believe," "estimate," "expect," "intend," or similar express the Company is making forward-looking statements. Although management believes that the expectations reflected in such forward-looking statements are based upon present expectations and reasonable assumptions, the Company's actual results could differ materially from those set forth in the forward-looking statements. Certain factors that could cause actual results or events to differ materially from those the Company anticipates or projects are described in "Item 1A. Risk Factors" of the Company's Annual Report on Form 10-K, for year ended December 31, 2015. Given these uncertainties, readers are cautioned not to place undue reliance on such statements, which speak only as of the date of this Quarterly Report on Form 10-Q or any document incorporated herein by reference. The Company undertakes no obligation to publicly release any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q, or the aforementioned risk factors. The terms "us," "we," "our," and "the Company" as used in this report refer to Consolidated-Tomoka Land Co. together with our consolidated subsidiaries.

OVERVIEW

We are a diversified real estate operating company. We own and manage twenty-nine commercial real estate properties in nine states in the U.S. As of September 30, 2016, we owned twenty-one single-tenant and eight multi-tenant income-producing properties with over 1.5 million square feet of gross leasable space. We also own and manage a land portfolio of approximately 10,500 acres. As of September 30, 2016, we had three commercial loan investments including one fixed-rate and one variable–rate mezzanine loan and a variable-rate B-Note representing a secondary tranche in a commercial mortgage loan. Our golf operations consist of the LPGA International golf club, which is managed by a third party. We also lease property for nineteen billboards, have agricultural operations that are managed by a third party, which consists of leasing land for hay and sod production, timber harvesting, and hunting leases, and own and manage subsurface interests. The results of our agricultural and subsurface leasing operations are included in Agriculture and Other Income and Real Estate Operations, respectively, in our consolidated statements of operations.

Income Property Operations. We have pursued a strategy of investing in income-producing properties, when possible by utilizing the proceeds from real estate transactions qualifying for income tax deferral through like-kind exchange treatment for tax purposes.

During the nine months ended September 30, 2016, the Company acquired seven single-tenant income properties and one multi-tenant income property, for an aggregate purchase price of approximately $49.8 million.

Our current portfolio of twenty-one single-tenant income properties generates approximately $13.1 million of revenues from lease payments on an annualized basis and had an average remaining lease term of 9.7 years as of September 30, 2016. Our current portfolio of eight multi-tenant properties generates approximately $5.7 million of revenue from lease payments on an annualized basis and has a weighted average remaining lease term of 5.4 years as of September 30, 2016. We expect to continue to focus on acquiring additional income-producing properties during fiscal year 2016, and in the near term thereafter, maintaining our use of the aforementioned tax deferral structure whenever possible.

As part of our overall strategy for investing in income-producing investments, we have self-developed five of our multi-tenant properties which are located in Daytona Beach, Florida. The first self-developed property, located at the

northeast corner of LPGA and Williamson Boulevards in Daytona Beach, Florida, is an approximately 22,000 square foot, two-story, building, known as the Concierge Office Building, which was 100% leased as of September 30, 2016. The second two properties, known as the Mason Commerce Center, consists of two buildings totaling approximately 31,000 square-feet (15,360 each), which was 100% leased as of September 30, 2016. During the year ended December 31, 2014, construction was completed on two additional properties, known as the Williamson Business Park, which are adjacent to the Mason Commerce Center. Williamson Business Park consists of two buildings totaling approximately 31,000 square-feet (15,360 each). One of the two buildings in the Williamson Business Park was sold on April 22, 2016 for a gain of approximately $822,000. The remaining Williamson Business Park building was approximately 50% leased as of September 30, 2016. Of the eight multi-tenant properties owned as of September 30, 2016, four were self-developed.

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Our focus on acquiring income-producing investments includes a continual review of our existing income property portfolio to identify opportunities to recycle our capital through the sale of income properties based on, among other possible factors, the current or expected performance of the property and favorable market conditions. Pursuant to our on-going review, nineteen properties were sold during the nine months ended September 30, 2016, including the portfolio of fourteen single-tenant income properties (the "Portfolio Sale") which closed on September 16, 2016 and resulted in a net gain of approximately $11.1 million, or $1.20 per share, after tax. The Company intends to use the proceeds from the sale of its income-producing properties to make future investments in income-producing assets, utilizing the tax-deferred like-kind exchange structure, as circumstances permit.

Real Estate Operations. As of September 30, 2016, the Company owned approximately 10,500 acres of land in Daytona Beach, Florida, along six miles of the west and east sides of Interstate 95. Presently, the majority of this land is used for agricultural purposes. Approximately 1,200 acres of our land holdings are located on the east side of Interstate 95 and are generally well suited for commercial development. Approximately 8,300 acres of our land holdings that are located on the west side of Interstate 95 is generally well suited for residential development. In addition, approximately 1,000 acres, located further west of Interstate 95 and a few miles north of Interstate 4 is generally well suited for industrial purposes. Beginning in 2012, we have observed an increase in residential and commercial real estate activity in the area surrounding our land holdings.

During the nine months ended September 30, 2016, the Company sold approximately 11.96 acres of land for approximately $2.4 million for total gains of approximately $1.5 million. In addition, gains totaling approximately $2.9 million and $13.0 million were recognized during the three and nine months ended September 30, 2016, respectively, for the sales within the 235-acre Tomoka Town Center (the "Town Center") which closed during the fourth quarter of 2015 and first quarter of 2016, for which revenue is being recognized on the percentage-of-completion basis as related infrastructure costs are incurred.

During the nine months ended September 30, 2015, the Company sold approximately 3.9 acres. On June 1, 2015, the Company sold approximately 3.0 acres of land located on the south side of LPGA Boulevard, just east of Clyde Morris Boulevard, at a sales price of $505,000, or approximately $167,000 per acre, for a gain of approximately $476,000. On June 17, 2015, the Company sold approximately 0.9 acres of land located in Highlands County, Florida, at a sales price of $250,000 for a gain of approximately $223,000.

Land Pipeline Update. As of October 28, 2016, the Company's pipeline of potential land sales transactions included the following eight definitive purchase and sale agreements with seven different buyers, representing approximately 39% of our land holdings:

	Contract (or Buyer) / Parcel	No. of Acres	Contract Amount ($000's)	Price per Acre ($000's)	Estimated Timing
1	Commercial/Retail	4	$ 1,175	$ 294,000	'18
2	Mixed-Use Retail	22	5,574	253,000	'17
3	Mixed-Use Retail (NADG)	82	20,187	248,000	'17 - '18
4	Commercial/Retail	6	1,470	245,000	'17
5	AR Residential (Minto)	1,581	28,651	18,000	'16 - '17
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7	SF Residential (ICI)	600	9,000	15,000	'16 - '17
8	SF Residential	73	1,050	14,000	'17
	Total	4,054	$ 98,467	$ 24,000	

As noted above, all of these agreements contemplate closing dates ranging from the fourth quarter of 2016 through fiscal year 2019, and the Company expects some of the transactions to close in 2016, although the buyers are not contractually obligated to close until after 2016. Each of the transactions are in varying stages of due diligence by the various buyers including, in some instances, having made submissions to the planning and development departments of the City of Daytona Beach, and other permitting activities with other applicable governmental authorities. In addition to other customary closing conditions, the majority of these transactions are conditioned upon the receipt of approvals or permits from those various governmental authorities, as well as other matters that are beyond our control. If such approvals are not obtained, the prospective buyers may have the ability to terminate their respective agreements prior to closing. As a result, there can be no assurances regarding the likelihood or timing of any one of these potential land transactions being completed or the final terms thereof, including the sales price.

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Minto Communities

One of the definitive sales contracts is with an affiliate of Minto Communities for Minto's development of Oasis Daytona, a 3,400-unit master planned age-restricted resort-style community on a 1,586-acre parcel (the "Minto Parcel") of the Company's land holdings west of Interstate 95 (the "First Minto Contract"). The First Minto Contract was originally executed in May 2014. Minto received zoning and entitlement approvals from the City in April 2016 for the 3,400 residential units and approximately 215,000 square feet of commercial space. On September 27, 2016, the Company sold approximately 4.5 acres (the "Sales Center Site") included in the Minto Parcel to Minto for a purchase price of approximately $205,000, or approximately $46,000 per acre. Minto has begun construction on the Sales Center Site of the sales center for Oasis Daytona. In addition, during the quarter the Company agreed to a price reduction of $1.0 million for the remaining 1,581 acres under the First Minto Contract to reflect the estimated costs Minto will incur in connection with the wetlands restoration program the Company agreed to in its settlement with governmental environmental agencies regarding the Company's agricultural activities prior to 2012. The First Minto Contract provides for recourse seller financing (the "Minto Note"), which if Minto elects to utilize will require the Company to monetize the Minto Note within 180 days of closing to effectuate a 1031 exchange transaction for the total amount of the land transaction proceeds. Should Minto elect to utilize the seller financing option, it is reasonably probable that the Company's monetization of the resulting Minto Note would be at a discount to the face value of the Minto Note. With the Company having resolved certain regulatory matters related to the Company's prior agricultural activities on the land that includes the property under contract with Minto, and with Minto's filing of its permit application with the U.S. Army Corps of Engineers (the "ACOE"), the Company expects this transaction to close in late 2016 subject to Minto's receipt of their permit from the ACOE.

Tomoka Town Center

The NADG First Parcel and Outparcel sales represent the first two of multiple transactions contemplated under the NADG Agreement. The NADG Agreement provides NADG with the ability to acquire the Remaining Option Parcels during the Option Period. The Remaining Option Parcels represent a total of approximately 81.50 acres and total potential proceeds to the Company of approximately $20.2 million, or approximately $248,000 per acre. Pursuant to the NADG Agreement, NADG can close on any or all of the Remaining Option Parcels at any time during the Option Period, should certain conditions be met. The NADG Agreement also establishes a price escalation percentage that would be applied to any of the Remaining Option Parcels that are acquired after January 2017, and an additional price escalation percentage that would be applied to any Remaining Option Parcels acquired in 2018.

Variable Interest Entity. During the year ended December 31, 2015, the Company entered into a real estate venture (the "Beach Venture") with an unaffiliated third party institutional investor (the "Venture Partner"), whereby the Beach Venture acquired approximately six acres of vacant beachfront property located in Daytona Beach, Florida. The Company acquired its 50% interest in the Beach Venture for approximately $5.7 million and serves as the general partner with day-to-day management responsibilities. The Beach Venture is structured such that the Company earns a base management fee and will receive a preferred interest as well as a promoted interest if certain return hurdles are achieved. The Company's preferred interest represents the first 9% of the investment return achieved at the disposition of the property. GAAP requires consolidation of a variable interest entity ("VIE") in which an enterprise has a controlling financial interest and is the primary beneficiary. Upon entering into the Beach Venture described above and as of September 30, 2016, the Company determined it has a controlling financial interest and is the primary beneficiary; therefore, the Beach Venture is a VIE and has been consolidated in the Company's financial statements.

As of September 30, 2016, the Beach Venture has one asset totaling $11,613,782 consisting of the six acre vacant beachfront property. During the year ended December 31, 2015, the Company contributed 50%, or $5,664,787, to the Beach Venture for the initial property acquisition, with the other 50% contributed by the Venture Partner. The Beach Venture has been accounted for in real estate operations with the inter-company management fees totaling

approximately $18,000 during the nine months ended September 30, 2016, eliminated upon consolidation. The Company and the Venture Partner are currently under contract for the Company to purchase the Venture Partner's interest in the Beach Venture. There can be no assurances regarding the likelihood or timing of the potential purchase of the Venture Partner's non-controlling interest by the Company or, if it does occur, the final terms including the purchase price.

The Beach Venture has received approval from the City planning board for the development of the site including construction of two structures that are intended to be occupied by two different branded restaurants. The Company expects that the Beach Venture will provide the capital for the development of the restaurants which is estimated to be approximately $6 million.

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Real Estate Impairments. During the nine months ended September 30, 2016, impairment charges totaled approximately $1.0 million on our undeveloped land holdings. Two of the eight aforementioned executed purchase and sale agreements, of which one was executed during the quarter ended June 30, 2016 and the other was executed during the quarter ended September 30, 2016, include approximately eight acres of land that have a higher cost basis than the remainder of the Company's historic land holdings as these acres were repurchased by the Company in previous years from the prior purchasers thereof (the "Repurchased Land"). In connection with those two contracts, the Company recognized impairment charges of approximately $717,000 and $311,000, respectively, in the second quarter of 2016. The total impairment charges represent the anticipated losses on the sales plus estimated closing costs. As of September 30, 2016, the land upon which the impairments were charged is still under contract to be sold.

Subsurface Interests. The Company owns full or fractional subsurface oil, gas, and mineral interests underlying approximately 500,000 "surface" acres of land owned by others in 20 counties in Florida. The Company leases its interests to mineral exploration firms for exploration. Our subsurface operations consist of revenue from the leasing of exploration rights and in some instances additional revenues from royalties applicable to production from the leased acreage.

During November 2015, the Company hired Lantana Advisors, a subsidiary of SunTrust, to evaluate the possible sale of its subsurface interests. On April 13, 2016, the Company entered into a purchase and sale agreement with an affiliate of Land Venture Partners, LLC ("LVP") for the sale of its approximately 500,000 acres of subsurface interests (the "Interests"), including the royalty interests in two operating oil wells in Lee County, Florida and its interests in the oil exploration lease with Kerogen Florida Energy Company LP, for a sales price of approximately $24 million (the "Subsurface Sale"). The Subsurface Sale agreement was subsequently amended to allow for certain portions of the Interests to be excluded from the Subsurface Sale and retained by the Company, with a corresponding reduction in transaction price. The agreement currently contemplates a closing of the Subsurface Sale prior to year-end 2016.

Subsequent to September 30, 2016, LVP provided the Company with a proposal to significantly reduce the Interests covered by the Subsurface Sale. The Company is currently reviewing LVP's submission and intends to formalize a response in the near term.

During 2011, an eight-year oil exploration lease was executed. The lease calls for annual lease payments which are recognized as revenue ratably over the respective twelve month lease periods. In addition, non-refundable drilling penalty payments are made as required by the drilling requirements in the lease which are recognized as revenue when received. Cash payments for both the annual lease payment and the drilling penalty, if applicable, are received in full on or before the first day of the respective lease year.

Lease payments on the respective acreages and drilling penalties received through lease year six are as follows:

Lease Year	Acreage (Approximate)	Florida County	Lease Payment (1)	Drilling Penalty (1)
Lease Year 1 - 9/23/2011 - 9/22/2012	136,000	Lee and Hendry	$ 913,657	$ —
Lease Year 2 - 9/23/2012 - 9/22/2013	136,000	Lee and Hendry	922,114	—
Lease Year 3 - 9/23/2013 - 9/22/2014	82,000	Hendry	3,293,000	1,000,000
Lease Year 4 - 9/23/2014 - 9/22/2015	42,000	Hendry	1,866,146	600,000
	25,000	Hendry	1,218,838	175,000

Lease Year 5 - 9/23/2015 - 9/22/2016				
Lease Year 6 - 9/23/2016 - 9/22/2017	15,000	Hendry	806,683	150,000
Total Payments Received to Date			$ 9,020,438	$ 1,925,000

[1] Cash payment for the Lease Payment and Drilling Penalty is received on or before the first day of the lease year. The Drilling Penalty is recorded as revenue when received, while the Lease Payment is recognized on a straight-line basis over the respective lease term. See separate disclosure of the revenue per year below.

The terms of the lease state the Company will receive royalty payments if production occurs, and may receive additional annual rental payments if the lease is continued in years seven and eight. The lease is effectively eight one-year terms as the lessee has the option to terminate the lease at the end of each lease year.

Lease income generated by the annual lease payments is recognized on a straight-line basis over the guaranteed lease term. For the three months ended September 30, 2016 and 2015, lease income of approximately $297,000 and $456,000, respectively, was recognized. For the nine months ended September 30, 2016 and 2015, lease income of approximately

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$904,000 and $1.4 million, respectively, was recognized. There can be no assurance that the oil exploration lease will be extended beyond the expiration of the current term of September 22, 2017 or, if renewed, on similar terms or conditions.

The Company also received oil royalties from operating oil wells on 800 acres under a separate lease with a separate operator. This operator recently filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code. Revenues received from oil royalties totaled approximately $16,000 and $11,000, during the three months ended September 30, 2016 and 2015, respectively. Revenues from oil royalties totaled approximately $32,000 and $60,000, during the nine months ended September 30, 2016 and 2015, respectively.

The Company may release surface entry rights or other rights upon request of a surface owner for a negotiated release fee based on a percentage of the surface value. Cash payments for the release of surface entry rights totaled approximately $450,000 and $2,000 during the nine months ended September 30, 2016 and 2015, respectively, which is included in revenue from real estate operations. The May 2016 transaction for approximately $450,000 reflected gross proceeds net of fees, for the release of the Company's surface entry rights related to approximately 960 acres of surface rights in Hendry County, Florida. The Company utilized the proceeds from this transaction as part of a like-kind exchange transaction.

Golf Operations. Golf operations consist of the LPGA International golf club, a semi-private golf club consisting of two 18-hole championship golf courses, one designed by Rees Jones and the other designed by Arthur Hills, with a three-hole practice facility also designed by Rees Jones, a clubhouse facility, food and beverage operations, and a fitness facility located within the LPGA International mixed-use residential community on the west side of Interstate 95 in Daytona Beach, Florida. In 2012 and 2013, we completed approximately $534,000 of capital expenditures to renovate the clubhouse facilities, including a significant upgrade of the food and beverage operations, addition of fitness facilities, and renovations to public areas.

The Company entered into a management agreement with an affiliate of ClubCorp America ("ClubCorp"), effective January 25, 2012, to manage the LPGA International golf and clubhouse facilities. We believe ClubCorp, which owns and operates clubs and golf courses worldwide, brings substantial golf and club management expertise and knowledge to the LPGA International golf operations, including the utilization of national marketing capabilities, aggregated purchasing programs, and implementation of an affiliate member program, which has improved, and is expected to continue to improve, membership levels through the access to other member clubs in the affiliate program. Effective May 1, 2016, the Company and ClubCorp entered into the first amendment to extend the term of the management agreement from December 27, 2016 to September 30, 2022.

In July 2012, the Company entered into an agreement with the City of Daytona Beach, Florida (the "City") to, among other things, amend the lease payments under its golf course lease (the "Lease Amendment"). Under the Lease Amendment, the base rent payment, which was scheduled to increase from $250,000 to $500,000 as of September 1, 2012, will remain at $250,000 for the remainder of the lease term and any extensions would be subject to an annual rate increase of 1.75% beginning September 1, 2013. The Company also agreed to invest $200,000 prior to September 1, 2015 for certain improvements to the facilities. In addition, pursuant to the Lease Amendment, beginning September 1, 2012, and continuing throughout the initial lease term and any extension option, the Company will pay additional rent to the City equal to 5.0% of gross revenues exceeding $5,500,000 and 7.0% of gross revenues exceeding $6,500,000. Since the inception of the lease, the Company has recognized the rent expense on a straight-line basis resulting in an estimated accrual for deferred rent. Upon the effective date of the Lease Amendment, the Company's straight-line rent was revised to reflect the lower rent levels through expiration of the lease. As a result, approximately $3.0 million of the rent previously deferred will not be due to the City, and will be recognized into income over the remaining lease term, which expires in 2022. As of September 30, 2016, approximately $1.4 million of the rent, previously deferred that will not be due to the City, remained to be amortized through September 2022.

Commercial Loan Investments. Our investments in commercial loans or similar structured finance investments, such as mezzanine loans or other subordinated debt, have been and are expected to continue to be secured by commercial or residential real estate or land or the borrower's pledge of its ownership interest in the entity that owns the real estate. The first mortgage loans we invest in or originate are for commercial real estate, located in the United States and its territories and are current or performing with either a fixed or floating rate. Some of these loans may be syndicated in either a pari-passu or senior/subordinated structure. Commercial first mortgage loans generally provide for a higher recovery rate due to their senior position in the underlying collateral. Commercial mezzanine loans are typically secured by a pledge of the borrower's equity ownership in the underlying commercial real estate. Unlike a mortgage, a

mezzanine loan is not secured by a lien on the property. An investor's rights in a mezzanine loan are usually governed by an intercreditor agreement that provides holders with the rights to cure defaults and exercise control on certain decisions of any senior debt secured by the same commercial property.

On May 26, 2016, the Company's $14.5 million first mortgage loan secured by the Sheraton Old San Juan Hotel located in San Juan, Puerto Rico was paid off at a discount of approximately $218,000. At payoff, the remaining loan origination fee of approximately $145,000 net of loan costs of approximately $32,000 was accreted into income.

During the nine months ended September 30, 2016, the approximately $9.1 million B-Note secured by property in Sarasota, Florida and the $10.0 million mezzanine loan secured by property in Dallas, Texas were extended by the borrowers, each borrower having exercised one-year extension options thereby extending the maturity dates to June 2017 and September 2017, respectively.

As of September 30, 2016, the Company owned three performing commercial loan investments which have an aggregate outstanding principal balance of approximately $24.0 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 1.1 years and a weighted average interest rate of 8.8%.

Agriculture and Other Income. Effectively all of our agriculture and other income consists of revenues generated by our agricultural operations. The Company's agricultural lands encompass approximately 9,300 acres on the west side of Daytona Beach, Florida. Our agricultural operations are managed by a third-party and consist of leasing land for hay production and timber harvesting, as well as hunting leases.

SUMMARY OF OPERATING RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2016 COMPARED TO SEPTEMBER 30, 2015

Total revenue for the quarter ended September 30, 2016 increased 47% to approximately $12.2 million, as compared to approximately $8.3 million during the same period in 2015. This increase was primarily the result of an increase of approximately $2.9 million from our real estate operations primarily related to approximately $3.7 million in revenue from the percentage-of-completion revenue recognition during the quarter for the Town Center land sales closed in the fourth quarter of 2015 and first quarter of 2016 noted previously, which was an increase of approximately $2.9 million versus the land sales revenue recognized in the same period in 2015. The remaining increase in total revenue is primarily due to an increase of approximately $987,000, or 20%, in revenue generated by our income properties, reflecting our increased portfolio of properties including approximately $1.0 million of incremental rent revenue due to the addition of the 245 Riverside Avenue property, acquired in July 2015, and the Wells Fargo property, acquired in November 2015, offset by a reduction of approximately $634,000 in single-tenant rent revenue due to the timing of recent dispositions occurring prior to replacement properties being acquired. Revenue from our income properties during the quarter ended September 30, 2016 also includes approximately $559,000 in revenue from the accretion of the below-market lease intangible, which is primarily attributable to the Wells Fargo property.

Net income for the quarter ended September 30, 2016 was approximately $8.2 million, compared to approximately $2.1 million in the same period in 2015. Net income per share for the quarter ended September 30, 2016 was $1.44 per share, as compared to $0.36 per share during the same period in 2015, an increase of $1.08 per share, or 300%. Our results in the third quarter of 2016 benefited from approximately $2.9 million in gains from the aforementioned percentage-of-completion revenue recognition on the Town Center land sales. Our third quarter 2016 results also benefited from an increase of approximately $987,000 in revenue from our income property portfolio as well as an increase of approximately $7.7 million related to the gains on the sales of income properties, of which the third quarter of 2016 gain includes $11.4 million related to the fourteen property Portfolio Sale. These increases were offset by increases in the direct costs of revenues of approximately $1.3 million, or 49%, increased depreciation and

amortization of approximately $528,000, or 37%, and increased interest expense of approximately $562,000, or 30%. Included in the net increase in direct cost of revenues of approximately $1.3 million was approximately $941,000 of direct costs of real estate operations primarily related to the recognition of cost basis for the aforementioned percentage-of-completion revenue recognition on the Town Center land sales and approximately $433,000 of increased direct costs of revenues for our income properties, which was primarily comprised of approximately $318,000 in increased operating expenses related to our acquisitions of the 245 Riverside Avenue property and the Wells Fargo property. In addition, our net income was impacted by increased interest expense of approximately $562,000, or 30%, which included the write off of approximately $367,000 of unamortized loan costs on the $23.1 million mortgage loan assumed by the buyer of the Portfolio Sale.

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INCOME PROPERTIES

Revenues and operating income from our income property operations totaled approximately $6.0 million and $4.6 million, respectively, during the quarter ended September 30, 2016, compared to total revenue and operating income of approximately $5.0 million and $4.0 million, respectively, for the quarter ended September 30, 2015. The direct costs of revenues for our income property operations totaled approximately $1.4 million and $998,000 for the quarters ended September 30, 2016 and 2015, respectively. The approximately $987,000 increase, or 20%, in revenues during the quarter ended September 30, 2016 reflects our expanded portfolio of income properties including increases of approximately $1.0 million due to our addition of the 245 Riverside Avenue property and the Wells Fargo property, partially offset by a reduction of approximately $634,000 in single-tenant rent revenue due to our recent income property dispositions. Revenue from our income properties during the quarter ended September 30, 2016 also includes approximately $559,000 in revenue from the accretion of the below-market lease intangible, which is primarily attributable to the Wells Fargo property. Our increased operating income from our income property operations reflects increased rent revenues offset by an increase of approximately $433,000 in our direct costs of revenues which was primarily comprised of approximately $318,000 in increased operating expenses related to our recent acquisitions of the 245 Riverside Avenue property and the Wells Fargo property.

REAL ESTATE OPERATIONS

During the quarter ended September 30, 2016, operating income from real estate operations was approximately $3.4 million on revenues totaling approximately $4.6 million. During the quarter ended September 30, 2015, operating income was approximately $1.4 million on revenues totaling approximately $1.7 million. The increase in revenue of approximately $2.9 million and operating income of approximately $2.0 million is primarily attributable to the revenue totaling approximately $3.7 million recognized for the sales within the Town Center which closed during the fourth quarter of 2015 and the first quarter of 2016, for which revenue is being recognized on the percentage-of-completion basis as related infrastructure costs are incurred, offset by approximately $1.0 million in revenue generated during the third quarter of 2015 through incentive payments received from the County of Volusia, Florida in connection with the 76 acre land sale transaction that closed during the third quarter of 2014. These increases were partially offset by the decrease in revenue generated from the eight-year oil exploration lease which totaled approximately $297,000 and $456,000 during the quarters ended September 30, 2016 and 2015, respectively, a decrease of approximately $159,000. The increase in direct costs of real estate operations are primarily a result of the cost basis related to the sales within the Town Center which closed during the fourth quarter of 2015 and first quarter of 2016 which, in the aggregate, totaled approximately $792,000 during the third quarter of 2016.

GOLF OPERATIONS

Revenues from golf operations totaled approximately $1.0 million and $949,000 for the quarters ended September 30, 2016 and 2015, respectively. The total direct cost of golf operations revenues totaled approximately $1.3 million and $1.4 million for the quarters ended September 30, 2016 and 2015, respectively. The Company’s golf operations had net operating losses of approximately $302,000 and $406,000 during the quarters ended September 30, 2016 and 2015, respectively, an increase in operating results of approximately $105,000. The primary reason for the improvement in operating results was increased membership revenue of approximately $34,000, decreased expense for operating supplies, and a decrease in the management fee during the third quarter of 2016 reflecting the revised management fee pursuant to the amendment of the management agreement with ClubCorp effective May 1, 2016 which amongst other things reset the incentive fee targets.

INTEREST INCOME FROM COMMERCIAL LOAN INVESTMENTS

Interest income from our commercial loan investments totaled approximately $534,000 during the quarter ended September 30, 2016 compared to approximately $547,000 in the same period in 2015. The interest income in the quarter ended September 30, 2016 reflected the interest earned from our portfolio of three remaining commercial loan investments. The interest income in the quarter ended September 30, 2015 reflected interest earned from our portfolio of three remaining commercial loan investments of approximately $520,000 as well as approximately $27,000 of revenue from the San Juan loan that was paid off during the second quarter of 2016.

AGRICULTURE AND OTHER INCOME

For the quarters ended September 30, 2016 and 2015, revenues from agriculture and other income, primarily our agriculture operations, totaled approximately $10,000 and $20,000, respectively. For the quarters ended September 30, 2016 and 2015, the direct cost of revenues totaled approximately $53,000 and $51,000, respectively.

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GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses totaled approximately $1.8 million and $2.8 million for the quarters ended September 30, 2016 and 2015, respectively, a decrease of approximately $957,000. Non-cash stock compensation expense decreased by approximately $327,000 due to the full recognition of certain prior year grants of market-condition restricted stock and option awards. Expense related to environmental matters also decreased by approximately $484,000 primarily related to a $500,000 reserve recognized in the third quarter of 2015 in connection with the estimated costs for monitoring a parcel of less than one acre of land owned by the Company in Highlands County, Florida on which environmental remediation work was previously performed.

GAINS ON DISPOSITION OF ASSETS AND IMPAIRMENT CHARGES

Fifteen income properties were disposed of during the quarter ended September 30, 2016, of which fourteen were part of the Portfolio Sale which generated a gain totaling approximately $11.4 million. The other sale during the quarter ended September 30, 2016 was for a loss of approximately $922,000 of which approximately $942,000 was recognized as an impairment charge during the second quarter of 2016.

There were no impairment charges during the quarters ended September 30, 2016 or 2015.

INTEREST EXPENSE

Interest expense totaled approximately $2.5 million and $1.9 million for the quarters ended September 30, 2016 and 2015, respectively. The increased interest expense of approximately $562,000 during the quarter ended September 30, 2016, as compared to the same quarter in 2015, primarily reflects the write off of approximately $367,000 of unamortized loan costs on the $23.1 million mortgage loan assumed by the buyer of the Portfolio Sale as well as approximately $203,000 in interest on the $25.0 million mortgage note payable secured by the Wells Fargo property in Raleigh issued in April 2016.

SUMMARY OF OPERATING RESULTS FOR NINE MONTHS ENDED SEPTEMBER 30, 2016 COMPARED TO SEPTEMBER 30, 2015

Total revenue for the nine months ended September 30, 2016 increased 87% to approximately $43.4 million, as compared to approximately $23.2 million during the same period in 2015. This increase was primarily the result of an increase of approximately $15.0 million from our real estate operations primarily related to approximately $16.5 million in revenue from the percentage-of-completion revenue recognition during the nine months ended September 30, 2016 on the Town Center land sales which was an increase of approximately $15.1 million versus the land sales revenue recognized in the same period in 2015, and approximately $450,000 in revenue from the surface release transaction during the nine months ended September 30, 2016. The remaining increase in total revenue is primarily due to an increase of approximately $5.1 million, or 38%, in revenue generated by our income properties, reflecting our increased portfolio of properties including approximately $4.5 million of incremental rent revenue due to the addition of the 245 Riverside Avenue property and the Wells Fargo property, offset by a reduction of approximately $1.3 million in single-tenant rent revenue due to recent dispositions occurring prior to replacement properties being acquired. Revenue from our income properties during the nine months ended September 30, 2016 also includes approximately $1.7 million in revenue from the accretion of the below-market lease intangible, which is primarily attributable to the Wells Fargo property.

Net income for the nine months ended September 30, 2016 was approximately $11.2 million, compared to approximately $2.7 million in the same period in 2015. Net income per share for the nine months ended September 30, 2016 was $1.96 per share, as compared to $0.46 per share during the same period in 2015, an increase of $1.50 per share, or 326%. Our results in the nine months ended September 30, 2016 benefited from approximately $13.0 million in gains from the aforementioned percentage-of-completion revenue recognition. The nine months ended September 30, 2016 also benefited from an increase of approximately $5.1 million in revenue from our income property portfolio as well as an increase of approximately $9.1 million related to the gains of which the third quarter of 2016 gain includes $11.4 million related to the fourteen property Portfolio Sale. These increases were offset by increases in the direct costs of revenues of approximately $4.9 million, or 62%, increased general and administrative expenses of approximately $2.4 million, or 39%, increased impairment charges of approximately $1.7 million, or 328%, increased depreciation and amortization of approximately $2.2 million, or 60%, and increased interest expense of approximately $1.9 million, or 38%. Included in the net increase in direct cost of revenues of approximately $4.9 million was approximately $3.5 million of direct costs of real estate operations primarily related to the recognition of cost basis for the aforementioned percentage-of-completion revenue recognition on land transactions and approximately $1.5 million of increased direct costs of revenues for our income properties, which was primarily comprised of approximately $1.4 million in increased

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operating expenses related to our acquisitions of the 245 Riverside Avenue property and the Wells Fargo property. In addition, our net income was impacted by increased depreciation and amortization expense of approximately $2.2 million, or 60%, reflecting our increased income property portfolio. The increase in general and administrative expenses of approximately $2.4 million is primarily due to an increase in non-cash stock compensation expense of approximately $1.5 million, of which approximately $1.6 million is related to the acceleration of non-cash stock compensation expense in connection with the cancellation of certain grants in the first quarter of 2016, and increased legal costs related to certain shareholder matters and the pursuit of the strategic alternatives process totaling approximately $1.3 million. The impairment charges totaling approximately $2.2 million during the nine months ended September 30, 2016 included a charge of approximately $210,000 which was recognized on an income property in Sebring, Florida leased to a subsidiary of CVS which was sold in April 2016 and the impairment charges related to the sale of a vacant income property and the Repurchased Land totaling approximately $2.0 million. The impairment charges totaling approximately $510,000 during the nine months ended September 30, 2015 were recognized as a result of two non-core income properties that were sold in April 2015. The increased interest expense of approximately $1.9 million reflects the write off of approximately $367,000 of unamortized loan costs on the $23.1 million mortgage loan assumed by the buyer of the Portfolio Sale as well as additional interest on the $25.0 million mortgage loan secured by our Wells Fargo property and our Convertible Notes, for which only a partial quarter of interest expense was incurred in the first quarter of 2015.

INCOME PROPERTIES

Revenues and operating income from our income property operations totaled approximately $18.5 million and $14.7 million, respectively, during the nine months ended September 30, 2016, compared to total revenue and operating income of approximately $13.4 million and $11.1 million, respectively, during the nine months ended September 30, 2015. The direct costs of revenues for our income property operations totaled approximately $3.8 million and $2.3 million for the nine months ended September 30, 2016 and 2015, respectively. The increase in revenues of approximately $5.1 million, or 38%, during the nine months ended September 30, 2016 reflects our expanded portfolio of income properties including an increase of approximately $4.5 million from our 245 Riverside and Wells Fargo acquisitions, partially offset by a reduction of approximately $1.3 million in single-tenant rent revenue due to our recent income property dispositions. Revenue from our income properties during the nine months ended September 30, 2016 also includes approximately $1.7 million in revenue from the accretion of the below-market lease intangible, which is primarily attributable to the Wells Fargo property. Our increased operating income from our income property operations reflects increased rent revenues offset by an increase of approximately $1.5 million in our direct costs of revenues which was primarily comprised of approximately $1.4 million in increased operating expenses related to our recent investments including the 245 Riverside Avenue property and the Wells Fargo property.

REAL ESTATE OPERATIONS

During the nine months ended September 30, 2016, operating income from real estate operations was approximately $14.3 million on revenues totaling approximately $19.0 million. During the nine months ended September 30, 2015, operating income was approximately $2.8 million on revenues totaling approximately $4.0 million. The increase in revenue of approximately $15.0 million and operating income of approximately $11.6 million is primarily attributable to the revenue totaling approximately $16.5 million recognized for the sales within the Town Center which closed during the fourth quarter of 2015 and the first quarter of 2016, for which revenue is being recognized on the percentage-of-completion basis as related infrastructure costs are incurred, offset by approximately $755,000 in revenue from two land sales that closed during the nine months ended September 30, 2015 and approximately $1.0 million in revenue generated during the third quarter of 2015 through incentive payments received from the County of Volusia, Florida in connection with the 76 acre land sale transaction that closed during the third quarter of 2014. Additionally, during the nine months ended September 30, 2016 a surface entry release on approximately 960 acres generated approximately $450,000 in revenue. These increases were partially offset by the decrease in revenue

generated from the eight-year oil exploration lease which totaled approximately $904,000 and $1.4 million during the nine months ended September 30, 2016 and 2015, respectively, a decrease of approximately $478,000. The increase in direct costs of real estate operations are a result of the cost basis related to the sales within the Town Center which closed during the fourth quarter of 2015 and first quarter of 2016 which, in the aggregate, totaled approximately $3.5 million.

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GOLF OPERATIONS

Revenues from golf operations totaled approximately $3.9 million for the nine months ended September 30, 2016 and 2015. The total direct cost of golf operations revenues totaled approximately $4.2 million for the nine months ended September 30, 2016 and 2015. The Company's golf operations had net operating losses of approximately $277,000 and $266,000 during the nine months ended September 30, 2016 and 2015, respectively, a decrease in operating results of approximately $11,000, or 4%. Although the nine months ended September 30, 2016 included approximately $71,000 of increased membership revenue, golf revenue declined by approximately $155,000. The overall decrease in revenues for golf revenue was partially offset by cost savings from in certain operating costs as well as a decrease in the management fee during the third quarter of 2016 reflecting the revised management fee pursuant to the amendment of the management agreement with ClubCorp effective May 1, 2016 which amongst other things reset the incentive fee targets.

INTEREST INCOME FROM COMMERCIAL LOAN INVESTMENTS

Interest income from our commercial loan investments totaled approximately $2.1 million during the nine months ended September 30, 2016 compared to approximately $1.8 million in the same period in 2015. The interest income in the nine months ended September 30, 2016 reflected the interest earned from our portfolio of three remaining commercial loan investments of approximately $1.6 million as well as approximately $466,000 from the loan secured by property in San Juan, Puerto Rico that was repaid during the second quarter of 2016. The interest income during the nine months ended September 30, 2015 reflected interest earned from our portfolio of three remaining commercial loan investments of approximately $1.5 million as well as approximately $259,000 of revenue from two loans that were paid off during the second quarter of 2015 and approximately $27,000 of revenue from the San Juan loan that was paid off during the second quarter of 2016.

AGRICULTURE AND OTHER INCOME

For the nine months ended September 30, 2016 and 2015, revenues from agriculture and other income, primarily our agriculture operations, totaled approximately $48,000 and $59,000, respectively. For the nine months ended September 30, 2016 and 2015, the direct cost of revenues totaled approximately $154,000 and $150,000, respectively.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses totaled approximately $8.5 million and $6.1 million for the nine months ended September 30, 2016 and 2015, respectively. The increase of approximately $2.4 million, or 39%, includes an increase in our non-cash stock compensation expense of approximately $1.5 million primarily due to the approximately $1.6 million of expense which was recognized during the first quarter of 2016 to accelerate the remaining expense of the total grant date fair value of the 68,000 shares of restricted Company common stock that were permanently surrendered in February 2016. See Note 16, "Stock-Based Compensation." Additional increases were attributable to an increase in legal and related costs which was primarily comprised of approximately $1.3 million incurred in connection with investigating and responding to claims made by one of the Company's shareholders and pursuing the strategic alternatives process. See Note 18, "Commitments and Contingencies."

GAINS ON DISPOSITION OF ASSETS AND IMPAIRMENT CHARGES

Nineteen income properties were disposed of during the nine months ended September 30, 2016, of which seventeen of the sales generated gains totaling approximately $12.8 million, which includes the $11.4 million gain related to the fourteen property Portfolio Sale. The two other sales during the nine months ended September 30, 2016 was for an aggregate loss of approximately $1.2 million which was recognized as an impairment charge during the nine months

ended September 30, 2016. Also during the nine months ended September 30, 2016, impairment charges totaled approximately $2.2 million, an increase of approximately $1.7 million from the same period of 2015. The impairment charges totaling approximately $2.2 million during the nine months ended September 30, 2016 included a charge of approximately $210,000 which was recognized on an income property in Sebring, Florida leased to a subsidiary of CVS which was sold in April 2016 and the impairment charges related to the sale of a vacant income property and the Repurchased Land totaling approximately $2.0 million. The impairment charges totaling approximately $510,000 during the nine months ended September 30, 2015 were recognized as a result of two non-core income properties that were sold in April 2015.

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INTEREST EXPENSE

Interest expense totaled approximately $6.7 million and $4.8 million for the nine months ended September 30, 2016 and 2015, respectively. The approximately $1.9 million of increased interest expense during the nine months ended September 30, 2016, as compared to the same period in 2015, reflects the write off of approximately $367,000 of unamortized loan costs on the $23.1 million mortgage loan assumed by the buyer of the Portfolio Sale as well as approximately $377,000 in interest on the $25.0 million mortgage loan secured by our Wells Fargo property. Additionally there was an increase of approximately $656,000 in interest on our Convertible Notes, for which only a partial quarter of interest expense was incurred in the first quarter of 2015. Also, included in interest expense in the consolidated financial statements is the amortization of loan costs incurred in connection with the Company's long-term debt and the amortization of the discount on the Convertible Notes.

LIQUIDITY AND CAPITAL RESOURCES

Cash and equivalents totaled approximately $9.0 million at September 30, 2016, excluding restricted cash. Restricted cash totaled approximately $6.6 million at September 30, 2016 of which approximately $3.1 million of cash is being held in escrow, to be reinvested through the like-kind exchange structure into one or more other income properties. Approximately $393,000 is being held in a reserve primarily for property taxes and insurance escrows in connection with our financing of two properties acquired in January 2013; approximately $432,000 is being held in three separate escrow accounts related to three separate land transactions of which one closed in December 2013 and two closed in December 2015; approximately $28,000 is being held by the consolidated variable interest entity in which the Company is the primary beneficiary; approximately $2.1 million is being held in escrow for funding of customary tenant improvements pursuant to a lease with 24 Hour Fitness at The Grove at Winter Park property located in Winter Park, Florida; and approximately $647,000 is being held in a reserve primarily for certain required tenant improvements for the Lowe's in Katy, Texas. Cash and cash equivalents totaled approximately $4.1 million at December 31, 2015, excluding restricted cash.

Our total cash balance at September 30, 2016 reflects cash flows used in our operating activities totaling approximately $4.2 million during the nine months then ended, compared to the prior year's cash flows provided by operating activities totaling approximately $4.9 million operations in the same period. Included in the $4.2 million used in our operating activities during the nine months ended September 30, 2016 is the decrease in deferred revenue of approximately $11.7 million which reflects the impact of revenue recognized on the percentage-of-completion basis in 2016 for land sales for which the receipt of cash occurred in the fourth quarter of 2015 when the applicable land sales closed. In addition, the cash used in our operating activities in 2016 was impacted by the gains recognized on the disposition of income property assets of approximately $12.8 million removing the gain recognized on these transactions within operating activities and reflecting the transactions in cash flows from our investing activities. The aforementioned items that reduced our cash from operating activities for the nine months ended September 30, 2016, and the other reductions noted in the consolidated statement of cash flows, were offset primarily by adjustments for depreciation and amortization totaling approximately $5.8 million, deferred taxes related to our 1031 exchange transactions totaling approximately $8.6 million, approximately $2.9 million related to non-cash stock compensation charges, and approximately $2.2 million pertaining to impairment charges.

Our cash flows provided by investing activities totaled approximately $24.6 million for the nine months ended September 30, 2016, reflecting approximately $49.3 million in proceeds from the disposition of nineteen income properties, approximately $14.3 million received from the repayment of the commercial loan investment secured by real estate in San Juan, Puerto Rico, and proceeds of approximately $6.3 million received from the sales of investment securities, offset by an investment of approximately $49.9 million to acquire seven single-tenant income properties and one multi-tenant income property and approximately $2.7 million in tenant improvements. In addition, restricted cash decreased by approximately $7.4 million due to the timing of the completion of certain 1031 transactions.

Our cash flows used in financing activities totaled approximately $15.4 million for the nine months ended September 30, 2016, primarily related to approximately $34.3 million in net pay downs on our revolving credit facility and stock repurchases during the nine months ended September 30, 2016 which totaled approximately $5.5 million, offset by the approximately $25.0 million in proceeds received from the mortgage loan secured by the Wells Fargo property.

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Our long-term debt balance, at face value, totaled approximately $141.3 million at September 30, 2016, representing a decrease of approximately $32.4 million from the face value balance of approximately $173.7 million at December 31, 2015. The decrease was due to the approximately $34.3 million in net pay downs on our revolving credit facility and the assumption of the approximately $23.1 million loan secured by the fourteen property Portfolio Sale, offset by approximately $25.0 million in proceeds received from the mortgage loan secured by the Wells Fargo property.

Credit Facility. The Company has a revolving credit facility (the “Credit Facility”) with Bank of Montreal (“BMO”) as the administrative agent for the lenders thereunder. The Credit Facility is guaranteed by certain wholly-owned subsidiaries of the Company. The Credit Facility bank group is led by BMO and also includes Wells Fargo and Branch Banking & Trust Company. The Credit Facility matures on August 1, 2018 with the ability to extend the term for 1 year.

The Credit Facility has a total borrowing capacity of $75.0 million with the ability to increase that capacity up to $125.0 million during the term. The Credit Facility provides the lenders with a secured interest in the equity of the Company subsidiaries that own the properties included in the borrowing base. The indebtedness outstanding under the Credit Facility accrues interest at a rate ranging from the 30-day LIBOR plus 135 basis points to the 30-day LIBOR plus 225 basis points based on the total balance outstanding under the Credit Facility as a percentage of the total asset value of the Company, as defined in the Credit Facility. The Credit Facility also accrues a fee of 20 to 25 basis points for any unused portion of the borrowing capacity based on whether the unused portion is greater or less than 50% of the total borrowing capacity.

At September 30, 2016, the current commitment level under the Credit Facility was $75.0 million. The available borrowing capacity under the Credit Facility was approximately $58.8 million, based on the level of borrowing base assets. As of September 30, 2016, the Credit Facility had a $4.0 million balance.

The Credit Facility is subject to customary restrictive covenants, including, but not limited to, limitations on the Company’s ability to: (a) incur indebtedness; (b) make certain investments; (c) incur certain liens; (d) engage in certain affiliate transactions; and (e) engage in certain major transactions such as mergers. In addition, the Company is subject to various financial maintenance covenants, including, but not limited to, a maximum indebtedness ratio, a maximum secured indebtedness ratio, and a minimum fixed charge coverage ratio. The Credit Facility also contains affirmative covenants and events of default, including, but not limited to, a cross default to the Company’s other indebtedness and upon the occurrence of a change of control. The Company’s failure to comply with these covenants or the occurrence of an event of default could result in acceleration of the Company’s debt and other financial obligations under the Credit Facility.

The Company was in compliance with all of its debt covenants as of December 31, 2015 and September 30, 2016.

Mortgage Notes Payable. On February 22, 2013, the Company closed on a $7.3 million non-recourse first mortgage loan originated with UBS Real Estate Securities Inc., secured by its interest in the two-building office complex leased to Hilton Resorts Corporation, which was acquired on January 31, 2013. The mortgage loan matures in February 2018, carries a fixed rate of interest of 3.655% per annum, and requires payments of interest only prior to maturity.

On September 30, 2014, the Company closed on a $30.0 million non-recourse first mortgage loan originated with Wells Fargo, secured by its interest in six income properties. The mortgage loan matures in October 2034, and carries a fixed rate of 4.33% per annum during the first ten years of the term, and requires payments of interest only during the first ten years of the loan. After the tenth anniversary of the effective date of the loan, the cash flows generated by the underlying six income properties must be used to pay down the principal balance of the loan until paid off or until the loan matures. The loan is fully pre-payable after the tenth anniversary date of the effective date of the loan.

On April 15, 2016, the Company closed on a $25.0 million non-recourse first mortgage loan originated with Wells Fargo, secured by the Company's income property leased to Wells Fargo located in Raleigh, North Carolina. The mortgage loan has a 5-year term with two years interest only, and interest and a 25-year amortization for the balance of the term. The mortgage loan, bears a variable rate of interest based on the 30-day LIBOR plus a rate of 190 basis points. The interest rate for this mortgage loan has been fixed through the use of an interest rate swap that fixed the rate at 3.17%. The mortgage loan can be prepaid at any time subject to the termination of the interest rate swap.

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Convertible Debt. On March 11, 2015, the Company issued $75.0 million aggregate principal amount of 4.50% Convertible Senior Notes due 2020 (the "Convertible Notes"). The Convertible Notes bear interest at a rate of 4.50% per year, payable semiannually in arrears on March 15 and September 15 of each year, beginning on September 15, 2015. The Convertible Notes will mature on March 15, 2020, unless earlier purchased or converted. The initial conversion rate was 14.5136 shares of common stock for each $1,000 principal amount of Convertible Notes, which represented an initial conversion price of approximately $68.90 per share of common stock. On July 20, 2016 the Company's Board of Directors implemented a quarterly dividend in place of the previous semi-annual dividend. As a result, effective August 5, 2016, the adjusted conversion rate is 14.5195 shares of common stock for each $1,000 principal amount of Convertible Notes, which represents an adjusted conversion price of approximately $68.87 per share of common stock.

The conversion rate is subject to adjustment in certain circumstances. Holders may not surrender their Convertible Notes for conversion prior to December 15, 2019 except upon the occurrence of certain conditions relating to the closing sale price of the Company's common stock, the trading price per $1,000 principal amount of Convertible Notes, or specified corporate events. The Company may not redeem the Convertible Notes prior to the stated maturity date and no sinking fund is provided for the Convertible Notes. The Convertible Notes are convertible, at the election of the Company, into solely cash, solely shares of the Company's common stock, or a combination of cash and shares of the Company's common stock. The Company intends to settle the Convertible Notes in cash upon conversion with any excess conversion value to be settled in shares of our common stock. In accordance with GAAP, the Convertible Notes are accounted for as a liability with a separate equity component recorded for the conversion option. A liability was recorded for the Convertible Notes on the issuance date at fair value based on a discounted cash flow analysis using current market rates for debt instruments with similar terms. The difference between the initial proceeds from the Convertible Notes and the estimated fair value of the debt instruments resulted in a debt discount, with an offset recorded to additional paid-in capital representing the equity component. The discount on the Convertible Notes was approximately $6.1 million at issuance, which represents the cash discount paid of approximately $2.6 million and the approximate $3.5 million attributable to the value of the conversion option recorded in equity, which is being amortized into interest expense through the maturity date of the Convertible Notes. As of September 30, 2016, the unamortized debt discount of our Convertible Notes was approximately $4.4 million.

Net proceeds from issuance of the Convertible Notes was approximately $72.4 million (net of the cash discount paid of approximately $2.6 million) of which approximately $47.5 million was used to repay the outstanding balance of our Credit Facility as of March 11, 2015. We utilized the remaining amount for investments in income-producing properties or investments in commercial loans secured by commercial real estate.

Section 1031 Like-Kind Exchange. Our sources of liquidity include the release of restricted cash from Section 1031 like-kind exchange transactions upon completion of the exchange. As of September 30, 2016, approximately $3.1 million of cash is being held in escrow, to be reinvested through the like-kind exchange structure into one or more additional income properties. This restricted cash will become unrestricted upon the completion of the Section 1031 like-kind exchange related to the future acquisition of income-producing properties.

Acquisitions and Investments. During the nine months ended September 30, 2016, the Company acquired seven single-tenant income properties and one multi-tenant income property, for an aggregate purchase price of approximately $49.8 million. During the remainder of 2016, we are targeting investments totaling between approximately $20.2 million and $35.2 million in income-producing properties. If certain land sale transactions were to close in 2016, our targeted investment amount for the remainder of 2016 would likely increase substantially. We expect to fund these acquisitions utilizing our cash on hand; the available capacity under the credit facility; cash from operations; proceeds from land sales transactions; the dispositions of income properties and potentially the sale of our subsurface interests, each of which we expect will qualify under the like-kind exchange deferred-tax structure; and may include additional funding sources such as the sale of impact fees and mitigation credits. Subsequent to

September 30, 2016, the Company is under contract to acquire certain income-producing properties; however, there can be no assurances regarding the likelihood or timing of any one of these potential acquisition transactions being completed or the final terms thereof.

Dispositions. Nineteen income properties were disposed of during the nine months ended September 30, 2016. The aggregate sales price on these sales totaled approximately $74.3 million.

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Capital Expenditures. In conjunction with the Company's sale of approximately 3.4 acres of land to RaceTrac Petroleum, Inc. ("RaceTrac") in December 2013, the Company agreed to reimburse RaceTrac for a portion of the costs for road improvements and the other costs associated with bringing multiple ingress/egress points to the entire approximately 23 acre Williamson Crossing site, including the Company's remaining approximately 19.6 acres. The estimated cost for the improvements equals approximately $1.26 million of which the Company's commitment is to reimburse RaceTrac in an amount equal to the lesser of 77.5% of the actual costs or $976,500, and can be paid over five years from sales of the remaining land or at the end of the fifth year after the sale to RaceTrac. In 2013 the Company deposited $283,500 of cash in escrow related to the improvements, which is classified as restricted cash in the consolidated balance sheets. The total amount in escrow as of September 30, 2016 was approximately $286,000, including accrued interest. Accordingly as of September 30, 2016, the remaining maximum commitment is approximately $690,000.

In connection with the acquisition on April 22, 2014 of the property in Katy, Texas leased to Lowe's, the Company was credited approximately $651,000 at closing for certain required tenant improvements, some of which are not required to be completed until December 2016. As of September 30, 2016, $100,000 of these tenant improvements had been completed and funded, leaving approximately $551,000 remaining to be funded as of September 30, 2016.

In conjunction with the Company's sale of approximately 98.69 acres within the Town Center, the Company is obligated to complete certain infrastructure improvements, including, but not limited to, the addition or expansion of roads and underlying utilities, and storm water retention (the "Infrastructure Work"). The Company entered into a construction agreement for approximately $9.1 million, including change orders through September 30, 2016, for the substantial portion of the Infrastructure Work. Approximately $8.6 million of the costs under this agreement have been incurred through September 30, 2016 and therefore, the remaining maximum commitment as of September 30, 2016 under this agreement is approximately $508,000. The anticipated completion for the Infrastructure Work is before the end of November 2016.

In conjunction with the Company's sale of approximately 18.10 acres of land to an affiliate of Sam's Club ("Sam's") in December 2015, the Company agreed to reimburse Sam's for a portion of their construction costs applicable to adjacent outparcels retained by the Company. As a result, in December 2015, the Company deposited $125,000 of cash in escrow related to construction work which is classified as restricted cash in the consolidated balance sheets. The total amount in escrow as of September 30, 2016 was approximately $125,000, including accrued interest. Accordingly, the Company's maximum commitment related to the construction work benefitting outparcels adjacent to Sam's is approximately $125,000, to be paid from escrow upon completion.

In conjunction with the Company's sale of approximately 14.98 acres of land to an affiliate of Integra Land Company ("Integra") in December 2015, the Company agreed to reimburse Integra approximately $276,000 for a portion of the costs for road access and related utility improvements that will benefit the 14.98 acre land parcel sold to Integra as well as the surrounding acreage still owned by the Company. The Company also agreed to reimburse Integra approximately $94,000 for site relocation costs. Accordingly, in December 2015, the Company deposited a combined $370,000 of cash in escrow related to these reimbursements which are classified as restricted cash in the consolidated balance sheets. During the nine months ended September 30, 2016, approximately $350,000 was disbursed from the escrow account. Accordingly, as of September 30, 2016, the Company's maximum remaining commitment related to these reimbursements is approximately $20,000 to be paid from escrow as costs are incurred.

On April 5, 2016, the Company entered into a 15 year lease with 24 Hour Fitness for the anchor space at The Grove at Winter Park property located in Winter Park, Florida. The lease is for approximately 40,000 square feet, or 36%, of the 112,000 square foot multi-tenant retail center. On July 6, 2016, the Company funded approximately $4.0 million into an escrow account for customary tenant improvements for the build out of the space to be occupied by 24 Hour Fitness, which we estimate will open in the first quarter of 2017. 24 Hour Fitness will draw funding from escrow as

construction progresses. As of September 30, 2016, approximately $1.9 million of construction has been funded from the escrow account, leaving a remaining commitment of approximately $2.1 million.

The Company currently leases space for its corporate offices subject to a lease that expires on September 30, 2017. The Company does not intend to renew the existing lease and plans to build-out the remaining approximately 7,700 square feet at the Company's Williamson Business Park property to relocate its corporate offices. The Company currently estimates the build-out of the space at Williamson Business Park could total approximately $600,000. We expect the build-out to commence in the second quarter of 2017.

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As of September 30, 2016, we have no other contractual requirements to make capital expenditures.

In connection with a certain land sale contract to which the Company is a party, the purchaser's pursuit of customary development entitlements gave rise to an inquiry by federal regulatory agencies regarding prior agricultural activities by the Company on such land. During the second quarter of 2015, we received a written information request regarding such activities. We submitted a written response to the information request along with supporting documentation. We believe the issues raised by, and the land which was the subject of, this inquiry are similar to or the same as those which were addressed and resolved by the settlement agreement executed in December 2012 between the Company and the St. Johns River Water Management District (the "District") and the permit which the District subsequently issued to the Company. During the fourth quarter of 2015, based on discussions with the agency, a penalty related to this matter was deemed probable, and accordingly the estimated penalty of $187,500 was accrued as of December 31, 2015, for which payment was made during the quarter ended September 30, 2016. Also during the fourth quarter of 2015, the agency advised the Company that the resolution to the inquiry would likely require the Company to incur costs associated with wetlands restoration relating to approximately 148.35 acres of the Company's land. At December 31, 2015, the Company's third-party environmental engineers estimated the cost for such restoration activities to range from approximately $1.7 million to approximately $1.9 million. Accordingly, as of December 31, 2015, the Company accrued an obligation of approximately $1.7 million, representing the low end of the estimated range of possible restoration costs and included such estimated costs on the consolidated balance sheets as an increase in the basis of our land and development costs associated with those and benefitting surrounding acres. As of June 30, 2016 the final proposal from the Company's third-party environmental engineer was received for a total cost of approximately $2.0 million. Accordingly, an increase in the accrual of approximately $300,000 was made during the second quarter of 2016. The Company funded approximately $905,000 of the total $2.0 million of estimated costs during the nine months ended September 30, 2016. The Company believes there is at least a reasonable possibility that the estimated remaining liability of approximately $1.1 million could change within one year of the date of the consolidated financial statements, which in turn could have a material impact on the Company's consolidated balance sheets and future cash flows. The Company evaluates its estimates on an ongoing basis; however, actual results may differ from those estimates. Additionally, resolution of the regulatory matter required the Company to apply for an additional permit pertaining to an additional approximately 54.66 acres, which permit may require mitigation activities which the Company anticipates could be satisfied through the utilization of existing mitigation credits owned by the Company or the acquisition of mitigation credits. The Company anticipates that resolution of this matter will allow the Company to obtain certain permits from the applicable federal or state regulatory agencies needed in connection with the closing of the land sale contract that gave rise to this matter. The number of mitigation credits that may be required is not currently estimable and as the utilization or purchase of such credits would be incorporated into the basis of the land under contract, no amounts related to mitigation credits have been accrued as of September 30, 2016. In addition, in connection with other land sale contracts to which the Company is or may become a party, the pursuit of customary development entitlements by the potential purchasers may require the Company to utilize or acquire mitigation credits for the purpose of obtaining certain permits from the applicable federal or state regulatory agencies. Any costs incurred in connection with utilizing or acquiring such credits would be incorporated into the basis of the land under contract and, accordingly, no amounts related to such potential future costs have been accrued as of September 30, 2016.

During the fourth quarter of 2015 and the first quarter of 2016, the Company received communications from a single institutional shareholder, some of which have been filed publicly. In investigating the shareholder's allegations contained in certain communications and pursuing the strategic alternatives process, the Company has incurred costs of approximately $1.2 million and approximately $219,000, respectively, to date, through September 30, 2016. Approximately $1.3 million was incurred during the nine months ended September 30, 2016, primarily in connection with the investigative work for legal representation, accounting services, additional director and committee meeting fees, or other third party costs. To date, none of the shareholder's allegations have been found to have any basis or merit; however, such costs could continue to be incurred and, while not reasonably estimable, may represent

significant costs for the Company which would have an adverse impact on the Company's results of operations and cash flows.

We believe we will have sufficient liquidity to fund our operations, capital requirements, and debt service requirements over the next twelve months and into the foreseeable future, with our cash on hand, cash flow from our operations, cash from the completion of 1031 like-kind exchanges, and the available borrowing capacity of approximately $58.8 million under the Credit Facility, based on the level of borrowing base assets, as of September 30, 2016.

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During November 2015, the Company hired Lantana Advisors, a subsidiary of SunTrust, to evaluate the possible sale of its subsurface interests. On April 13, 2016, the Company entered into a purchase and sale agreement with an affiliate of Land Venture Partners, LLC ("LVP") for the sale of its approximately 500,000 acres of subsurface interests (the "Interests"), including the royalty interests in two operating oil wells in Lee County, Florida and its interests in the oil exploration lease with Kerogen Florida Energy Company LP, for a sales price of approximately $24 million (the "Subsurface Sale"). The Subsurface Sale agreement was subsequently amended to allow for certain portions of the Interests to be excluded from the Subsurface Sale and retained by the Company, with a corresponding reduction in transaction price. The agreement currently contemplates a closing of the Subsurface Sale prior to year-end 2016.

Subsequent to September 30, 2016, LVP provided the Company with a proposal to significantly reduce the Interests covered by the Subsurface Sale. The Company is currently reviewing LVP's submission and intends to formalize a response in the near term.

In the fourth quarter of 2015, the Company announced a new $10 million stock repurchase program. Under the new $10 million repurchase program, during the nine months ended September 30, 2016, the Company repurchased 113,429 shares of its common stock on the open market for a total cost of approximately $5.5 million, or an average price per share of $48.35, and placed those shares in treasury. In July 2016, the Company announced its intent to complete, by the end of 2016, the remaining $10 million stock repurchase program, depending upon market conditions.

Our Board of Directors and management consistently review the allocation of capital with the goal of providing the best long-term return for our shareholders. These reviews consider various alternatives, including increasing or decreasing regular dividends, repurchasing stock, and retaining funds for reinvestment.

On July 20, 2016, the Company announced the conclusion to the evaluation of strategic alternatives for the Company to enhance shareholder value (the "Strategic Review"), which included the consideration of a wide range of potential alternatives, including sale of the Company, the sale of all or a portion of certain of the Company's asset portfolios, and other actions including the continued execution of the Company's business plan. While the comprehensive Strategic Review process has concluded, the Company and its Board of Directors intend to continue discussions with some interested parties who have indicated interest in certain of the Company's assets. However, there is no set time line or formal process to these continued discussions and there can be no assurances that our efforts will lead to a transaction or the timing or terms thereof. The Board of Directors remains committed to maximizing long-term value for all of its shareholders.

Otherwise, at least annually, the Board of Directors reviews our business plan and corporate strategies and makes adjustments as circumstances warrant.

Management's focus is to continue to execute on our strategy, which is to diversify our portfolio by redeploying proceeds from like-kind exchange transactions utilizing leverage including the borrowing capacity available under our Credit Facility and possibly the disposition or payoffs on our commercial loan investments to increase our portfolio of income-producing properties, to provide stabilized cash flows with good risk adjusted returns primarily in larger metropolitan areas.

We believe that we currently have a reasonable level of leverage. Proceeds from closed land transactions provide us with investible capital. Our strategy is to utilize leverage, when appropriate and necessary, and proceeds from land transactions, sales of income properties, and certain transactions in our subsurface interests, to acquire income properties. We may also acquire or originate commercial loan investments, invest in securities of real estate companies, or make other shorter term investments. Our targeted investment classes may include the following:

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- Single-tenant retail and office double-or-triple net leased properties in major metropolitan areas;
- Multi-tenant office and retail properties in major metropolitan areas and typically stabilized;
- Purchase or origination of ground leases;
- Self-developed properties on Company owned land including select office, flex, industrial, and retail;
- Joint venture development using Company owned land;
- Origination or purchase of 1-10 year term loans with strong risk-adjusted yields with property types to include hotel, office, retail, land and industrial;
- Select regional area investments using Company market knowledge and expertise to earn good risk-adjusted yields; and
- Real estate related investment securities, including commercial mortgage backed securities, preferred or common stock, and corporate bonds.

CRITICAL ACCOUNTING POLICIES

The consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Our significant accounting policies are described in the notes to the consolidated financial statements included in our Annual Report on Form 10-K for the year-ended December 31, 2015. Judgments and estimates of uncertainties are required in applying our accounting policies in many areas. During the nine months ended September 30, 2016, there have been no material changes to the critical accounting policies affecting the application of those accounting policies as noted in our Annual Report on Form 10-K for the year ended December 31, 2015.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

The principal market risk (i.e. the risk of loss arising from adverse changes in market rates and prices), to which we are exposed is interest rate risk, relating to our debt. We may utilize overnight sweep accounts and short-term investments as a means to minimize the interest rate risk. We do not believe that interest rate risk related to cash equivalents and short-term investments, if any, is material due to the nature of the investments.

We are primarily exposed to interest rate risk relating to our own debt in connection with our credit facility, as this facility carries a variable rate of interest. Our borrowings on our $75.0 million revolving credit facility bear a variable rate of interest based on the 30-day LIBOR plus a rate of between 135 basis points and 225 basis points based on our level of borrowing as a percentage of our total asset value. As of September 30, 2016 the outstanding balance on our credit facility was $4.0 million. A hypothetical change in the interest rate of 100 basis points (i.e., 1%) would affect our financial position, results of operations, and cash flows by approximately $40,000. The $25.0 million mortgage loan which closed on April 15, 2016, bears a variable rate of interest based on the 30-day LIBOR plus a rate of 190 basis points. The interest rate for this mortgage loan has been fixed through the use of an interest rate swap that fixed the rate at 3.17%. By virtue of fixing the variable rate, our exposure to changes in interest rates is minimal but for the impact on Other Comprehensive Income. Management's objective is to limit the impact of interest rate changes on earnings and cash flows and to manage our overall borrowing costs.

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ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, an evaluation, as required by Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934 (the "Exchange Act"), was carried out under the supervision and with the participation of the Company's management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act). Based on that evaluation, our CEO and CFO have concluded that the design and operation of the Company's disclosure controls and procedures were effective as of September 30, 2016, to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and to provide reasonable assurance that information required to be disclosed by the Company in such reports is accumulated and communicated to the Company's management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. There were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) during the nine months ended September 30, 2016, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, the Company may be a party to certain legal proceedings, incidental to the normal course of its business. While the outcome of the legal proceedings cannot be predicted with certainty, the Company does not expect that these proceedings will have a material effect upon our financial condition or results of operations.

On November 21, 2011, the Company, Indigo Mallard Creek LLC and Indigo Development LLC, as owners of the property leased to Harris Teeter, Inc. ("Harris Teeter") in Charlotte, North Carolina, were served with pleadings filed in the General Court of Justice, Superior Court Division for Mecklenburg County, North Carolina, for a highway condemnation action involving this property. The proposed road modifications would impact access to the property. The Company does not believe the road modifications provided a basis for Harris Teeter to terminate the Lease. Regardless, in January 2013, the North Carolina Department of Transportation ("NCDOT") proposed to redesign the road modifications to keep the all access intersection open for ingress with no change to the planned limitation on egress to the right-in/right-out only. Additionally, NCDOT and the City of Charlotte proposed to build and maintain a new access road/point into the property. Construction has begun and is not expected to be completed before the second quarter of 2017. Harris Teeter has expressed satisfaction with the redesigned project and indicated that it will not attempt to terminate its lease if this project is built as currently redesigned. Because the redesigned project will not be completed until 2017, the condemnation case has been placed in administrative closure. As a result, the trial and mediation will not likely be scheduled until requested by the parties, most likely in 2017.

ITEM 1A. RISK FACTORS

Certain statements contained in this report (other than statements of historical fact) are forward-looking statements. The words "believe," "estimate," "expect," "intend," "anticipate," "will," "could," "may," "should," "plan," "potential," "predi "project," and similar expressions and variations thereof identify certain of such forward-looking statements, which speak only as of the dates on which they were made. Forward-looking statements are made based upon management's

expectations and beliefs concerning future developments and their potential effect upon the Company.

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.

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We wish to caution readers that the assumptions, which form the basis for forward-looking statements with respect to or that may impact earnings for the year-ended December 31, 2016, and thereafter, include many factors that are beyond the Company's ability to control or estimate precisely. These risks and uncertainties include, but are not limited to, the strength of the real estate market in the City and Volusia County, Florida; the impact of a prolonged recession or downturn in economic conditions; our ability to successfully execute acquisition or development strategies; any loss of key management personnel; changes in local, regional, and national economic conditions affecting the real estate development business and income properties; the impact of environmental and land use regulations generally and on certain land sale transactions specifically; extreme or severe weather conditions; the impact of competitive real estate activity; variability in quarterly results due to the unpredictable timing of land transactions; the loss of any major income property tenants; the timing of land sale transactions; and the availability of capital. These risks and uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements.

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2015. There have been no material changes to those risk factors. The risks described in the Annual Report on Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial also may materially adversely affect the Company.

While we periodically reassess material trends and uncertainties affecting our results of operations and financial condition, we do not intend to review or revise any particular forward-looking statement referenced herein in light of future events.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There were no unregistered sales of equity securities during the nine months ended September 30, 2016, which were not previously reported.

The following share repurchases were made during the three months ended September 30, 2016:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as a Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased Under the Plans or Programs
7/1/2016 - 7/31/2016	10,093	$ 48.65	10,093	$ 6,539,389
8/1/2016 - 8/31/2016	32,399	49.04	32,399	4,950,510
9/1/2016 - 9/30/2016	8,186	49.58	8,186	4,544,645
Total	50,678	$ 49.05	50,678	$ 4,544,645

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

Not applicable

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ITEM 6. EXHIBITS

(a) Exhibits:

Exhibit 3.1	Amended and Restated Articles of Incorporation of Consolidated-Tomoka Land Co., dated October 26, 2011, filed as Exhibit 3.1 to the registrant's Current Report Form 8-K filed October 28, 2011, and incorporated herein by reference.
Exhibit 31.1	Certification filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 31.2	Certification filed pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
Exhibit 32.1	Certification furnished pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.2	Certification furnished pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 101.INS	XBRL Instance Document
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF	XBRL Taxonomy Definition Linkbase Document
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	CONSOLIDATED-TOMOKA LAND CO. (Registrant)	
October 28, 2016	By:	/s/ John P. Albright John P. Albright President and Chief Executive Officer (Principal Executive Officer)
October 28, 2016	By:	/s/ Mark E. Patten Mark E. Patten, Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

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