

Dear Fellow Shareholders:

In our first full year trading as a real estate investment trust (REIT), we delivered total shareholder return of 57%, including our \$4.00 per share dividend. Perhaps all the hard work from our team members is starting to pay off. With our final land sale at the end of 2021, we have now completely exited the business of owning undeveloped Florida land, marking the completion of our strategic shift into cash flowing real estate and the end of a more than 110-year history. Not that the land business is a bad business, we just do not believe it works well for a public company when the stock market has a difficult time valuing non-cash flowing assets with unpredictable revenues. The stock market is much more efficient at valuing earnings and dividends, and we are giving the stock market what it wants.

Last year we reported adjusted funds from operations (AFFO) of \$4.36 per share, which means that CTO's stock at \$64.00 is trading below 15x AFFO, meaningfully below the average multiple for the retail REIT sector. We like to think we are above average type folks and there is still gas left in the tank for us to fine tune the portfolio. We are working to sell some of our remaining single tenant properties and office buildings so we can reinvest those proceeds into multi-tenant retail properties in business-friendly markets with strong population and job growth, such as Florida, Texas, Arizona, Georgia, Nevada, and North Carolina, just to name a few. Once we have completed this last transition, we believe investors focused on retail REITs will not only want to own shares of CTO, but will in certain instances be required to own CTO. The reason some institutions will have to own our shares is we still do not have a meaningful amount of REIT-dedicated investors and CTO is not yet in the RMZ REIT index or the Vanguard REIT ETF. As we grow and refine our portfolio, the possible index inclusion and interest from REIT-dedicated investors will be possible tail winds for our stock.

Some highlights from 2021 are as follows:

- Repurchased just under \$13 million of CTO common stock and convertible notes
- Acquired eight mixed-use and retail properties for nearly \$250 million at a 7.2% cap rate
- Sold 15 mostly single tenant properties for \$162 million at a weighted-average exit cap rate of 6.0%
- CTO's 15% ownership of Alpine Income Property Trust gained more than \$10 million of unrealized, mark-to-market value
- Sold the remaining land in our land joint venture and our downtown Daytona land parcel for cash proceeds of over \$30 million to CTO

Performance Scorecard:

	<b>Common Dividends</b>	<b>Total Return</b>		<b>Book Value Per Share</b>
		<b>CTO</b>	<b>RMZ</b>	
<b>2021</b>	\$4.00	56.9%	43.0%	\$60.09
<b>2020</b>	\$13.88	(6.8%)	(7.5%)	\$59.32
<b>2019</b>	\$0.44	15.7%	25.9%	\$59.83
<b>2018</b>	\$0.27	(17.6%)	(4.2%)	\$38.95
<b>2017</b>	\$0.18	19.3%	5.1%	\$32.98
<b>2016</b>	\$0.12	1.6%	8.6%	\$25.97
<b>2015</b>	\$0.08	(5.4%)	2.5%	\$22.81
<b>2014</b>	\$0.07	54.0%	30.4%	\$21.83
<b>2013</b>	\$0.06	17.2%	2.5%	\$20.53
<b>2012</b>	\$0.04	14.7%	17.8%	\$19.58

2021 marked my ten-year anniversary as President and CEO of CTO. Despite CTO being an orphan land company, spun off from our parent company back in 1969, we have produced some respectable returns while growing the company despite never having done a common share equity issuance (REIT conversion earnings & profits required distribution notwithstanding).

From my arrival in August of 2011 until the end of February 2022, CTO has produced a compounded annual total shareholder return of 12%, versus the RMZ producing just 10%.

We hope we can continue giving shareholders what they want, strong and predictable risk-adjusted returns.

Our 2021 retail and mixed-use acquisitions will hopefully continue our earnings and dividend growth as our acquisitions in Atlanta, Dallas, Salt Lake City, Las Vegas, Raleigh, and Santa Fe should provide meaningful portfolio exposure to strong and favorable demographic trends.

We are chipping away at selling down our non-core positions in our mineral rights and our mitigation bank, as these ancillary interests provide additional non-income producing capital to reinvest in our core retail shopping center investments.

### **Alpine Income Property Trust, Inc. (NYSE: PINE)**

PINE invested in approximately \$260 million of single tenant assets in 2021 at a weighted average cap rate of 6.8%. CTO owns approximately 15% of Alpine Income Property Trust, and with PINE's sector leading total return of 41% in 2021, it proved to be a good investment. Even though PINE had strong returns last year, PINE is still one of the cheapest net lease REIT stocks in the peer group.

We have been making progress with selling PINE's remaining office assets and converting that capital into a 100% retail-focused net lease REIT. We hope that this transition will give Alpine a much higher AFFO multiple than its current 12x.

### **The Team**

Given the growth of the combined CTO and PINE platform -- together, both companies invested over \$500 million in 2021 -- we have added to our team to keep up with investments, accounting, and asset management. Our growing team, as of this writing, is 23 people strong and is well-positioned for future growth.

Additionally, we moved our headquarters to Winter Park, Florida, while maintaining our Daytona Beach office.

As we continue to actively refresh of the Board, I would like to thank Casey Wold for his past five years of service to our Board. Casey agreed to come on the CTO Board at a pivotal time at CTO when we were in the midst of being on the receiving end of a nasty and undeserved activist campaign by a group trying to take over the Company without paying a premium to our shareholders. Casey agreed to jump into the fire with us and

helped us with his vast institutional real estate and REIT experience to help us navigate not only this activist battle, but also our transition to a REIT.

We also want to welcome Chris Drew to CTO's Board. Chris runs the capital markets group at JLL in Miami and brings to CTO's Board very valuable insight into the real estate capital markets.

Finally, I want to thank all of our team members who make it happen every year and all of our shareholders and partners who have supported us in the growth and transformation of CTO.

A handwritten signature in black ink, appearing to read 'J. Albright', with a stylized flourish at the end.

John Albright  
President and  
Chief Executive Officer