

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

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 14, 2022

CTO Realty Growth, Inc.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation)

001-11350
(Commission File Number)

59-0483700
(IRS Employer Identification No.)

**369 N. New York Ave.,
Suite 201
Winter Park, Florida**
(Address of principal executive offices)

32789
(Zip Code)

Registrant's telephone number, including area code: **(407) 904-3324**

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class:</u>	<u>Trading Symbols</u>	<u>Name of each exchange on which registered:</u>
Common Stock, \$0.01 par value per share	CTO	NYSE
6.375% Series A Cumulative Redeemable Preferred Stock, \$0.01 par value per share	CTO PrA	NYSE

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On October 14, 2022, CTO Realty Growth, Inc. (the "Company" or "CTO") completed the acquisition of a class A, grocery-anchored mixed-use asset in the Richmond, Virginia Metropolitan Area ("West Broad Village" or the "Property") from a certain institutional owner (the "Seller") for a purchase price of \$93.85 million. There is no material relationship between the Company or any director or officer of the Company, or any associate of any director or officer of the Company, and the Seller, other than with respect to the Company's acquisition of West Broad Village. The acquisition was funded using (a) available cash, (b) 1031 like-kind exchange proceeds generated from certain of the Company's previously completed property dispositions, and (c) proceeds from the Company's revolving credit facility, and was structured as a reverse like-kind exchange in order to account for possible future dispositions of income properties by the Company.

This Current Report on Form 8-K includes the historical audited financial statements of West Broad Village and the pro forma consolidated financial information required by Items 9.01(a) and 9.01(b) of Form 8-K related to the Property.

The pro forma financial information included in this Current Report on Form 8-K has been presented for informational purposes only, as required by Form 8-K. It does not purport to represent the actual results of operations that the Company and West Broad Village would have achieved had the Company held the assets of the Property during the periods presented in the pro forma financial information and is not intended to project the future results of operations that the Company may achieve after the acquisition of West Broad Village.

Item 7.01. Regulation FD Disclosure.

On October 17, 2022, the Company issued a press release announcing the completion of the acquisition of West Broad Village. A copy of the press release is attached hereto as Exhibit 99.3. The information contained in Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.3, is being furnished and shall not be deemed "filed" for any purposes, including for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. Such information shall not be incorporated by reference into any filing of the Company, whether made before or after the date hereof, unless it is specifically incorporated by reference therein.

Item 9.01. Financial Statements and Exhibits.**(a) Financial Statements of Business Acquired**

The financial statements that are required to be filed pursuant to this item are being filed with this Current Report on Form 8-K as Exhibit 99.1 and are incorporated by reference herein.

(b) Pro Forma Financial Information

The pro forma financial information that is required to be filed pursuant to this item is being filed with this Current Report on Form 8-K as Exhibit 99.2 and is incorporated by reference herein.

(d) Exhibits**23.1 Consent of Grant Thornton LLP****99.1 Audited Financial Statements**

- Report of Independent Certified Public Accountants
- Historical Summary of Revenues and Direct Costs of Revenues of West Broad Village for the Six Months Ended June 30, 2022 (Unaudited) and the Year Ended December 31, 2021 (Audited)
- Notes to Historical Summary of Revenues and Direct Costs of Revenues

99.2 Pro Forma Financial Information

- Summary of Unaudited Pro Forma Consolidated Financial Statements
 - Unaudited Pro Forma Consolidated Balance Sheet of CTO Realty Growth, Inc. as of June 30, 2022
 - Unaudited Pro Forma Consolidated Statements of Operations of CTO Realty Growth, Inc. for the Six Months Ended June 30, 2022 and the Year Ended December 31, 2021
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- Notes to Unaudited Pro Forma Consolidated Financial Statements

[99.3 Press Release](#)

- Press Release dated October 17, 2022 regarding the Acquisition of West Broad Village for \$93.85 Million

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

Date: October 17, 2022

CTO Realty Growth, Inc.

By: /s/ Matthew M. Partridge
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated October 17, 2022 with respect to the historical summary of revenues and direct cost of revenues of West Broad Village, included in the Form 8-K of CTO Realty Growth, Inc. filed with the Securities and Exchange Commission on October 17, 2022. We consent to the incorporation by reference of said report in the Registration Statements of CTO Realty Growth, Inc. on Form S-3 (File No. 333-267819, 333-254970 and 333-249209) and Form S-8 (File No. 333-168379, 333-176162, 333-204875, and 333-227885).

GRANT THORNTON LLP

/s/ Grant Thornton LLP

Orlando, Florida
October 17, 2022

Report of Independent Certified Public Accountants**Board of Directors and Stockholders
CTO Realty Growth, Inc.****Opinion**

We have audited the accompanying Historical Summary of Revenues and Direct Costs of Revenues of West Broad Village (the “Property”) for the year ended December 31, 2021 and the related notes (the “Historical Summary”).

In our opinion, the accompanying Historical Summary presents fairly, in all material respects, the revenues and direct costs of revenues of the Property for the year ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit of the Historical Summary in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CTO Realty Growth, Inc., and the Property and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the Historical Summary in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Historical Summary that are free from material misstatement, whether due to fraud or error.

In preparing the Historical Summary, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Property’s ability to continue as a going concern for the time period set by the applicable financial reporting framework; for US GAAP: one year after the date the financial statements are issued.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Historical Summary as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Historical Summary.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
 - Identify and assess the risks of material misstatement of the Historical Summary, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Historical Summary.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property’s internal control. Accordingly, no such opinion is expressed.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Historical Summary.
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- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Property's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of matter

We draw attention to Note 2 to the Historical Summary, which describes that the accompanying Historical Summary was prepared for the purposes of complying with certain rules and regulations of the Securities and Exchange Commission (for inclusion in the Current Report on Form 8-K of CTO Realty Growth, Inc.) and is not intended to be a complete presentation of the Property's revenues and direct expenses. Our opinion is not modified with respect to this matter.

/S/ GRANT THORNTON LLP

Orlando, Florida

October 17, 2022

HISTORICAL SUMMARY OF REVENUES AND DIRECT COSTS OF REVENUES
For the Six Months Ended June 30, 2022 (Unaudited) and the Year Ended December 31, 2021
(In thousands)

	Six Months Ended June 30, 2022 (Unaudited)
Revenues:	
Lease Revenue	\$ 4,253
Total Revenues	<u>4,253</u>
Direct Costs of Revenues:	
Real Estate Expenses	1,149
Total Direct Costs of Revenues	<u>1,149</u>
Revenues over Direct Costs of Revenues	<u>\$ 3,104</u>

	Year Ended December 31, 2021
Revenues:	
Lease Revenue	\$ 8,102
Total Revenues	<u>8,102</u>
Direct Costs of Revenues:	
Real Estate Expenses	2,258
Total Direct Costs of Revenues	<u>2,258</u>
Revenues over Direct Costs of Revenues	<u>\$ 5,844</u>

The accompanying notes are an integral part of this historical summary of revenues and direct costs of revenues.

Notes to Historical Summary of Revenues and Direct Costs of Revenues
For the Six Months Ended June 30, 2022 (Unaudited) and the Year Ended December 31, 2021

NOTE 1. BUSINESS AND ORGANIZATION

On October 17, 2022, CTO Realty Growth, Inc. (the “Company” or “CTO”) completed the acquisition of a grocery-anchored mixed-use center in the Richmond, Virginia Metropolitan Area (“West Broad Village” or the “Property”) from a certain institutional owner (the “Seller”) for a purchase price of \$93.85 million. The acquisition was funded using (a) available cash, (b) 1031 like-kind exchange proceeds generated from certain of the Company’s previously completed property dispositions, and (c) proceeds from the Company’s revolving credit facility.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying historical summary of revenues and direct costs of revenues (the “Historical Summary”) includes the operations of the Property and has been prepared for the purpose of complying with Rule 3-14 of Regulation S-X promulgated under the Securities Act of 1933, as amended. Accordingly, the Historical Summary is not representative of the actual operations for the periods presented as revenues, and certain operating expenses, which may not be directly attributable to the revenues and expenses expected to be incurred in the future operations of the Property, have been excluded. Such items include depreciation, amortization, interest expense, interest income, and amortization of above- and below-market leases.

INCOME PROPERTY LEASE REVENUE

The rental arrangements associated with tenants of the Property are classified as operating leases. Accordingly, base rental income is recognized on a straight-line basis over the terms of the respective leases. Tenant reimbursement revenue is recognized as the related expenses are incurred and become recoverable from tenants.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that in certain circumstances may affect the reported revenues. Actual results could materially differ from these estimates.

NOTE 3. REVENUE RECOGNITION

Leasing revenue consists of long-term rental revenue, which is recognized as earned, using the straight-line method over the life of each lease. The components of leasing revenue are as follows (in thousands):

	For the Six Months Ended June 30, 2022 (Unaudited)
Leasing Revenue	
Lease Payments	\$ 3,675
Variable Lease Payments	578
Total Lease Income	<u>\$ 4,253</u>

	For the Year Ended December 31, 2021
Leasing Revenue	
Lease Payments	\$ 6,917
Variable Lease Payments	1,185
Total Lease Income	<u>\$ 8,102</u>

NOTE 4. MINIMUM FUTURE RENTAL RECEIPTS

Minimum future rental receipts under non-cancelable operating leases, excluding percentage rent and other lease payments that are not fixed and determinable, having remaining terms in excess of one year subsequent to June 30, 2022, are summarized as follows (in thousands):

<u>Year Ending December 31,</u>		
Remainder of 2022	\$	3,828
2023		7,613
2024		7,335
2025		6,440
2026		5,174
2027		3,997
2028 and thereafter (cumulative)		6,976
Total	\$	<u>41,363</u>

NOTE 5. CONCENTRATION OF CREDIT RISK

There are three tenants in the Property presented in the Historical Summary that accounted for an aggregate of 49.5% and 52.6% of base rent revenues reported for the six months ended June 30, 2022 and the year ended December 31, 2021, respectively.

NOTE 6. SUBSEQUENT EVENTS

Subsequent events and transactions were evaluated through October 17, 2022, the date on which the Historical Summary was issued. There were no reportable subsequent events or transactions.

CTO REALTY GROWTH, INC.
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

On July 8, 2022, CTO Realty Growth, Inc. (the “Company” or “CTO”) completed the acquisition of a retail center located in Atlanta, Georgia (“Madison Yards” or the “Property”) from a certain project owner (the “Seller”) for a purchase price of \$80.2 million. There is no material relationship between the Company or any director or officer of the Company, or any associate of any director or officer of the Company, and the Seller, other than with respect to the Company’s acquisition of Madison Yards. The acquisition was funded using (a) available cash, (b) 1031 like-kind exchange proceeds generated from certain of the Company’s previously completed property dispositions, and (c) proceeds from the Company’s revolving credit facility, and was structured as a reverse like-kind exchange in order to account for possible future dispositions of income properties by the Company.

On October 14, 2022, CTO Realty Growth, Inc. (the “Company” or “CTO”) completed the acquisition of a grocery-anchored mixed-use center in the Richmond, Virginia Metropolitan Area (“West Broad Village” or the “Property”) from a certain institutional owner (the “Seller”) for a purchase price of \$93.85 million. There is no material relationship between the Company or any director or officer of the Company, or any associate of any director or officer of the Company, and the Seller, other than with respect to the Company’s acquisition of West Broad Village. The acquisition was funded using (a) available cash, (b) 1031 like-kind exchange proceeds generated from certain of the Company’s previously completed property dispositions, and (c) proceeds from the Company’s revolving credit facility, and was structured as a reverse like-kind exchange in order to account for possible future dispositions of income properties by the Company.

The following unaudited pro forma consolidated balance sheet as of June 30, 2022, unaudited pro forma consolidated statement of operations for the six months ended June 30, 2022, and unaudited pro forma consolidated statement of operations for the year ended December 31, 2021 (collectively, the “Unaudited Pro Forma Financials”) give effect to the acquisitions of Madison Yards and West Broad Village. The adjustments in the Unaudited Pro Forma Financials are referred to herein as the “Property Acquisition Transaction Accounting Adjustments.”

Transaction Accounting Adjustments

The Unaudited Pro Forma Financials present the effects of the acquisitions of Madison Yards and West Broad Village (together, the “Properties”) as though such acquisitions had occurred on January 1, 2021, the beginning of the earliest applicable reporting period.

Unaudited Pro Forma Financials

The Unaudited Pro Forma Financials are based on the estimates and assumptions as of the date of this Current Report on Form 8-K set forth in the notes to the Unaudited Pro Forma Financials, which are preliminary and have been made solely for the purpose of developing such pro forma information. The Unaudited Pro Forma Financials are not necessarily indicative of the financial position or operating results that would have been achieved had the acquisitions of the Properties occurred on the date indicated, nor are they necessarily indicative of the Company’s future financial position or operating results. Assumptions underlying the adjustments to the Unaudited Pro Forma Financials are described in the accompanying notes, which should be read in conjunction with the Unaudited Pro Forma Financials.

CTO REALTY GROWTH, INC.
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2022

(In thousands, except share and per share data)

	<u>Historical</u>	<u>Property Acquisition Transaction Accounting Adjustments - Madison Yards</u>	<u>Notes</u>	<u>Property Acquisition Transaction Accounting Adjustments - West Broad Village</u>	<u>Notes</u>	<u>Pro Forma</u>
ASSETS						
Real Estate:						
Land, at Cost	\$ 205,245	\$ 19,767	[A]	\$ 12,110	[A]	\$ 237,122
Building and Improvements, at Cost	344,205	47,907	[A]	65,776	[A]	457,888
Other Furnishings and Equipment, at Cost	741	—		—		741
Construction in Process, at Cost	10,419	—		—		10,419
Total Real Estate, at Cost	560,610	67,674		77,886		706,170
Less, Accumulated Depreciation	(31,735)	—		—		(31,735)
Real Estate—Net	528,875	67,674		77,886		674,435
Land and Development Costs	686	—		—		686
Intangible Lease Assets—Net	78,328	13,836	[A]	18,047	[A]	110,211
Investment in Alpine Income Property Trust, Inc.	38,483	—		—		38,483
Mitigation Credits	3,436	—		—		3,436
Mitigation Credit Rights	21,018	—		—		21,018
Commercial Loan and Investments	68,783	—		—		68,783
Cash and Cash Equivalents	7,137	(7,532)	[B]	(4,693)	[B]	(5,088)
Restricted Cash	27,189	(17,490)	[B]	(35,040)	[B]	(25,341)
Refundable Income Taxes	286	—		—		286
Deferred Income Taxes—Net	105	—		—		105
Other Assets	28,029	—		—		28,029
Total Assets	\$ 802,355	\$ 56,488		\$ 56,200		\$ 915,043

See accompanying notes to unaudited pro forma consolidated financial statements.

CTO REALTY GROWTH, INC.
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET (Continued)
AS OF JUNE 30, 2022

(In thousands, except share and per share data)

	<u>Historical</u>	<u>Property Acquisition Transaction Accounting Adjustments - Madison Yards</u>	<u>Notes</u>	<u>Property Acquisition Transaction Accounting Adjustments - West Broad Village</u>	<u>Notes</u>	<u>Pro Forma</u>
LIABILITIES AND STOCKHOLDERS' EQUITY						
EQUITY						
Liabilities:						
Accounts Payable	\$ 1,325	\$ —		\$ —		\$ 1,325
Accrued and Other Liabilities	15,705	563	[B]	1,487	[B]	17,755
Deferred Revenue	5,358	362	[B]	409	[B]	6,129
Intangible Lease Liabilities—Net	5,277	1,063	[A]	1,340	[A]	7,680
Long-Term Debt	343,196	54,500	[B]	52,963	[B]	450,659
Total Liabilities	<u>370,861</u>	<u>56,488</u>		<u>56,200</u>		<u>483,549</u>
Commitments and Contingencies						
Stockholders' Equity:						
Preferred Stock – 100,000,000 shares authorized; \$0.01 par value, 6.375% Series A Cumulative Redeemable Preferred Stock, \$25.00 Per Share Liquidation Preference, 3,000,000 shares issued and outstanding at June 30, 2022	30	—		—		30
Common Stock – 500,000,000 shares authorized; \$0.01 par value, 6,082,626 shares issued and outstanding at June 30, 2022	61	—		—		61
Additional Paid-In Capital	86,347	—		—		86,347
Retained Earnings	332,916	—		—		332,916
Accumulated Other Comprehensive Income	12,140	—		—		12,140
Total Stockholders' Equity	<u>431,494</u>	<u>—</u>		<u>—</u>		<u>431,494</u>
Total Liabilities and Stockholders' Equity	<u>\$ 802,355</u>	<u>\$ 56,488</u>		<u>\$ 56,200</u>		<u>\$ 915,043</u>

See accompanying notes to unaudited pro forma consolidated financial statements.

CTO REALTY GROWTH, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2022

(In thousands, except share and per share data)

	Historical	Property Acquisition Transaction Accounting Adjustments - Madison Yards	Notes	Property Acquisition Transaction Accounting Adjustments - West Broad Village	Notes	Pro Forma
Revenues						
Income Properties	\$ 31,535	\$ 3,214	[A][B]	\$ 4,444	[A][B]	\$ 39,193
Management Fee Income	1,884	—		—		1,884
Interest Income From Commercial Loans and Investments	2,008	—		—		2,008
Real Estate Operations	1,246	—		—		1,246
Total Revenues	<u>36,673</u>	<u>3,214</u>		<u>4,444</u>		<u>44,331</u>
Direct Cost of Revenues						
Income Properties	(8,828)	(632)	[A]	(1,149)	[A]	(10,609)
Real Estate Operations	(279)	—		—		(279)
Total Direct Cost of Revenues	(9,107)	(632)		(1,149)		(10,888)
General and Administrative Expenses	(5,719)	—		—		(5,719)
Depreciation and Amortization	(13,096)	(1,198)	[B]	(1,684)	[B]	(15,978)
Total Operating Expenses	<u>(27,922)</u>	<u>(1,830)</u>		<u>(2,833)</u>		<u>(32,585)</u>
Loss on Disposition of Assets	(245)	—		—		(245)
Other Gains and Income (Loss)	(245)	—		—		(245)
Total Operating Income	8,506	1,384		1,611		11,501
Investment and Other Loss	(3,205)	—		—		(3,205)
Interest Expense	(4,179)	(633)	[C]	(615)	[C]	(5,427)
Income Before Income Tax Benefit	1,122	751		996		2,869
Income Tax Benefit	298	—		—		298
Net Income Attributable to the Company	1,420	751		996		3,167
Distributions to Preferred Stockholders	(2,391)	—		—		(2,391)
Net Income (Loss) Attributable to Common Stockholders	<u>\$ (971)</u>	<u>\$ 751</u>		<u>\$ 996</u>		<u>\$ 776</u>

Per Share Information:

Basic and Diluted Net Income (Loss) Attributable to Common Stockholders	\$ (0.16)	\$ 0.13		\$ 0.17		\$ 0.13
Weighted Average Number of Common Shares						
Basic and Diluted	5,956,798	5,956,798		5,956,798		5,956,798

See accompanying notes to unaudited pro forma consolidated financial statements.

CTO REALTY GROWTH, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In thousands, except share and per share data)

	Historical	Property Acquisition Transaction Accounting Adjustments - Madison Yards	Notes	Property Acquisition Transaction Accounting Adjustments - West Broad Village	Notes	Pro Forma
Revenues						
Income Properties	\$ 50,679	\$ 6,473	[A][B]	\$ 8,679	[A][B]	\$ 65,831
Management Fee Income	3,305	—		—		3,305
Interest Income From Commercial Loan and Investments	2,861	—		—		2,861
Real Estate Operations	13,427	—		—		13,427
Total Revenues	<u>70,272</u>	<u>6,473</u>		<u>8,679</u>		<u>85,424</u>
Direct Cost of Revenues						
Income Properties	(13,815)	(1,326)	[A]	(2,258)	[A]	(17,399)
Real Estate Operations	(8,615)	—		—		(8,615)
Total Direct Cost of Revenues	<u>(22,430)</u>	<u>(1,326)</u>		<u>(2,258)</u>		<u>(26,014)</u>
General and Administrative Expenses	(11,202)	—		—		(11,202)
Impairment Charges	(17,599)	—		—		(17,599)
Depreciation and Amortization	(20,581)	(2,396)	[B]	(3,367)	[B]	(26,344)
Total Operating Expenses	<u>(71,812)</u>	<u>(3,722)</u>		<u>(5,625)</u>		<u>(81,159)</u>
Gain on Disposition of Assets	28,316	—		—		28,316
Loss on Extinguishment of Debt	(3,431)	—		—		(3,431)
Other Gains and Income	24,885	—		—		24,885
Total Operating Income	23,345	2,751		3,054		29,150
Investment and Other Income	12,445	—		—		12,445
Interest Expense	(8,929)	(792)	[C]	(770)	[C]	(10,491)
Income Before Income Tax Benefit	26,861	1,959		2,284		31,104
Income Tax Benefit	3,079	—		—		3,079
Net Income Attributable to the Company	29,940	1,959		2,284		34,183
Distributions to Preferred Stockholders	(2,325)	—		—		(2,325)
Net Income Attributable to Common Stockholders	<u>\$ 27,615</u>	<u>\$ 1,959</u>		<u>\$ 2,284</u>		<u>\$ 31,858</u>

Per Share Information:

Basic and Diluted Net Income Attributable to Common Stockholders	\$ 4.69	\$ 0.33		\$ 0.39		\$ 5.41
Weighted Average Number of Common Shares						
Basic and Diluted	5,892,270	5,892,270		5,892,270		5,892,270

See accompanying notes to unaudited pro forma consolidated financial statements.

CTO REALTY GROWTH, INC.
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. BASIS OF PRESENTATION

The unaudited pro forma consolidated balance sheet as of June 30, 2022, unaudited pro forma consolidated statement of operations for the six months ended June 30, 2022, and unaudited pro forma consolidated statement of operations for the year ended December 31, 2021 present the effects of the acquisitions of Madison Yards and West Broad Village as though they had occurred on January 1, 2021, the beginning of the earliest applicable reporting period.

The acquisitions of Madison Yards and West Broad Village were funded using (a) available cash, (b) 1031 like-kind exchange proceeds generated from certain of the Company's previously completed property dispositions, and (c) proceeds from the Company's revolving credit facility. The acquisitions were structured as reverse like-kind exchanges in order to account for possible future dispositions of income properties by the Company.

Unaudited Pro Forma Financials. The Unaudited Pro Forma Financials are based on the estimates and assumptions as of the date of this Current Report on Form 8-K set forth in the notes to the Unaudited Pro Forma Financials, which are preliminary and have been made solely for the purpose of developing such pro forma information. The Unaudited Pro Forma Financials are not necessarily indicative of the financial position or operating results that would have been achieved had the acquisitions of the Properties occurred on the date indicated, nor are they necessarily indicative of the Company's future financial position or operating results. Assumptions underlying the adjustments to the Unaudited Pro Forma Financials are described in the accompanying notes, which should be read in conjunction with the Unaudited Pro Forma Financials.

NOTE 2. PRO FORMA ADJUSTMENTS

Pro Forma Consolidated Balance Sheet as of June 30, 2022

[A] Represents the fair value of the real estate acquired subsequent to June 30, 2022 which are allocated to the acquired tangible assets, consisting of building and improvements, as well as the right-of-use asset related to the land underlying the buildings, and identified intangible lease assets and liabilities, consisting of the value of above-market and below-market leases, the value of in-place leases, and the value of leasing costs. The fair value allocation was provided by a third-party valuation company.

The following represents the allocation of total acquisition costs for Madison Yards and West Broad Village, respectively (in thousands):

Allocation of Purchase Price:	Madison Yards	West Broad Village
Land, at Cost	\$ 19,767	\$ 12,110
Building and Improvements, at Cost	47,907	65,776
Intangible Lease Assets	13,836	18,047
Intangible Lease Liabilities	(1,063)	(1,341)
Total Acquisition Cost - Purchase Price Plus Acquisition Costs	<u>\$ 80,447</u>	<u>\$ 94,592</u>

[B] Represents the sources and uses of funds related to the Madison Yards and West Broad Village acquisition, which occurred subsequent to June 30, 2022.

The Madison Yards acquisition consisted of the use of available cash of \$7.5 million, \$17.5 million of like-kind exchange proceeds from certain of the Company's previously completed property dispositions, and a draw on the Company's unsecured revolving credit facility of \$54.5 million for total sources of \$79.5 million. The Madison Yards acquisition is summarized as follows: purchase price of \$80.2 million plus closing costs of \$0.3 million, for a total acquisition cost of \$80.5 million, as allocated pursuant to Note [A] above, less \$1.0 million of credits received at closing which are reflected

as an increase in Accrued and Other Liabilities and Deferred Revenue of \$0.6 million and \$0.4 million, respectively, for total uses of \$79.5 million.

The West Broad Village acquisition consisted of the use of available cash of \$4.7 million, \$35.0 million of like-kind exchange proceeds from certain of the Company's previously completed property dispositions, and a draw on the Company's unsecured revolving credit facility of \$53.0 million for total sources of \$92.7 million. The West Broad Village acquisition is summarized as follows: purchase price of \$93.85 million plus closing costs of \$0.7 million, for a total acquisition cost of \$94.6 million, as allocated pursuant to Note [A] above, less \$1.9 million of credits received at closing which are reflected as an increase in Accrued and Other Liabilities and Deferred Revenue of \$1.5 million and \$0.4 million, respectively, for total uses of \$92.7 million. The like-kind exchange proceeds utilized in the West Broad Village acquisition were received from sales made subsequent to the June 30, 2022 balance sheet date, of which transactions are not reflected in the Pro Forma financial statements.

Pro Forma Consolidated Statement of Operations for the Six Months Ended June 30, 2022

[A] Represents adjustments to income property revenues totaling \$7.6 million in the aggregate, based on the calculation of rent on a straight-line basis utilizing the existing lease terms, and related direct costs of income property revenues totaling \$1.8 million in the aggregate for the six months ended June 30, 2022. The Company recognizes rental revenue from operating leases on a straight-line basis over the life of the related leases. The pro forma adjustments reflect the estimated incremental straight-line rental income to be recognized over the remaining life of the leases at Madison Yards and West Broad Village as of the acquisition dates as though they had occurred on January 1, 2021, as compared to the straight-line rental income that had been recorded in (i) the Historical Summary of Revenues and Direct Costs of Revenues of West Broad Village for the relevant periods, and (ii) the Historical Summary of Revenues and Direct Costs of Revenues of Madison Yards filed on July 11, 2022 as Exhibit 99.2 to the Company's Current Report on Form 8-K pursuant to the requirements under Item 9.01(a) of Form 8-K.

[B] Represents depreciation and amortization of real estate acquired related to Madison Yards and West Broad Village which totaled \$1.2 million and \$1.7 million, respectively, for the six months ended June 30, 2022 based on the estimated remaining economic useful life for tangible assets and the weighted average remaining lease term for the related intangible assets and intangible liabilities. Capitalized above-and below-market lease values are amortized as a decrease or increase, respectively, to income property revenues which totaled \$0.1 million, in the aggregate, for the six months ended June 30, 2022 and is included in the \$7.6 million increase to income property revenues referred to in Note [A] above.

[C] Represents additional interest expense of \$1.2 million related to the draws on the Company's revolving credit facility totaling \$107.5 million in the aggregate, including (i) \$54.5 million in connection with the acquisition of Madison Yards, and (ii) \$53.0 million in connection with the acquisition of West Broad Village. The actual closings of the Properties were funded utilizing available cash, \$52.5 million of like-kind exchange proceeds from certain of the Company's previously completed property dispositions, and proceeds from draws on the Company's revolving credit facility.

Pro Forma Consolidated Statement of Operations for the Year Ended December 31, 2021

[A] Represents adjustments to income property revenues totaling \$15.2 million in the aggregate, based on the calculation of rent on a straight-line basis utilizing the existing lease terms, and related direct costs of income property revenues totaling \$3.6 million in the aggregate for the year ended December 31, 2021. The Company recognizes rental revenue from operating leases on a straight-line basis over the life of the related leases. The pro forma adjustments reflect the estimated incremental straight-line rental income to be recognized over the remaining life of the leases at Madison Yards and West Broad Village as of the acquisition dates as though they had occurred on January 1, 2021, as compared to the straight-line rental income that had been recorded in (i) the Historical Summary of Revenues and Direct Costs of Revenues of West Broad Village for the relevant periods, and (ii) the Historical Summary of Revenues and Direct Costs of Revenues of Madison Yards filed on July 11, 2022 as Exhibit 99.2 to the Company's Current Report on Form 8-K pursuant to the requirements under Item 9.01(a) of Form 8-K.

[B] Represents depreciation and amortization of real estate acquired related to Madison Yards and West Broad Village which totaled \$2.4 million and \$3.4 million, respectively, for the year ended December 31, 2021, based on the estimated remaining economic useful life for tangible assets and the weighted average remaining lease term for the related intangible assets and intangible liabilities. Capitalized above-and below-market lease values are amortized as a decrease or increase,

respectively, to income property revenues which totaled less than \$0.3 million for the year ended December 31, 2021 and is included in the \$15.2 million increase in income property revenues referred to in Note [A] above.

[C] Represents additional interest expense of \$1.6 million related to the draws on the Company's revolving credit facility totaling \$107.5 million in the aggregate, including (i) \$54.5 million in connection with the acquisition of Madison Yards, and (ii) \$53.0 million in connection with the acquisition of West Broad Village. The actual closings of the Properties were funded utilizing available cash, \$52.5 million of like-kind exchange proceeds from certain of the Company's previously completed property dispositions, and proceeds from draws on the Company's revolving credit facility, which occurred subsequent to June 30, 2022.

NOTE 3. SUBSEQUENT EVENTS

Effective July 1, 2022, the Company's common stock split three-for-one. The additional shares are not reflected in the Pro Forma financial statements as such stock split occurred subsequent to the June 30, 2022 balance sheet date.



Press Release

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FOR
IMMEDIATE
RELEASE

CTO REALTY GROWTH ANNOUNCES ACQUISITION OF MIXED-USE, GROCERY-ANCHORED LIFESTYLE PROPERTY IN RICHMOND, VIRGINIA FOR \$93.9 MILLION

WINTER PARK, FL – October 17, 2022 – CTO Realty Growth, Inc. (NYSE: CTO) (the “Company” or “CTO”) today announced it has acquired West Broad Village, a 392,000 square foot mixed-use, grocery-anchored lifestyle property in the Short Pump submarket of Richmond, Virginia (the “Property”) for a purchase price of \$93.9 million. The purchase price represents a going-in cap rate above the range of the Company’s current guidance for initial cash yields.

“We’re very pleased to be adding to our grocery-anchored asset exposure with our acquisition of West Broad Village, our first Whole Foods and REI-anchored lifestyle property,” said John P. Albright, President and Chief Executive Officer of CTO Realty Growth. “With future leasing opportunities to drive attractive stabilized cash flows, strong supporting demographics, and Richmond’s high quality of life, business friendly policies and consistent population growth, West Broad Village represents a terrific opportunity for us to invest in a dominant grocery-anchored lifestyle property with long-term upside.”

West Broad Village was developed on 32.6 acres in phases between 2007 to 2014 and is surrounded by a mix of high-end residential, hospitality and office properties. Prominently situated on West Broad Street within the area’s leading commercial corridor and adjacent to I-64 and the I-295 interchange, the well-located Property has an amplified trade area allowing it to benefit from five-mile average household incomes of more than \$140,000 and a five-mile population of nearly 175,000. West Broad Village is 83% occupied and comprised of approximately 315,600 square feet of retail and 76,400 square feet of complementary office and includes an attractive combination of national and local tenants spanning the grocery, food & beverage, entertainment, education, home décor, childcare and medical sectors.

The Property was purchased through a 1031 like-kind exchange using \$35.0 million of restricted cash generated from the Company’s previously completed property dispositions, available unrestricted cash, and draws from the Company’s unsecured revolving credit facility. The acquisition was structured as a reverse like-kind exchange in order to account for possible future dispositions of income properties by the Company.

About CTO Realty Growth, Inc.

CTO Realty Growth, Inc. is a publicly traded real estate investment trust that owns and operates a portfolio of high-quality, retail-based properties located primarily in higher growth markets in the United States. CTO also externally manages and owns a meaningful interest in Alpine Income Property Trust, Inc. (NYSE: PINE), a publicly traded net lease REIT.

We encourage you to review our most recent investor presentation and supplemental financial information, which is available on our website at www.ctoreit.com.

Safe Harbor

Certain statements contained in this press release (other than statements of historical fact) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements can typically be identified by words such as “believe,” “estimate,” “expect,” “intend,” “anticipate,” “will,” “could,” “may,” “should,” “plan,” “potential,” “predict,” “forecast,” “project,” and similar expressions, as well as variations or negatives of these words.

Although forward-looking statements are made based upon management’s present expectations and reasonable beliefs concerning future developments and their potential effect upon the Company, a number of factors could cause the Company’s actual results to differ materially from those set forth in the forward-looking statements. Such factors may include, but are not limited to: the Company’s ability to remain qualified as a REIT; the Company’s exposure to U.S. federal and state income tax law changes, including changes to the REIT requirements; general adverse economic and real estate conditions; macroeconomic and geopolitical factors, including but not limited to inflationary pressures, interest rate volatility, global supply chain disruptions, and ongoing geopolitical war; the ultimate geographic spread, severity and duration of pandemics such as the COVID-19 Pandemic and its variants, actions that may be taken by governmental authorities to contain or address the impact of such pandemics, and the potential negative impacts of such pandemics on the global economy and the Company’s financial condition and results of operations; the inability of major tenants to continue paying their rent or obligations due to bankruptcy, insolvency or a general downturn in their business; the loss or failure, or decline in the business or assets of PINE; the completion of 1031 exchange transactions; the availability of investment properties that meet the Company’s investment goals and criteria; the uncertainties associated with obtaining required governmental permits and satisfying other closing conditions for planned acquisitions and sales; and the uncertainties and risk factors discussed in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and other risks and uncertainties discussed from time to time in the Company’s filings with the U.S. Securities and Exchange Commission.

There can be no assurance that future developments will be in accordance with management’s expectations or that the effect of future developments on the Company will be those anticipated by management. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. The Company undertakes no obligation to update the information contained in this press release to reflect subsequently occurring events or circumstances.