

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1997

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
(NO FEE REQUIRED)

For the transition period from ___ to ___

Commission File Number 0-5556

CONSOLIDATED-TOMOKA LAND CO.
(Exact name of registrant as specified in its charter)

FLORIDA

(State or other jurisdiction of 149 South Ridgewood Avenue Daytona Beach, Florida (Address of principal executive offices)	59-0483700 (I.R.S. Employer incorporation or organization) Identification No.) 32114 (Zip Code)
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Registrant's telephone Number, including area code
(904) 255-7558

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF
THE SECURITIES EXCHANGE ACT OF 1934:

Title of each class	Name of each exchange on which registered
COMMON STOCK, \$1 PAR VALUE	AMERICAN STOCK EXCHANGE

SECURITIES REGISTERED UNDER SECTION 12(g) OF THE ACT:
NONE
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange
Act of 1934 during the preceding 12 months (or for such shorter period
that the registrant was required to file such reports), and (2) has been
subject to such filing requirements for the past 90 days.

YES NO

1

Indicate by check mark if disclosure of delinquent filers pursuant to
Item 405 of Regulation S-K is not contained herein, and will not be
contained, to the best of registrant's knowledge, in definitive proxy or
information statements incorporated by reference in Part III of this Form
10-K or any amendment to this Form 10-K.

The aggregate market value of the voting stock held by non-affiliates of
the Registrant at March 10, 1998 was approximately \$26,750,743.

The number of shares of the Registrant's Common Stock outstanding on
March 10, 1998 was 6,371,833.

Portions of the 1997 Annual Report to Stockholders of Registrant are
incorporated by reference in Part I, II, and IV of this report. Portions
of the Proxy Statement of Registrant dated March 31, 1998 are
incorporated by reference in Part III of this report.

PART I

Item 1. Business

The Company is primarily engaged in the citrus industry and, through its wholly owned subsidiaries, Indigo Group Inc., Indigo Development Inc., Indigo International Inc. and Indigo Group Ltd., the real estate industry. Real estate operations include commercial real estate, real estate development, golf operations, property leasing, leasing properties for oil and mineral exploration and the sale of forest products. The Company also operated in the resort industry until July 14, 1994 when the resort complex at Indigo Lakes was sold. From time to time, the Company sells unimproved real estate considered surplus to its operating needs. This latter function is not considered part of the Company's ordinary operations and is included in general corporate and other operations, along with earnings from temporary investments, in the information below which separates the business segments.

Revenues of each segment are as follows:

	Year Ended December 31,		
	1997	1996	1995
	----	----	----
	(In Thousands)		
	\$	\$	\$
Citrus Operations	9,445	13,863	8,819
Real Estate Operations	5,412	7,642	7,743
General Corporate and Other Operations	9,094	6,508	7,122
	-----	-----	-----
Combined	23,951	28,013	23,684
	=====	=====	=====

Operating Income before tax for each segment is as follows:

Item 1. Business (continued)

- - - - -

Year Ended December 31,

	1997	1996	1995
	-----	-----	-----
		(In Thousands)	
	\$	\$	\$
Citrus Operations	1,092	4,012	629
Real Estate Operations	2,004	3,472	2,889
General Corporate and Other Operations	3,162	3,121	3,638
	-----	-----	-----
Combined	6,258	10,605	7,156
	=====	=====	=====

Identifiable assets of each segment are as follows:

	At December 31,		
	-----	-----	-----
	1997	1996	1995
	-----	-----	-----
		(In Thousands)	
	\$	\$	\$
Citrus Operations	17,017	17,043	17,866
Real Estate Operations	27,433	32,169	35,349
General Corporate and Other Operations	13,784	10,461	6,478
	-----	-----	-----
Combined	58,234	59,673	59,693
	=====	=====	=====

Identifiable assets by segment are those assets that are used in each segment. General corporate assets and those used in the Company's other operations consist primarily of cash and cash equivalents, investment securities, notes receivable, and property, plant, and equipment.

Item 1. Business (continued)

CITRUS

Citrus groves. The Company, under the name Lake Placid Groves, owns and operates approximately 3,900 acres of orange and grapefruit groves located primarily in two large parcels in Highlands County, Florida. The average age of grove trees is 15 years, well within the average 45-year productive life. At December 31, 1997 all grove acres were classified as fruit bearing. The groves require expenditures chargeable to production expenses, such as fertilizer, irrigation, and cultivation.

In late 1988, the Company began a grove development project on 1,600 acres east of U. S. Highway 27, fronting on State Road 70, south of Lake Placid. This project, which included the installation of deep wells and low pressure micro-jet irrigation systems, was completed in mid-1992. Initial development work was started on approximately 400 acres of grove in 1989 with 400 additional acres developed in each of the three following years. The land, which is about one mile from the Company's fresh fruit packing plant, is high and dry and well suited for growing citrus. The 1992-93 crop year was the first year any significant fruit was harvested from these groves.

Citrus operations. The Company harvests and sells both fresh and to-be-processed citrus from its groves. In connection with the groves, the Company owns and operates an efficient fresh fruit citrus packing plant, placed in service during the fall of 1969, in which the portion of the crop which is sold as fresh fruit is packed. Fresh fruit sales are made by the Company to wholesale produce distributors and retail grocery chains primarily in the Eastern and Midwestern regions of the United States and Canada. In an effort to achieve optimum utilization of the packing facility, the Company also handles the fruit of other growers in the area.

The Company has an agreement in place with Turner Foods, Inc. whereby the Company processes the portion of Turner's crop being sold on the fresh market through the Company's packing house. Turner also pays the Company for delivery of the fruit to the packing plant.

The obligations under the agreements can be terminated by either party on August 31 of each year upon thirty days written notice. The amounts received by the Company for providing such services to outside growers for the years ended 1997, 1996 and 1995, amounted to \$226,490, \$562,954, and \$449,605, respectively.

Item 1. Business - continued

That portion of the Company's citrus crop which is not sold as fresh fruit is processed by Citrus World Incorporated, an agricultural cooperative under a participating marketing pool agreement. The agreement is a two year arrangement which the Company may terminate on October 1 of any year by giving written notice sixty days prior to such date with the arrangement continuing for two additional years from the notice of cancellation. Citrus World, one of the larger processors of citrus products in the United States, pools its own fruit with the fruit received from the Company and other citrus growers, processes the pooled fruit, and sells the products produced therefrom. Each participant in the pool, including Citrus World, shares ratably in the proceeds from the sales of these products, net of Citrus World's actual processing and marketing costs, plus a per-unit handling fee. Citrus World makes periodic payments to all participants on their pro rata share of net sales proceeds and makes final payment after all the products in the pool have been sold. During the years 1997, 1996, and 1995, the Company's sales under the above pooling agreement amounted to \$3,107,919, \$5,203,787, and \$2,912,415, respectively.

The percentages of the Company's citrus which are sold as fresh fruit and which are diverted to the processing plant can vary considerably from year to year, depending upon fruit size, exterior appearance, and the relative profitability of the markets. During the crop year ended August 31, 1997 approximately 47% of the Company's citrus crop was sold as fresh fruit and the balance was diverted to the cannery, as compared with 35% in the crop year ended August 31, 1996 and 38% the crop year ended August 31, 1995.

The citrus industry, which is seasonal in nature as are other agricultural pursuits, is subject to wide fluctuations in income because of changes in demand, weather conditions, and other economic factors. Also affecting income are the continuing large amounts of frozen concentrate orange juice from Brazil which maintains high supply levels and tend to lower selling prices. The Company's sales of fresh citrus fruit can be affected adversely by marketing orders issued by the United States Department of Agriculture under the Agricultural Marketing Agreement Act, which can result in periodic proration, controlled by grade and size, of interstate shipment of Florida oranges and grapefruit. Also, tariffs established by the International Tariff Commission and approved by Congress can impact the cost of importing citrus products and thus affect the supply and selling prices of processed citrus. Although North American Free Trade Agreement, which was passed in 1994, has not had a significant impact to date, it could have an effect on future fruit prices.

RESORT OPERATIONS

During 1994, the Company sold its resort operation known as the Indigo Lakes Holiday Inn Crowne Plaza Resort located on U. S. Highway 92 in Daytona Beach, Florida. The Resort had been under a management contract with Sandcastle Resorts since August 17, 1990. A group associated with Sandcastle Resorts formed a partnership named Indigo Lakes Resort, Ltd. and purchased the 145-unit inn, 8 separate buildings housing 64 condominium-style units, tennis courts and pro shop, a conference center, several small meeting rooms, two swimming pools, and other properties related to those facilities. The 18-hole championship golf course, fully equipped golf pro shop, restaurant and cocktail lounge, and a 500-seat banquet and meeting room facility, were sold to The Fairways Group, L.P.

On January 4, 1992, the Company had assumed a leasehold interest in a 21,000-square-foot restaurant located adjacent to the Indigo Lakes Holiday Inn Crowne Plaza Resort. The Resort's food and beverage division operated the restaurant and lounge for a portion of the period from time of lease until April of 1993, after which it stood empty until the lease was terminated in 1994.

REAL ESTATE OPERATIONS

Commercial Development. In August of 1989, the Company reached an agreement in principle with the Ladies Professional Golf Association ("LPGA") and the City of Daytona Beach, which calls for the planning and development of the site for the national headquarters of the LPGA along with two championship golf courses. The mixed-use development will also include a clubhouse, resort facilities, and residential communities along with other commercial uses. This development is on approximately 3,600 acres of land owned by the Company's real estate development subsidiary, Indigo Development Inc. ("IDI"), in Daytona Beach, plus 730 acres owned by the City of Daytona Beach immediately west of Interstate 95. The LPGA has successfully relocated its headquarters to Daytona Beach and occupies their newly constructed facilities within the development. The official opening of the LPGA International golf course occurred in July 1994. In December 1994, the first sale within the development was completed with the closing of 60 acres of residential land located in the northern section of the property. During 1995, the first residential units within the community were completed. In early 1996, the Interstate 95 interchange at LPGA Boulevard, which is the north and main entrance to the project, was opened for use. Construction of the second golf course, designed

Item 1. Business (continued)

by architect Arthur Hills, is well underway on lands donated by the Company to the City of Daytona Beach. On September 1, 1997, responsibility for the operations of the LPGA International golf courses was transferred from the City of Daytona Beach to a wholly owned subsidiary of the Company. The agreement with the City of Daytona Beach provides for the second golf course and a clubhouse to be constructed by the Company in return for a long-term lease from the City on both golf courses. The design phase of the clubhouse has begun. Depending upon weather conditions and other variables, both the second golf course and the clubhouse are scheduled to open in the fourth quarter of 1998.

Indigo Commercial Realty, a commercial real estate brokerage company formed in 1991, is the Company's agent in the marketing and management of commercial properties. In addition to the LPGA development, approximately 67 acres of fully developed sites, owned by Indigo Group Inc. and Indigo Group Ltd. ("IG LTD") were available for sale at December 31, 1997. All development and improvement costs have been completed at these sites. All of these commercial sites are located in the Daytona Beach area.

Residential. Until December 1993, the Company, through IG LTD, operated in residential development, building and sales. At the end of 1993 IG LTD closed down the development and building functions. IG LTD continues to sell its remaining lot inventory in the following communities:

Riverwood Plantation, a 180-acre community in Port Orange, Florida with 67 lots remaining at December 31, 1997.

Indigo Lakes, a 200-acre development located in Daytona Beach with 5 lots remaining at December 31, 1997. This community also includes a 304 unit apartment complex constructed in 1989 by a joint venture between IG LTD and the Trammel Crow Company. The apartment complex was sold to the mortgage holder in 1994.

Tomoka Heights, a 180-acre development adjacent to Lake Henry in Highlands County, Florida. There are approximately 125 developable lots remaining to be sold. The sales and construction operations were assumed by third parties as of January 1994.

Item 1. Business (continued)

IG LTD also has an inventory of 34 fully developed non-contiguous lots in Palm Coast at December 31, 1997, which the Company continues to sell.

INCOME PROPERTIES

Volusia County. On December 31, 1987 the Company acquired a two-building office complex in downtown Daytona Beach. The larger building, known as Consolidated Center, was sold at the end of 1997. The Company continues to use a portion of the building as its headquarters, as terms of the sale include a commitment to lease 6,000 square feet for a period of at least three years. The smaller building at 17,000 square feet is subject to an existing lease/purchase agreement and is considered a direct financing lease by the Company.

During 1996, the Company sold the 24,000-square-foot office building in Daytona Beach which had been leased to the LPGA as the principal tenant.

During 1978 and early 1979, the Company constructed a commercial building at the intersection of Interstate 95 and State Road 40. Previously this facility was operated as a gift and fruit shop. This building was sold in December 1993.

Highlands County. The Company leased a 50,000-square-foot building, located in Sebring, Florida, to Scotty's Home Builder's Supply, Inc until sold in early 1993. Two other buildings formerly vacant were leased up with occupancy in early 1992:

A 12,000-square-foot facility was leased for a ten-year term with an option to purchase, and sold in 1993. A second 10,500-square-foot building, formerly the Company's administrative office, was leased for a three-year term. This was sold in December of 1992.

Sunshine Newspaper, Inc. leased from the Company a 7,000-square-foot building located near Lake Placid, in which it operated a printing plant until the building was sold to them in 1993.

Item 1. Business (continued)

Other Income Properties. The Company owns or has owned, other commercial rental properties throughout Florida. Forest Center is a 72,000 square foot neighborhood shopping center located east of Ocala, Florida. This facility was 93% leased at December 31, 1997 and has a Winn Dixie grocery store, Eckerd drug store and Family Dollar department store as its anchor tenants. During 1993, Winn Dixie expanded its leased space by 10,500 square feet at the Forest Center location. The 24,000 square foot office building at Palm Coast was sold during 1997. The Mariner Village Shopping Center, a 70,000 square foot neighborhood center anchored by a Winn Dixie grocery store and Eckerd Drug store located in Spring Hill, Florida, was sold during 1996. Mariner Towne Square, an adjacent 18,000 square foot facility, was sold during 1995.

Forest product sales. Income from sales of forest products varies considerably from year to year depending on economic conditions and rainfall, which sometimes limits access to portions of the woodlands. In addition, drought conditions sharply increase the potential of forest fires.

The timber lands encompass approximately 13,000 acres west of Daytona Beach. The sale of an 11,200 acre parcel to St. Johns River Water Management District in 1997 reduces the Company's potential for future income from sales of forest products, although income should be fairly stable for the next few years. Expenses associated with the forestry operation are primarily real estate taxes, with additional expenses including the costs of installing roads and drainage systems, reforestation, and wild fire suppression.

Subsurface Interests. The Company owns full or fractional subsurface oil, gas, and mineral interests in approximately 539,000 "surface" acres of land owned by others in various parts of Florida, equivalent to approximately 300,000 acres in terms of full interest. The Company leases its interests to mineral exploration firms whenever possible.

At December 31, 1997 mineral leases were in effect covering a total of 24,731 surface acres. Although the leases are for three- to five-year

Item 1. Business (continued)

terms, they are terminable annually by the lessees; and the lessees have no obligation to conduct drilling operations. Leases on 2,080 acres have reached maturity but are held by the oil companies without annual rental payments because of producing oil wells, on which the Company receives royalties.

The purchasers of 82,543 surface acres in which the Company has a one-half reserved mineral interest are entitled to releases of the Company's rights if such releases are required for residential or business development. Consideration for such releases on 73,117 of those acres would be at the rate of \$2.50 per surface acre. On other acres in Lee and Hendry Counties (where producing oil wells exist), the Company's current policy is to grant no releases of its reserved mineral rights. In rare instances, a release of surface entry rights might be granted upon request of a surface owner who requires such a release for special financing or development purposes. In counties other than Lee and Hendry, releases are granted for a percentage of the surface value of a parcel of land. At December 31, 1997 there were four producing oil wells on the Company's interests. During 1997 one additional well was brought into production on a Hendry county drill site on which the Company shares mineral ownership with another corporation. Royalty payments from that well should begin in the first or second quarter of 1998. Volume in 1997 was 125,356 barrels and volume in 1996 was 131,231 barrels. Production for prior recent years was: 1995 - 117,831 barrels, 1994 - 141,488 barrels and 1993 - 111,739 barrels.

Item 1. Business (continued)

GENERAL, CORPORATE AND OTHER OPERATIONS

Real estate held and land transactions. More than 90% of the Company's lands have been owned by the Company or its affiliates for more than fifty years. To date the Company has not been in the business of acquiring and holding real estate for sale. Instead, portions of the Company's lands are put to their best economic use. Unsolicited sales are made of parcels which do not appear to offer opportunities for use in the foreseeable future.

Land development beyond that discussed at "Business - Real Estate Operations" will necessarily depend upon the long-range economic and population growth of Florida and may be significantly affected by fluctuations in economic conditions, prices of Florida real estate, and the amount of resources available to the Company for development.

Employees. The Company has approximately 145 employees, including approximately 70 seasonal employees in citrus operations. During the citrus harvesting season, these seasonal employees are hired to pack and handle the citrus crop. No employees are represented by unions. The Company considers its employee relations to be satisfactory.

Item 2. Properties

Information concerning the Company's properties is included on pages 2-4 of the Company's 1997 Annual Report to Shareholders (the "Annual Report") under the captions "Land Holdings", "Citrus", and "Real Estate Operations" and is incorporated herein by reference. Except for parts of the Annual Report expressly incorporated herein by reference, the annual report is not to be deemed filed with the Securities and Exchange Commission.

Item 3. Legal Proceedings

There are no material pending legal proceedings to which the Company or its subsidiaries are a party.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter of the year ended December 31, 1997.

PART II

Item 5. Market for the Registrant's Common Stock and Related Shareholder Matters

(a) Common Stock

Information concerning the Company's common stock and dividends is included on page 28 of the Annual Report under the caption "Common Stock Prices and Dividends" and such discussion is incorporated herein by reference.

(b) Recent Sales of Unregistered Securities

None

Item 6. Selected Financial Data

Five-year financial statement data is included on page 4 of the Annual Report under the caption "Five-Year Financial Highlights" and such information is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations is included on pages 25 through 27 of the Annual Report, under the captions "Management's Discussion and Analysis," and "Financial Position" and such discussion is incorporated herein by reference.

Item 7A Quantitative and Qualitative Disclosures about Market Risk

Not Applicable

Item 8. Financial Statements and Supplementary Data
Financial Statements

Financial statements incorporated by reference in this report are listed at Part IV, Item 14 (a), "Financial Statements."

Item 9. Changes in and Disagreements with Accountants Accounting and Financial Disclosures

There were no disagreements with accountants on accounting and financial disclosures.

PART III

The information required by Items 10, 11, 12, and 13 is incorporated herein by reference to the registrant's 1997 annual meeting proxy statement pursuant to Instruction G to Form 10-K. On March 31, 1998, the registrant anticipates filing with the Commission, pursuant to Regulation 14A under the Securities Exchange Act of 1934, its definitive proxy statement to be used in connection with its 1998 annual meeting of shareholders at which directors will be elected for the ensuing year.

Executive Officers of the Registrant

The executive officers of the registrant, their ages at January 31, 1997, their business experience during the past five years, and the year first elected as an executive officer of the Company are as follows:

Bob D. Allen, 63, president and chief executive officer, March 1990 to present.

Bruce W. Teeters, 52, senior vice president-finance and treasurer, January 1988 to present.

Both of the above are elected annually as provided in the By-Laws.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a.) 1. Financial Statements

The Company's 1997, 1996, and 1995 consolidated financial statements, together with the report of Arthur Andersen LLP, dated February 5, 1998, appearing on pages 5 to 23 of the accompanying 1997 Annual Report to Shareholders are incorporated by reference in this Form 10-K Annual Report. The following is a list of such financial statements with references to the pages of the 1997 Annual Report to Shareholders on which they may be found:

	Annual Report Page No.
Report of Independent Certified Public Accounts	5
Consolidated Statements of Income three years ended December 31, 1997	6
Consolidated Balance Sheets as of December 31, 1997 and 1996	7
Consolidated Statements of Shareholders' Equity for the three years ended December 31, 1997	8
Consolidated Statements of Cash Flows for the three years ended December 31, 1997	9-10
Notes to Consolidated Financial Statements	11-23

With the exception of (i) the aforementioned financial statements and (ii) the information incorporated under Items 2, 5, 6, and 7, the 1997 Annual Report to Shareholders is not to be deemed filed as part of this report.

2. Financial Statement Schedules

Included in Part IV of this Annual Report on Form 10-K:

Report of Independent Certified Public Accountants on Financial Statement Schedules on Page 19 of this Annual Report on Form 10-K.

Schedule III - Real Estate and Accumulated Depreciation on page 20 of this Annual Report on Form 10-K

Schedule IV - Mortgage Loans on Real Estate on page 21 of this Annual Report on Form 10-K

14. Exhibits, Financial Statements Schedules and
Reports on Form 8-K (continued)

Other Schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the financial statements or notes thereof.

3. Exhibits

See Index to Exhibits on page 23 of this Annual Report on Form 10-K.

(b) Reports on Form 8-K

No reports were filed on Form 8-K during the fourth quarter of the year ended December 31, 1997.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) 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)

3/20/98

By /s/ Bob D. Allen
Bob D. Allen, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1934, this report is signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

3/20/98 Chairman of the Board and Director /s/ David D. Peterson
David D. Peterson

3/20/98 President, Chief Executive
Officer (Principal Executive
Officer), and Director /s/ Bob D. Allen
Bob D. Allen

3/20/98 Senior Vice President-Finance
Treasurer (Principal Financial
and Accounting Officer), Director /s/ Bruce W. Teeters
Bruce W. Teeters

3/20/98 Director /s/ John C. Adams, Jr.
John C. Adams, Jr.

3/20/98 Director /s/ Robert F. Lloyd
Robert F. Lloyd

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON FINANCIAL STATEMENT SCHEDULES

TO CONSOLIDATED-TOMOKA LAND CO.:

We have audited in accordance with generally accepted auditing standards, consolidated financial statements included in Consolidated-Tomoka Land co.'s 1997 annual Report to Shareholders incorporated by reference in this Form 10-K, and have issued our report thereon dated February 5, 1998. Our audits were made for the purpose of forming an opinion on these statements taken as a whole. The schedules listed in item 14(a) 2 are the responsibility of the Company's management and are presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

Arthur Anderen LLP

Tampa, Florida
February 5, 1998

SCHEDULE III
REAL ESTATE AND ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 1997

DESCRIPTION -----	ENCUMBRANCES -----	INITIAL COST TO COMPANY -----		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION -----		
		LAND ----	BUILDINGS & IMPROVEMENTS	IMPROVEMENTS	CARRYING COSTS	
SHOPPING CENTER AT: OCALA	2,499,770	406,414	3,040,377	53,768		
CITRUS FACILITY & TREES AT: LAKE PLACID	9,179,173	1,485,974	1,335,426	9,931,958		
MISCELLANEOUS	NONE	735,433	26,956	677,071		
	11,678,943	2,627,821	4,402,759	10,662,797	--	
=====						
GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD						
	LAND	BUILDINGS	TOTAL	ACCUMULATED DEPRECIATION	DATE OF COMPLETION OF CONSTRUCTION	DATE ACQUIRED
	-----	-----	-----	-----	-----	-----
OCALA	406,414	3,094,145	3,500,559	1,033,023	N/A	1987
LAKE PLACID	1,485,974	11,267,384	12,753,358	2,936,820	VARIOUS	N/A
MISCELLANEOUS	1,412,504	26,956	1,439,460	143,560	N/A	VARIOUS
	3,304,892	14,388,485	17,693,377	4,113,403		
=====						
		1997	1996	1995		
		-----	-----	-----		
COST:						
BALANCE AT BEGINNING OF YEAR		25,544,117	31,683,184	32,320,163		
IMPROVEMENTS		657,688	182,985	851,394		
COST OF REAL ESTATE SOLD		(8,508,428)	(6,322,052)	(1,488,373)		
BALANCE AT END OF YEAR		17,693,377	25,544,117	31,683,184		
=====						
ACCUMULATED DEPRECIATION:						
BALANCE AT BEGINNING OF YEAR		6,566,029	7,631,177	7,015,261		
DEPRECIATION AND AMORTIZATION		731,962	833,994	879,776		
DEPRECIATION ON REAL ESTATE SOLD		(3,184,588)	(1,899,142)	(263,860)		
BALANCE AT END OF YEAR		4,113,403	6,566,029	7,631,177		
=====						

SCHEDULE IV
CONSOLIDATED-TOMOKA LAND CO.
MORTGAGE LOANS ON REAL ESTATE
DECEMBER 31, 1997

DESCRIPTION	INTEREST RATE	FINAL MATURITY DATE	PERIODIC PAYMENT TERMS	PRIOR LIENS	FACE AMT.	CARRYING AMOUNT (A)	PRINCIPAL AMOUNT OF LOANS DELINQUENT
MORTGAGE N/R SECURED BY REAL ESTATE:							
Highlands Co	8.50%	01/03	Level, plus balloon of \$394,334	--	\$ 560,000	\$ 495,063	--
Volusia Co	9.25%	12/98	Level, plus balloon of \$1,116,073	--	1,969,541	1,094,925	--
Volusia Co	9.25%	12/00	Level, plus balloon of \$611,200	--	764,000	363,000	--
Volusia Co	9.25%	12/98	Level, plus balloon of \$313,438	--	356,250	313,437	--
Volusia Co	8.50%	12/01	Level, plus balloon of \$974,083	--	1,220,000	1,174,249	--
Volusia Co	8.50%	01/03	Level, plus balloon of \$502,381	--	713,440	628,986	--
Hernando Co	9.00%	05/00	Level, plus balloon of \$888,516	--	975,000	934,529	--
Other	6.25%-9.25%	Various	Level, plus balloon of \$86,835	--	156,149	141,828	--
				--	\$ 6,714,380	\$ 5,146,017	--

(A) FOR FEDERAL INCOME TAX PURPOSES, THE AGGREGATE BASIS OF THE LISTED MORTGAGES WAS \$5,146,017

(B) A RECONCILIATION OF THE CARRYING AMOUNT OF MORTGAGES FOR THE THREE YEARS ENDED DECEMBER 31, 1997, 1996, AND 1995 IS AS FOLLOWS:

	1997	1996	1995
BALANCE AT BEGINNING OF YEAR	\$10,944,356	\$7,097,776	\$8,993,825
NEW MORTGAGE LOANS	12,900	4,911,607	2,247,350
COLLECTIONS OF PRINCIPAL	(5,811,239)	(1,065,027)	(4,143,399)
BALANCE AT END OF YEAR	\$ 5,146,017	\$10,944,356	\$7,097,776

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON D.C. 20549

EXHIBITS

TO

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1997

Commission File No. 0-5556

CONSOLIDATED-TOMOKA LAND CO.

(Exact name of registrant as specified in the charter)

(2.1)	Agreement of Merger and Plan of Merger and Reorganization dated April 28, 1993 between Consolidated-Tomoka Land Co. and CTLC, Inc. filed with the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1993 and incorporated by this reference.	*
(2.2)	Certificate of Merger dated April 28, 1993 filed with the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1993 and incorporated by this reference.	*
(3.1)	Articles of Incorporation of CTLC, Inc. dated February 26, 1993 and Amended Articles of Incorporation dated March 30, 1993 filed with the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1993 and incorporated by this reference.	*
(3.2)	By-laws of CTLC, Inc. filed with the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1993 and incorporated by this reference.	*
10	Material Contracts:	
(10.1)	Amendment Agreement No. 1 to the 1996 Citrus World Marketing Agreement dated August 11, 1997 between Citrus world, Inc. and Consolidated-Tomoka Land Co.	24
(10.2)	Packing House Agreement executed October 20, 1997 between Turner Food Corporation and Consolidated-Tomoka Land Co.	27
(10.3)	The Consolidated-Tomoka Land Co. Unfunded Deferred Compensation Plan filed with the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1981 and incorporated by this reference.	*
(10.4)	The Consolidated-Tomoka Land Co. Unfunded Deferred Compensation Plan executed on October 25, 1982 filed with the registrant's annual report on Form 10-K for the year ended December 31, 1982 and incorporated by this reference.	*
(10.5)	The Consolidated-Tomoka Land Co. Stock Option Plan effective April 26, 1990 filed with the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1990 and incorporated by this reference.	*
(10.6)	Lease Agreement dated August 28, 1997 between the City of Daytona Beach, and Indigo International Inc., a wholly owned subsidiary of Consolidated-Tomoka Land Co.	33
(10.7)	Development Agreement dated August 18, 1997 between the City of Daytona Beach and Indigo International Inc., a wholly owned subsidiary of Consolidated-Tomoka Land Co.	67
(11)	Statement of Computation of Per Share Earnings is include on Page 21 of the 1997 Annual Report to Shareholders and incorporated by this Reference	*
(13)	1997 Annual Report to Shareholders	72
(21)	Subsidiaries of the Registrant	117
(23)	Consent of Arthur Andersen LLP	118

* - Incorporated by Reference

EXHIBIT 10.1

AMENDMENT AGREEMENT NO. 1
to the
1996 CITRUS WORLD MARKETING AGREEMENT

THIS AMENDMENT AGREEMENT made this 11th day of August 1997 by and between CITRUS WORLD, INC., a Florida cooperative organization having its principal office in Lake Wales, Florida (hereinafter referred to as "Citrus World") and CONSOLIDATED-TOMOKA LAND CO. of Lake Placid, Florida (hereinafter referred to as "Member")

WITNESSETH

WHEREAS Member is a stockholder-member of Citrus World and heretofore, effective September 1, 1996, Member and Citrus World entered into a uniform marketing agreement respecting certain of Member's citrus fruit which agreement is hereafter referred to as the "1996 Marketing Agreement"; and

WHEREAS both parties now desire to amend the said 1996 Marketing Agreement in certain respects as set forth below;

NOW, THEREFORE, in consideration of the premises and other valuable consideration, the parties mutually agree to the following:

A. Paragraph 5 of the 1996 Marketing Agreement is hereby amended to read as follows:

"5. Certificate of Compliance. Each year within 30 days following the close of Member's fiscal year, Member will deliver to Citrus World a certificate of compliance in the form of Exhibit "A" attached hereto and made a part hereof signed by Member, and accompanied by an opinion of Member's independent auditor to be based on Member's records attesting to the fact (a) that all fruit delivered by Member to Citrus World during the preceding Florida Citrus Season was in fact Fruit Owned or controlled by Member as herein defined; and (b) that the total quantity of all such Fruit Owned or Controlled by Member was in fact delivered to Citrus World by Member."

B. Paragraph 10 (Diversion of Fruit) of the 1996 Marketing Agreement is hereby amended by adding the following as new subparagraph (f):

"(f) Member's obligation to deliver Limited Fruit hereunder, if any, shall also be subject to the exceptions listed in subparagraphs (a), (b), (c), (d) and (e) above, provided that in the event any such instance occurs which affects the quantity of Limited Fruit that Member is obligated to deliver hereunder, such quantity may at Member's option be reduced: (1) if Member is a cooperative, by the number of boxes actually lost by member; or (2) if Member is not a cooperative, then by the number of boxes which is in the same proportion as the sold or otherwise lost grove acres bears to the total number of grove acres originally owned by Member."

C. Except as herein amended the 1996 Marketing Agreement shall continue in full force and effect.

IN WITNESS WHEREOF the parties have caused this Amendment Agreement to be executed by their duly authorized representatives as of the day and year first above written.

MEMBER:

Attest or witness:

By: Hugh J. Veley

Betty Caudill

CITRUS WORLD, INC.

By: F. M. Hunt

N. T. Mitchell

CITRUS WORLD
1997-98 UNIFORM MARKETING AGREEMENT

EXHIBIT "A"

CERTIFICATE OF COMPLIANCE

To the best of our knowledge and belief, the undersigned member of Citrus World hereby certifies (a) that all fruit delivered to Citrus World by the undersigned during the 1997-1998 Florida Citrus Season consisted of Fruit Owned or Controlled by the undersigned as such terms are defined in Paragraph 1 of the Citrus World Uniform Marketing Agreement; and (b) that the total quantity of such fruit has been delivered to Citrus World in accordance with Paragraph 2 of said Agreement.

By: _____

Date: _____

EXHIBIT 10.2

PACKING HOUSE AGREEMENT

THIS AGREEMENT, made and entered into the 20th day of October, 1997, by and between TURNER FOODS CORPORATION, a Florida corporation, 25450 Airport Road, Punta Gorda, Florida 33950 (herein referred to as "TFC") and CONSOLIDATED-TOMOKA LAND CO., Post Office Box 1005, Lake Placid, Florida 33852 (hereinafter referred to as "CONSOLIDATED").

WITNESSETH

WHEREAS, CONSOLIDATED is the owner and operator of a fresh citrus fruit packing house located near Lake Placid, Florida (hereinafter referred to as the "packing house"), and

WHEREAS, TFC is the owner of citrus groves located in Highlands, Collier, Hendry, Charlotte, DeSoto, and Martin Counties, Florida, known as the 'HICKORY, HIGHLAND, GATOR SLOUGH, CHARLOTTE, DESOTO and SUNRISE CITRUS GROVES", and

WHEREAS, the parties desire that a portion of the citrus fruit raised on said TFC CITRUS GROVES which is suitable for packing as fresh fruit shall be run through CONSOLIDATED's packing house, pursuant to the terms and conditions hereinafter set forth:

1.0 Committed Fruit: TFC agrees to deliver and CONSOLIDATED agrees to receive at its packing house the following estimated quantities providing that previous commitments can be met:

Variety	Estimated Quantity
Robinson Tangerine	12,000
Hamlin Orange	As mutually agreed upon
Pineapple Orange	As mutually agreed upon
Orlando Tangelo	7,000
Temple	50,000
Murcott Tangerine	As mutually agreed upon
Valencia	as mutually agreed upon

The above volumes are subject to market conditions, TFC and CONSOLIDATED have the right to add varieties or volumes, or to delete varieties or volumes, if acceptable to both parties.

2.0 Pools: All fruit from TFC run through CONSOLIDATED's packing house will be pooled with other fruit of like grade and quality from CONSOLIDATED or from other growers.

2.1 Pool Periods: All fruit harvested will be accounted for in a seasonal pool period by variety. The seasonal pool period is further defined as August through June or upon completion of final harvest of fruit covered by this Agreement.

2.2 Pack-out: CONSOLIDATED shall account for all fruit, received by its packing house from HICKORY, HIGHLAND, GATOR SLOUGH, CHARLOTTE, DESOTO and SUNRISE CITRUS GROVES separately and on a daily basis by standard box (hereinafter defined) and shall transmit DAILY to TFC (c/o Jim Snively; FAX No. 941-657-6837) a report of all pack-out data for such fruit. "Pack-Out Data" shall be deemed to mean listing by variety and by grade of (i) all fruit that meets fresh fruit standards and (ii) all fruit that is eliminated.

3.0 Packing and Selling Costs: Packing and selling costs are based on a packed 1-3/5 bu. carton.

3.1 Packing Costs: Packing and costs based on a packed 1-3/5 bu. box:

Packed In Bins	4/5 Bu	2/5 Bu	#4	#5	Bulk
	Carton	Carton	Bagmasters	Bagmasters	Wood
Oranges	\$5.50	\$7.10	\$7.00	\$6.90	\$1.50
Temples	\$5.50	\$7.10	\$7.00	\$6.90	\$1.50
Tangelos	\$5.50	\$7.10	\$7.00	\$6.90	\$1.50
Tangerines	\$7.10	N/A	N/A	3# bags	\$1.50
				\$8.40	

3.2 Selling Costs: \$0.30 per packed or bulk standard box.

3.3 Handling Costs: \$0.20 per packed or bulk standard box.

3.4 Elimination Haul: Hauling: Per weight box (90 lbs. for Oranges, Temples and Tangelos; 95 lbs. for Tangerines; 85 lbs. for Grapefruit).

Elimination Haul Rates:

Destination	Orange	Temple Tangelo Tangerine
Silver Springs, Winter Garden	\$0.50/box	\$0.60/box
SunPac, Winter Haven	\$0.42/box	\$0.52/box
Coke, Auburndale	\$0.45/box	\$0.55/box
Tropicana, Bradenton	\$0.45/box	\$0.55/box
Tropicana, Fort Pierce	\$0.45/box	\$0.55/box
Cargill, Frostproof	\$0.35/box	\$0.45/box
LaBelle	\$0.35/box	\$0.45/box
Orange Co., Bartow	\$0.42/box	\$0.52/box

3.5 Elimination Charges: \$0.25 for Orange, Temples, Tangelos: \$0.40 for Tangerines.

3.6 Industry Assessments: As set by the industry groups (to be determined after the October 10, 1997 crop estimate and attached as an addendum to this agreement) and is to be deducted from Fruit Proceeds of TFC and paid by CONSOLIDATED.

4.0 Haul Charges from Grove to Packing House: CONSOLIDATED agrees to haul all fruit from HICKORY CITRUS GROVE for \$0.16 per box, from HIGHLANDS and GATOR SLOUGH CITRUS GROVES for \$0.40 per box, and from DESOTO CITRUS GROVE for \$0.20 per box, to be deducted from Fruit Proceeds of the participation plan.

5.0 Pick and Roadside Charges: Pick and roadside charges will be negotiated with an independent contractor approved by TFC. TFC will pay for all pick and roadside charges direct to harvester. CONSOLIDATED agrees to advance TFC \$1.25 per box weekly for fruit delivered to packing house.

6.0 Elimination Fruit: Packing house eliminations will be sold directly to a processing plant of TFC's choice under a separate contract agreement. Proceeds from sale of elimination fruit will go directly to TFC. TFC will furnish TFC Trip Ticket books, one for each grove, for a CONSOLIDATED representative to write for each load of eliminations delivered for TFC's account. CONSOLIDATED will mail, daily, copies of TFC Trip Tickets to the Punta Gorda address above. All TFC Trip ticket books used or unused should be returned to the grove location by the end of the current season.

7.0 Terms of Payment: Within 30 days following the close of each month during each Florida Citrus season, CONSOLIDATED will pay to TFC 75% of the anticipated pool returns, less the harvesting advance and other charges listed in paragraphs 3.0, 4.0, and 5.0, due TFC arising from all fruit picked and sold during each month.

The remaining balance due from such pool returns will be paid by CONSOLIDATED to TFC within 75 days after the final close of each pool.

Each TFC Grove should be accounted for separately, with separate statements. Each statement should tie to TFC Trip Ticket numbers, which can be sorted by ticket prefix numbers (grove identification number). All payment checks and statements should be sent to Turner Foods Corporation, 25450 Airport Road, Punta Gorda, FL 33950.

8.0 Estimated Returns: CONSOLIDATED will provide estimated returns and payment dates as requested throughout the season. TFC understands the estimates may vary considerably from actual final returns depending upon many variables. CONSOLIDATED will report the average FOB selling price for each carton size on a weekly basis (to be faxed to Jim Snively at 941-465-6837).

9.0 Standard Box: For the purposes of this Agreement, "standard box" means Florida standard weight boxes as follows: Oranges - 90 pounds; Grapefruit - 85 pounds; Tangerines - 95 pounds.

10.0 Delivery Schedule: Delivery schedules shall enable TFC to harvest in a timely fashion so as to enhance marketability and to avoid loss from premature harvest or excess loss due to over-maturity. Delivery schedules shall be coordinated with CONSOLIDATED and TFC site representatives.

11.0 Right of Entry: TFC reserves the right for its agents or designees to enter CONSOLIDATED's packing house as it may elect for the purpose of inspecting the work. CONSOLIDATED reserves the right for its agents or designees to enter TFC's groves for inspection and harvest of the fruit under contract.

12.0 Records and Accounts: CONSOLIDATED shall keep and maintain such records and accounts in connection with the performance of the Contract, as shall permit CONSOLIDATED to furnish TFC an accurate written allocation of the total amount paid for performance of the Contract to the various elements of the Contract. CONSOLIDATED shall retain such records and accounts for a period not less than five (5) years and shall make records available to TFC for inspection and copying, where records are kept, during reasonable business hours and upon seven (7) days' written request.

13.0 Term of Contract: This contract shall commence upon full execution of this Contract and shall remain in force through the 1997-1998 season.

14.0 Complete Agreement and Non-Waiver: This Contract is intended to be final and complete, and exclusive statements of the terms of the Agreement between the parties. The parties agree that parol or extrinsic evidence may not be used to vary or contradict the express terms of this Contract. Except as specifically provided herein, this contract shall not be amended or modified, and no waiver of any provision hereof shall be effective, unless set forth in a written instrument authorized and executed with the same formality as this contract.

15.0 Binding Effect: This Agreement shall be binding upon and inure to the benefit of the parties successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement this 20th day of October, 1997.

/s/ Linda Doyle

Witness

TURNER FOODS CORPORATION
By: /s/ James A. Snively

James A. Snively
Manager, Marketing &
& Sales

/s/ Sylvia Leon

Witness

CONSOLIDATED-TOMOKA LAND CO.

/s/ Linda Doyle

Witness

By: /s/ Hugh J. Veley

Vice President-Citrus

/s/ Sylvia Leon

Witness

ADDENDUM

Assessments

Assessments

STD. BOX

Dept. of Agriculture	.1452
Citrus Admin Committee	.007
Florida Citrus Packers	.006
Florida Citrus Mutual	.0106

Dept. of Citrus:	
Oranges	29
Temples	27
Grapefruit	30
Tangerines	27
Tangelo	27

Total Assessments:	
Oranges	.4482*
Grapefruit	.4582*
Temples, Tangelo, Tangerines	.4282*

* These Assessments do not include Florida Citrus Mutual 1997-98 season.

/s/ Hugh J. Veley
Vice Pres. Citrus

EXHIBIT 10.6
LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease"), entered into this 28th day of August, 1997, between the CITY OF DAYTONA BEACH, a municipality of the State of Florida, hereinafter referred to as "City", and INDIGO INTERNATIONAL INC., a Florida corporation, hereinafter referred to as "Indigo".

WHEREAS, the City entered into a Master Agreement (Exhibit "A") with the Ladies Professional Golf Association ("LPGA") and other parties to develop golf facilities at LPGA International within the LPGA Development of Regional Impact ("DRI"), and

WHEREAS, City owns and maintains an existing eighteen (18) hole golf course with related improvements and desires to cause to be developed a second eighteen (18) hole golf course with related improvements, all at LPGA International, and

WHEREAS, the City has determined that it is in the best interest of the public to lease the golfing facilities referenced herein to enhance the enjoyment thereof, to expedite construction and development of the second LPGA golf course and other facilities as more particularly described in a Development Agreement of even date between the City and Indigo ("Development Agreement") and to have the property subject to this Lease managed by private enterprise, and

WHEREAS, the parties agree, in furtherance of their mutual objectives, it is to their advantage to enter into a long-term lease for the operation of both eighteen (18) hole LPGA golf courses which are to be owned by the City.

NOW, THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Indigo agree as follows:

1. LEASED PREMISES:

a. First Course. One part of the real property to be leased hereby consists of that certain real property located in the City in an area commonly known as the "LPGA International" and is more particularly described in Exhibit "B" attached hereto and made a part hereof, including all improvements now or hereafter located thereon, including, without limitation, the existing eighteen (18) hole Rees Jones designed LPGA golf course, three (3) practice holes, practice range, putting greens, maintenance buildings, the existing tournament/interim clubhouse structure and all other structures and fixtures appurtenant to the Rees Jones LPGA golf course operation including parking lot, and rights to ingress and egress within the property described in Exhibit "B".

b. Second Course and Golf Operations Facility.

i. Another part of the real property to be leased consists of real property located in the City within LPGA International which shall be the site of the second LPGA golf course designed by Arthur Hills to be developed pursuant to the Development Agreement which real property is described in Exhibit "C" attached hereto and made a part hereof. Upon completion of construction of the second LPGA golf course, the real property shall be more particularly described by a surveyor in a sketch of legal description. Once the final legal description of the second LPGA golf course is approved by the City and Indigo, that legal description shall be substituted as Exhibit "C" to this Lease by an amendment to this Lease.

ii. The remaining part of the real property to be leased consists of real property located in the City within LPGA International which shall be the Golf Operations Facility Parcel as hereinafter defined on which the Golf Operations Facility as hereinafter defined is to be developed pursuant to the Development Agreement. The Golf Operations Facility Parcel is generally described in Paragraph 2(a) hereof and in Exhibit "C-1" attached hereto and made a part hereof. Upon completion of construction of the Golf Operations Facility as hereinafter defined and the Club Facility as hereinafter defined, the Golf Operations Facility Parcel shall be more particularly described by a surveyor in a sketch of legal description. The Golf Operations Facility Parcel shall include all portions of the Golf Operations Facility and the City and Indigo agree that the size of the Golf Operations Facility Parcel shall be kept to a minimum. Once the final legal description of the Golf Operations Facility Parcel is approved by the City and Indigo, that legal description shall be substituted as Exhibit "C-1" to this Lease by an amendment to this Lease.

c. Personal Property. As part of this Lease and the consideration therefor, the City includes all of the personal property listed on Exhibit "D" attached hereto and made a part hereof including any personal property covered by equipment leases from third parties or other agreements by which property owned by third parties is located on the property described in Exhibit "B" and which Indigo has agreed to assume and which may be assignable to Indigo ("Personal Property"). Upon any termination of this Lease, substantially equivalent personal property in use, type, age and value must remain on the property described in Exhibits "B", "C" and "C-1" for use by the City in its operation as the owner of the real property described in Exhibits "B", "C" and "C-1".

During the term of this Lease, the Personal Property owned by the City shall be deemed titled in Indigo for purposes of maintenance, repair, replacement and liability to remove all such liabilities from the City and to place all responsibilities therefor on Indigo. Any transfer of title necessary to title any such Personal Property in Indigo is without additional consideration as it is part of the Leased Premises and is being done at the City's request to protect it from liability. Further, because of the useful life of the Personal Property, the Personal Property will be replaced by Indigo at its sole cost and expense over the term of the Lease and it is the intention of the parties that Indigo be permitted to trade in, salvage or otherwise dispose of, non-functional items of Personal Property or items of Personal Property that have exceeded their useful life provided that they are replaced with suitable items of replacement personal property. Indigo acknowledges that any replacement personal property paid for or acquired by Indigo is part of the Personal Property and remains part of the Leased Premises upon any termination of this Lease. Indigo shall provide the City with a schedule of the Personal Property annually on September 1 of each lease year showing any replacement personal property and any item of Personal Property removed from service during the preceding lease year. Such schedule shall be in the same general format as Exhibit "D".

d. Leased Premises. The term "Leased Premises" as used herein shall mean the Personal Property, the real property described in Exhibit "B", the real property described in Exhibit "C" and the real property described in Exhibit "C-1".

e. Modifications to Leased Premises. The City and Indigo agree that the legal descriptions in Exhibits "B", "C" and "C-1" are subject to modifications upon development and construction of the second LPGA golf course, the Golf Operations Facility as hereinafter defined, the Club Facility as hereinafter defined, the resort hotel and further residential and other development in LPGA International by Indigo Development Inc. or its affiliates and their respective successors and assigns of the lands surrounding the Leased Premises. The City and Indigo agree to execute such releases, modifications or amendments to this Lease and any memorandum thereof as may be necessary to modify or finalize the legal descriptions of the Leased Premises provided that such releases, amendments or modifications to the Leased Premises shall not impair the operation of the Rees Jones LPGA golf course, the Arthur Hills LPGA golf course or the Golf Operations Facility.

f. Donation of Land and Depreciation of Improvements by Indigo.

i. Under the Master Agreement, Consolidated-Tomoka Land Co. (or its affiliates and subsidiaries, one of which is Indigo), is to donate to the City unimproved land for the two LPGA golf courses and the clubhouse. The City has agreed to accept the unimproved land for the Golf Operations Facility as hereinafter defined in lieu of the land for the clubhouse. It is anticipated that donation of the second LPGA golf course will be made reasonably close in time to the Commencement Date of this Lease and donation of the Golf Operations Facility Parcel as hereinafter defined will be made once the Golf Operations Facility as hereinafter defined has been designed and permitted. Nothing contained in this Lease is intended to change the donation of the unimproved land for the two LPGA golf courses and the Golf Operations Facility Parcel as hereinafter defined to the City. Notwithstanding the date the deeds to the second LPGA golf course and the Golf Operations Facility Parcel may be delivered to the City, the City agrees that the land deeded was unimproved. The City acknowledges that the donee of the unimproved land for the two LPGA golf courses and the Golf Operations Facility Parcel intends to take the fair market value of the unimproved real property as a charitable contribution for income tax purposes. The City acknowledges that these donations are of value to the City and its residents as these donations provide lands for recreational purposes at no cost to the City and provide economic benefits to the City. The City agrees to cooperate with the donee in establishing such charitable contribution and to provide such reasonable documentation thereof as the donee may request that is satisfactory for IRS purposes provided that the same does not create any liability to the City. The donee shall indemnify and hold the City harmless with respect to the donee's claimed charitable contribution.

ii. Under the Lease and the Development Agreement, Indigo is obligated to construct certain improvements including but not limited to the second LPGA golf course, the Second Course Snack Bar as hereinafter defined and the Golf Operations Facility as hereinafter defined. To the extent that these improvements are part of the Leased Premises or deemed to be part of the Leased Premises, such improvements are agreed to be leasehold improvements made by Indigo and not part of the donation of the unimproved real property for the second LPGA golf course and for the Golf Operations Facility. As such, Indigo shall have the right, to the fullest extent authorized by law or regulation, to take the depreciation on any leasehold improvements made by

Indigo described in this Lease for income tax purposes and that during the term of this Lease the City does not have the right to the depreciation on any of the same for income tax purposes.

2. GOLF OPERATIONS FACILITY AND CLUB FACILITY:

a. Golf Operations Facility. Under the Development Agreement, Indigo has agreed to construct the Golf Operations Facility. The Golf Operations Facility as used in this Lease shall mean a pro shop for the sale of golf merchandise and clothing of a minimum of 2,000 square feet; golf professional and staff office, storage and other golf related space of a minimum of 1,000 square feet; locker facilities for at least 150 golfers; enclosed cart storage facility for at least 150 golf carts; and expansion of the existing LPGA golf course parking lot by at least 75 parking spaces. Additionally under the Development Agreement, Indigo has agreed to construct a snack bar, restrooms and starter area for the Arthur Hills LPGA golf course containing at least 750 square feet ("Second Course Snack Bar") on a part of the real property described in Exhibit "C". For purposes of this Lease, the Second Course Snack Bar is not part of the Golf Operations Facility and shall be constructed on a part of the real property described in Exhibit "C". The Golf Operations Facility shall be constructed on real property contiguous to a portion of the real property described in Exhibit "B" which is northerly of Champions Drive, easterly of the existing Rees Jones LPGA golf course parking lot and southerly of the lake adjacent to the existing 18th hole of the Rees Jones LPGA golf course and is part of the Leased Premises and is described in Exhibit ("C-1"). Upon completion of construction of the Club Facility as hereinafter defined and the Golf Operations Facility, the real property on which the Golf Operations Facility is located ("Golf Operations Facility Parcel") shall be described as set forth in Paragraph 1b above and the Lease amended accordingly. The Golf Operations Facility and the Club Facility as hereinafter defined may share a party wall. If the Golf Operations Facility and the Club Facility share a party wall, the terms of any such party wall agreement must be reasonably acceptable to the City.

b. Substitute for Existing Snack Bar. If, during the term of this Lease, Indigo decides to cease the snack bar operation in the existing tournament/interim clubhouse, such snack bar operations may be included in the Golf Operations Facility provided that such substitute snack bar must increase the size of the Golf Operations Facility by at least 1,000 square feet and be comparable to the existing snack bar in the

tournament/interim clubhouse. Alternatively, Indigo may build a substitute snack bar of at least 1,000 square feet in size which must be comparable to the existing snack bar on the real property described in Exhibit "B" provided that the substitute snack bar must be in reasonable proximity to the existing first, ninth, tenth and eighteenth holes of the Rees Jones LPGA golf course. This right does not alter or modify Indigo's obligation to build the Second Course Snack Bar.

c. Club Facility. The term "Club Facility" shall have the same definition herein as in the Development Agreement. The Club Facility is not part of the Leased Premises, is not part of the Golf Operations Facility and is not part of the Golf Operations Facility Parcel. The Club Facility does not become the property of the City under this Lease or any other agreement existing as of the date of this Lease.

3. USE:

a. Public Course. The Leased Premises shall be used primarily for the operation of a public golf course facility, subject to such limitations and restrictions as are set forth elsewhere herein. Such use shall include the operation of the two (2) eighteen (18) hole golf courses, three (3) practice holes, practice range, the existing tournament/interim clubhouse, putting greens, golf instruction, parking facilities and equipment rental, as well as snack bar operations and the Golf Operations Facility. The Golf Operations Facility shall be used in connection with and as an integrated part of the golf course operations.

b. Prohibited Activities. Indigo agrees not to use the Leased Premises for, or carry on or permit any dangerous activity or any actionable nuisance. Indigo agrees to comply with all existing permits, laws and ordinances, municipal, state, federal and/or other governmental authority and any and all reasonable requirements or orders of any local municipal, state, federal or other governmental board or authority, present or future, relating to the condition, use, and occupancy of the Leased Premises. Anything herein to the contrary notwithstanding, Indigo may contest any such law, ordinance, requirement, order or regulation which it, in its reasonable judgment, deems unreasonable or inapplicable and may defer compliance therewith, or may defer compliance therewith without a contest, so long as said contest and/or noncompliance does not jeopardize the continuing operation of business as contemplated under this Lease. The enforcement or enactment of a City ordinance of other than protection of people and property from imminent peril which has a unique, permanent, material and substantial adverse impact which is different from present conditions on Indigo's ability to conduct its principal business on the Leased Premises or

the ability of patrons, staff or purveyors to access the Leased Premises shall be grounds for terminating this Lease after notice and a reasonable opportunity to cure (including but not limited to consideration of amending or repealing the ordinance), whereupon City will remit to Indigo ONE HUNDRED PERCENT (100%) of all expenses incurred by Indigo, but not previously recovered, to that date, including the value of improvements made by Indigo and City will purchase, at fair market value, all equipment fixtures, supplies and inventory owned by Indigo and located on or used for the operations of Indigo at the Leased Premises which is not part of the Personal Property.

4. TERM: POSSESSION:

a. Initial Term. The initial term of this Lease shall be for a period of twenty-five (25) years, commencing upon September 1, 1997 ("Commencement Date"). Prior to the Commencement Date, Indigo, at its option and its sole risk, shall have the right to commence construction of the Arthur Hills LPGA golf course. Exhibit "E" attached hereto and made a part hereof shall govern the transfer of operational control of the Rees Jones LPGA golf course and other existing golf facilities from the City to Indigo on the Commencement Date.

b. Option to Extend. Provided Indigo is not then in default under the terms of this Lease beyond any applicable grace period, Indigo is granted seven (7) options of five (5) years each to extend the term of this Lease on all of the same terms and conditions thereof, including rent. Indigo shall give written notice to the City of its election to exercise the option to renew anytime not later than six (6) months prior to the expiration of the initial term, or the term of this Lease as extended. The parties agree that nothing herein shall preclude the consideration for extending the term of the Lease beyond the extended terms if the respective parties should so elect and can agree. Whenever used in this Lease, the phrase "the term of this Lease," and any similar phrase, shall include both the initial term of this Lease and each renewal term, if such renewal term comes into existence.

c. Surrender of Leased Premises by Indigo. Indigo agrees to peacefully surrender possession of the Leased Premises upon the termination of this Lease. Any holding over by Indigo after termination of this Lease shall not constitute a renewal hereof or give Indigo any rights hereunder in or to the Leased Premises. Any permits related to the Leased Premises upon termination of this Lease shall be assigned by Indigo to the City to the extent the same are assignable.

d. Ownership of Buildings, Improvements and Fixtures. All buildings, improvements and permanent fixtures of whatsoever nature at any time constructed, placed, or maintained on any part of the Leased Premises shall be and remain the property of City upon termination of this Lease and the same are deemed to be leasehold improvements made by Indigo which Indigo may take depreciation on for income tax purposes as provided elsewhere herein.

e. Ownership of Machinery or Equipment. As provided elsewhere herein, the Personal Property is part of the Leased Premises and is owned by the City. The City may purchase all machinery, equipment, inventory, trade fixtures and personal property which is not part of the Personal Property at book or then current market value, whichever is lower, not later than thirty (30) days following the termination of this Lease.

f. Additional Improvements. Any improvements to the Leased Premises, other than the improvements discussed and described in this Lease or in the Development Agreement shall be subject to the prior approval of City, which approval shall not be unreasonably withheld or delayed. It is understood that trees, bushes, and similar materials are an integral part of the aesthetic beauty of the Leased Premises. No tree will be removed from the Leased Premises for purposes other than normal maintenance which includes removal of dead or dying trees, tree trimming, or removal of tree trunks that hinder play or maintenance on the golf course. Notwithstanding the foregoing, Indigo shall have the right to construct, modify and/or relocate existing drainage ponds, lines, pipes, ditches or other facilities located on and/or adjacent to the Leased Premises as may be deemed necessary to accommodate the design, development, operation and maintenance of the Rees Jones LPGA golf course and the Arthur Hills LPGA golf course, the Golf Operations Facility, the Club Facility and adjacent resort facilities upon development thereof; provided that such construction, modification and/or relocation of the drainage facilities otherwise complies with applicable governmental regulations, and further provided that upon the completion of such construction, modification and/or relocation, the drainage facilities reasonably accommodate the surface water drainage requirements of the Leased Premises. The City agrees to join in the execution of any easements, releases or other instruments to evidence such drainage facility modification or relocation.

5. RENTAL PAYMENTS BY LESSEE:

a. Annual Rent. As consideration for the use of the Leased Premises, Indigo shall pay to the City as and for rent an annual rent payment ("Annual Rent") pursuant to the following schedule:

i. Commencing on September 1, 1997 through and including August 31, 2002, the Annual Rent shall be Fifty Thousand and no/100 Dollars (\$50,000.00) per lease year plus any applicable sales, use or other similar tax thereon.

ii. Commencing on September 1, 2002 through and including August 31, 2007, the Annual Rent shall be One Hundred Thousand and no/100 Dollars (\$100,000.00) per lease year plus any applicable sales, use or other similar tax thereon.

iii. Commencing on September 1, 2007 through and including August 31, 2012 the Annual Rent shall be Two Hundred Fifty Thousand and no/100 Dollars (\$250,000.00) per lease year plus any applicable sales, use or other similar tax thereon.

iv. Commencing on September 1, 2012 through and including August 31, 2022, the Annual Rent shall be Five Hundred Thousand and no/100 Dollars (\$500,000.00) per lease year plus any applicable sales, use or other similar tax thereon unless the Annual Percentage Rent set forth in Section 5 b ii is greater than the Annual Rent in which event the rent shall be the Annual Percentage Rent.

v. During each of the seven (7), five (5) year option periods of this Lease, should Indigo exercise its option to extend the Lease, the Annual Rent shall be Five Hundred Thousand and no/100 Dollars (\$500,000.00) per lease year plus any applicable sales, use or other similar tax thereon unless the Annual Percentage Rent set forth in Section 5 b iii is greater than the Annual Rent in which event the rent shall be the Annual Percentage Rent.

vi. One-twelfth (1/12/th) of the Annual Rent for each year shall be paid in advance to the City monthly, by the first day of each month, with the first monthly rent payment due on the Commencement Date. If the Annual Percentage Rent under Section 5b ii or iii is greater than the Annual Rent under Section 5a iv or v above, any Annual Rent paid for that lease year shall be credited against the Annual Percentage Rent due for that lease year. As used herein the phrase "lease year" shall mean the one (1) year period beginning on September 1 and ending on August 31 of the next calendar year.

b. Annual Percentage Rent. Commencing on the first day of September next occurring after a certificate of occupancy is issued for a resort hotel facility adjacent to the Golf Operations Facility Parcel and Club Facility and located on the Resort Parcel as same is identified on the LPGA Development Plan, annual percentage rent ("Annual Percentage Rent") plus

any applicable sales, use or other similar tax thereon, shall, in addition to the Annual Rent payable to the City under Section 5a above except as expressly otherwise provided in this Lease, be paid to the City by Indigo pursuant to the following schedule:

i. Commencing on September 1, 1998 through and including August 31, 2012, in addition to the Annual Rent, Annual Percentage Rent shall be paid in an amount equal to seven percent (7%) of the annual gross revenues from the Leased Premises in excess of Five Million Dollars (\$5,000,000) per lease year.

ii. Commencing on September 1, 2012 through and including August 31, 2022, Annual Percentage Rent shall be paid in an amount equal to seven percent (7%) of the annual gross revenues from the Leased Premises per lease year if, and only if, the Annual Percentage Rent is greater than the Annual Rent under Section 5a iv above.

iii. During each of the seven (7), five (5) year option periods of this Lease should Indigo exercise its option to extend the Lease, Annual Percentage Rent shall be paid in an amount equal to seven percent (7%) of the annual gross revenues from the Leased Premises per lease year if, and only if, the Annual Percentage Rent is greater than the Annual Rent under Section 5a v above.

iv. Any Annual Percentage Rent due under Section 5b ii or iii for any lease year shall be reduced by the Annual Rent paid under Section 5a iv or v for that lease year.

v. No Annual Percentage Rent shall be due under this Lease unless and until the condition precedent regarding the resort hotel set forth above is satisfied. Annual Percentage Rent shall be paid as set forth in subparagraph 5c below.

c. Payment of Annual Percentage Rent. On or before sixty (60) days following the end of each lease year that the Annual Percentage Rent provision is in effect, Indigo shall deliver to the City a statement signed by a responsible accounting representative of Indigo and audited by an independent certified public accountant selected by Indigo, setting forth in reasonable detail on a lease year basis, the gross revenues realized from the lease operation for the preceding lease year. At this time, any Annual Percentage Rent then due will be paid to the City.

d. Gross Revenues Defined. As used herein, "gross revenues" shall include all revenues received by Indigo or its agents which are related to its golf operations at the Leased Premises whether

the transaction generating the revenues occurs on the Leased Premises or elsewhere in connection with the sale of golf course tee times, memberships, instruction, practice and range fees, golf equipment and apparel on the Leased Premises and the rental of golf carts (either automatic or the manual pull type) or other golf equipment and food and beverage sales on the Leased Premises. Further, "gross revenues" shall include all revenues in the form of commissions, rents, and other consideration received by Indigo from concessionaires, subtenants and independent contractors for instruction and other activities on the Leased Premises not identified in the preceding sentence. "Gross revenues" shall exclude any membership or other fees paid for, or allocated for, the use of the Club Facility, the sale of used equipment, trade fixtures or other capital assets, loan proceeds, capital contributions, condemnation proceeds, insurance proceeds, credits, allowances (but not allowances for bad debts) and refunds, returns of merchandise from customers, interest on late payment credit accounts, and the amount of any sales, use or excise taxes, taxes on rents and other similar taxes. Gross revenues shall not be deemed cumulative from one lease year to any succeeding lease year; rather, they shall be computed separately for each lease year on an accrual basis in accordance with generally accepted accounting principles. If, at any time, there is a bona fide dispute between the City and Indigo regarding what constitutes the gross revenues on which Annual Percentage Rate is to be based, the failure to pay the Annual Percentage Rent on the amount of gross revenues in dispute shall not be a default hereunder provided that the undisputed Annual Percentage Rent is timely paid and that any additional Annual Percentage Rent due is paid upon resolution of any such dispute.

e. Records. Indigo shall, with respect to business done on the Leased Premises, keep true and accurate accounts, records, books and dates (hereinafter called "records"), in form satisfactory to the City, and show total gross revenues attributable from the Leased Premises. Accurate receipt printing cash registers or equivalent point of sale apparatus shall be installed and kept by Indigo on the Leased Premises which shall record each and every charge or sale made and service performed on or from the Leased Premises, such receipts to provide for and show the original holding and computing and totaling of the daily sales made and services performed and the daily gross receipts of the business done on the Leased Premises by Indigo.

f. Inspection of Records: Audit. The City shall be entitled, at any time throughout the term of this Lease, to question the accuracy of any statement furnished by Indigo hereunder. For such purpose Indigo shall keep safe and intact for at least two (2) years after the end of each lease year all

of Indigo's records, sales slips, and other materials Indigo is required to maintain hereunder with respect to gross revenues. Indigo shall, upon reasonable request of not less than five (5) business days, make the same available for examination at any reasonable time for two (2) years after the end of the lease year to which such records relate. Indigo hereby agrees that the City, its employees, agents and representatives, during normal working hours, shall have the right to inspect and examine all such records, sales slips and other such records, sales slips and other materials by which the City may be enabled to ascertain the amount of Indigo's gross revenues hereunder, provided no interruption of business activity occurs. Indigo agrees to furnish the City, upon written request, true and complete copies of its retail sales and use tax returns at the time such is filed with the State of Florida relative to its operations at the Leased Premises. The City may, once in any lease year, and once within two (2) years after expiration of any lease year, cause an audit of Indigo's business conducted of the Leased Premises to be made by a certified public accountant of the City's selection and, at the City's expense and during normal business hours. If the inaccuracy determined for any lease year exceeds five percent (5%) in favor of Indigo, then Indigo shall pay the reasonable costs of conducting the audit in addition to any unpaid Annual Percentage Rent.

g. Payment. All amounts required to be paid to the City under the terms of the Lease shall be made in lawful money of the United States, at such place or places as may from time to time be designated by City by written notice given to Indigo.

h. Use Interruption. Indigo will periodically prohibit or restrict play for fee in order to permit the LPGA to exercise its rights under the Master Agreement, to conduct charitable events, to protect the golf courses from inclement weather, to conduct routine and extraordinary maintenance and repairs, to rebuild the Leased Premises or parts thereof, or to otherwise benefit the Leased Premises, but such prohibition or restriction shall not relieve Indigo of its obligation to pay rent hereunder.

6. OPERATION OF THE LEASED PREMISES AND GOLF OPERATIONS FACILITY:

a. Services: Operation Plans. Indigo shall prepare or caused to be prepared an operational and marketing plan for each lease year dealing with Indigo's plans for handling and organization of such matters as starting times, group reservations, membership privileges, tournaments, encouragement of new golfers, maintenance of pace of play during peak periods and fee and price schedules. Indigo agrees to diligently pursue said operational and marketing plans. The City understands that

the operational and marketing plans may require adjustment over the course of the calendar year. It is the intent of the City and Indigo to communicate regularly to keep each other informed regarding the Leased Premises and its use.

b. Fees and Charges: Days and Hours.

i. Days and Hours . Indigo shall operate the Leased Premises and furnish the services and facilities offered thereon in first-class manner. The Leased Premises and attendant facilities and services shall be open at least those hours normally utilized by golfers for play, within the greater Daytona Beach metropolitan area, which hours are, in general, deemed to be daylight hours in permissible weather. Indigo reserves the right to curtail or cease daily operation during periods of inclement weather.

ii. Fees and Charges.

(1) Indigo shall establish and keep current a comprehensive schedule of fees for golf play, fees for use of the practice academy, fees for memberships, fees for instruction, charges for practice range balls, charges for cart rentals and food and beverage prices which shall be available in writing at all times at the places such fees are normally paid. Any changes in fees or charges made by Indigo shall be furnished to City prior to the effective date of such changes. Changes in rates, charges and fees are determined solely by Indigo. It is understood that fees and charges will be competitive in the Daytona Beach area and/or similar to the fee structures of first class golf operations in other areas. A cash register (or similar) receipt, showing at least the date issued and amount paid, shall be issued to every person playing golf or paying any fee or charge included in gross revenues. Golfers shall be instructed to keep green fee receipts in their possession during play. It is understood that due to the importance of the pace of play, as well as the generation of revenues, that golf cart usage may be mandatory on the two golf courses and practice holes. Golf cart policies and pricing are directly and solely determined and controlled by Indigo. This specifically includes Indigo's right to prohibit entirely the use of privately owned golf carts and power hand-carts.

(2) Nothing contained in this provision or any other provision of this Lease shall prohibit or be deemed to prohibit Indigo from engaging in the normal and customary golf course operational practice of establishing membership fees and programs of various types to use the two LPGA golf courses, practice holes and other golf related facilities and of establishing a system

of priority tee time reservations including but not limited to distinctions that are based upon residency, club membership, LPGA association, and resort guests (after the resort hotel is constructed and open for business), while consistently and contemporaneously making available sufficient daily greens fee play as is customary at golf courses open to the public.

(3) Indigo will make available to all residents of the City a reduced greens fee rate. The reduced rate will be a minimum of TEN PERCENT (10%) at any time off of the established retail rate and a minimum of TWENTY PERCENT (20%) at off-season times off of the established retail rates.

(4) The management, improvement, maintenance and operation of the Leased Premises and all of the facilities and services related thereto shall be under the control of persons familiar with the golf course business and shall be under the immediate supervision and direction of a manager representing, and subject to, the direction and control of Indigo. Indigo shall insure that an adequate number of personnel work at the Leased Premises to assure a first-class golf course and golf shop operation comparable to first-class resort facilities in the Central Florida area.

c. Promotion of Name. Indigo agrees to do whatever is reasonably necessary to diligently promote, and offer to the public (subject to the rights of members) all the privileges of the two LPGA golf courses and other facilities on the Leased Premises. No names other than LPGA International or other names agreed to from time to time by the City and Indigo, the names to be selected for the golf courses, and the resort identifiers shall be used to identify, advertise and/or promote the two LPGA golf courses. The City and Indigo agree that any names selected for the two LPGA golf courses or any name selected other than LPGA International shall be subject to the approval of the LPGA which approval shall not be unreasonably withheld or delayed. Any advertising and promotional material used in connection with the Leased Premises is subject to the terms of the Master Agreement.

d. Public Courses: Non-Discrimination. Subject to other provisions hereof, fair and equal use of the Leased Premises subject to other provisions hereof and the hiring, treatment and advancement of employees at the Leased Premises shall not, in any manner, be denied or abridged on the basis of race, sex, color, religion, ancestry, national origin or in any other arbitrary or discriminatory manner.

e. Clubs, Tournaments and Special Events.

i. Clubs. Indigo agrees to encourage formation of responsible golfers' organizations by users of the golf facilities.

ii. Tournaments and Special Events. Indigo agrees to accommodate and encourage tournaments, both public and restricted, and to consider suggestions for events calculated to accommodate the public, promote golf play at the two LPGA golf courses, and otherwise mutually benefit the parties hereto. It is understood that Indigo reserves the right to conduct tournaments on the Leased Premises which shall be restricted to qualifying players. The scheduling of all tournaments and all applicable rules shall be determined by Indigo. Indigo shall use its best efforts to schedule any golf events or other special events requested by the City on the Leased Premises provided that the City makes such requests at least sixty (60) days prior to any such event. Indigo shall fulfill the City's obligations to the LPGA under the Master Agreement to provide the golf facilities for tournament and other activities under the terms and conditions provided therein. In connection with Indigo fulfilling the City's obligations to the LPGA to provide the golf facilities for tournament and other activities, the LPGA shall be required to provide or to cause to be provided liability insurance which may include such liability insurance as is provided by the tournament sponsor. Any such liability insurance provided hereunder shall be in such reasonable amounts insuring such risks and with such companies as reasonably determined by Indigo consistent with liability insurance generally provided by the LPGA or tournament sponsors for similar tournaments or other activities. Such liability insurance shall name the City and Indigo as additional insureds whether the liability insurance is provided by the LPGA or the tournament sponsor.

iii. Prices charged for golf tournaments or special events shall be determined by Indigo.

f. Food and Beverage Service and Other Service.

i. Pursuant to the Development Agreement, Indigo will develop the Golf Operations Facility as part of the Leased Premises. It is an operational necessity that Indigo provide directly or indirectly the essential services for the operation of the Leased Premises, including food and beverage (including alcoholic beverage) service through snack bar facilities, golf pro shop for customary merchandise sales,

locker rooms for players and cart rental and that such services be provided at a high quality by the Leased Premises. Indigo is obligated to consistently provide the highest standard of performance by the Leased Premises.

ii. It is the intent of the parties that the food and beverage service be provided through snack bar facilities on the Leased Premises as provided elsewhere herein. Such snack bar facilities shall be open for use by the public at all times necessary to serve the golfing public when the two LPGA golf courses are open and will be operated in accordance with existing restaurant and liquor laws, if applicable.

iii. All food and beverages sold or dispensed by Indigo shall be good quality and be well prepared and served properly. The standard of service provided shall be of equal quality or better of such services provided similar facilities at other resort golf courses in the Central Florida area. Indigo has the exclusive noncompetitive right to dispense all food and beverages on the Leased Premises.

iv. Prices charged for food and beverages shall be determined by Indigo.

g. Liens. The City shall keep the Leased Premises and any improvements thereon free from any and all liens and mortgages (except Permitted Leasehold Mortgages as defined hereinafter) arising out of any work performed, materials furnished, or obligations incurred by the City, its employees, agents and contractors. Indigo shall not suffer or permit any mechanic's liens or other liens to be filed against the Leased Premises, nor against Indigo's leasehold interest in the land, nor any buildings or improvements on the Leased Premises by reason of any work, labor, services or materials supplied or claimed to have been supplied by Indigo. If any such mechanic's liens or materialmen's liens shall be filed against the Leased Premises or any buildings or improvements thereon, Indigo shall cause the same to be removed or, in the alternative, if Indigo desires to contest the same, Indigo may do so; but in such case, Indigo hereby agrees to indemnify and save City harmless from all liability for damages, including attorneys' fees, occasioned thereby and shall, in the event of a judgement on said mechanic's lien, cause the same to be discharged and removed prior to the execution of said judgment.

h. Taxes.

i. During the term of this Lease, Indigo hereby agrees to pay, prior to delinquency, any fair and lawful taxes or assessments levied or assessed against the Leased Premises and in connection with the Leased Premises and Indigo's operation thereof, including taxes on all structures, improvements, and fixtures, now or hereafter, existing on the Leased Premises and on any personal property situated in, on, or about the Leased Premises, or in, on, or about any structures or improvements thereon; provided however, that Indigo may pay any such taxes and/or assessments under protest, and without liability, cost or expense to City, in good faith contest the validity or amount thereof. In the event Indigo shall be unsuccessful in any such contest, such taxes and any interest and/or penalties resulting therefrom shall be forthwith discharged by Indigo prior to execution. If, at any time during the term of this Lease, any lawful taxes or assessments are assessed against the Leased Premises or are increased on the Leased Premises, the City agrees to provide reasonable assistance to, and support of, Indigo in any dispute over any such taxes or assessments.

ii. If, at any time during the lease term, under the laws of the State of Florida or any political subdivision thereof, a tax or excise on rents or any other tax however described, is levied or assessed against Indigo on its rent or any portion thereof payable hereunder, Indigo covenants to pay and discharge such tax or excise on rents on or before the last day upon which same, or any installment thereof if the same may be paid in installments, may be paid prior to delinquency. It is agreed that a special City tax enacted hereafter that is directed specifically at golf operations shall be credited against rent payments under this Lease.

i. Utilities.

i. City shall be responsible for bringing any potable water, sanitary sewer and reuse water utilities to the Leased Premises.

ii. Indigo shall pay, or cause to be paid, all charges except for irrigation as may be set forth elsewhere in this Lease for telephone, cable television, heat, gas, electricity, sanitary and storm sewer and potable water and all other utilities used on the Leased Premises throughout the term of this Lease.

iii. The City has had a plan in effect to irrigate the two LPGA golf courses on the Leased Premises with reuse water. Indigo agrees to accept and use such water for irrigation. The City is responsible for obtaining and making available to the Leased Premises all irrigation water necessary for use on the Leased Premises which will be supplied by City from whatever sources it may select. The City will guarantee the delivery of sufficient water suitable for irrigation per lease year to maintain both golf courses at all times in championship condition as hereinafter defined. The City shall be responsible for any easements required in bringing said water to the Leased Premises. The delivery schedule of water is determined by Indigo.

j. Trash. The prompt, efficient collection and disposal of trash, clippings, and refuse is essential to the proper maintenance of golf courses, and Indigo shall be responsible for such collection and disposal from the Leased Premises at its own expense and in accordance with applicable laws and ordinances. Indigo shall not pile or store (except temporarily awaiting prompt collection in service areas out of public view and approved by City) clippings, trimmings, cans, cartons, barrels, used equipment, scrap or other similar debris on or about the Leased Premises or suffer the same to occur.

7. MAINTENANCE AND REPAIRS:

a. Net Return. It is the intention of the parties hereto that the income for the term of this Lease shall constitute a net return to the City, excluding any expenses, charges or other deductions whatsoever other than such services as are specifically required to be supplied hereunder by the City. Indigo agrees at its expense to keep and maintain the Leased Premises and the improvements thereon, including but not limited thereto, all electrical and plumbing fixtures and wiring, plate glass, all wall and floor coverings, all painting and decorating, golf course roadways and parking lots, including the irrigation system, fixtures, trade fixtures, equipment, including HVAC, utilities and landscaping, in good operable, usable and sanitary order and repair, reasonable wear and tear and casualty loss excepted. The City may advise Indigo in writing of any reasonable deficiency noted in the maintenance of the Leased Premises, which deficiency shall be cured within an appropriate period of time.

b. Maintenance of Golf Courses. The golf facilities, and in particular the playing grounds of the two LPGA 18 hole courses and practice holes, must be maintained at the highest level commensurate with the quality of the professional tournament and other special activities the golf facilities are to provide. The standard shall be known as "Championship Condition" and

shall equal the standard presently existing for regular play at PGA National, TPC's Sawgrass, Lake Nona, Grand Cypress and other highly rated golf experiences. Notwithstanding the foregoing, Indigo shall be permitted to continue and expand, subject to the consent of the LPGA which consent shall not be unreasonably withheld or delayed, the existing maintenance program of the Rees Jones LPGA golf course and practice holes whereby certain sodded or grassed areas are being replaced with natural vegetation, whereby the frequency of mowing areas outside of the normal playing areas of the Rees Jones golf course and practice holes has been significantly reduced and whereby the mowing of some remote areas is very infrequent; provided however such maintenance program shall not diminish the championship condition of the Rees Jones LPGA golf course and practice holes.

c. Alterations. All remodeling, rebuilding or alterations deemed necessary by Indigo shall be made by Indigo with the prior consent of the City, which consent shall not be unreasonably withheld if such remodeling and rebuilding meets or exceeds original quality.

d. Master Agreement Obligations. Indigo hereby assumes the obligations of the City under the Master Agreement concerning the operation and maintenance of the Leased Premises. In particular, but without limitation, the wetland areas and stormwater and reuse water drainage and storage facilities are connected to and operate interdependently with surrounding properties of Consolidated-Tomoka Land Co. and its related entities or affiliates and successors. Regulatory permits also govern the operation and maintenance of the wetlands areas and stormwater and reuse water transmission, storage and disposal. Indigo shall be responsible for regulatory compliance and obligations of the City for the Leased Premises under the Master Agreement.

e. Compliance with Laws. Indigo covenants and agrees to comply with all environmental laws, including without limitation those environmental laws that relate to the handling of hazardous materials on or about the Leased Premises. The indemnity provisions of paragraph 9 shall apply without limitation to this subparagraph.

8. INSURANCE:

a. Liability. Indigo shall, throughout the lease term, at its own cost and expense, procure and maintain in full force and effect comprehensive general liability, automobile liability, and property damage insurance insuring Indigo for loss, damage or liability for personal injury, death or damage to property

resulting from any cause whatsoever, including without limitation the acts and/or omissions of the insured parties incident to the use of, or resulting from an occurrence on or about, the Leased Premises, with minimum limits of liability of FIVE HUNDRED THOUSAND DOLLARS (\$500,000) for personal injury to or death of one person, and ONE MILLION DOLLARS (\$1,000,000) for personal injury to or death of two or more persons in each occurrence or event, and in a minimum of FIVE HUNDRED THOUSAND DOLLARS (\$500,000) for damage to property resulting from each occurrence or event, or in lieu thereof a combined single limit of not less than ONE MILLION DOLLARS (\$1,000,000). Indigo shall procure such liability and builder's risk insurance during any construction under the Development Agreement or otherwise while this Lease is in effect. Additionally, the LPGA shall be named as an additional insured provided that naming the LPGA as an additional insured is permitted by Indigo's insurance carrier at a nominal charge. The City shall be named an additional insured. Limits of liability may be raised by the City to reasonably adjust for changed economic conditions provided the same are consistent with the liability limits of similar golf facilities in Central Florida.

b. Property Insurance.

i. Throughout the term of this Lease, Indigo agrees, at Indigo's cost and expense, to keep all buildings upon the Leased Premises, including improvements, insured against loss covered by all risk insurance in an amount equal to the full replacement value thereof. The "replacement value" shall be determined as the said insurance is initially taken out and shall be updated on an annual basis, and Indigo shall promptly notify the City, in writing, of such determination. Said insurance policy or policies shall be issued in the names of the City and Indigo, as their respective interests appear.

ii. In the event of damage or destruction to any structure(s) and/or improvement(s) on the Leased Premises during the term hereof, notwithstanding the cause or causes thereof, Indigo shall forthwith repair, restore, or rebuild the structure(s) and/or improvement(s) to the same condition as immediately before such injury, damage or destruction, whether or not said damage or destruction was insured against, and whether or not the amount of insurance proceeds, if any payable by reason of such damage or destruction, is sufficient to cover the cost of repairing, restoring, or rebuilding. The City agrees to disburse any insurance proceeds received by it in installments to Indigo's contractor in payment of costs of reconstruction upon presentation of Indigo's architect's or engineer's certificates showing the amount then reasonably due therefore. Any insurance proceeds received directly by Indigo shall be applied toward Indigo's costs of reconstruction and at Indigo's discretion.

iii. Indigo agrees that all of the insurance required under this provision shall be in the form and with companies authorized to do business in the State of Florida; shall provide that it shall not be subject to cancellation or change except after at least FORTY-FIVE (45) days prior written notice to City; and the policies or duly executed certificates for them, together with satisfactory evidence of the payment of the premiums thereon shall be deposited with the City upon the commencement of the term hereof, and upon renewal of such policies, not less than THIRTY (30) days prior to the expiration of the term of such coverage. Should Indigo fail, after making every reasonable effort, to effect, maintain, or renew any kind of insurance herein required of Indigo in the required amount, or to pay the premium thereof or deposit with City the certificates thereof, as hereinabove provided, then in any said events, it becomes the City's obligation so to do and such insurance and any sums expended by the City for such insurance shall be repaid by Indigo to the City forthwith. The City hereby agrees that any policies herein required may be provided through blanket policies. As circumstances change during the term hereof, the City may, from time to time, require reasonable revisions and changes in the foregoing insurance requirements and Indigo agrees to comply therewith with such reasonable requirements.

9. INDEMNIFICATION:

Indigo shall protect, indemnify and save harmless City, its officers, agents, and employees, from and against any and all claims, demands and causes of action of any nature whatsoever for injury to or death of persons, or loss or damage to property, occurring on the Leased Premises or in any manner growing out of or connected with the lease of the Leased Premises or Indigo's construction, development, or operation of the facilities contemplated by this Lease. This section shall not operate to require Indigo to defend or indemnify the City with regard to suits arising out of this Lease or of the authority of City to enter into this Lease or to defend or indemnify City for injury to or death of persons or loss or damage to property caused solely by the City, its officers, agents or employees.

10. PROVISIONS PERTAINING TO ENTIRE AGREEMENT:

a. Notices. All notices to be given hereunder shall be in writing and shall be deemed given when personally delivered or when deposited in the United States Mail, postage prepaid, certified return receipt requested, or registered, addressed as follows:

TO CITY: The City of Daytona Beach
Attention: City Manager
Post Office Box 2451
Daytona Beach, Florida 32115-2451

and

The City of Daytona Beach
Attention: City Clerk
Post Office Box 2451
Daytona Beach, Florida 32115-2451

TO LESSEE: Indigo International Inc.
Attention: William H. McMunn
Post Office Box 10809
Daytona Beach, Florida 32120-0809

and

Indigo International Inc.
Attention: Robert F. Apgar
Post Office Box 10809
Daytona Beach, Florida 32120-0809

Either party may change the address or the name or title of the person to receive such notice by providing written notice of such change in the manner provided herein for such notice. Indigo and the City agree that under the LPGA Master Agreement, the LPGA has certain rights and privileges which may be affected by a breach or default under this Lease. The City and Indigo shall use best efforts to provide the LPGA with a copy of any notice provided under this Lease which is regarding any matter related to the Master Agreement.

b. Waiver of Subrogation. The City hereby releases Indigo and Indigo hereby releases the City, and their respective directors, officers, agents, employees and servants, from any and all claims or demands for damages, loss, expense or injury to the Leased Premises, or other property of either the City or Indigo in, about, or upon the Leased Premises, as the case may be, which be caused by or result from perils, events or occurrences which are the subject of insurance carried by the respective parties and in force at the time of any such loss; provided, however, that such waiver shall be effective only to the extent permitted by the insurance covering such loss and to the extent such insurance is not prejudiced thereby or the expense of such insurance is not thereby increased.

c. Default.

i. The following acts or events shall be considered acts of default by Indigo ("Event of Default"):

(1) Indigo, after written notice, shall continue to default in the payment of rent or any other sum or sums due under this Lease for a period of FIFTEEN (15) days; or

(2) Indigo's continued default in performance of any other covenant of this Lease for a period of more than thirty (30) days after delivery of written notice of such default to Indigo by the City (if such default cannot reasonably be cured within said thirty (30) day period, Indigo shall have such additional time to cure said default as Indigo may reasonably require, providing Indigo uses due diligence in attempting to cure said default); or

(3) Indigo's default under the Development Agreement.

ii. Upon the occurrence of any Event of Default (but subject to the provisions of Section 10c iii, iv and v), the City, at the City's option:

(1) may, upon such notice or without notice, as may be reasonable under the circumstances, pay the amount or perform the obligation. All amounts paid by the City and all costs and expenses incurred by the City in connection with the performance of any of those obligations (together with interest at the daily prime rate as announced by Barnett Banks of Florida or its successor from the date of the City's paying the amount or incurring each cost or expense until the date of full repayment by Indigo) will be payable by Indigo to the City upon written demand therefor, accompanied by written evidence or documentation supporting such cost or expense. In the event Indigo fails to pay such reimbursement expenses within thirty (30) days following written demand therefor, such reimbursement expenses may be collected by lien against the leasehold estate created hereby and foreclosure thereof; or

(2) may seek to enforce its rights hereunder by injunction or specific performance or any other remedy available at law or in equity.

iii. If the Event of Default is the failure of Indigo to pay any rent due hereunder on or before the fifteenth day after notice of such delinquency, Indigo shall also pay the City a late charge equal to five percent (5%) of the amount of rent not paid when due and all of City's reasonable expenses that arise from such failure.

iv. The following shall apply if the failure of Indigo to pay rent continues for one month after City gives notice to Indigo of such failure:

(1) Indigo shall pay the City liquidated damages equal to one-third of the monthly portion of the Annual Rent in addition to the unpaid rent; and

(2) Indigo shall pay the City all of the City's reasonable expenses that arise from Indigo's failure to make the payment when due.

v. The following shall apply if the failure of Indigo to pay rent continues for two months or more after the City gives notice to Indigo of such failure:

(1) In addition to the unpaid rent, Indigo shall pay the City liquidated damages equal to one-third of the monthly portion of the Annual Rent for each month during the period beginning on the due date of the monthly portion of the Annual Rent payment and ending on the date of payment of unpaid portion of the Annual Rent and liquidated damages; and

(2) Indigo shall pay the City all of the City's reasonable expenses that arise from Indigo's failure to make the payment when due; and

(3) The City may also give Indigo notice that the continued failure to pay constitutes a "Substantial Event of Default." The notice shall state that, unless the Substantial Event of Default is cured within thirty (30) days, the City intends to pursue its remedies pursuant to subsection 10c vi, below.

vi. Notwithstanding anything to contrary herein, any uncured Event of Default which substantially impairs the value to the City of this Lease or the Leased Premises (i.e., the failure to pay delinquent taxes which are not being contested in good faith as provided in Section 5h, above, and which renders the Leased Premises in danger of being forfeited, the failure to maintain the two LPGA golf courses in championship condition, or any uncured Event of Default described in Section 10c v (3), above, is hereinafter referred to as a "Substantial Event of Default." Upon the occurrence of a Substantial Event of Default, the City, at the City's option, may either pursue any of the remedies set forth in ii, iii or iv above, or may give Indigo notice that the failure to cure the Event of Default constitutes a "Substantial Event of Default." The notice shall state that, unless the Substantial Event of Default is cured within thirty (30) days, the City shall declare this Lease terminated and will proceed to retake possession of the Leased Premises and all attachments and fixtures thereto.

vii. The following acts or events shall be considered acts of default by the City ("Event of Default"):

(1) The City's continued default in performance of any covenant or provision of this Lease for a period of more than thirty (30) days after delivery of written notice of such default to the City by Indigo (if such default cannot reasonably be cured within said thirty (30) day period, the City shall have such additional time to cure said default as the City may reasonably require providing the City uses due diligence in attempting to cure such default).

(2) If any such default is not timely cured by the City, Indigo shall have all rights and remedies available at law or in equity for such default.

d. Eminent Domain.

i. If the Leased Premises shall be taken or condemned for any public or quasi-public use or purpose, by right of eminent domain or by purchase in lieu thereof, or if a portion of the Leased Premises shall be so taken or condemned that the portion remaining is not sufficient and suitable, in Indigo's reasonable judgment, for the operation of two 18 hole golf courses and the Golf Operations Facility, then this Lease and the term hereby granted shall cease and terminate as of the date on which the condemning authority takes possession.

ii. If a portion of the Leased Premises is taken, and the remaining portion can, in Indigo's reasonable judgment (subject, however, to the rights of any Permitted Leasehold Mortgagee), be adapted and used for the conduct of Indigo's operations, then this Lease shall continue in full force and effect.

iii. The entire award for the Leased Premises so taken shall be apportioned between the City and Indigo as follows: if this Lease terminates due to a taking or condemnation, Indigo shall be entitled to the value of Indigo's interest in the improvements and the value of Indigo's leasehold estate so taken or condemned, and the City shall be entitled to the balance of the award; if this Lease does not terminate due to such taking or condemnation, Indigo shall be entitled to the entire award to the extent required for restoration of the Leased Premises, and out of the portion of the award not applied to restoration, Indigo shall have the right to the amount by which the value of Indigo's interest in the improvements and the value of Indigo's leasehold estate was diminished by the taking of condemnation, and the City shall be entitled to the balance of the award. If this Lease does not terminate due to a taking or condemnation, then: Indigo shall,

with due diligence, restore the remaining portion of the demised land and the improvements to a complete, independent and self-contained architectural unit; the entire proceeds of the award shall be deposited with a bank approved by the City and Indigo and the amount so deposited will thereafter be disbursed to Indigo upon restoration and reconstruction of the improvements until the restoration has been completed and Indigo has been reimbursed for all the costs and expenses thereof.

iv. If the temporary use (but not title) of the Leased Premises is taken, this Lease shall remain in full force and effect, and there shall be no abatement of rent. Indigo shall receive the entire award for such temporary taking to the extent it applies to the period prior to the end of the term; and the City shall receive the balance of the award.

v. If the City and Indigo cannot agree with respect of any matters to be determined under this Section, a determination shall be requested of the Court having jurisdiction over the taking, and if said Court will not accept such matters for determination, either party may have the matters determined by a Court having jurisdiction over the parties.

vi. Notwithstanding any provision to the contrary, Indigo shall be entitled to any award or payment for moving and/or relocation or business interruption. If the City is the condemning authority, in addition, the City agrees to reimburse Indigo for all capital expenditures incurred but not previously recovered to that date.

e. Enforceability. The terms, covenants, and conditions contained herein shall be binding upon and enforceable by the parties hereto and their respective heirs, executors, administrators, successors and assigns subject to the restrictions herein imposed on assignment by Indigo.

f. Independent Contractor. For all the purposes hereunder, Indigo is and shall be deemed to be a tenant and an independent contractor.

g. Attorneys' Fees and Costs. If legal action shall be brought by either of the parties hereto for the unlawful detainer of the Leased Premises, for the recovery of any rent due under the provisions of this Lease, or because of the breach of any term, covenant or condition hereof, the party prevailing in such action shall be entitled to recover from the party not prevailing, costs of suit and a reasonable attorney fee which shall be fixed by the Court.

h. Third Party Beneficiary. The LPGA is a direct third party beneficiary of this Lease as a party to the Master Agreement. In exercising any enforcement rights, the LPGA shall not have any right to any remedy at law including damages but the LPGA shall have any and all equitable remedies including injunctive relief and specific performance. This provision was inserted in this Lease at the request of the LPGA and has been approved by and consented to by the LPGA.

11. ESTOPPEL LETTERS:

The City and Indigo hereby covenant and agree that each of them shall, without charge and at any time from time to time within ten (10) days after request by the other, deliver a written instrument to the other or to any person specified by the other, which written instrument shall state the following information:

a. That this Lease is unmodified and in full force and effect (to the extent the same is true), or if there has been any modification, that the same is in full force and effect as so modified (to the extent the same is true), and identifying each such modification; and

b. Whether there are any existing defaults with respect to the terms of this Lease known by the party executing said instrument with respect to the other party, and if any such defaults are known, specifying the same; and

c. The dates to which rental and all other charges hereunder have been paid. If such instrument is directed to a potential mortgagee of either party's interest, the City and Indigo additionally agree that it shall contain an undertaking by the party executing the same to notify such mortgagee of any default by the mortgagor under this Lease and to give such mortgagee a reasonable opportunity (which, in all events shall not be less than thirty (30) days to cure the same); provided, however, nothing herein contained shall be construed to require the City to subordinate the fee simple title to the Leased Premises to the lien of any mortgage.

12. COVENANT OF QUIET ENJOYMENT:

So long as Indigo keeps and performs all of the covenants and conditions on its part to be kept and performed under this Lease, the City covenants and agrees that Indigo shall have quiet and undisturbed possession and enjoyment of the Leased Premises for the term of this Lease including any extensions thereof.

13. ASSIGNMENT:

The City has entered into this Lease with Indigo in reliance on established qualifications and business experience of Indigo's management team. Consequently, Indigo may assign this Lease to its parent corporation, any sister corporation or any affiliate of it or any entity controlled by its parent corporation, any sister corporation or any affiliate of it without the consent of the City. Additionally, Indigo may assign the Lease under the same terms and conditions contained herein to an assignee other than as described above and be released from all obligations under this Lease provided that the City consents to such assignment which consent shall not be unreasonably withheld by the City. The City may disapprove any assignment and the same shall not be deemed to be unreasonable if: (a) assignee is not of the highest repute, (b) the assignee does not have substantial experience in first-class golf course management, (c) the assignee does not have the present qualifications to operate the Leased Premises in a first-class manner, (d) the assignee does not have the financial resources necessary to successfully operate and maintain the Leased Premises and pay the rents provided herein, and (e) as measured by a totality of qualities the assignee is not an equivalent or better entity to fulfill the obligations of the Lease and goals of the Master Agreement and the assignee does not have the ability to generate equal or greater gross revenues than Indigo. The City and Indigo agree that any assignment of this Lease shall also require the consent of the LPGA which consent shall not be unreasonably withheld or delayed. Indigo may sublease part or all of the Leased Premises without the consent of the City. No assignment of part of the Leased Premises shall be permitted.

14. PERMITTED LEASEHOLD MORTGAGE:

a. Right to Mortgage. Provided Indigo is not then in default under the terms of this Lease beyond any applicable grace period, Indigo and every successor and assign of Indigo is hereby given the right by the City, in addition to any other rights herein granted and without any requirement to obtain the City's consent, to mortgage or grant a security interest in Indigo's interest in this Lease and the Leased Premises subject to the terms of this Lease and any sublease(s), under a leasehold mortgage to a Lending Institution as hereinafter defined, or to any entity, person or persons owning a controlling interest in Indigo, and/or to any entity owned or controlled by the controlling owners of Indigo, or under a purchase money leasehold mortgage in connection with any sale of such interest, and to assign this Lease and any sublease(s) as collateral security for such leasehold mortgage, upon the condition that all rights acquired under such leasehold mortgage shall be subject to each and all of the covenants, conditions

and restrictions set forth in this Lease and to all rights and interests of the City herein, none of which covenants, conditions, restrictions, rights or interest is or shall be waived by the City by reason of the right given to mortgage or grant a security interest in Indigo's interest in this Lease and the Leased Premises, except as expressly provide herein. Indigo agrees that it shall notify the City in writing of any such mortgage or grant of a security interest and identify the mortgagee.

b. Mortgage Definitions. Any mortgage made pursuant to this Section is herein referred to as a "Permitted Leasehold Mortgage," and the holder of or secured party under a Permitted Leasehold Mortgage is herein referred to as a "Permitted Leasehold Mortgagee." A "Permitted Leasehold Mortgage" shall include whatever security instruments are used in the locale of the Leased Premises, such as, without limitation, mortgages, deeds of trust, mortgage deeds, security deeds and conditional deeds, as well as financing statements, security agreements and other documentation which the lender may require. The words "Lending Institution," as used in this Lease, shall mean any commercial, national or savings bank, savings and loan association, trust company or insurance company, and any other entity approved by the City as a Lending Institution. The City shall not unreasonably withhold its approval of a nationally respected lender-mortgagee (such as an eleemosynary institution or foundation, publicly held corporation, real estate investment trust, pension fund or the like).

c. Notices to Permitted Leasehold Mortgagee. If a Permitted Leasehold Mortgagee shall send the City a copy of its leasehold mortgage, together with written notice specifying the name and address of the Permitted Leasehold Mortgagee, all in accordance with the requirements for Notices as provided in Section 10a hereinabove, then so long as such Permitted Leasehold Mortgage shall remain unsatisfied of record or until written notice of satisfaction is given by the holder to the City, the following provisions shall apply (in respect of such Permitted Leasehold Mortgage and of any other Permitted Leasehold Mortgages):

i. There shall be no cancellation, termination, surrender, acceptance of surrender, amendment or modification of this Lease by joint action of the City and Indigo, nor shall the City recognize any such action by Indigo alone, without in each case obtaining the prior consent in writing of the Permitted Leasehold Mortgagee (In no event shall the City be obligated to obtain the prior consent of the Permitted Leasehold Mortgagee in order to initiate any of the remedies of landlord upon the occurrence of any Event of Default, as specified in Section 10c, above.) nor

shall any merger result from the acquisition by, or devolution upon, any one entity of the fee and the leasehold estates in the Leased Premises.

ii. The City shall, upon serving Indigo with any notice, whether of default or any other matter, simultaneously serve a copy of such notice upon the Permitted Leasehold Mortgagee, and no such notice to Indigo shall be deemed given unless a copy is so served upon the Permitted Leasehold Mortgagee in the manner provided in this Lease for the giving of notice.

iii. In the event of any default by Indigo under this Lease, the Permitted Leasehold Mortgagee shall have the same period, after service of notice upon it of such default, to remedy or cause to be remedied or commence to remedy and complete the remedy of the default complained of as Indigo has hereunder for such default, and the City shall accept such performance by or at the instigation of such Permitted Leasehold Mortgagee as if the same had been done by Indigo. Each notice of default given by the City shall state the amounts of whatever rent and other payments herein provided for are then claimed to be in default or the other causes of the default.

iv. If the City shall elect to terminate this Lease by reason of any default of Indigo, the Permitted Leasehold Mortgagee shall not only have the right to nullify any notice of termination by curing such default prior to the effective date of termination but shall also have the separate right to postpone and extend the specified date for the termination of this Lease as fixed by the City in its notice of termination to a date that is six (6) months following the date of the Permitted Leasehold Mortgagee's "Abatement Notice" (as hereinafter defined), provided that, prior to the effective date of termination, such Permitted Leasehold Mortgagee shall give written notice to the City ("Abatement Notice") that the Permitted Leasehold Mortgagee shall agree with the City to accomplish the following within the times hereinafter provided and shall, in fact, accomplish the following in a timely manner: (A) cure or causes to be cured within thirty (30) days following the date of the Abatement Notice any then existing monetary defaults of which the Permitted Leasehold Mortgagee has knowledge; (B) pay or cause to be paid during such abatement period any rent and other monetary obligations of Indigo hereunder of which the Permitted Leasehold Mortgagee has knowledge, as the same fall due; (C) promptly cure or cause to be cured any other defaults that such Permitted Leasehold Mortgagee can cure and of which the Permitted Leasehold Mortgagee has knowledge within thirty (30) days after delivery of the Abatement Notice or delivery of notice of default by City to the Permitted Leasehold Mortgagee (whichever is later) and if such default cannot reasonably be cured within said thirty (30) day period,

the Permitted Leasehold Mortgagee shall have such additional time to cure said default as the Permitted Leasehold Mortgagee may reasonably require, providing the Permitted Leasehold Mortgagee uses due diligence in attempting to cure said default; and (D) forthwith take steps to acquire or sell Indigo's interest in this Lease by foreclosure of the Permitted Leasehold Mortgage or otherwise and thereafter prosecute the same to completion with reasonable diligence. If, at the end of said six (6) month period, the Permitted Leasehold Mortgagee shall be actively engaged in steps to acquire or sell Indigo's interest herein and is in compliance with the other conditions set forth in (A) through (C), the time for said Permitted Leasehold Mortgagee to comply with the applicable provisions of this subparagraph iv shall be extended for such period as shall be reasonably necessary to complete such steps with reasonable diligence upon the same conditions, not to exceed an additional three (3) months. If Indigo's interest is acquired or sold as aforesaid by foreclosure of the Permitted Leasehold Mortgage or otherwise during said six (6) month period, as the same may be extended as aforesaid, the intended termination of this Lease by the City under the aforesaid notice will be automatically nullified, and this Lease will continue as if said notice of termination had never been given, provided that the Permitted Leasehold Mortgagee complied with the covenants itemized in (A), (B) and (c) in this Subsection iv above, or shall require the purchaser of the Indigo's interest to comply with the covenants itemized in (A), (B) and (C) in this Subsection iv above, in the event that such defaults were not capable of being cured prior to the foreclosure sale or deed in lieu thereof.

v. In the event of termination of this Lease by reason of any uncured default by Indigo, the City will promptly notify the Permitted Leasehold Mortgagee of such termination and the amount of any sums then due to the City under this Lease, and the Permitted Leasehold Mortgagee shall have the right to have the City enter into a new lease of the Leased Premises with the Permitted Leasehold Mortgagee or a nominee or other person controlled by such Permitted Leasehold Mortgagee (hereinafter referred to in this subparagraph as its "nominee") in accordance with the following provisions:

(1) The Permitted Leasehold Mortgagee or its nominee or any other entity approved by City, shall be entitled to such new lease if the Permitted Leasehold Mortgagee shall make written request upon the City for such new lease on or before the date which is thirty (30) days after the date on which the Permitted Leasehold Mortgagee shall have received the notice from the City of such termination and if such written request is accompanied by the Permitted Leasehold Mortgagee's agreement to pay to the City upon the execution and delivery of the new lease

the sums which would then be due to the City under this Lease had this Lease remained in effect and to cause to be cured any other defaults outstanding under the Lease that such Permitted Leasehold Mortgagee can cure and of which the Permitted Leasehold Mortgagee has knowledge.

(2) Said new lease shall be for what would have been the remainder of the term hereunder if this Lease had not terminated, effective as of date of such termination, at the rent and upon the terms, provisions, covenants and agreements as herein contained, including all rights and options herein contained;

(3) To the extent within the control of the City, such new lease shall be prior to any mortgage or other lien, charge or encumbrance on the fee of the Leased Premises (except taxes and assessments) and, if so requested by the Permitted Leasehold Mortgagee, shall be accompanied by a conveyance quitclaiming any right, title or interest of the City in and to the improvements on the Leased Premises and the furnishings during the term of the Lease. Such new lease shall, however, be subject to the same conditions of title as this Lease is subject to on the date of the execution hereof;

(4) In said new lease, the Permitted Leasehold Mortgagee or its nominee shall agree to perform and observe all covenants herein contained on the lessee's part to be performed, except that all of the obligations and liabilities of the Permitted Leasehold Mortgagee or its nominee as lessee under the new lease shall cease and terminate upon any assignment of the new lease or the sooner expiration or termination thereof and shall be subject to any limitation on liability contained therein.

vi. The Permitted Leasehold Mortgagee shall be given notice of any arbitration or other proceeding or dispute by or between the parties hereto, and shall have the right to intervene therein and be made a party to any such arbitration or other proceeding. In any event, the Permitted Leasehold Mortgagee shall receive notice of, and a copy of, any award or decision made in said arbitration or other proceeding.

vii. The name of the Permitted Leasehold Mortgagee shall be added to the loss payable endorsement of any and all fire and other casualty insurance policies to be carried by the City or Indigo in respect of the Leased Premises and all such policies shall state that the insurance proceeds are to be paid to the Permitted Leasehold Mortgagee to be held for the benefit of the parties hereto and applied in the manner specified in this Lease.

viii. Any award or payment in condemnation or eminent domain in respect of the Leased Premises shall be paid to the Permitted Leasehold Mortgagee for the benefit of the parties hereto and applied in the manner specified in this Lease.

ix. No fire or casualty loss claims shall be settled and no agreement will be made in respect of any award or payment in condemnation or eminent domain without in each case the prior written consent of the Permitted Leasehold Mortgagee, which consent shall not be unreasonably withheld.

x. Except where the Permitted Leasehold Mortgagee has become the lessee, no liability for the payment of rent or the performance of any of Indigo's covenants and agreements hereunder shall attach to or be imposed upon the Permitted Leasehold Mortgagee (other than any obligations assumed by the Permitted Leasehold Mortgagee), all such liability (other than any obligations assumed by the Permitted Leasehold Mortgagee) being hereby expressly waived by the City.

d. The City shall, upon request, execute, acknowledge and deliver to each Permitted Leasehold Mortgagee an agreement prepared at the sole cost and expense of Indigo, in form satisfactory to the Permitted Leasehold Mortgagee and the City, among the City, Indigo and the Permitted Leasehold Mortgagee, agreeing to all the provisions of this Section.

15. JURISDICTION:

Any dispute, controversy, interpretation or any other matter regarding this Lease between the City and Indigo which cannot be resolved by the City and Indigo shall be determined by the Circuit Courts of Volusia County, Florida.

16. RECORDATION:

A memorandum of this Lease will be recorded in the local public records. Additionally, the parties shall execute and record any corrective or supplemental memoranda of this Lease upon the determination of the final legal description for the second LPGA golf course and the Golf Operations Facility Parcel and upon any modification to the Leased Premises.

17. RADON DISCLOSURE STATEMENT:

Pursuant to Section 404.056, Florida Statutes, notification is hereby given to Indigo as follows:

"RADON GAS: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit."

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

Witnesses:

CITY OF DAYTONA BEACH

/s/Joyce L. Butler

/s/Deborah L. Griffith

By: /s/ Baron H. Asher, Mayor
Mayor

Attest: /s/ Gwen Azema-Edwards,
City Clerk

Witnesses:

/s/Jill S. Lust

/s/ Joan Howerton

INDIGO INTERNATIONAL INC.

By: William H. McMunn
President

Approved:

/s/ Frank B. Gummey, III
City Attorney

STATE OF FLORIDA
COUNTY OF VOLUSIA

The foregoing instrument was acknowledged before me this 27th day of August, 1997 by BARON H. ASHER and GWEN AZAMA-EDWARDS as the Mayor and City Clerk of the City of Daytona Beach, at Municipal Corporation, on behalf of the corporation. They are personally known to me and did not take an oath.

/s/ Joyce L. Butler
Notary Public

My Commission Expires: 3/24/00

DEVELOPMENT AGREEMENT

This Development Agreement ("Agreement") made and entered into this 28th day of August, 1997 by and between THE CITY OF DAYTONA BEACH, a Florida Municipal Corporation (the "City"), and INDIGO INTERNATIONAL INC., a Florida corporation ("Indigo");

WHEREAS, the City entered into a Master Agreement with the Ladies Professional Golf Association ("LPGA"), Consolidated-Tomoka Land Co. ("CTLC"), Indigo Development Inc. ("IDI") and The Charles Wayne Group Ltd., dated May 24, 1990;

WHEREAS, Indigo is a wholly owned subsidiary of CTLC;

WHEREAS, the City, the LPGA, CTLC and IDI have actively pursued a developer to develop the second LPGA golf course, the clubhouse and resort hotel;

WHEREAS, the City, the LPGA, CTLC and IDI have agreed on a phased development plan whereby the second LPGA golf course, the Golf Operations Facility as hereinafter defined and the Club Facility as hereinafter defined will be constructed and developed before a resort hotel is developed and other than as contemplated by the Master Agreement; and

WHEREAS, Indigo has agreed to construct the second LPGA golf course, the Golf Operations Facility and the Club Facility as described herein contingent upon the City leasing both LPGA golf courses and other LPGA golf facilities to Indigo.

NOW, THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Indigo covenant and agree as follows:

1. RECITATIONS. The above recitations are true and correct and are incorporated by reference herein.

2. GENERAL AGREEMENT

The City and Indigo will cooperate in creating golf facilities at LPGA International to stimulate residential, commercial, industrial and tourist development within the City and more particularly the LPGA DRI. The City and Indigo are actively cooperating to provide two (2) eighteen (18) hole championship golf courses, related practice facilities, pro shop facilities, clubhouse and certain related clubhouse facilities, and to provide integrated management of all the aforementioned facilities and which has required or will require substantial investment by both parties, in fulfillment of the goals and objectives of the Master Agreement which contains the obligations and rights of the City.

3. LPGA INTERNATIONAL

The City owns, has developed and operated an eighteen (18) hole championship golf course, three (3) practice golf holes including related practice facilities, a tournament/interim clubhouse facility, and parking as well as maintenance facilities which maintenance facilities are capable of serving two (2) eighteen (18) hole golf courses. As a part of the current, overall phased plan of development, the City will lease the two LPGA golf courses, 3 practice golf holes including related practice facilities, the tournament/interim clubhouse facility, parking, the Golf Operations Facility as hereinafter defined and the existing maintenance facilities at LPGA International to Indigo for twenty-five (25) years with seven (7), five-year options to renew pursuant to the terms of the lease. The lease shall commence on September 1, 1997 which will be before development of the second LPGA golf course, the Golf Operations Facility as hereinafter defined and the Club Facility as hereinafter defined commences.

4. SECOND LPGA GOLF COURSE

The City, under the Master Agreement, has the obligation to develop a second LPGA golf course. Pursuant to that obligation, the City has contracted with a golf course architect, Arthur Hills, and with Miller-Sellen Engineers to design, permit and provide construction management services for the second LPGA golf course. The City has made expenditures to the architect, engineers and others in pursuant of development of the second LPGA golf course. Under the Master Agreement, CTLC and its related entities are obligated to deed to the City, without charge, the land necessary for the construction of the second LPGA golf course. Indigo agrees to construct the second LPGA golf course pursuant to the City's obligation under the Master Agreement and in accordance with the concept already developed by the City and its design professionals and in accordance with all applicable existing permits. The City shall assign any contracts and permits held by the City for second LPGA golf course to Indigo.

Indigo agrees to pay all costs of the construction of the second LPGA golf course incurred after the date of this Agreement without any obligation to reimburse the City for any expenditures made by the City prior to the date of this Agreement. Indigo agrees to operate and maintain the second LPGA golf course and the Golf Operations Facility as hereinafter defined upon completion pursuant to the lease with the City. The City as part of the leased premises agrees to lease the second LPGA golf course and the Golf Operations Facility as hereinafter defined to Indigo under the terms of paragraph 3. Indigo agrees to complete construction of the same, including green-in of the second LPGA golf course, by December 31, 1998 unless acts or events beyond the control of Indigo cause delays in completion thereof and green-in of the second LPGA golf course. Indigo agrees to have in place adequate insurance to protect the property.

5. GOLF OPERATIONS FACILITY AND CLUB FACILITY.

Pursuant to the Master Agreement, the City is obligated to construct a clubhouse to operate, in conjunction with and support of, the golf facilities provided in paragraphs 2, 3 and 4 above. Indigo agrees to cause CTLC and its related entities to convey to the City as provided in the lease the site for the Golf Operations Facility as hereinafter defined (except Item (f) below which will be constructed on the second LPGA golf course) and the Club Facility as hereinafter defined, contiguous to the golf facilities, and to construct with due diligence and operate facilities meeting the following specifications which vary from those described in the Master Agreement:

- a. Pro-shop for the sale and rental of golf merchandise and clothing of a minimum of 2000 square feet.
- b. Office, storage and other golf related space of a minimum of 1000 square feet.
- c. Locker facilities for at least 150 golfers.
- d. Enclosed cart storage facility for at least 150 golf carts.
- e. Expansion of the existing LPGA golf course parking lot by at least 75 parking spaces.
- f. Snack bar, restrooms and starter area for the second LPGA golf course containing at least 750 square feet.

For the purposes of this Agreement, the term "Golf Operations Facility" shall mean items (a) through (f) listed above. As provided in the lease, the Golf Operations Facility (excluding item (f) above) shall be deeded to the City and is part of the leased premises. Other amenities and facilities will be constructed by Indigo adjacent to the Golf Operations Facility which for purposes of this Agreement are defined to be the "Club Facility". The Club Facility shall include a bar and grill, dining room, kitchen, tennis courts and a swimming pool. The Club Facility is not a part of, and is not deemed to be a part of the Golf Operations Facility for purposes of this Agreement or the lease and shall be owned and operated by Indigo, its successors and assigns. Indigo agrees to obtain the approval of the City and other parties to the Master Agreement of the design of the Golf Operations Facility and the Club Facility to insure that they provide the necessary quality required under the Master Agreement and are compatible with other development. Prior to the deeding the Golf Operations Facility to the City under the lease, Indigo agrees that it shall bind itself and its successors and assigns at all times to operate the Golf Operations Facility as available to and in support of the two LPGA golf courses and the other golf facilities in paragraphs 3 and 4 above, and that it shall specifically identify the City as a third-party beneficiary of any such agreement. To construct the Golf Operations Facility, the Club Facility and any other facilities contemplated herein, certain permits and approvals will be required from the City. The City agrees that it will not require any property developed pursuant to this Agreement which is owned or to be owned by the City under the Master Agreement or the lease to be platted. The City agrees to expedite any such permitting and approvals needed from the City for construction of the Golf Operations Facility, the Club Facility and any other facilities contemplated by this Agreement as it is in the best interest of the City and Indigo to have the Golf Operations Facility, the Club Facility and second LPGA golf course available for use at the earliest time.

6. RESORT HOTEL

Under prior agreements with the City that are no longer in effect, others were obligated to construct certain resort hotel facilities in addition to the facilities to be constructed pursuant to this Agreement. Indigo does not have any obligation of any type or nature under this Agreement or otherwise to build or develop a resort hotel. Under the current, phased development plan, meeting and multi-use rooms, banquet facilities and conference facilities will be developed as part of a resort hotel and not as part of the Golf Operations Facility or the Club Facility. The obligation to develop and build a resort hotel shall remain as set forth in the Master Agreement.

7. INTERIM MANAGEMENT - LPGA

There currently exists an Interim Management Agreement for golf services at the LPGA International between the City and Buena Vista Hospitality Group Inc. ("BVHG"). That agreement shall be terminated by the City effective upon commencement of the lease. Indigo may choose to manage the two LPGA golf courses, the other golf facilities and the Golf Operations Facility itself or to secure professional management such as with BVHG.

8. CONDITIONS PRECEDENT

The City's obligations herein are conditioned on it being assured that the real property for the second LPGA golf course and the Golf Operations Facility will be conveyed to it by CTLC or its related entities at a time mutually acceptable to the City, Indigo and CTLC. There are no conditions precedent to the performance of Indigo's obligations under this Agreement.

9. DEFAULT

If either the City or Indigo defaults under, or breaches this Agreement, the non-defaulting party shall have all rights and remedies available at law or in equity for such breach or default. Prior to exercising any right or remedy for any such breach or default, the non-defaulting party shall give the defaulting party prior written notice of such default and thirty (30) days within which to cure such default or breach. A default by Indigo under this Agreement shall be an event of default under the lease.

WHEREFORE, the parties attach their hands and seals this 27th day of August, 1997.

Witnesses: THE CITY OF DAYTONA BEACH
/s/ Deborah L. Griffith By: /s/ Baron H. Asher, Mayor
/s/ Joyce L. Butler

Attest: /s/ Gwen Azema-Edwards,
City Clerk

Witnesses: INDIGO INTERNATIONAL INC., a
Florida Corporation
/s/ Jill S. Lust
/s/ Joan Howerton By: /s/ William H. McMunn
President

Approved:
/s/ Frank B. Gummey, III
City Attorney

CONSOLIDATED-TOMOKA LAND CO.
ANNUAL REPORT
1997

CONSOLIDATED-TOMOKA LAND CO.

MISSION - To efficiently produce and market fresh citrus fruit for distribution by supermarkets primarily located in the eastern half of the United States and Canada.

MISSION - To originate optimum development plans and establish development rights for the company's land holdings generating increased land values recognized in sales to site specific developers.

BOARD OF DIRECTORS

John C. Adams, Jr.(2)
Chairman of the Board of Hilb,
Rogal and Hamilton Company of
Daytona Beach, Inc. (an insurance
agency); Executive Vice President
of Hilb, Rogal and Hamilton

Bob D. Allen(1)
President and Chief Executive
Officer of the Company

Jack H. Chambers(3)
Of Counsel to law firm of
Foley & Lardner

James P. Gorter
Chairman of the Board of
Baker Fentress & Company; limited
partner of Goldman, Sachs & Co.

William O. E. Henry(3)
Practicing attorney and partner
in law firm of Holland & Knight LLP
counsel for the Company

Robert F. Lloyd (2)
32120-0809
Chairman of the Board and
Chief Executive Officer of
Lloyd Buick-Cadillac Inc.

John H. Pace, Jr.(3)
Chairman of Cardinal Investment
Company (investor in securities
and real estate)

David D. Peterson(1)
Chairman of the Board of the Company;
Retired President and Chief Executive
Officer of Baker Fentress & Company

Bruce W. Teeters
Senior Vice President-Finance
and Treasurer of the Company

COUNSEL
Holland & Knight LLP
Post Office Box 1526
Orlando, Florida 32802-1526

REGISTRAR AND STOCK TRANSFER AGENT
Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016-3752

AUDITORS
Arthur Andersen LLP
101 East Kennedy Boulevard
Tampa, Florida 33602

MAILING ADDRESS
Consolidated-Tomoka Land Co.
Post Office Box 10809
Daytona Beach, Florida 32120-0809

OFFICERS

David D. Peterson
Chairman of the Board

Bob D. Allen
President and Chief
Executive Officer

Bruce W. Teeters
Senior Vice President-Finance
and Treasurer

Robert F. Apgar
Vice President-General Counsel

Joseph Benedict III
Vice President-Government
Relations

Patricia Lagoni
Vice President-Administration
and Corporate Secretary

Hugh J. Veley
Vice President-Citrus

Emily J. Sottile
Assistant Secretary and
Assistant Treasurer

Linda Crisp
Assistant Secretary

Gary Moothart
Controller

INDIGO DEVELOPMENT INC.
William H. McMunn
President

- (1) Member of the Executive Committee
- (2) Member of the Compensation and
Stock Option Committee
- (3) Member of the Audit Committee

TO OUR SHAREHOLDERS

During 1997, Company operations added significant strength to its financial condition. For the year, cash provided by operations exceeded \$12 million allowing cash and cash equivalents to increase \$7.6 million. At year-end, outstanding Company debt had been reduced to just under \$13.5 million, a \$4.4 million reduction from the prior year figure.

Net income for 1997 totaled \$4,011,367 or \$.64 per share compared to \$6,602,558 or \$1.05 earned in the prior year. Lower earnings were experienced in both of the Company's major business segments: citrus production and land development. Exercise of stock options by management also impacted earnings as appreciation in Company stock prices over option grant prices were reflected in general and administrative expenses as compensation.

The citrus industry is currently influenced by the negative effects of a worldwide imbalance in supply and demand. Citrus operations of the Company for calendar 1997 were profitable but disappointing as contribution to earnings by citrus operations declined \$2.9 million. Both lower prices and lower production caused the reduced results. The lower production was due to prior year sales of groves.

On December 29, 1997, the Company completed the sale of approximately 11,000 acres of land on the western border of its Daytona Beach Area land holdings for approximately \$10 million. The land sold was not designated for development in the near-term; and since it was acquired for conservation purposes, a new competitor for future land sales was not created. Also during 1997, an additional 63 acres of land were sold for approximately \$2 million. Land sales would have been considerably greater except for the delay of several closings to the first half of 1998 at the buyer's option.

With the sale of two office buildings in 1997, including the Company's headquarters building in Daytona Beach, income property holdings have essentially been liquidated. The only remaining property for sale is a jointly owned shopping center near Ocala.

At the LPGA International project, the Company's major real estate activity, a significant event occurred on September 1, 1997, when responsibility for the operations of the LPGA International golf courses was transferred from the City of Daytona Beach to a wholly owned subsidiary of the Company. The agreement with the City provides for the second golf course and a clubhouse to be constructed by the Company in return for a long-term lease from the City on both golf courses. The first course designed by Rees Jones was previously constructed at the expense of the City. The second course, designed by Arthur Hills, is

under construction and is scheduled to open in November of this year. The clubhouse, currently under design, should be in operation by late 1998 as well. It is anticipated that moving forward on these major projects will boost home sales and lead to the development of a destination resort hotel. The Titleholders Championship golf tournament, sponsored by Mercury, will be played at LPGA International April 30 through May 3 with weekend rounds covered by CBS Television.

For the fifth straight year, dividends increased with the dividends paid during 1997 amounting to \$.65 per share. The 1997 amount represented a 225% increase over the \$.20 per share paid in 1992. Continuing this trend, the \$.35 dividend paid in February 1998 was an increase of 17% over the comparable 1996 dividend.

Although future earnings will continue to be subject to the volatility and timing of commercial real estate transactions and the macro-economic factors affecting citrus product prices, prospects for the future remain strong. In addition to the major development projects underway at LPGA International, plans are being developed to pre-permit several new industrial sites to expedite commercial land sales. Citrus production should increase as younger groves planted in the late 1980's and early 1990's mature. The Company's improved financial condition will allow it to pursue its goals and objectives from a position of strength.

Bob D. Allen
President

SHAREHOLDERS' REPORT

LAND HOLDINGS

Land holdings of Consolidated-Tomoka Land Co. (the "Company") and its affiliates, all of which are located in Florida, include: approximately 15,700 acres in the Daytona Beach area of Volusia County; approximately 4,080 acres in Highlands County, near Lake Placid; a shopping center in Marion County; commercial/retail sites in Volusia County; and full or fractional subsurface oil, gas, and mineral interests in approximately 539,000 "surface acres" in 20 Florida counties. The conversion and subsequent utilization of these assets provides the base of the Company's operations.

In December of 1997, the Company sold to the St. Johns River Water Management District, in partnership with the Florida Department of Forestry, approximately 11,000 acres of undeveloped land lying between U. S. Highway 92 and State Road 40. This was the westernmost portion of the Volusia County holdings, all lying west of LPGA Boulevard and Interstate 95. Also in 1997, the Company sold the Consolidated Center, a seven-story office building in downtown Daytona Beach, and an office building in Palm Coast.

The remaining holdings of approximately 15,700 acres in Volusia County include approximately 14,200 acres within the city limits of Daytona Beach, approximately 1,080 acres within the unincorporated area of Volusia County, and small acreages in the cities of Ormond Beach and Port Orange. Of the 14,200 acres inside the city limits of Daytona Beach, approximately 3,600 acres have received development approval by governmental agencies. The 3,600 acres plus approximately 730 acres owned by the City of Daytona Beach, 15 acres owned by Indigo Community Development District, and 165 acres sold to others for development are the site of a long-term, mixed-use development known as "LPGA International," which includes the national headquarters of the Ladies Professional Golf Association along with a "Signature" golf course and a residential community, a maintenance facility, an interim clubhouse, and main entrance roads to serve the LPGA community. Construction of the entrance signage and landscaping was completed in 1995, and construction of a second golf course is scheduled for completion this year. Construction of several homes around the first golf course, on 70 acres of land sold to a residential developer, began in 1995 with the first residences completed in early 1996. The LPGA completed construction of its headquarters in April 1996. The lands not currently being developed, including those on which development approvals have been received, are involved in an active forestry operation. Except for a 15-acre parcel at the Interstate 95 and Taylor Road interchange in the Port

Orange area south of Daytona Beach, the tract straddles Interstate 95 for 6 1/2 miles between International Speedway Boulevard (U. S. Highway 92) and State Road 40, with approximately 12,500 acres west and 3,100 east of the interstate.

Subsidiaries of the Company are holders of the developed Volusia County properties and are involved in the development of additional lands zoned for residential, commercial, or industrial purposes.

In Highlands County, located in south central Florida along U.S. Highway 27, the Company utilizes approximately 3,900 acres in its citrus operation. The citrus groves and most of the other Highlands County lands are near Lake Placid, Florida, which is about 75 miles east of Sarasota and 150 miles northwest of Miami. The remaining lands, approximately 180 acres, are mostly in a subsidiary's inventory of residential or industrial lands.

The Company's oil, gas, and mineral interests, which are equivalent to full rights of 300,000 acres, were acquired by retaining subsurface rights when acreage was sold many years ago.

CITRUS

Under the name "Lake Placid Groves," the Citrus Division of Consolidated-Tomoka Land Co. grows and packs fresh whole citrus fruit, primarily oranges, tangelos, temples, tangerines, and Ruby Red grapefruit. The brand names "Lake Placid" and "Winding Waters" are used in marketing directly to wholesalers and retailers in the eastern half of the United States and Canada. Because fresh fruit usually commands higher prices, the operation emphasizes sales of fresh fruit packed in the Company's fresh fruit packing plant; however, the division also ships part of the harvest (not suitable for packing because of size, appearance, content deficiencies, or demand) to a cooperative, partially owned by the Company, in Lake Wales, Florida, where it is processed into juice and juice concentrate.

All groves are situated in prime citrus-growing areas on the southern ridge of Highlands County, Florida; and a portion of the land is adjacent to the southeastern shoreline of Lake Placid, whose water temperatures provide some protection against freezing weather. The trees are in excellent condition. The Company crop for the 1995-96 and 1996-97 seasons showed production of 1,385,000 and 1,047,000 boxes, respectively; and the 1997-98 harvest is expected to be 1,200,000 boxes. Production in the latter two seasons was negatively impacted by groves sold as part of lake frontage sales. Production from the 1,600-acre grove planted during the years 1989 through 1992 continues to increase as these trees reach maturity. The average age of

grove trees is approximately 15 years, well within the average 45-year productive life. The groves are well maintained and irrigated by a modern low-volume system. A portion of the citrus groves are mortgaged as collateral for a term loan.

The fresh fruit packing plant near Lake Placid, Florida, packs and sells both Company fruit and that of other growers. This process involves washing, grading, waxing, and packing into cartons or bags for direct shipment to customers who buy in truckload quantities. For each of the last ten seasons, the plant has been among the top ten largest Florida packers of fresh oranges. The facility is within a seven-mile radius of all its grove sources, providing a significant transportation cost advantage.

The cooperative to which a portion of the crop is sent is owned by the Company and twelve other organizations. It markets and processes under several brand names, including Florida's Natural, Donald Duck, and Blue Bird. The division shares in the net proceeds from the processed products (juice, juice concentrate, and by-products) according to the amount and content of fruit delivered to the plant.

REAL ESTATE OPERATIONS

One of the Company's major achievements in recent years was the relocation of the Ladies Professional Golf Association ("LPGA") to Daytona Beach in 1989 with planned construction of its national headquarters on Company lands. The LPGA signed a four-party agreement with the Company, Indigo Group Ltd., a wholly owned subsidiary ("IG LTD"), and the City of Daytona Beach which includes development of a new mixed-use community on approximately 3,800 acres of Company land. Development plans were approved by the governmental agencies in 1993. The City of Daytona Beach completed construction of a Rees Jones designed "signature" golf course in 1994. That course has been ranked by Golf Magazine as one of the ten best municipal golf courses in the country. Construction of a second golf course, designed by architect Arthur Hills, is well underway on lands donated by the Company to the City. On September 1, responsibility for the operations of the LPGA International golf courses was transferred from the City of Daytona Beach to a wholly owned subsidiary of Consolidated-Tomoka. The agreement with the City of Daytona Beach provides for the second golf course and a clubhouse to be constructed by the Company in return for a long-term lease from the City on both golf courses. The design phase of the clubhouse has begun. Depending upon weather conditions and other variables, both the second golf course and the clubhouse are scheduled to open in the fourth quarter of 1998. The LPGA has recently announced that the Titleholders Championship Tournament, held at LPGA International and nationally televised, will be sponsored

by Mercury, a division of Ford Motor Company, and known as the Mercury Titleholders Championship, for the next three years. Budget Rent A Car will be a secondary sponsor of the tournament, to be held April 30 through May 3, 1998.

Significant to the City of Daytona Beach and to development of the Company's lands is the opening of an interchange at Interstate 95 and LPGA Boulevard in early 1996, providing a new gateway to the LPGA International development and other Company land. This interchange has been dramatically landscaped with funds provided by a Florida Department of Transportation beautification grant and the Company.

From October 1990 until December 1993, IG LTD centered its operations on residential community development, construction, and sales. In December of 1993, IG LTD discontinued its home building and sales activities in two communities under lot marketing and sales arrangements. Residential lots owned by IG LTD at December 31, 1997 are:

- o 67 lots in Riverwood Plantation, a community of 180 acres in Port Orange, Florida.
- o 5 lots at the 200-acre Indigo Lakes development in Daytona Beach.
- o 41 lots at the 180-acre Tomoka Heights development in Highlands County, Florida. IG LTD is developing this community, located adjacent to Lake Henry. It is approved for a total of 587 single-family and duplex units now selling in the \$89,000 to \$135,000 price range. The development features controlled access and has appeal for active retired couples.

After the sale of the Consolidated Center and the Palm Coast office building in 1997, rental properties are limited to a three-story office building in downtown Daytona Beach, adjacent to the Consolidated Center, and an interest in a shopping center east of Ocala. The office building, containing 17,000 square feet, is under a lease/purchase agreement, and is considered a financing lease. Terms of the sale of the Consolidated Center included a commitment by the Company to lease the space now occupied as corporate offices in the building for a period of at least three years.

IG LTD owns a 50% interest in The Forest Center Shopping Center east of Ocala. The property is encumbered by a mortgage. The Mariner Towne Square Shopping Center in Spring Hill was sold in 1995, with the adjacent Mariner Village Shopping Center sold in 1996.

Other leasing activities of the Company include ground leases for billboards, leases of communication tower sites, and a hunting lease covering approximately 8,300 acres.

Another source of income is from subsurface interests which are leased for mineral exploration, as described under "Land Holdings." At December 31, 1997, oil and gas leases were in effect covering a total of 24,731 surface acres in Lee and Hendry Counties, Florida. In addition, a geophysical permit and option to lease 10,200 acres in Lee County was executed in 1996. The permit calls for 3-D seismic exploration; and both the permit and the option expire in March of 1998. At December 31, 1997, there were four producing oil wells on the Company's interests. Volume produced in 1997 from these wells was 125,356 barrels, compared with 131,231 barrels in 1996. A fifth producing well on Company interests was drilled in 1997, and royalty payments from it are expected to commence soon. Oil lease income and oil royalty income have in the past been much more significant sources of income for the Company than in recent years. The Company's current policy is to grant no releases of its reserved mineral rights in oil-producing counties unless required to do so through contractual obligations; however, releases of surface entry rights might be sold upon request of a surface owner who requires such a release for financing or development purposes; and rights in non-oil-producing counties will be sold as opportunities to do so arise. As Florida develops, such requests will no doubt increase. Sales and releases of surface entry rights in 1997 produced revenues of \$19,250.

Income from sales of forest products varies considerably from year to year depending on economic conditions and weather. The primary market today is in pulpwood with sawtimber, plylogs, and some cypress being marketed as conditions and the market allow. Geographic location of the timber tract is excellent. In addition to access by major highways (Interstate 95, State Road 40, and International Speedway Boulevard), the internal road system for forestry purposes is good. Sale of the approximately 11,000-acre parcel to St. Johns River Water Management District in 1997 reduces the Company's potential for future income from sales of forest products, although income should be fairly stable for the next few years.

Five-Year Financial Highlights

(In thousands except per share amounts)

	1997	1996	1995	1994	1993
	\$	\$	\$	\$	\$
Summary of Operations:					
Revenues:					
Citrus	9,445	13,863	8,819	8,175	10,719
Real Estate	5,412	7,642	7,743	16,528	15,780
Profit on Sales of					
Undeveloped Real Estate	7,725	385	4,718	1,400	314
Interest and Other Income	1,369	6,123	2,404	2,623	653

TOTAL	23,951	28,013	23,684	28,726	27,466

Operating Costs and Expenses	11,761	14,021	13,044	14,980	22,029
General and Administrative					
Expenses	5,932	3,386	3,484	3,478	3,549
Provision for Income Taxes	2,247	4,003	2,736	3,778	672
Income from Continuing Operation	4,011	6,603	4,420	6,490	1,216
Loss from Discontinued Operations					
(net of tax)	-	-	-	(135)	(759)
Cumulative Effect of Change in					
Accounting for Income Taxes	-	-	-	-	329
Net Income	4,011	6,603	4,420	6,355	786
Basic Earnings per Share:					
Income from Continuing					
Operations	0.64	1.05	0.71	1.04	0.20
Net Income	0.64	1.05	0.71	1.01	0.13
Diluted Earning Per Share:					
Income from Continuing					
Operations	0.64	1.04	0.70	1.04	0.20
Net Income	0.64	1.04	0.70	1.01	0.13
Dividends Paid Per Share	0.65	0.55	0.45	0.35	0.30
Summary of Financial Position:					
Total Assets	58,234	59,673	59,693	61,535	65,815
Shareholders' Equity	37,854	35,791	32,633	31,030	26,867

REPORT TO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Shareholders of Consolidated-Tomoka Land Co.

We have audited the accompanying consolidated balance sheets of Consolidated-Tomoka Land Co. and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Consolidated-Tomoka Land Co. and subsidiaries as of December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

Arthur Andersen LLP

Tampa, Florida
February 5, 1998

Consolidated Statements of Income

	Calendar Year		
	1997	1996	1995
Income			
Citrus Operations:			
Sales of Fruit and Other Income	\$ 9,444,783	\$ 13,862,864	\$ 8,819,259
Production and Selling Expenses	(8,352,566)	(9,851,352)	(8,190,430)
	1,092,217	4,011,512	628,829
Real Estate Operations:			
Sales and Other Income	5,411,787	7,641,898	7,742,915
Costs and Other Expenses	(3,408,109)	(4,169,717)	(4,854,321)
	2,003,678	3,472,181	2,888,594
Profit On Sales of Undeveloped Real Estate Interests	7,725,007	384,756	4,718,248
Interest and Other Income	1,369,086	6,123,025	2,404,063
General and Administrative Expenses	(5,932,023)	(3,386,296)	(3,483,706)
Income Taxes	(2,246,598)	(4,002,620)	(2,736,021)
Net Income	4,011,367	6,602,558	4,420,007
Per Share Information:			
Basic Earnings Per Share (Note 11)	\$ 0.64	\$ 1.05	\$ 0.71
Diluted Earnings Per Share (Note 11)	\$ 0.64	\$ 1.04	\$ 0.70

The accompanying notes are an integral part of these consolidated statements.

Consolidated Balance Sheets

	December 31,	
	1997	1996
Assets		
Cash and Cash Equivalents	\$ 9,387,433	\$ 1,760,835
Investment Securities (Note 2)	1,026,679	1,396,415
Notes Receivable (Note 4)	10,018,350	14,770,281
Accounts Receivable	1,824,973	2,217,584
Inventories	921,454	686,597
Cost of Fruit on Trees	2,786,501	2,179,989
Real Estate Held for Development and Sale (Note 5)	13,819,068	14,499,495
Deferred Income Taxes (Note 3)	335,530	--
Net Investment in Direct Financing Lease (Note 6)	625,256	710,990
Other Assets	597,761	354,473
	-----	-----
	41,343,005	38,576,659
	-----	-----
Property, Plant and Equipment		
Land, Timber and Subsurface Interests	2,898,472	3,648,383
Citrus Properties:		
Trees	8,523,852	8,523,852
Buildings and Equipment	9,291,626	9,164,146
Income Properties	3,527,515	10,671,197
Other Buildings and Equipment	1,956,469	743,768
	-----	-----
Total Property, Plant and Equipment	26,197,934	32,751,346
Less Accumulated Depreciation and Amortization	(9,306,797)	(11,655,483)
	-----	-----
Net Property, Plant and Equipment	16,891,137	21,095,863
	-----	-----
Total Assets	\$58,234,142	\$59,672,522
	=====	=====
Liabilities		
Accounts Payable	\$ 919,241	\$ 680,935
Notes Payable (Notes 7 and 14)	13,497,523	17,947,771
Accrued Liabilities	3,853,403	3,651,507
Deferred Income Taxes (Note 3)	--	406,930
Income Taxes Payable (Note 3)	2,109,528	1,193,994
	-----	-----
Total Liabilities	20,379,695	23,881,137
	-----	-----

SHAREHOLDERS' EQUITY (Notes 10 and 11)

Preferred Stock - 50,000 Shares Authorized, \$100 Par Value; None Issued	-	-
Common Stock - 10,000,000 Shares Authorized; \$1 Par Value; 6,371,833 and 6,261,272 Issued and Outstanding at December 31, 1997 and 1996, Respectively	6,371,833	6,261,272
Additional Paid-In Capital	3,793,066	1,782,105
Retained Earnings	27,689,548	27,748,008
	-----	-----
Total Shareholders' Equity	37,854,447	35,791,385
	-----	-----
Total Liabilities and Shareholders' Equity	\$58,234,142	\$59,672,522
	=====	=====

The accompanying notes are an integral part of these consolidated statements

Consolidated Statements of Shareholders' Equity

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total
	-----	-----	-----	-----
Balance, December 31, 1994	\$6,261,272	\$1,782,105	\$22,986,715	\$31,030,092
Net Income	-	-	4,420,007	4,420,007
Cash Dividends (\$.45 per share)	-	-	(2,817,572)	(2,817,572)
	-----	-----	-----	-----
Balance, December 31, 1995	6,261,272	1,782,105	24,589,150	32,632,527
Net Income	-	-	6,602,558	6,602,558
Cash Dividends (\$.55 per share)	-	-	(3,443,700)	(3,443,700)
	-----	-----	-----	-----
Balance, December 31, 1996	6,261,272	1,782,105	27,748,008	35,791,385
Net Income	-	-	4,011,367	4,011,367
Cash Dividends (\$.65 per share)	-	-	(4,069,827)	(4,069,827)
Issuance of 110,561 Shares Pursuant to Exercise of Stock Options (Note 10)	110,561	1,717,437	-	1,827,998
Tax Benefit of Stock Options Exercised (Note 10)	-	293,524	-	293,524
	-----	-----	-----	-----
Balance, December 31, 1997	\$6,371,833	\$3,793,066	\$27,689,548	\$37,854,447
	=====	=====	=====	=====

The accompanying notes are an integral part of these consolidated statements.

Consolidated Statements of Cash Flows

	Calendar Year		
	1997	1996	1995
Cash Flow from Operating Activities			
Cash Received from:			
Citrus Sales of Fruit and Other Income	\$ 9,971,002	\$ 13,627,237	\$ 8,635,807
Real Estate Sales and Other Income	5,601,771	7,575,069	9,671,554
Sales of Undeveloped Real Estate Interests	7,725,007	428,026	4,674,978
Interest and Other Income	5,483,312	647,512	599,960
	-----	-----	-----
Total Cash Received from Operating Activities	28,781,092	22,277,844	23,582,299
	-----	-----	-----
Cash Expended for			
Citrus Production and Selling Expenses	8,592,119	8,828,098	8,135,094
Real Estate Development Costs and Other Expenses	1,750,282	3,419,452	5,223,375
General and Administrative Expenses	3,062,124	2,067,615	1,293,073
Interest	1,507,246	1,402,767	2,007,655
Income Taxes (Note 3)	1,780,000	4,594,853	2,119,899
	-----	-----	-----
Total Cash Expended for Operating Activities	16,691,771	20,312,785	18,779,096
	-----	-----	-----
Net Cash Provided by Operating Activities	12,089,321	1,965,059	4,803,203
	-----	-----	-----
Cash Flow from Investing Activities			
Acquisition of Property, Plant and Equipment	(2,089,861)	(444,718)	(1,201,509)
Net Decrease (Increase) in Investment Securities (Note 2)	369,736	(756,072)	79,063
Direct Financing Lease (Note 6)	85,734	81,540	87,692
Proceeds from Sale of Property, Plant and Equipment	5,686,737	6,164,880	3,193,387
	-----	-----	-----
Net Cash Provided by Investing Activities	4,052,346	5,045,630	2,158,633
	-----	-----	-----
Cash Flow from Financing Activities			
Cash Proceeds from Notes Payable (Note 7)	7,760,000	6,800,000	6,950,000
Payments on Notes Payable (Note 7)	(12,210,248)	(9,773,527)	(11,001,985)
Cash Proceeds from Exercise of Stock Options (Note 10)	5,006	--	--
Dividends Paid	(4,069,827)	(3,443,700)	(2,817,572)
	-----	-----	-----
Net Cash Used in Financing Activities	(8,515,069)	(6,417,227)	(6,869,557)
	-----	-----	-----
Net Increase in Cash and Cash Equivalents	7,626,598	593,462	92,279
Cash and Cash Equivalents, Beginning of Year	1,760,835	1,167,373	1,075,094
	-----	-----	-----
Cash and Cash Equivalents, End of Year	\$ 9,387,433	\$ 1,760,835	\$ 1,167,373
	=====	=====	=====

Consolidated Statements of Cash Flows
continued

	Calendar Year		
	1997	1996	1995
Reconciliation of Net Income to Net Cash Provided by Operating Activities:			
Net Income	\$ 4,011,367	\$6,602,558	\$4,420,007
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation and Amortization	917,760	1,111,036	1,094,523
Gain on Sale of Facilities	(309,910)	(5,396,148)	(1,674,662)
Compensation Expense on Exercise of Stock Options (Note 10)	1,822,992	--	--
Decrease (Increase) in Assets:			
Notes Receivable	4,751,931	(112,667)	(1,714,646)
Accounts Receivable	392,611	(74,279)	(266,085)
Inventories	(234,857)	115,918	(142,054)
Cost of Fruit on Trees	(606,512)	478,137	(222,725)
Real Estate Held for Development and Sale	680,427	(698,018)	2,825,028
Deferred Income Taxes (Note 3)	(335,530)	337,464	(26,038)
Other Assets	(243,288)	144,799	(123,786)
Increase (Decrease) in Liabilities:			
Accounts Payable	238,306	(532,757)	464,415
Accrued Liabilities	201,896	918,713	(472,934)
Deferred Income Taxes	(406,930)	--	--
Income Taxes Payable (Note 3)	1,209,058	(929,697)	642,160
Net Cash Provided by Operating Activities	\$12,089,321	\$1,965,059	\$4,803,203
	=====	=====	=====

Supplement Disclosure of Noncash Operating Activities:

In connection with the sale of real estate, the Company received, as consideration, mortgage notes receivable of \$12,900, \$1,143,607, and \$1,255,350 for the years 1997, 1996 and 1995, respectively.

In connection with the sale of property, plant and equipment, the Company received as consideration, mortgage notes receivable of \$3,720,000 for the year 1996.

The accompanying notes are an integral part of these consolidated statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1997, 1996 and 1995

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Consolidated-Tomoka Land Co. and its wholly owned Subsidiaries: Indigo Group Inc., Indigo Group Ltd., Indigo International Inc., and Indigo Development Inc. (collectively, the Company). All significant intercompany accounts and transactions have been eliminated in consolidation.

Nature of Operations

The Company is primarily engaged in the citrus industry and, through its wholly owned subsidiaries, the real estate industry. The Company harvests and sells both fresh and to-be-processed citrus from its bearing groves, all of which are located in Highlands County, Florida. Fresh fruit sales are made by the Company to wholesale produce distributors and retail grocery chains primarily in the Eastern and Midwestern regions of the United States and Canada. The to-be-processed fruit is sent to Citrus World, Inc. (Citrus World), an agricultural cooperative owned by the Company and twelve other growers. The cooperative processes the fruit and markets it under several names on a regional and national basis. Real estate operations, which are primarily commercial in nature, also include residential, golf operations, income properties and forestry operations. These operations are predominantly located in Volusia and Highlands Counties in Florida. From time to time the Company sells unimproved real estate considered surplus to its operating needs. The latter function is not considered part of the Company's ordinary operations.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Due to the short maturity period of the cash equivalents, the carrying amount of these instruments approximates their fair values.

Inventories

Inventories which are stated at the lower of cost (first-in, first-out method) or market, consist primarily of citrus supplies.

Cost of Fruit on Trees

Direct and allocated indirect costs incurred in connection with the production of crops are capitalized into cost of fruit on trees. As the crop is harvested and sold, the related costs are charged to production expense, pro-rata based on the boxes harvested and sold to the estimated total boxes expected to be harvested and sold. The cost of fruit on trees is carried at the lower of cost or market.

Real Estate Held for Development and Sale

The carrying value of land and land development costs includes the initial acquisition costs of the land, improvements thereto and other costs incidental to the acquisition or development of land. These costs are allocated to properties on a relative sales value basis and are charged to costs of sales as specific properties are sold. Land and land development costs include approximately \$359,407 and \$261,068 of interest and \$72,030 and \$96,861 of property taxes capitalized during 1997 and 1996, respectively.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and amortization. Such properties are depreciated on a straight-line basis over their estimated useful lives. Renewals and betterments are capitalized to property accounts. The cost of maintenance and repairs is expensed as incurred. The cost of property retired or otherwise disposed of, and the related accumulated depreciation or amortization, are removed from the accounts, and any resulting gain or loss is taken into income.

The amount of depreciation and amortization taken for the years 1997, 1996, and 1995, is summarized as follows:

NOTE 1 SUMMARY OF SIGNIFICATN ACCOUTNING POLICIES (CONTINUED)

	Calendar Year		
	1997	1996	1995
	-----	-----	-----
Citrus Properties	\$ 469,488	\$ 501,954	\$ 411,624
Other Properties	448,272	609,082	682,899
	-----	-----	-----
	\$ 917,760	\$1,111,036	\$1,094,523
	=====	=====	=====

The range of estimated useful lives for property, plant and equipment is as follows:

Citrus Trees	20-40 Years
Citrus Buildings and Roads	10-30 Years
Citrus Irrigation Equipment	5-20 Years
Citrus Other Equipment	3-30 Years
Income Properties	3-30 Years
Other Buildings	10-30 Years
Other Equipment	3-30 Years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sale of Citrus

The Company sells a portion of its citrus crop as fresh fruit through the Company owned packing plant and recognizes revenues, and related cost of sales, at the time of shipment. The Company sells the remainder of the citrus crop under a participating marketing pool agreement to Citrus World of which the Company owns a 4 percent equity interest. Citrus World is a citrus grower and the owner of a citrus processing plant in Lake Wales, Florida. Citrus World pools its own fruit with the fruit purchased from the Company and other citrus growers, processes the pooled fruit and sells the products produced. Each participant in the pool, including Citrus World, shares ratably in the proceeds from the sale of products, net of Citrus World's actual processing and marketing costs, plus a per-unit handling fee. Citrus World makes periodic payments to all participants based on their pro rata share of net sales proceeds and makes final payment after all the products in the pool have been sold.

The Company records estimated revenues at the time of delivery of the fruit to Citrus World and finalizes revenues after all the products in the pool have been sold. During the years 1997, 1996, 1995, the Company's estimated pro rata share of said net sales proceeds under the above pooling agreement amounted to \$3,107,919, \$5,203,787, and \$2,912,415, respectively.

Sale of Real Estate

The profit on sales of real estate is accounted for in accordance with the provisions of the Statement of Financial Accounting Standards No. 66, "Accounting for Sales of Real Estate (SFAS 66)." The Company recognizes revenue from the sale of real estate at the time the sale is consummated unless the property is sold on a deferred payment plan and the initial payment does not meet criteria established under SFAS 66. No income was deferred for the three years in the period ended December 31, 1997.

Rental income from income properties is recognized ratably over the periods of the related property leases.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Unfunded Deferred Compensation Plans

The Company maintains two unfunded deferred compensation plans. One plan is established for the Board of Directors of the Company, with the second plan established for the officers and key employees of the Company. Under the plans any member of the Board of Directors, officer or key employee may elect to defer all or a portion of his compensation. The amount of deferred compensation shall increase annually by an amount which is equal to interest on the deferred compensation at the rate of return earned by the Company on its short-term investments. Compensation credited to a participant shall be deferred until such participant ceases to be a member of the board of directors, officer or key employee, at which time the amounts accumulated shall be distributed in the manner elected. The plans are nonqualified plans as defined by the Internal Revenue Service. The amount of deferred compensation reflected in accrued liabilities on the balance sheet at December 31, 1997 and 1996 was \$2,677,007 and \$2,152,260, respectively.

Pensions

The Company has a funded, non-contributory defined benefit pension plan covering all eligible full-time employees. The Company's method of funding and accounting for pension costs is to fund and accrue all normal costs plus an amount necessary to amortize past service cost over a period of 30 years.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, investment securities, accounts receivables and notes receivable. Concentration of credit risk with respect to accounts receivables is limited due to the Company's large number of customers and their dispersion across geographic areas and industries.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial assets and liabilities, including cash and cash equivalents, accounts receivable and accounts payable at December 31, 1997 and 1996, approximate fair value because of the short maturity of these instruments. The carrying amount of the Company's notes receivable and notes payable approximates fair value at December 31, 1997 and 1996, since the notes are at floating rates or fixed rates which approximate current market rates for notes with similar risks and maturities.

NOTE 2 INVESTMENT SECURITIES

The Company Accounts for Investment Securities under Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities (SFAS 115)". This standard requires classification of the investment portfolio into three categories: held to maturity, trading and available for sale. The Company classifies as held to maturity those securities for which the Company has the intent and ability to hold through their stated maturity date. Investment securities which are classified as held to maturity are carried at cost, adjusted for amortization of premiums and accretion of discounts. Gains and losses are determined using the specific identification method. Investment securities as of December 31, 1997 and 1996, all of which are classified as held to maturity, are as follows:

	1997 ----	1996 ----
Debt Securities Issued by States and Political Subdivisions of States	\$ 951,268	\$1,289,572
Mortgage-Backed Securities	75,411	106,843
	-----	-----
	\$1,026,679	\$1,396,415
	=====	=====

The contractual maturities of these securities are as follows:

Maturity Date -----	Amount -----
Within 1 year	\$ 385,734
1-5 Years	100,894
6-10 Years	247,381
After 10 Years	292,670

	\$1,026,679
	=====

Subsequent to year-end, \$8,000,000 of cash equivalents were invested in tax free financial instruments.

NOTE 3 INCOME TAXES

The Company accounts for income taxes under SFAS No. 109, "Accounting for Income Taxes."

The provision for income taxes is summarized as follows:

	1997		1996		1995	
	Current	Deferred	Current	Deferred	Current	Deferred
Federal	\$2,650,630	\$(748,189)	\$3,198,460	\$ 221,699	\$2,374,049	\$(22,232)
State	338,428	5,729	466,696	115,765	388,010	(3,806)
Total	\$2,989,058	\$(742,460)	\$3,665,156	\$ 337,464	\$2,762,059	\$(26,038)

Deferred income taxes have been provided to reflect temporary differences that represent the cumulative difference between taxable or deductible amounts recorded in the financial statements and in the tax returns. The sources of these differences and the related provision (credit) and deferred income tax assets (liabilities) are summarized as follows:

	Provision (Credit)			Deferred Taxes	
	1997	1996	1995	1997	1996
Depreciation	\$ 181,876	\$ 79,047	\$ 100,222	\$(1,325,919)	\$(1,144,043)
Sales of Real Estate	(1,278,181)	392,438	(200,852)	102,230	(1,175,951)
Deferred Compensation	(197,463)	(181,590)	(155,461)	1,007,358	809,895
Basis Difference in Joint Venture	81,454	(219,858)	52,285	1,246,664	1,328,118
Revolving Fund Certificates	(58,112)	(24,985)	(48,182)	338,245	280,133
Charitable Contributions	(1,961,789)	391,210	479,321	3,115,724	1,153,935
Other	115,093	(258,551)	6,389	259,739	374,832
Less-Valuation Allowance	2,374,662	159,753	(259,760)	(4,408,511)	(2,033,849)
	\$(742,460)	\$ 337,464	\$(26,038)	\$ 335,530	\$(406,930)

NOTE 3 INCOME TAXES (CONTINUED)

Following is a reconciliation of the income tax computed at the federal statutory rate of 34 percent.

	Calendar Year		
	1997	1996	1995
Income Tax Computed at Federal Statutory Rate	\$2,127,708	\$3,605,761	\$2,433,050
Increase (Decrease) Resulting from:			
State Income Tax, Net of Federal Income Tax Benefit	227,144	384,968	260,175
Other Reconciling Items	(108,254)	11,891	42,796
Provision for Income Taxes	\$2,246,598	\$4,002,620	\$2,736,021

NOTE 4 NOTES RECEIVABLE

Notes Receivable consisted of the following:

	December 31,	
	1997	1996
Mortgage Notes Receivable		
Various notes with interest rates ranging from 6.25% to 9.25% with payments due from 1998 through 2003. Collateralized by real estate mortgages held by the Company	\$ 5,146,017	\$10,944,356
Other Notes Receivable		
Interest at 5.425%, total principal and accrued interest paid June 1997	--	3,678,794
Interest at 6.2%, total principal and accrued interest due September 2000	4,740,497	--

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NOTE 4 NOTES RECEIVABLE (CONTINUED)

Interest at prime rate, receivable in monthly installments of principal and interest to amortize the original note over a period of 15 years, due January 2006	131,836	147,131
Total Notes Receivable	\$10,018,350	\$14,770,281

Prime rate was 8.5% and 8.25% at December 31, 1997 and 1996, respectively.

The required annual principal receipts are as follows:

Year ending December 31,	Amount
1998	\$ 1,608,155
1999	157,040
2000	6,134,319
2001	1,114,343
2002	78,428
2003 and thereafter	926,065

\$10,018,350
=====

NOTE 5 REAL ESTATE HELD FOR DEVELOPMENT AND SALE

Real estate held for development and sale as of December 31, 1997 and 1996, is summarized as follows:

	December 31,	
	----- 1997 -----	----- 1996 -----
Undeveloped Land	\$ 1,504,926	\$ 1,581,212
Land and Land Development	12,217,117	12,674,028
Completed Houses	97,025	244,255
	-----	-----
	\$13,819,068	\$14,499,495
	=====	=====

NOTE 6 NET INVESTMENT IN DIRECT FINANCING LEASE

On December 31, 1987, the Company acquired certain real estate and equipment subject to a direct financing lease. The aggregate amounts due under the lease are identical in amount to the payments required to be made by the Company in order to amortize the debt applicable to the properties. The required annual payments on the lease at December 31, 1997, are summarized as follows:

Year Ended December 31, -----	Aggregate Payment -----	Amount Representing Interest -----	Net Investment -----
1998	\$123,422	\$ 40,289	\$ 83,133
1999	124,407	34,376	90,031
2000	125,478	27,973	97,505
2001	126,635	21,038	105,597
2002	127,889	13,527	114,362
2003 and Thereafter	140,083	5,455	134,628
	-----	-----	-----
	\$767,914	\$142,658	\$625,256
	=====	=====	=====

The interest rate stated in the lease agreement is 80.65% of prime.

NOTE 7 NOTES PAYABLE

Notes Payable consisted of the following:

December 31, -----	
1997	1996
----	----

Mortgage Notes Payable
Mortgage notes payable are collateralized by real estate mortgages held by the lender. As of December 31, 1997 and 1996, mortgage notes payable consisted of the following:

NOTE 7 NOTES PAYABLE (CONTINUED)

Payments of \$266,783, including interest at 8.8% payable quarterly through April 2002; principal balance due July 2002	\$ 9,179,173	\$ 9,424,876
Interest payable quarterly at 10%, principal and outstanding interest due October 2005	1,200,000	1,200,000
<p>Industrial Revenue Bonds Industrial revenue bonds payable are collateralized by real estate. As of December 31, 1997 and 1996, industrial revenue bonds consisted of the following:</p>		
Interest at 80.56% of prime rate, payable in monthly installments of principal and interest to amortize the original debt over a period of 18 years, due January 2004	618,580	2,851,755
Interest at 84.2% of prime rate, payable in monthly installments of \$4,700 plus interest, remaining principal and interest due January 2002, paid in 1997	--	1,936,000
<p>Note Payable to Related Party Principal and interest payable in monthly installments of \$23,268, interest at 9.68%, unpaid principal and interest due December 1998. Collateralized by developed real estate in a joint venture. The venture partner is jointly liable on the note.</p>	<p>2,499,770 ----- \$13,497,523 =====</p>	<p>2,535,140 ----- \$17,947,771 =====</p>

A line of credit totaling \$7,000,000, payable on demand, with interest at prime rate and no borrowing outstanding was in place at December 31, 1997, and 1996.

The required annual principal payments on notes payable are as follows:

NOTE 7 NOTES PAYABLE (CONTINUED)

Year Ending December 31, -----	Amount -----
1998	\$ 2,844,275
1999	382,458
2000	416,528
2001	453,634
2002	8,065,999
2003 and Thereafter	1,334,629

	\$13,497,523
	=====

Interest expense was \$1,507,246, \$1,402,767, \$2,007,655 for 1997, 1996, and 1995, respectively.

NOTE 8 PENSION PLAN

The company maintains a defined benefit plan for all employees who have attained the age of 21 and completed one year of service. The pension benefits are based primarily on years of service and the average compensation for the highest five years during the final 10 years of employment. The benefit formula generally provides for a life annuity benefit.

The Company's net periodic pension cost included the following components:

	December 31,		
	1997	1996	1995
	----	----	----
Service Cost	\$198,123	\$175,363	\$170,673
Interest Cost on Projected Benefit Obligation	289,424	257,745	249,027
Actual Return on Plan Assets	(759,642)	(577,221)	(266,582)
Net Amortization	348,622	260,594	(14,734)
	-----	-----	-----
Net Periodic Pension Cost	\$ 76,527	\$116,481	\$138,384
	=====	=====	=====

NOTE 8 PENSION PLAN (continued)

The funded status of the Company's pension plan was as follows:

	December 31,		
	----- 1997 -----	----- 1996 -----	----- 1995 -----
Actuarial Present Value of Benefit Obligations:			
Vested	\$(3,621,174)	\$(2,914,318)	\$(2,519,049)
Nonvested	(6,245)	(4,628)	(3,975)
Accumulated Benefit Obligation	(3,627,419)	(2,918,946)	(2,523,024)
Effect of Projected Future Salary Increases	(957,295)	(621,808)	(834,347)
Projected Benefit Obligation	(4,584,714)	(3,540,754)	(3,357,371)
Plan Assets at Fair Value, Primarily Stocks, Corporate Bonds, Treasury Securities and Money Market Funds	4,862,398	4,136,008	3,698,295
Plan Assets In Excess of Projected Benefit Obligation	277,684	595,254	340,924
Unrecognized Prior Service Cost	5,695	6,361	7,027
Unrecognized Net Gain	(341,137)	(731,602)	(346,057)
Unrecognized Transition Asset	(131,672)	(147,072)	(162,472)
Accrued Pension Liability	\$(189,430)	\$(277,059)	\$(160,578)

The actuarial assumptions made to determine the projected benefit obligation and the fair value of plan assets are as follows:

	December 31,		
	----- 1997 -----	----- 1996 -----	----- 1995 -----
Weighted Average Discount Rate	7.0%	8.0%	8.0%
Weighted Average Asset Rate of Return	9.0%	8.0%	8.0%
Compensation Scale	5.0%	5.0%	5.0%

NOTE 9 POSTRETIREMENT BENEFIT PLANS OTHER THAN PENSIONS

The Company sponsors two defined benefit postretirement plans of certain health care and life insurance benefits for eligible retired employees. All full-time employees become eligible to receive these benefits if they retire after reaching age 55 with 20 or more years of service. The postretirement health care plan is contributory, with retiree contributions adjusted annually; the life insurance plan is non-contributory up to \$5,000 of coverage. The accounting for the health care plan reflects caps on the amount of annual benefit to be paid to retirees as stipulated by the plan. The Company pays for the plan as costs are incurred.

The Company recognizes postretirement expenses in accordance with adopted SFAS No.106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," which requires that expected costs of postretirement benefits be charged to expense during the years the employees render service. The Company elected to amortize the unfunded obligation measured at adoption of SFAS 106 over a period of 20 years. The effect of this expense recognized in 1997, 1996, and 1995 was \$102,639, \$89,670, and \$103,415 respectively. The accrued post retirement benefit cost reflected in the balance sheet at December 31, 1997 and 1996 was \$235,906 and \$182,785, respectively.

NOTE 10 STOCK OPTION PLAN

The Company maintains a stock option plan (the Plan) pursuant to which 530,000 shares of the Company's common stock may be issued. Under the Plan the option exercise price equals the stock's market price on the date of grant. The Options vest over five years and all expire after ten years. The Plan provides for the grant of (1) incentive stock options which satisfy the requirements of Internal Revenue Code (IRC) Section 422, and (2) nonqualified options which are not entitled to favorable tax treatment under IRC Section 422. No optionee may exercise incentive stock options in any calendar year for shares of common stock having a total market value of more than \$100,000 on the date of grant (subject to certain carryover provisions). In connection with the grant of nonqualified options, a stock appreciation right for each share covered by the option may also be granted. The stock appreciation right will entitle the optionee to receive a supplemental payment which may be paid in whole or in part in cash or in

NOTE 10 STOCK OPTION PLAN (CONTINUED)

shares of common stock equal to all or a portion of the spread between the exercise price and the fair market value of the underlying share at the time of exercise. The Company accounts for the Plan under APB Opinion No. 25. Had compensation cost for the Plan been determined consistent with FASB Statement No. 123, the Company's net income and earnings per share would not have been materially different than previously reported.

A summary of the status of the Company's stock option plan for the three years ended December 31, 1997 and changes during the years then ended is as follows:

	1997		1996		1995	
	Shares	Wtd Avg Ex Price	Shares	Wtd Avg Ex Price	Shares	Wtd Avg Ex Price
Outstanding at beginning of year	327,300	\$12.87	279,300	\$12.14	267,300	\$12.90
Granted	48,000	\$16.87	48,000	\$17.15	48,000	\$12.12
Exercised	(226,500)	\$12.09				
Expired	--		--		(36,000)	\$17.75
Outstanding at end of year	148,800	\$15.36	327,300	\$12.87	279,300	\$12.14
Exercisable at end of year	71,680	\$14.52	226,500	\$12.09	171,300	\$11.69
Weighted average fair value of options granted during the year	\$5.13		\$4.98		\$3.52	

Of the 226,500 options exercised in 1997, 115,939 options were surrendered in payment of the cash exercise price of the remaining options. The option exercise and accrual of stock appreciation rights resulted in compensation expense of \$1,822,992 and \$1,409,109, respectively, included in general and administrative expenses primarily during the fourth quarter. Additionally, the exercise resulted in \$1,216,240 of income tax benefit, of which \$293,524 was recorded as an addition to additional paid-in capital.

Of the 148,800 options outstanding at December 31, 1997, 62,400 have exercise prices between \$12.37 and \$14.87 with a weighted average exercise price of \$13.09 and a weighted average contractual

NOTE 10 STOCK OPTION PLAN (CONTINUED)

life of 6.3 years. Of these 62,400 options, 46,720 are exercisable with a weighted average exercise price of \$13.17. The remaining 86,400 shares have exercise prices between \$16.87 and \$17.15, with a weighted average exercise price of \$16.99 and a weighted average contractual life of 8.6 years. Of these 86,400 shares 24,960 are exercisable and their weighted average exercise price is \$17.04.

NOTE 11 EARNINGS PER SHARE

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share," effective for reporting periods ending after December 15, 1997. SFAS No. 128 requires companies to present basic earnings per share ("EPS") and diluted EPS, instead of primary and fully diluted EPS previously required. The new standard also requires additional information and disclosures and makes certain modifications to the EPS calculations previously reported under Accounting Principles Board No. 15.

The Company has adopted SFAS No. 128 effective December 15, 1997 and, as a result, the Company's reported quarterly EPS for 1997 have been restated. This accounting change had no material effect on previously reported EPS data for 1996 and 1995. The following disclosures comply with the requirements of SFAS No. 128.

	1997 -----	1996 -----	1995 -----
Income Available to Common Shareholders	\$4,011,367 =====	\$6,602,558 =====	\$4,420,007 =====
Weighted Average Shares Outstanding	6,288,452	6,261,272	6,261,272
Common shares Applicable to Stock Options Using the Treasury Stock Method	22,789 -----	90,159 -----	46,917 -----
Total shares applicable to Diluted Earnings Per Share	6,311,241 =====	6,351,431 =====	6,308,189 =====
Basic Earnings Per Share	\$.64 =====	\$ 1.05 =====	\$.71 =====
Diluted Earnings Per Share	\$.64 =====	\$ 1.04 =====	\$.70 =====

NOTE 11 EARNINGS PER SHARE (CONTINUED)

Basic earnings per common share were computed by dividing net income by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per common share were determined based on assumption of the conversion of stock options at the beginning of each period using the treasury stock method at average cost for the periods.

NOTE 12 LEASE OBLIGATIONS

The Company leases certain equipment, land and improvements under operating leases.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31, 1997, are summarized as follows:

Year Ending December 31,	Amounts

1998	\$ 272,852
1999	261,907
2000	192,560
2001	154,701
2002	98,597
2003 and thereafter	6,716,667

	\$7,697,284
	=====

Rental expense under all operating leases amounted to \$351,785, \$315,528, and \$398,345 for the years ended December 31, 1997, 1996 and 1995, respectively.

NOTE 13 BUSINESS SEGMENT DATA

Information about the Company's operations in different industries for each of the three years ended December 31 is as follows (amounts in thousands):

NOTE 14 RELATED PARTIES

Baker, Fentress & Company, a publicly owned, closed-end investment company, owned approximately 79 percent of the Company's outstanding common stock at December 31, 1997 and 1996.

The Company sells, under a participating marketing pool agreement, a significant portion of its citrus fruit to Citrus World, an agricultural cooperative of which the Company owns a 4 percent equity interest. The Company accounts for this equity interest at cost. Non-voting stock, in the aggregate amount of \$898,871 issued by Citrus World is owned by the Company. This non-voting stock represents per unit retain contributions and are considered to have no value for financial statement purposes until redeemed. See Note 1 "Summary of Significant Accounting Policies."

A note payable in the amount of \$2,499,770 and \$2,535,140 at December 31, 1997 and 1996, respectively, was payable to an affiliate partner in a joint venture with Indigo Group Ltd.

QUARTERLY FINANCIAL DATA (Unaudited)

(In thousands except per share amounts)
THREE MONTHS ENDED

	March 31,		June 30,		September 30,		December 31,	
	1997	1996	1997	1996	1997	1996	1997	1996
Revenues								
Citrus	\$4,422	\$5,169	\$1,814	\$4,618	\$ 78	\$ 50	\$ 3,131	\$ 4,026
Real Estate	849	2,792	1,475	989	1,243	733	1,845	3,128
Undeveloped Real Estate	2	2	16	1	2	1	7,705	381
Interest and Other Income	299	172	532	650	274	182	264	5,119
	-----	-----	-----	-----	-----	-----	-----	-----
	5,572	8,135	3,837	6,258	1,597	966	12,945	12,654
	-----	-----	-----	-----	-----	-----	-----	-----
Cost and Expenses:								
Citrus	3,547	3,474	1,559	2,827	535	537	2,712	3,013
Real Estate	794	1,202	749	849	806	713	1,059	1,406
General and Administrative	883	850	765	828	1,021	761	3,263	947
	-----	-----	-----	-----	-----	-----	-----	-----
	5,224	5,526	3,073	4,504	2,362	2,011	7,034	5,366
	-----	-----	-----	-----	-----	-----	-----	-----
Income (Loss) From Continuing Operations Before Income Taxes	348	2,609	764	1,754	(765)	(1,045)	5,911	7,288
Income Taxes (Credit)	(121)	(960)	(248)	(638)	252	415	(2,130)	(2,820)
	-----	-----	-----	-----	-----	-----	-----	-----
Net Income (Loss)	\$ 227	\$1,649	\$ 516	\$1,116	\$(513)	\$(630)	\$ 3,781	\$4,468
	=====	=====	=====	=====	=====	=====	=====	=====
Per Share Amounts (Note 11)								
Net Income (Loss)								
Basic Earnings Per Share	\$ 0.04	\$ 0.26	\$0.08	\$ 0.18	\$(0.08)	\$(0.10)	\$ 0.60	\$ 0.71
	=====	=====	=====	=====	=====	=====	=====	=====

Management's Discussion and Analysis

Results of Operations 1997 Compared to 1996

Citrus Operations

Profits from citrus operations totaling \$1,092,217 for calendar year 1997 represent a 73% downturn from the \$4,011,512 profit posted during 1996. A 26% reduction in fruit harvested and sold resulted in a 32% decline in revenues realized and was the primary reason for the fall in profitability. A total of 1,042,000 boxes of fruit were sold during 1997 compared to 1,401,000 sold one year earlier. Also contributing to the revenue and profit reductions was an 8% decrease in average fruit pricing for the year, with pricing of both fresh and processed fruit contributing to the decline. Production and selling expenses fell 15% during the period on the lower fruit volume; although, this was offset to some extent by reduced handling credits received due to a 58% decline in fruit handled for outside growers. Lower fruit production reduced profit margins as fixed and semi-variable costs were allocated to fewer boxes.

Real Estate Operations

Reduced commercial land sales volume resulted in a 42% fall in profits from real estate operation to \$2,003,678 for the year Ended December 31, 1997. This profit compares to the \$3,472,181 recorded during 1996's same period. A total of 63 acres of commercial land sales were closed during 1997, producing gross profits approximating \$1,745,000, while gross profits of \$3,125,000 were realized on the sale of 92 acres during 1996.

The sale of the 70,000-square-foot Mariner Village shopping center in June 1996, the 24,000 square-foot office building in Daytona Beach in December 1996, the 24,000-square-foot Palm Coast office building in May 1997 and the December 1997 sale of the 47,000-square-foot Daytona Beach office building resulted in income properties revenues and expenses falling 39% and 35%, respectively. Bottom line results from income properties for the twelve months of 1997 were break-even, compared to a \$127,000 profit posted in 1996.

Forestry operating income rose 25% to \$748,000 during 1997 as revenues rose 20% from increased harvesting. A 10% increase in subsurface revenue to \$184,000 was produced on higher mineral lease income offset to some extent by lower oil royalty income.

General, Corporate and Other

The sale of 11,156 acres of the Company's western most Volusia County lands along with releases on surface entry rights on 48 acres produced profits from undeveloped real estate interests of \$7,725,007 for 1997. This compares to the sale of 25 acres of land and the release of surface entry rights on 11,767 acres which produced income for 1996 of \$384,756.

Interest and other income declined 78% for 1997 to \$1,369,086 when compared to 1996's profit of \$6,123,025. Results for 1997 include a profit of \$250,000 realized on the sale of the 24,000 square-foot Palm Coast office building along with increases from interest on mortgage notes receivable and investment income of \$260,000 and \$70,000, respectively when compared to the prior year. Interest and other income posted during 1996 includes \$4,550,000 recognized on the sale of 479 acres including citrus groves in Highlands County, and \$450,000 and \$340,000 realized on the sale of the 70,000-square-foot Mariner Village shopping center and 24,000-square-foot Daytona Beach office building, respectively.

The exercise of stock options along with an increase in expense from stock appreciation rights, due to the rise in the Company's stock price at time of exercise, primarily resulted in a 75% increase in general and administrative expenses for the twelve months of 1997.

Management's Discussion and Analysis

Results of Operations 1996 Compared to 1995

Citrus Operations

Results from citrus operations for the year ended December 31, 1996 improved dramatically when compared to calendar year 1995. Profits increased 538% to \$4,011,512 for the twelve months of 1996 from \$628,829 one year earlier. Revenues of \$13,862,864 were posted for the year reflecting a 57% climb from the \$8,819,259 recorded in the prior year. The revenue gain is attributable to a 37% increase in fruit harvested and sold, coupled with a 9% improvement in average fruit pricing. Fruit sales for 1996 totaled 1,401,000 boxes, with sales for 1995 amounting to 1,021,000 boxes. Pricing for both fresh and processed fruit contributed to the average price increase in 1996. Production and selling expenses were down on a per box basis for the twelve months of 1996 due to the efficiencies achieved on the higher fruit volume, but rose 20% in total on the higher fruit volume.

Real Estate Operations

Real estate operations income rose 20% for the calendar year of 1996 to \$3,472,181. This compares to 1995's income of \$2,888,594. Commercial land sales activity accounted for the improved results. Although the sale of commercial acres decreased slightly to 92 acres sold in 1996 compared to the sale of 97 acres in 1995, higher profit margins were earned on these 1996 sales. Sales pricing and profit margins can vary from property to property based on its location and intended use.

Income properties posted a 20% profit gain in 1996 on higher occupancies and leasing rates. Both revenues and expenses decreased, 7% and 8% respectively, during the twelve-month period due to the May 1995 sale of the 18,000-square-foot Mariner Towne Square shopping center and the June 1996 sale of the 70,000 square foot Mariner Village shopping center both located in Spring Hill, Florida. Forestry profits fell 17% for 1996's twelve months, a direct result of a 17% decline in revenues on decreased harvesting. Higher oil royalties on increased production combined with additional mineral leases resulted in a 68% rise in subsurface income.

General, Corporate and Other

Profits on the sale of undeveloped real estate interests totaled \$384,756 for 1996 on the sale of 25 acres of land and the release of surface entry rights on 11,767 acres. This represents a 92% downturn from 1995 results when profits of \$4,718,248 were recorded on the sale of 1,218 acres.

Interest and other income realized in 1996 amounted to \$6,123,025, a 155% gain over 1995's interest and other income of \$2,404,063. Interest and other income for 1996 includes \$4,550,000 recognized on the sale of 479 acres including citrus groves in Highlands County, \$450,000 posted on the sale of the Mariner Village shopping center and \$340,000 recorded on the sale of the 24,000-square-foot office building in Daytona Beach, Florida. The sale of 142 acres of citrus groves and lakefront property in Highlands County accounted for profits of \$1,740,000 included in 1995's interest and other income.

General and administrative expenses fell 3% for the calendar year on decreased interest expense from lower outstanding borrowings, with this decline partially offset by increased costs related to the accounting for stock options.

Financial Position

Earnings for the twelve months of 1997 totaling \$4,011,367, equivalent to \$.64 per share, represent a 39% decline from 1996's record earnings of \$6,602,558, equivalent to \$1.05 per share. Earnings from both of the Company's major lines of business, citrus and real estate, contributed to the decline. Profits from citrus operations fell 73% on lower fruit volume along with a reduction in pricing, while results from real estate operations were down due to weaker closings on commercial acreage. Dividends declared and paid during 1997 rose 18% over 1996 to \$.65 per share, from 1996's level of \$.55 per share. The Company's financial position was strong at December 31, 1997 with cash, cash equivalents and investment securities totaling \$10,414,112, and debt being reduced \$4,450,248 to \$13,497,523. Net cash and cash equivalents increased \$7,626,598 during the year with \$12,089,321 provided from operating activities and \$4,052,346 provided from investing activities, offset by \$8,515,069 used in financing activities including the payment of dividends and debt reduction. Investing activities includes \$2,089,861 expended for the acquisition of property, plant and equipment and \$5,686,737 received as proceeds from the sale of property, plant and equipment, primarily the sale of the 24,000-square-foot office building in Palm Coast and the 47,000-square-foot Daytona Beach office building. The expenditures on property, plant and equipment were centered around the development of the second golf course at the LPGA International mixed-use development along with forestry tree planting. Capital requirements for 1998 are projected to approximate \$10.6 million, of which \$8.6 will be spent on the second golf course, the clubhouse and amenities and golf maintenance equipment. These expenditures will be funded from cash and investments on hand, operating activities, and if necessary, existing financing sources.

Fruit production from citrus operations declined 24% for the 1996-1997 crop season with 1,047,000 boxes harvested and sold. To a large extent the drop-off in production is due to the sale of groves in 1996 in conjunction with the disposition of lakefront property. This fruit will be replaced in future years as the groves planted during 1989-1992 mature and increase their yield. The groves remain in excellent condition and fruit volume for the 1997-1998 season, which began in September 1997, is anticipated to approximate 1,200,000 boxes. The 1997-1998 crop estimate for Florida oranges totals 254 million boxes and represents a 12% increase over the final 1996-1997 record crop totaling 226 million boxes. Due to this abundant crop, pricing for both fresh and processed fruit has been relatively weak. News of an approximate 25% reduction in fruit to be produced by Brazil for the coming season has led to some strengthening of prices in recent weeks.

On September 1, 1997, the Company took over operations of the LPGA International golf facilities from the City of Daytona Beach through a long-term lease arrangement. This entails not only the operation of the current facilities, but also assuming the responsibility of constructing the second golf course and clubhouse facilities. The second golf course, designed by Arthur Hills, is currently under construction, with the clubhouse currently in the design phase. The golf course should be ready for play during the fourth quarter of 1998 with the clubhouse ready shortly thereafter. The total cost of these new facilities will approximate \$10 million. It is anticipated that the addition of these amenities will strengthen residential sales activity and attract a destination resort hotel. Additionally, the recent introduction of a lower priced product, with prices starting just over \$100,000, should broaden the market and spur residential sales activity. Commercial sales activity in and around the development remain relatively strong. Several closings originally anticipated to close during the fourth quarter of 1997 have been deferred for closing in the first half of 1998.

During 1997 the Company sold approximately 11,000 acres of its most western lands in Volusia County. These lands were not in the Company's short term plans for development and were sold to a state agency, rather than a competitor, to be used for conservation. The Company also continues to sell its income properties and at this time only one such property remains unsold. These strategies have helped to substantially reduce Company debt while producing funds to be invested in its core assets, the citrus groves and in particular the LPGA International mixed-use development. With stable citrus pricing and increasing fruit volume from citrus operations, along with the conversion of commercial contract backlog to closings, continued profitability is forecasted in the near term.

COMMON STOCK PRICES AND DIVIDENDS

Effective September 1, 1992, the Company's common stock began trading on the American Stock Exchange (AMEX) under the symbol CTO. The Company has paid dividends annually on a continuous basis since 1976, the year in which its initial dividends were paid. The following table summarizes aggregate annual dividends paid (on a semi-annual basis) over the five years ended December 31, 1997.

1993	\$.30
1994	\$.35
1995	\$.45
1996	\$.55
1997	\$.65

Indicated below are high and low sales prices for the quarters of the last two fiscal years. All quotations represent actual transactions.

	1997		1996	
	----- \$	\$	----- \$	\$
First Quarter	17-5/8	16-1/2	17-7/8	16-3/4
Second Quarter	17-1/4	15-1/2	20-7/8	17-1/2
Third Quarter	24-1/4	16-3/8	19-5/8	16-3/4
Fourth Quarter	25	17-5/8	17-3/8	16-1/4

Approximate number of shareholders of record as of December 31, 1997 (without regard to shares held in nominee or street name): 250

EXHIBIT 21

Subsidiaries of the Registrant

	Organized under laws of	Percentage of voting securities owned by immediate parent
Consolidated-Tomoka Land Co.	Florida	--
Placid Utilities	Florida	100.0
Indigo Group Inc.	Florida	100.0
Indigo Group Ltd. (A Limited Partnership)	Florida	99.0*
Indigo Development Inc.	Florida	100.0
Indigo Lakes Realty, Inc.	Florida	100.0
Palms Del Mar Inc.	Florida	100.0
Indigo International Inc.	Florida	100.0

*Consolidated-Tomoka Land Co. is the limited partner of Indigo Group Ltd., and owns 99.0% of the total partnership equity. Indigo Group Inc. is the managing general partner of the partnership and owns an additional 1.0% of the partnership equity.

All subsidiaries are included in the Consolidated Financial Statements of the Company and its subsidiaries appearing elsewhere herein.

EXHIBIT 23

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO: CONSOLIDATED-TOMOKA LAND CO.

As independent certified public accountants, we hereby consent to the incorporation of our reports included and incorporated by reference in this Form 10-K, into the Company's previously filed Registration Statements on Form S-8 (File 33-62679 (prior registration number 33-50954)).

Arthur Andersen LLP

Tampa, Florida
March 20, 1998

THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM
 CONSOLIDATED-TOMOKA LAND CO.'S DECEMBER 31, 1997 10-K AND IS QUALIFIED IN ITS
 ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

12-MOS		
	DEC-31-1997	
	DEC-31-1997	
		9,387,433
		1,026,679
		11,843,323
		0
		17,527,023
		0
		26,197,934
		9,306,797
		58,234,142
		0
		0
		0
		6,371,833
		31,482,614
58,234,142		
		22,581,577
		23,950,663
		8,347,587
		11,760,675
		5,018,736
		0
		913,287
		6,257,965
		2,246,367
4,011,367		
		0
		0
		0
		4,011,367
		.64
		.64