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

FORM 8-K/A
CURRENT REPORT
Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 27, 2023 (December 29, 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 December 30, 2022, CTO Realty Growth, Inc. (the "Company") filed with the Securities and Exchange Commission a Current Report on Form 8-K (the "Initial 8-K") to disclose that the Company had completed its acquisition of a lifestyle, mixed-use property in the Forsyth submarket of Atlanta, Georgia ("The Collection at Forsyth" or the "Property") from a certain institutional owner (the "Seller") for a purchase price of \$96.0 million.

This Current Report on Form 8-K/A amends the Initial 8-K to include the historical summary of revenues and direct costs of revenues and the pro forma consolidated financial information required by Items 9.01(a) and 9.01(b) of Form 8-K and should be read in conjunction with the Initial 8-K.

The pro forma financial information included in this Current Report on Form 8-K/A 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 The Collection at Forsyth would have achieved had the Company held the assets of The Collection at Forsyth 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.

Except as described above, all other information in the Initial 8-K remains unchanged.

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 amendment on Form 8-K/A.

(b) Pro Forma Financial Information

The pro forma financial information that is required to be filed pursuant to this item are being filed with this amendment on Form 8-K/A.

(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 The Collection at Forsyth for the Nine Months Ended September 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 September 30, 2022
- Unaudited Pro Forma Consolidated Statements of Operations of CTO Realty Growth, Inc. for the Nine Months September 30, 2022 and the Year Ended December 31, 2021

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: January 27, 2023

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 January 27, 2023 with respect to the historical summary of revenues and direct cost of revenues of The Collection at Forsyth, included in the Form 8-K of CTO Realty Growth, Inc. filed with the Securities and Exchange Commission on January 27, 2023. 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
January 27, 2023

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 The Collection at Forsyth (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.

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.

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.

/S/ GRANT THORNTON LLP

Orlando, Florida

January 27, 2023

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

	Nine Months Ended September 30, 2022 (Unaudited)
Revenues:	
Lease Revenue	\$ 9,509
Total Revenues	<u>9,509</u>
Direct Costs of Revenues:	
Real Estate Expenses	3,041
Total Direct Costs of Revenues	<u>3,041</u>
Revenues over Direct Costs of Revenues	<u>\$ 6,468</u>
	Year Ended December 31, 2021
Revenues:	
Lease Revenue	\$ 12,444
Total Revenues	<u>12,444</u>
Direct Costs of Revenues:	
Real Estate Expenses	4,021
Total Direct Costs of Revenues	<u>4,021</u>
Revenues over Direct Costs of Revenues	<u>\$ 8,423</u>

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

NOTE 1. BUSINESS AND ORGANIZATION

On December 29, 2022, CTO Realty Growth, Inc. (the “Company” or “CTO”) completed the acquisition of a lifestyle, mixed-use property in the Forsyth submarket of Atlanta, Georgia (the “Property”) from a certain institutional owner (the “Seller”) for a purchase price of \$96.0 million. The acquisition was funded using (a) available cash and (b) 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.

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 Nine Months Ended September 30, 2022 (Unaudited)
Leasing Revenue	
Lease Payments	\$ 7,734
Variable Lease Payments	1,775
Total Lease Income	\$ 9,509
	For the Year Ended December 31, 2021
Leasing Revenue	
Lease Payments	\$ 10,016
Variable Lease Payments	2,428
Total Lease Income	\$ 12,444



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 September 30, 2022, are summarized as follows (in thousands):

<u>Year Ending December 31,</u>		
Remainder of 2022	\$	2,600
2023		10,075
2024		8,505
2025		7,125
2026		4,987
2027		3,214
2028 and thereafter (cumulative)		5,370
Total	\$	<u>41,876</u>

NOTE 5. CONCENTRATION OF CREDIT RISK

There was one tenant in the Property presented in the Historical Summary that accounted for an aggregate of 12.0% and 12.4% of base rent revenues reported for the nine months ended September 30, 2022 and the year ended December 31, 2021, respectively.

NOTE 6. SUBSEQUENT EVENTS

Subsequent events and transactions were evaluated through January 27, 2023, 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 October 14, 2022, CTO Realty Growth, Inc. (the “Company”) completed the acquisition of a grocery-anchored mixed-use center in the Richmond, Virginia Metropolitan Area (“West Broad Village”) from a certain institutional owner 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, and was structured as a reverse like-kind exchange in order to account for possible future dispositions of income properties by the Company.

On December 29, 2022, the Company completed the acquisition of a lifestyle, mixed-use property in the Forsyth submarket of Atlanta, Georgia (“The Collection at Forsyth”) from a certain institutional owner for a purchase price of \$96.0 million. The acquisition was funded using (a) available cash and (b) 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 September 30, 2022, unaudited pro forma consolidated statement of operations for the nine months ended September 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 West Broad Village and The Collection at Forsyth. 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 West Broad Village and The Collection at Forsyth (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 SEPTEMBER 30, 2022

(In thousands, except share and per share data)

	<u>Historical</u>	<u>Property Acquisition Transaction Accounting Adjustments - West Broad Village</u>	<u>Notes</u>	<u>Property Acquisition Transaction Accounting Adjustments - The Collection at Forsyth</u>	<u>Notes</u>	<u>Pro Forma</u>
ASSETS						
Real Estate:						
Land, at Cost	\$ 209,298	\$ 12,110	[A]	\$ 8,999	[A]	\$ 230,407
Building and Improvements, at Cost	377,758	65,776	[A]	75,215	[A]	518,749
Other Furnishings and Equipment, at Cost	746	—		—		746
Construction in Process, at Cost	10,717	—		—		10,717
Total Real Estate, at Cost	598,519	77,886		84,214		760,619
Less, Accumulated Depreciation	(31,278)	—		—		(31,278)
Real Estate—Net	567,241	77,886		84,214		729,341
Land and Development Costs	685	—		—		685
Intangible Lease Assets—Net	87,671	18,047	[A]	14,966	[A]	120,684
Investment in Alpine Income Property Trust, Inc.	35,260	—		—		35,260
Mitigation Credits	2,846	—		—		2,846
Mitigation Credit Rights	19,999	—		—		19,999
Commercial Loan and Investments	46,201	—		—		46,201
Cash and Cash Equivalents	9,532	(4,693)	[B]	(4,000)	[B]	839
Restricted Cash	37,292	(35,040)	[B]	—	[B]	2,252
Refundable Income Taxes	448	—		—		448
Deferred Income Taxes—Net	61	—		—		61
Other Assets	38,536	—		—		38,536
Total Assets	\$ 845,772	\$ 56,200		\$ 95,180		\$ 997,152

See accompanying notes to unaudited pro forma consolidated financial statements.

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

(In thousands, except share and per share data)

	<u>Historical</u>	<u>Property Acquisition Transaction Accounting Adjustments - West Broad Village</u>	<u>Notes</u>	<u>Property Acquisition Transaction Accounting Adjustments - The Collection at Forsyth</u>	<u>Notes</u>	<u>Pro Forma</u>
LIABILITIES AND STOCKHOLDERS' EQUITY						
EQUITY						
Liabilities:						
Accounts Payable	\$ 1,136	\$ —		\$ —		\$ 1,136
Accrued and Other Liabilities	18,149	1,487	[B]	741	[B]	20,377
Deferred Revenue	5,840	409	[B]	671	[B]	6,920
Intangible Lease Liabilities—Net	5,995	1,341	[A]	2,905	[A]	10,241
Long-Term Debt	370,248	52,963	[B]	90,863	[B]	514,074
Total Liabilities	<u>401,368</u>	<u>56,200</u>		<u>95,180</u>		<u>552,748</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 September 30, 2022						
	30	—		—		30
Common Stock – 500,000,000 shares authorized; \$0.01 par value, 18,796,612 shares issued and outstanding at September 30, 2022						
	188	—		—		188
Additional Paid-In Capital	97,419	—		—		97,419
Retained Earnings	329,317	—		—		329,317
Accumulated Other Comprehensive Income	17,450	—		—		17,450
Total Stockholders' Equity	<u>444,404</u>	<u>—</u>		<u>—</u>		<u>444,404</u>
Total Liabilities and Stockholders' Equity	<u>\$ 845,772</u>	<u>\$ 56,200</u>		<u>\$ 95,180</u>		<u>\$ 997,152</u>

See accompanying notes to unaudited pro forma consolidated financial statements.

CTO REALTY GROWTH, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In thousands, except share and per share data)

	Historical	Property Acquisition Transaction Accounting Adjustments - West Broad Village	Notes	Property Acquisition Transaction Accounting Adjustments - The Collection at Forsyth	Notes	Pro Forma
Revenues						
Income Properties	\$ 49,229	\$ 6,664	[A][B]	\$ 9,300	[A][B]	\$ 65,193
Management Fee Income	2,835	—		—		2,835
Interest Income From Commercial Loans and Investments	3,331	—		—		3,331
Real Estate Operations	4,395	—		—		4,395
Total Revenues	59,790	6,664		9,300		75,754
Direct Cost of Revenues						
Income Properties	(13,943)	(1,724)	[A]	(3,041)	[A]	(18,708)
Real Estate Operations	(1,940)	—		—		(1,940)
Total Direct Cost of Revenues	(15,883)	(1,724)		(3,041)		(20,648)
General and Administrative Expenses	(8,972)	—		—		(8,972)
Depreciation and Amortization	(20,401)	(2,525)	[B]	(4,953)	[B]	(27,879)
Total Operating Expenses	(45,256)	(4,249)		(7,994)		(57,499)
Gain on Disposition of Assets	4,728	—		—		4,728
Other Gains and Income	4,728	—		—		4,728
Total Operating Income	19,262	2,415		1,306		22,983
Investment and Other Loss	(6,270)	—		—		(6,270)
Interest Expense	(7,216)	(577)	[C]	(990)	[C]	(8,783)
Income Before Income Tax Benefit	5,776	1,838		316		7,930
Income Tax Benefit	461	—		—		461
Net Income Attributable to the Company	6,237	1,838		316		8,391
Distributions to Preferred Stockholders	(3,586)	—		—		(3,586)
Net Income Attributable to Common Stockholders	\$ 2,651	\$ 1,838		\$ 316		\$ 4,805

Per Share Information:

Basic and Diluted Net Income Attributable to Common Stockholders	\$ 0.15	\$ 0.10		\$ 0.02		\$ 0.27
Weighted Average Number of Common Shares						
Basic and Diluted	18,044,299	18,044,299		18,044,299		18,044,299

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 - West Broad Village	Notes	Property Acquisition Transaction Accounting Adjustments - The Collection at Forsyth	Notes	Pro Forma
Revenues						
Income Properties	\$ 50,679	\$ 8,679	[A][B]	\$ 12,319	[A][B]	\$ 71,677
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	70,272	8,679		12,319		91,270
Direct Cost of Revenues						
Income Properties	(13,815)	(2,258)	[A]	(4,021)	[A]	(20,094)
Real Estate Operations	(8,615)	—		—		(8,615)
Total Direct Cost of Revenues	(22,430)	(2,258)		(4,021)		(28,709)
General and Administrative Expenses	(11,202)	—		—		(11,202)
Impairment Charges	(17,599)	—		—		(17,599)
Depreciation and Amortization	(20,581)	(3,367)	[B]	(6,604)	[B]	(30,552)
Total Operating Expenses	(71,812)	(5,625)		(10,625)		(88,062)
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	3,054		1,694		28,093
Investment and Other Income	12,445	—		—		12,445
Interest Expense	(8,929)	(770)	[C]	(1,320)	[C]	(11,019)
Income Before Income Tax Benefit	26,861	2,284		374		29,519
Income Tax Benefit	3,079	—		—		3,079
Net Income Attributable to the Company	29,940	2,284		374		32,598
Distributions to Preferred Stockholders	(2,325)	—		—		(2,325)
Net Income Attributable to Common Stockholders	\$ 27,615	\$ 2,284		\$ 374		\$ 30,273

Per Share Information—See Note 3:

Basic and Diluted Net Income Attributable to Common Stockholders	\$ 1.56	\$ 0.13		\$ 0.02		\$ 1.71
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**Weighted Average Number of Common
Shares**

Basic and Diluted	17,676,810	17,676,810		17,676,810		17,676,810
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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 September 30, 2022, unaudited pro forma consolidated statement of operations for the nine months ended September 30, 2022, and unaudited pro forma consolidated statement of operations for the year ended December 31, 2021 present the effects of the acquisitions of West Broad Village and The Collection at Forsyth as though they had occurred on January 1, 2021, the beginning of the earliest applicable reporting period.

The acquisitions of West Broad Village and The Collection at Forsyth 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 September 30, 2022

[A] Represents the fair value of the real estate acquired subsequent to September 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 West Broad Village and The Collection at Forsyth, respectively (in thousands):

Allocation of Purchase Price:	West Broad Village	The Collection at Forsyth
Land, at Cost	\$ 12,110	\$ 8,999
Building and Improvements, at Cost	65,776	75,215
Intangible Lease Assets	18,047	14,966
Intangible Lease Liabilities	(1,341)	(2,905)
Total Acquisition Cost - Purchase Price Plus Acquisition Costs	<u>\$ 94,592</u>	<u>\$ 96,275</u>

[B] Represents the sources and uses of funds related to the West Broad Village and The Collection at Forsyth acquisition, which occurred subsequent to September 30, 2022.

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 Collection at Forsyth acquisition consisted of the use of available cash of \$4.0 million and a draw on the Company's unsecured revolving credit facility of \$90.9 million for total sources of \$94.9 million. The Collection at Forsyth acquisition is summarized as follows: purchase price of \$96.0 million plus closing costs of \$0.3 million, for a total acquisition cost of \$96.3 million, as allocated pursuant to Note [A] above, less \$1.4 million of credits received at closing which are reflected as an increase in Accrued and Other Liabilities and Deferred Revenue of \$0.7 million and \$0.7 million, respectively, for total uses of \$94.9 million.



Pro Forma Consolidated Statement of Operations for the Nine Months Ended September 30, 2022

[A] Represents adjustments to income property revenues totaling \$16.0 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 \$4.8 million in the aggregate for the nine months ended September 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 West Broad Village and The Collection at Forsyth 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 The Collection at Forsyth for the relevant periods, and (ii) the Historical Summary of Revenues and Direct Costs of Revenues of West Broad Village filed on October 17, 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 West Broad Village and The Collection at Forsyth which totaled \$2.5 million and \$5.0 million, respectively, for the nine months ended September 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 \$0.2 million, in the aggregate, for the nine months ended September 30, 2022 and is included in the \$16.0 million increase to 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 \$143.8 million in the aggregate, including (i) \$53.0 million in connection with the acquisition of West Broad Village, and (ii) \$90.9 million in connection with the acquisition of The Collection at Forsyth. The actual closings of the Properties were funded utilizing available cash, \$35.0 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 \$21.0 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 \$6.3 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 West Broad Village and The Collection at Forsyth 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 The Collection at Forsyth for the relevant periods, and (ii) the Historical Summary of Revenues and Direct Costs of Revenues of West Broad Village filed on October 17, 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 West Broad Village and The Collection at Forsyth which totaled \$3.4 million and \$6.6 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 \$0.2 million for the year ended December 31, 2021 and is included in the \$21.0 million increase in income property revenues referred to in Note [A] above.

[C] Represents additional interest expense of \$2.1 million related to the draws on the Company's revolving credit facility totaling \$143.8 million in the aggregate, including (i) \$53.0 million in connection with the acquisition of West Broad Village, and (ii) \$90.9 million in connection with the acquisition of The Collection at Forsyth. The actual closings of the Properties were funded utilizing available cash, \$35.0 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.

NOTE 3. SUBSEQUENT EVENTS

Effective July 1, 2022, the Company's common stock split three-for-one. Pursuant to FASB ASC Topic 505, *Equity*, the Company has adjusted the computations of basic and diluted earnings per share retroactively for the year ended December 31, 2021.

On December 5, 2022, the Company closed a public offering of 3,450,000 shares of common stock for total gross proceeds, before deducting underwriting discounts, commissions, and other offering expenses, of approximately \$65.6 million. The additional available cash from the offering is not reflected in the pro forma financial statements as the closing of the offering occurred subsequent to the September 30, 2022 balance sheet date.
