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

FORM 10-Q

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

For the quarterly period ended June 30, 2023

OR

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

For the transition period from __________ to __________

Commission file number 001-11350

CTO REALTY GROWTH, INC.
(Exact name of registrant as specified in its charter)

Maryland **(State or other jurisdiction of incorporation or organization)**	**59-0483700** **(I.R.S. Employer Identification No.)**
369 N. New York Avenue, Suite 201 **Winter Park, Florida** **(Address of principal executive offices)**	**32789** **(Zip Code)**

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

N/A
(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class:	Trading Symbols	Name of each exchange on which registered:
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 (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 ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☐	Accelerated Filer	☒
Non-accelerated Filer	☐	Smaller Reporting Company	☐
		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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 20, 2023, there were 22,698,072 shares of the registrant's common stock, $0.01 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CTO REALTY GROWTH, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	As of (Unaudited) June 30, 2023	As of December 31, 2022
ASSETS		
Real Estate:		
Land, at Cost	$ 249,607	$ 233,930
Building and Improvements, at Cost	600,249	530,029
Other Furnishings and Equipment, at Cost	847	748
Construction in Process, at Cost	3,557	6,052
Total Real Estate, at Cost	854,260	770,759
Less, Accumulated Depreciation	(48,198)	(36,038)
Real Estate—Net	806,062	734,721
Land and Development Costs	682	685
Intangible Lease Assets—Net	113,083	115,984
Assets Held for Sale—See Note 23	1,115	—
Investment in Alpine Income Property Trust, Inc.	37,906	42,041
Mitigation Credits	1,950	1,856
Mitigation Credit Rights	—	725
Commercial Loans and Investments	46,483	31,908
Cash and Cash Equivalents	7,312	19,333
Restricted Cash	2,755	1,861
Refundable Income Taxes	145	448
Deferred Income Taxes—Net	2,423	2,530
Other Assets—See Note 11	41,596	34,453
Total Assets	$ 1,061,512	$ 986,545
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts Payable	$ 3,980	$ 2,544
Accrued and Other Liabilities—See Note 17	18,347	18,028
Deferred Revenue—See Note 18	6,890	5,735
Intangible Lease Liabilities—Net	11,960	9,885
Long-Term Debt	541,768	445,583
Total Liabilities	582,945	481,775
Commitments and Contingencies—See Note 21		
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, 2,999,254 shares issued and outstanding at June 30, 2023 and 3,000,000 shares issued and outstanding at December 31, 2022	30	30
Common Stock – 500,000,000 shares authorized; $0.01 par value, 22,691,598 shares issued and outstanding at June 30, 2023 and 22,854,775 shares issued and outstanding at December 31, 2022	227	229
Additional Paid-In Capital	168,103	172,471
Retained Earnings	291,958	316,279
Accumulated Other Comprehensive Income	18,249	15,761
Total Stockholders' Equity	478,567	504,770
Total Liabilities and Stockholders' Equity	$ 1,061,512	$ 986,545

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

CTO REALTY GROWTH, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except share and per share data)

	Three Months Ended		Six Months Ended	
	June 30, 2023	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**
Revenues				
Income Properties	$ 22,758	$ 16,367	$ 45,190	$ 31,535
Management Fee Income	1,102	948	2,200	1,884
Interest Income From Commercial Loans and Investments	1,056	1,290	1,851	2,008
Real Estate Operations	1,131	858	1,523	1,246
Total Revenues	26,047	19,463	50,764	36,673
Direct Cost of Revenues				
Income Properties	(6,670)	(4,812)	(13,823)	(8,828)
Real Estate Operations	(639)	(228)	(724)	(279)
Total Direct Cost of Revenues	(7,309)	(5,040)	(14,547)	(9,107)
General and Administrative Expenses	(3,327)	(2,676)	(7,054)	(5,719)
Provision for Impairment	—	—	(479)	—
Depreciation and Amortization	(10,829)	(6,727)	(21,145)	(13,096)
Total Operating Expenses	(21,465)	(14,443)	(43,225)	(27,922)
Gain (Loss) on Disposition of Assets	1,101	—	1,101	(245)
Other Gains and Income (Loss)	1,101	—	1,101	(245)
Total Operating Income	5,683	5,020	8,640	8,506
Investment and Other Income (Loss)	1,811	(1,311)	(2,480)	(3,205)
Interest Expense	(5,211)	(2,277)	(9,843)	(4,179)
Income (Loss) Before Income Tax Benefit (Expense)	2,283	1,432	(3,683)	1,122
Income Tax Benefit (Expense)	(483)	(214)	(510)	298
Net Income (Loss) Attributable to the Company	1,800	1,218	(4,193)	1,420
Distributions to Preferred Stockholders	(1,195)	(1,196)	(2,390)	(2,391)
Net Income (Loss) Attributable to Common Stockholders	$ 605	$ 22	$ (6,583)	$ (971)
Per Share Information—See Note 13:				
Basic and Diluted Net Income (Loss) Attributable to Common Stockholders	$ 0.03	$ 0.00	$ (0.29)	$ (0.05)
Weighted Average Number of Common Shares				
Basic and Diluted	22,482,957	18,012,534	22,593,280	17,870,394

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

CTO REALTY GROWTH, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, in thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2023	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**
Net Income (Loss) Attributable to the Company	$ 1,800	$ 1,218	$ (4,193)	$ 1,420
Other Comprehensive Income:				
Cash Flow Hedging Derivative - Interest Rate Swaps	7,379	2,611	2,488	10,623
Total Other Comprehensive Income	7,379	2,611	2,488	10,623
Total Comprehensive Income (Loss)	$ 9,179	$ 3,829	$ (1,705)	$ 12,043

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

CTO REALTY GROWTH, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited, in thousands)

For the three months ended June 30, 2023:

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Stockholders' Equity
Balance April 1, 2023	$ 30	$ 227	$ 167,436	$ 300,066	$ 10,870	$ 478,629
Net Income Attributable to the Company	—	—	—	1,800	—	1,800
Stock Repurchase	—	—	(76)	—	—	(76)
Payment of Equity Issuance Costs	—	—	(51)	—	—	(51)
Stock-Based Compensation Expense	—	—	794	—	—	794
Preferred Stock Dividends Declared for the Period	—	—	—	(1,195)	—	(1,195)
Common Stock Dividends Declared for the Period	—	—	—	(8,713)	—	(8,713)
Other Comprehensive Income	—	—	—	—	7,379	7,379
Balance June 30, 2023	$ 30	$ 227	$ 168,103	$ 291,958	$ 18,249	$ 478,567

For the three months ended June 30, 2022:

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Stockholders' Equity
Balance April 1, 2022	$ 30	$ 60	$ 81,092	$ 339,828	$ 9,529	$ 430,539
Net Income Attributable to the Company	—	—	—	1,218	—	1,218
Stock Repurchase	—	—	(1,147)	—	—	(1,147)
Exercise of Stock Options and Stock Issuance to Directors	—	—	88	—	—	88
Stock Issuance, Net of Equity Issuance Costs	—	1	5,689	—	—	5,690
Stock-Based Compensation Expense	—	—	625	—	—	625
Preferred Stock Dividends Declared for the Period	—	—	—	(1,196)	—	(1,196)
Common Stock Dividends Declared for the Period	—	—	—	(6,934)	—	(6,934)
Other Comprehensive Income	—	—	—	—	2,611	2,611
Balance June 30, 2022	$ 30	$ 61	$ 86,347	$ 332,916	$ 12,140	$ 431,494

CTO REALTY GROWTH, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Continued)
(Unaudited, in thousands)

For the six months ended June 30, 2023:

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Stockholders' Equity
Balance January 1, 2023	$ 30	$ 229	$ 172,471	$ 316,279	$ 15,761	$ 504,770
Net Loss Attributable to the Company	—	—	—	(4,193)	—	(4,193)
Stock Repurchase	—	(3)	(5,082)	—	—	(5,085)
Vested Restricted Stock and Performance Shares	—	1	(1,029)	—	—	(1,028)
Exercise of Stock Options and Stock Issuance to Directors	—	—	241	—	—	241
Payment of Equity Issuance Costs	—	—	(122)	—	—	(122)
Stock-Based Compensation Expense	—	—	1,624	—	—	1,624
Preferred Stock Dividends Declared for the Period	—	—	—	(2,390)	—	(2,390)
Common Stock Dividends Declared for the Period	—	—	—	(17,738)	—	(17,738)
Other Comprehensive Income	—	—	—	—	2,488	2,488
Balance June 30, 2023	$ 30	$ 227	$ 168,103	$ 291,958	$ 18,249	$ 478,567

For the six months ended June 30, 2022:

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Stockholders' Equity
Balance January 1, 2022	$ 30	$ 60	$ 85,414	$ 343,459	$ 1,517	$ 430,480
Net Income Attributable to the Company	—	—	—	1,420	—	1,420
Adjustment to Equity Component of Convertible Debt Upon Adoption of ASU 2020-06	—	—	(7,034)	4,022	—	(3,012)
Stock Repurchase	—	—	(1,147)	—	—	(1,147)
Vested Restricted Stock and Performance Shares	—	—	(845)	—	—	(845)
Exercise of Stock Options and Common Stock Issuance	—	—	237	—	—	237
Stock Issuance, Net of Equity Issuance Costs	—	1	8,478	—	—	8,479
Stock-Based Compensation Expense	—	—	1,244	—	—	1,244
Preferred Stock Dividends Declared for the Period	—	—	—	(2,391)	—	(2,391)
Common Stock Dividends Declared for the Period	—	—	—	(13,594)	—	(13,594)
Other Comprehensive Income	—	—	—	—	10,623	10,623
Balance June 30, 2022	$ 30	$ 61	$ 86,347	$ 332,916	$ 12,140	$ 431,494

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

CTO REALTY GROWTH, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Six Months Ended	
	June 30, 2023	June 30, 2022
Cash Flow from Operating Activities:		
Net Income (Loss) Attributable to the Company	$ (4,193)	$ 1,420
Adjustments to Reconcile Net Income (Loss) Attributable to the Company to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	21,145	13,096
Amortization of Intangible Liabilities to Income Property Revenue	1,306	978
Amortization of Deferred Financing Costs to Interest Expense	482	337
Amortization of Discount on Convertible Debt	79	109
Loss (Gain) on Disposition of Real Estate and Intangible Lease Assets and Liabilities	(1,101)	66
Loss on Disposition of Commercial Loans and Investments	—	179
Provision for Impairment	479	—
Accretion of Commercial Loans and Investments Origination Fees	(66)	(79)
Non-Cash Imputed Interest	(15)	(107)
Deferred Income Taxes	107	(589)
Unrealized Loss on Investment Securities	6,092	4,348
Extinguishment of Contingent Obligation	(2,300)	—
Non-Cash Compensation	1,934	1,611
Decrease (Increase) in Assets:		
Refundable Income Taxes	302	157
Land and Development Costs	3	6
Mitigation Credits and Mitigation Credit Rights	631	266
Other Assets	(4,623)	(2,802)
Increase in Liabilities:		
Accounts Payable	1,437	650
Accrued and Other Liabilities	2,167	1,915
Deferred Revenue	1,155	852
Net Cash Provided By Operating Activities	25,021	22,413
Cash Flow from Investing Activities:		
Acquisition of Real Estate and Intangible Lease Assets and Liabilities	(89,574)	(29,621)
Acquisition of Commercial Loans and Investments	(17,427)	(46,876)
Proceeds from Disposition of Property, Plant, and Equipment, Net, and Assets Held for Sale	2,303	6,754
Principal Payments Received on Commercial Loans and Investments	986	17,182
Acquisition of Investment Securities	(2,712)	(1,797)
Net Cash Used In Investing Activities	(106,424)	(54,358)
Cash Flow From Financing Activities:		
Proceeds from Long-Term Debt	115,500	55,000
Payments on Long-Term Debt	(19,600)	(11,000)
Cash Paid for Loan Fees	(40)	(148)
Cash Received Exercise of Stock Options and Common Stock Issuance	241	172
Cash Used to Purchase Common and Preferred Stock	(5,085)	(1,147)
Cash Paid for Vesting of Restricted Stock	(1,028)	(845)
Proceeds from (Cash Paid for) Issuance of Common Stock, Net	(122)	8,478
Dividends Paid - Preferred Stock	(2,390)	(2,391)
Dividends Paid - Common Stock	(17,200)	(13,197)
Net Cash Provided By Financing Activities	70,276	34,922
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(11,127)	2,977
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	21,194	31,349
Cash, Cash Equivalents and Restricted Cash, End of Period	$ 10,067	$ 34,326
Reconciliation of Cash to the Consolidated Balance Sheets:		
Cash and Cash Equivalents	$ 7,312	$ 7,137
Restricted Cash	2,755	27,189
Total Cash	$ 10,067	$ 34,326

CTO REALTY GROWTH, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited, in thousands)

	Six Months Ended	
	June 30, 2023	June 30, 2022
Supplemental Disclosure of Cash Flow Information:		
Cash Paid for Taxes, Net of Refunds Received	$ (199)	$ (111)
Cash Paid for Interest [(1)]	$ (9,589)	$ (3,678)
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Unrealized Gain on Cash Flow Hedges	$ 2,488	$ 10,623
Adjustment to Equity Component of Convertible Debt Upon Adoption of ASU 2020-06	$ —	$ 3,012
Common Stock Dividends Declared and Unpaid	$ 538	$ 397
Assumption of Mortgage Note Payable	$ —	$ 17,800

(1) Includes capitalized interest of $0.1 million during the six months ended June 30, 2023, with no interest capitalized during the six months ended June 30, 2022.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. DESCRIPTION OF BUSINESS

Description of Business

We are a publicly traded, self-managed equity REIT that focuses on the ownership, management, and repositioning of high-quality retail and mixed-use properties located primarily in what we believe to be faster growing, business-friendly markets exhibiting accommodative business tax policies, outsized relative job and population growth, and where retail demand exceeds supply. We have pursued our investment strategy by investing primarily through fee simple ownership of our properties, commercial loans and preferred equity.

We own and manage, sometimes utilizing third-party property management companies, 24 commercial real estate properties in 9 states in the United States. As of June 30, 2023, we owned 8 single-tenant and 16 multi-tenant income-producing properties comprising 4.2 million square feet of gross leasable space.

In addition to our income property portfolio, as of June 30, 2023, our business included the following:

Management Services:

- A fee-based management business that is engaged in managing Alpine Income Property Trust, Inc. (“PINE”), see Note 5, “Related Party Management Services Business”.

Commercial Loans and Investments:

- A portfolio of three commercial loan investments and one preferred equity investment which is classified as a commercial loan investment.

Real Estate Operations:

- A portfolio of subsurface mineral interests associated with approximately 352,000 surface acres in 19 counties in the State of Florida (“Subsurface Interests”); and

- An inventory of mitigation credits produced by the Company’s formerly owned mitigation bank.

Our business also includes our investment in PINE. As of June 30, 2023, the fair value of our investment totaled $37.9 million, or 14.8% of PINE’s outstanding equity, including the units of limited partnership interest (“OP Units”) we hold in Alpine Income Property OP, LP (the “PINE Operating Partnership”), which are redeemable for cash, based upon the value of an equivalent number of shares of PINE common stock at the time of the redemption, or shares of PINE common stock on a one-for-one basis, at PINE’s election. Our investment in PINE generates investment income through the dividends distributed by PINE. In addition to the dividends we receive from PINE, our investment in PINE may benefit from any appreciation in PINE’s stock price, although no assurances can be provided that such appreciation will occur, the amount by which our investment will increase in value, or the timing thereof. Any dividends received from PINE are included in investment and other income (loss) on the accompanying consolidated statements of operations.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interim Financial Information

The accompanying unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. These unaudited consolidated financial statements do not include all of the information and notes required by accounting principles generally accepted in the United States of America (“U.S. GAAP”) for complete financial statements, and should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2022, which provides a more complete understanding of the Company’s accounting policies, financial position, operating results, business properties, and other matters. The unaudited consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to present fairly the financial position of the Company and the results of operations for the interim periods.

The results of operations for the three and six month periods ended June 30, 2023 are not necessarily indicative of results to be expected for the year ending December 31, 2023.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries, and other entities in which we have a controlling interest. Any real estate entities or properties included in the consolidated financial statements have been consolidated only for the periods that such entities or properties were owned or under control by us. All inter-company balances and transactions have been eliminated in the consolidated financial statements. As of June 30, 2023, the Company has an equity investment in PINE.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. GAAP 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.

Among other factors, fluctuating market conditions that can exist in the national real estate markets and the volatility and uncertainty in the financial and credit markets make it possible that the estimates and assumptions, most notably those related to the Company's investments in income properties, could change materially due to continued volatility in the real estate and financial markets, or as a result of a significant dislocation in those markets.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, bank demand accounts, and money market accounts having original maturities of 90 days or less. The Company's bank balances as of June 30, 2023 and December 31, 2022 include certain amounts over the Federal Deposit Insurance Corporation limits.

Restricted Cash

Restricted cash totaled $2.8 million at June 30, 2023, of which $1.9 million is being held in an escrow account to be reinvested through the like-kind exchange structure into other income properties, and $0.8 million is being held in three interest and/or real estate tax reserve accounts related to the Company's commercial loans and investments.

Derivative Financial Instruments and Hedging Activity

The Company accounts for its cash flow hedging derivatives in accordance with FASB ASC Topic 815-20, *Derivatives and Hedging*. Depending upon the hedge's value at each balance sheet date, the derivatives are included in either other assets or accrued and other liabilities on the consolidated balance sheet at their fair value. On the date each interest rate swap was entered into, the Company designated the derivatives as a hedge of the variability of cash flows to be paid related to the recognized long-term debt liabilities.

The Company documented the relationship between the hedging instruments and the hedged item, as well as its risk-management objective and strategy for undertaking the hedge transactions. At the hedges' inception, the Company assessed whether the derivatives that are used in hedging the transactions are highly effective in offsetting changes in cash flows of the hedged items, and we will continue to do so on a quarterly basis.

Changes in fair value of the hedging instruments that are highly effective and designated and qualified as cash-flow hedges are recorded in other comprehensive income and loss, until earnings are affected by the variability in cash flows of the designated hedged items (see Note 16, "Interest Rate Swaps").

Fair Value of Financial Instruments

The carrying amounts of the Company's financial assets and liabilities including cash and cash equivalents, restricted cash, accounts receivable, accounts payable, and accrued and other liabilities at June 30, 2023 and December 31, 2022, approximate fair value because of the short maturity of these instruments. The carrying value of the Company's Credit

Facility (hereinafter defined) as of June 30, 2023 and December 31, 2022, approximates current market rates for revolving credit arrangements with similar risks and maturities. The face value of the Company's fixed rate commercial loans and investments, the 2026 Term Loan (hereinafter defined), the 2027 Term Loan (hereinafter defined), the 2028 Term Loan (hereinafter defined), mortgage note, and convertible debt held as of June 30, 2023 and December 31, 2022 are measured at fair value based on current market rates for financial instruments with similar risks and maturities (see Note 8, "Fair Value of Financial Instruments").

Fair Value Measurements

The Company's estimates of fair value of financial and non-financial assets and liabilities is based on the framework established by U.S. GAAP. The framework specifies a hierarchy of valuation inputs which was established to increase consistency, clarity and comparability in fair value measurements and related disclosures. U.S. GAAP describes a fair value hierarchy based upon three levels of inputs that may be used to measure fair value, two of which are considered observable and one that is considered unobservable. The following describes the three levels:

- Level 1 – Valuation is based upon quoted prices in active markets for identical assets or liabilities.
- Level 2 – Valuation is based upon inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include option pricing models, discounted cash flow models and similar techniques.

Recognition of Interest Income from Commercial Loans and Investments

Interest income on commercial loans and investments includes interest payments made by the borrower and the accretion of purchase discounts and loan origination fees, offset by the amortization of loan costs. Interest payments are accrued based on the actual coupon rate and the outstanding principal balance and purchase discounts and loan origination fees are accreted into income using the effective yield method, adjusted for prepayments.

Mitigation Credits

Mitigation credits are stated at historical cost. As these assets are sold, the related revenues and cost of sales are reported as revenues from, and direct costs of, real estate operations, respectively, in the consolidated statements of operations.

Accounts Receivable

Accounts receivable related to income properties, which are classified in other assets on the consolidated balance sheets, primarily consist of accrued tenant reimbursable expenses and other tenant receivables. Receivables related to income property tenants totaled \$3.4 million and \$2.2 million as of June 30, 2023 and December 31, 2022, respectively.

Accounts receivable related to real estate operations, which are classified in other assets on the consolidated balance sheets, totaled \$0.8 million as of June 30, 2023 and December 31, 2022. The accounts receivable as of June 30, 2023 and December 31, 2022 are primarily related to the reimbursement of certain infrastructure costs completed by the Company in conjunction with two land sale transactions that closed during the fourth quarter of 2015 as more fully described in Note 11, "Other Assets."

The amount due from the buyer of the golf operations for the rounds surcharge the Company paid to the City of Daytona Beach, totaled \$0.1 million and \$0.2 million as of June 30, 2023 and December 31, 2022, respectively.

The collectability of the aforementioned receivables shall be considered and adjusted through an allowance for doubtful accounts which is included in income property revenue on the consolidated statements of operations. As of June 30, 2023 and December 31, 2022, the Company's allowance for doubtful accounts totaled \$2.5 million and \$1.8 million, respectively.

Purchase Accounting for Acquisitions of Real Estate Subject to a Lease

Investments in real estate are carried at cost less accumulated depreciation and impairment losses, if any. The cost of investments in real estate reflects their purchase price or development cost. We evaluate each acquisition transaction to determine whether the acquired asset meets the definition of a business. Under ASU 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business, an acquisition does not qualify as a business when there is no substantive process acquired or substantially all of the fair value is concentrated in a single identifiable asset or group of similar identifiable assets or the acquisition does not include a substantive process in the form of an acquired workforce or an acquired contract that cannot be replaced without significant cost, effort or delay. Transaction costs related to acquisitions that are asset acquisitions are capitalized as part of the cost basis of the acquired assets, while transaction costs for acquisitions that are deemed to be acquisitions of a business are expensed as incurred. Improvements and replacements are capitalized when they extend the useful life or improve the productive capacity of the asset. Costs of repairs and maintenance are expensed as incurred.

In accordance with FASB guidance, the fair value of the real estate acquired with in-place leases is allocated to the acquired tangible assets, consisting of land, building and tenant improvements, and identified intangible 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, based in each case on their relative fair values. In allocating the fair value of the identified intangible assets and liabilities of an acquired property, above-market and below-market in-place lease values are recorded as other assets or liabilities based on the present value. The capitalized above-market lease values are amortized as a reduction of rental income over the remaining terms of the respective leases. The capitalized below-market lease values are amortized as an increase to rental income over the initial term unless management believes that it is likely that the tenant will renew the lease upon expiration, in which case the Company amortizes the value attributable to the renewal over the renewal period. The value of in-place leases and leasing costs are amortized to expense over the remaining non-cancelable periods of the respective leases. If a lease were to be terminated prior to its stated expiration, all unamortized amounts relating to that lease would be written off.

The Company incurs costs related to the development and leasing of its properties. Such costs include, but are not limited to, tenant improvements, leasing commissions, rebranding, facility expansion and other capital improvements, and are included in construction in progress during the development period. When a construction project is considered to be substantially complete, the capitalized costs are reclassified to the appropriate real estate asset and depreciation begins. The Company assesses the level of construction activity to determine the amount, if any, of interest expense to be capitalized to the underlying construction projects.

Assets Held for Sale

Investments in real estate which are determined to be “held for sale” pursuant to FASB Topic 360-10, *Property, Plant, and Equipment* are reported separately on the consolidated balance sheets at the lesser of carrying value or fair value, less costs to sell. Real estate investments classified as held for sale are not depreciated.

Sales of Real Estate

When income properties are disposed of, the related cost basis of the real estate, intangible lease assets, and intangible lease liabilities, net of accumulated depreciation and/or amortization, and any accrued straight-line rental income balance for the underlying operating leases are removed, and gains or losses from the dispositions are reflected in net income within gain (loss) on disposition of assets. In accordance with the FASB guidance, gains or losses on sales of real estate are generally recognized using the full accrual method.

Gains and losses on land sales, in addition to the sale of Subsurface Interests and mitigation credits, are accounted for as required by FASB ASC Topic 606, *Revenue from Contracts with Customers*. The Company recognizes revenue from such sales when the Company transfers the promised goods in the contract based on the transaction price allocated to the performance obligations within the contract. As market information becomes available, the underlying cost basis is analyzed and recorded at the lower of cost or market.

Income Taxes

The Company elected to be taxed as a REIT for U.S. federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code") commencing with its taxable year ended December 31, 2020. The Company believes that, commencing with such taxable year, it has been organized and has operated in such a manner as to qualify for taxation as a REIT under the U.S. federal income tax laws. The Company intends to continue to operate in such a manner. As a REIT, the Company will be subject to U.S. federal and state income taxation at corporate rates on its net taxable income; the Company, however, may claim a deduction for the amount of dividends paid to its stockholders. Amounts distributed as dividends by the Company will be subject to taxation at the stockholder level only. While the Company must distribute at least 90% of its REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain, to qualify as a REIT, the Company intends to distribute all of its net taxable income. The Company is allowed certain other non-cash deductions or adjustments, such as depreciation expense, when computing its REIT taxable income and distribution requirement. These deductions permit the Company to reduce its dividend payout requirement under U.S. federal income tax laws. Certain states may impose minimum franchise taxes. To comply with certain REIT requirements, the Company holds certain of its non-REIT assets and operations through taxable REIT subsidiaries ("TRSs") and subsidiaries of TRSs, which will be subject to applicable U.S. federal, state and local corporate income tax on their taxable income. For the periods presented, the Company held a total of two TRSs subject to taxation. The Company's TRSs will file tax returns separately as C-Corporations.

The Company uses the asset and liability method to account for income taxes for the Company's TRSs. Deferred income taxes result primarily from the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes (see Note 20, "Income Taxes"). In June 2006, the FASB issued additional guidance, which clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements included in income taxes. The interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, and disclosure and transition. In accordance with FASB guidance included in income taxes, the Company has analyzed its various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported. Additionally, the Company believes that its accruals for tax liabilities are adequate. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to the FASB guidance.

NOTE 3. INCOME PROPERTIES

Leasing revenue consists of long-term rental revenue from retail, office, and commercial income properties, which is recognized as earned, using the straight-line method over the life of each lease. Lease payments below include straight-line base rental revenue as well as the non-cash accretion of above and below market lease amortization. The variable lease payments are comprised of percentage rent and reimbursements from tenants for common area maintenance, insurance, real estate taxes, and other operating expenses.

The components of leasing revenue are as follows (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2023	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**
Leasing Revenue				
Lease Payments	$ 17,602	$ 12,920	$ 35,640	$ 25,205
Variable Lease Payments	5,156	3,447	9,550	6,330
Total Leasing Revenue	$ 22,758	$ 16,367	$ 45,190	$ 31,535

Minimum future base 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, 2023, are summarized as follows (in thousands):

Year Ending December 31,		Amounts
Remainder of 2023	$	41,237
2024		77,138
2025		72,463
2026		62,498
2027		50,922
2028		37,484
2029 and Thereafter (Cumulative)		66,966
Total	$	408,708

2023 Acquisitions. During the six months ended June 30, 2023, the Company acquired the Plaza at Rockwall, a multi-tenant income property located in Rockwall, Texas for a purchase price of $61.2 million, or a total acquisition cost of $61.3 million including capitalized acquisition costs. The Plaza at Rockwall comprises 446,500 square feet, was 95% occupied at acquisition, and had a weighted average remaining lease term of 4.2 years at acquisition. Also, during the six months ended June 30, 2023, the Company acquired four properties, totaling 24,100 square feet, within the 28,100 square foot retail portion of Phase II of The Exchange at Gwinnett located in Buford, Georgia (the "Gwinnett Property"), for an aggregate purchase price of $14.6 million, or a total acquisition cost of $14.7 million including capitalized acquisition costs. The four properties are leased to six different tenants with a weighted average remaining lease term of 9.9 years at acquisition. The Company is under contract to acquire the remaining 4,000 square-foot property that makes up the remaining retail portion of Phase II of The Exchange at Gwinnett for a purchase price of $2.3 million. The Company previously purchased the Sprouts-anchored Phase I portion of The Exchange at Gwinnett in December 2021.

Of the $76.0 million total acquisition cost, $16.9 million was allocated to land, $53.6 million was allocated to buildings and improvements, and $8.7 million was allocated to intangible assets pertaining to the in-place lease value, leasing costs, and above market lease value and $3.2 million was allocated to intangible liabilities for the below market lease value. The amortization period for the intangible assets and liabilities was 5.6 years at acquisition.

2023 Dispositions. During the six months ended June 30, 2023, the Company sold one income property, an outparcel of the multi-tenant property known as Eastern Commons, located in Henderson, Nevada, for $2.1 million, resulting in a gain of $0.8 million.

2022 Acquisitions. During the six months ended June 30, 2022, the Company acquired Price Plaza Shopping Center, a multi-tenant income property located in Katy, Texas for a purchase price of $39.1 million, or a total acquisition cost of $39.2 million including capitalized acquisition costs. Price Plaza Shopping Center comprises 205,813 square feet, was 95% leased at acquisition, and had a weighted average remaining lease term of 5.7 years at acquisition. In connection with the acquisition of Price Plaza Shopping Center, the company assumed a $17.8 million fixed-rate mortgage note, as further discussed in Note 15, "Long-Term Debt."

Of the $39.2 million total acquisition cost, $15.6 million was allocated to land, $17.9 million was allocated to buildings and improvements, and $5.9 million was allocated to intangible assets pertaining to the in-place lease value, leasing costs, and above market lease value and $0.2 million was allocated to intangible liabilities for the below market lease value. The amortization period for the intangible assets and liabilities was 5.7 years at acquisition.

2022 Dispositions. During the six months ended June 30, 2022, the Company sold two income properties, including (i) Party City, a single-tenant income property located in Oceanside, New York for $6.9 million resulting in a $0.06 million loss and (ii) the Carpenter Hotel ground lease, a single-tenant income property located in Austin, Texas for $17.1 million resulting in a $0.2 million loss. The lease with Carpenter Hotel included two tenant repurchase options. Pursuant to FASB ASC Topic 842, Leases, the $16.25 million investment was recorded in the accompanying consolidated balance sheets as a commercial loan investment prior to its disposition during the six months ended June 30, 2022. The sale of the properties reflect a total disposition volume of $24.0 million, resulting in aggregate losses of $0.2 million.

NOTE 4. COMMERCIAL LOANS AND INVESTMENTS

Our investments in commercial loans or similarly structured investments, such as preferred equity, mezzanine loans or other subordinated debt, have been and are expected to continue to be secured by real estate or the borrower's pledge of its ownership interest in the entity that owns the real estate. The investments are associated with commercial real estate located in the United States and its territories, and are current or performing with either a fixed or floating rate. Some of these loans may be syndicated in either a pari-passu or senior/subordinated structure. Commercial first mortgage loans generally provide for a higher recovery rate due to their senior position in the underlying collateral. Commercial mezzanine loans are typically secured by a pledge of the borrower's equity ownership in the underlying commercial real estate. Unlike a mortgage, a mezzanine loan is not secured by a lien on the property. An investor's rights in a mezzanine loan are usually governed by an intercreditor agreement that provides holders with the rights to cure defaults and exercise control on certain decisions of any senior debt secured by the same commercial property.

2023 Activity. On February 21, 2023, the borrower of the 4311 Maple Avenue mortgage note repaid the principal balance of $0.4 million, leaving no remaining balance outstanding as of June 30, 2023.

On March 1, 2023, the Company originated a $15.0 million first mortgage loan secured by the Founders Square property located in Dallas, Texas. The loan is interest-only with a term of three years with a fixed interest rate of 8.75%. The Company received an origination fee of 1.0% or $0.15 million.

During the six months ended June 30, 2023, the Company funded $2.2 million to the borrower and received $0.6 million in principal repayments under the construction loan originated in January 2022 and secured by the property and improvements to be constructed thereon for the second phase of The Exchange at Gwinnett project located in Buford, Georgia. As of June 30, 2023, there is no remaining commitment to the borrower.

Watters Creek Investment. On April 7, 2022, the Company entered into a preferred equity agreement to provide $30.0 million of funding towards the total investment in Watters Creek at Montgomery Farm, a grocery-anchored, mixed-use property located in Allen, Texas (the "Watters Creek Investment"). The Watters Creek Investment matures on April 6, 2025, has two one-year extension options, bears a fixed interest rate of 8.50% at the time of acquisition with increases during the initial term as well as the option terms, and requires payments of interest only prior to maturity. At closing, an origination fee of $0.15 million was received by the Company. The Watters Creek Investment represents $30.0 million, or approximately 23%, of funding towards the total investment in Watters Creek at Montgomery Farm, a grocery-anchored, mixed-use property located in Allen, Texas (the "Watters Creek Property"). The remaining funding is comprised of a combination of third-party sponsorship equity and a secured first mortgage.

The Company's variable interest in the entity underlying the Watters Creek Investment is primarily due to the inherent credit risk associated with the $30.0 million fixed-return preferred investment. The day-to-day operations, including asset management and leasing, of the Watters Creek Property are managed by an unrelated third-party. Pursuant to FASB ASC Topic 810, *Consolidation*, the Company determined we are not the primary beneficiary of the entity underlying the Watters Creek Investment; accordingly, the entity was not consolidated. The investment was recorded in the consolidated balance sheets as a commercial loan investment at the time of acquisition. The significant factors related to this determination included, but were not limited to, the Company not having the power to direct the activities of the entity underlying the Watters Creek Investment due to (i) the day-to-day operations being managed by an unrelated third-party and (ii) the Company's position as minority lender with fixed returns and maturity dates for the repayment of the $30.0 million preferred investment.

The Company's commercial loans and investments were comprised of the following at June 30, 2023 (in thousands):

Description	Date of Investment	Maturity Date	Original Face Amount	Current Face Amount	Carrying Value	Coupon Rate
Construction Loan – The Exchange At Gwinnett – Buford, GA	January 2022	January 2024	$ 8,700	$ 1,857	$ 1,833	7.25%
Preferred Investment – Watters Creek – Allen, TX	April 2022	April 2025	30,000	30,000	29,912	8.75%
Mortgage Note – Founders Square – Dallas, TX	March 2023	March 2026	15,000	15,000	14,867	8.75%
Promissory Note – Main Street – Daytona Beach, FL	June 2023	May 2033	350	350	350	8.00%
			$ 54,050	$ 47,207	$ 46,962	
CECL Reserve					(479)	
Total Commercial Loans and Investments					$ 46,483	

With respect to the $1.5 million improvement loan at Ashford Lane originated in May 2022, during the three months ended June 30, 2023, the Company took possession of the improvements that were funded by such loan pursuant to the applicable security agreement and, accordingly, the carrying value of the investment was reclassified as building and improvements.

The Company's commercial loans and investments were comprised of the following at December 31, 2022 (in thousands):

Description	Date of Investment	Maturity Date	Original Face Amount	Current Face Amount	Carrying Value	Coupon Rate
Mortgage Note – 4311 Maple Avenue – Dallas, TX	October 2020	April 2023	$ 400	$ 400	$ 395	7.50%
Construction Loan – The Exchange At Gwinnett – Buford, GA	January 2022	January 2024	8,700	220	173	7.25%
Preferred Investment - Watters Creek – Allen, TX	April 2022	April 2025	30,000	30,000	29,887	8.50%
Improvement Loan - Ashford Lane – Atlanta, GA	May 2022	April 2025	1,500	1,453	1,453	12.00%
			$ 40,600	$ 32,073	$ 31,908	

The carrying value of the commercial loans and investments portfolio at June 30, 2023 and December 31, 2022 consisted of the following (in thousands):

	As of	
	June 30, 2023	December 31, 2022
Current Face Amount	$ 47,207	$ 32,073
Unaccreted Origination Fees	(245)	(161)
CECL Reserve	(479)	(4)
Total Commercial Loans and Investments	$ 46,483	$ 31,908

NOTE 5. RELATED PARTY MANAGEMENT SERVICES BUSINESS

The Company's management fee income is within the scope of FASB ASC Topic 606, *Revenue from Contracts with Customers*. Management fee income is recognized as revenue over time, over the period the services are performed.

Alpine Income Property Trust. Pursuant to the Company's management agreement with PINE, the Company generates a base management fee equal to 0.375% per quarter of PINE's total equity (as defined in the management agreement and based on a 1.5% annual rate), calculated and payable in cash, quarterly in arrears. The Company also has an opportunity to achieve additional cash flows as manager of PINE pursuant to an annual incentive fee based on PINE's total stockholder return exceeding an 8% cumulative annual hurdle rate (the "Outperformance Amount") subject to a high-water mark price. PINE would pay the Company an incentive fee with respect to each annual measurement period in an amount equal to the greater of (i) $0.00 and (ii) the product of (a) 15% multiplied by (b) the Outperformance Amount multiplied by (c) the weighted average shares. No incentive fee was earned for the year ended December 31, 2022.

During the three and six months ended June 30, 2023, the Company earned management fee revenue from PINE totaling $1.1 million and $2.2 million, respectively. Dividend income for three and six months ended June 30, 2023 totaled $0.6 million and $1.2 million, respectively. During the three and six months ended June 30, 2022, the Company earned management fee revenue from PINE totaling $0.9 million and $1.9 million, respectively. Dividend income for the three and six months ended June 30, 2022, totaled $0.6 million $1.1 million, respectively. Management fee revenue from PINE, included in management services, and dividend income, included in investment and other loss, are reflected in the accompanying consolidated statements of operations.

The following table represents amounts due (to) from PINE as of June 30, 2023 and December 31, 2022 which are included in other assets on the consolidated balance sheets (in thousands):

	As of	
Description	**June 30, 2023**	**December 31, 2022**
Management Services Fee due From PINE	$ 2,200	$ 993
Dividend Receivable	337	337
Other	88	(30)
Total	$ 2,625	$ 1,300

On November 26, 2019, as part of PINE's IPO, the Company sold PINE 15 properties for aggregate cash consideration of $125.9 million. In connection with the IPO, the Company contributed to the PINE Operating Partnership five properties in exchange for an aggregate of 1,223,854 OP Units, which had an initial value of $23.3 million. Additionally, on November 26, 2019, the Company purchased 394,737 shares of PINE common stock for a total purchase price of $7.5 million in a private placement and 421,053 shares of PINE common stock in the IPO for a total purchase price of $8.0 million.

On October 26, 2021, the Board authorized the purchase by the Company of up to $5.0 million in shares of common stock of PINE (the "Prior PINE Share Purchase Authorization"). Pursuant to the Prior PINE Share Purchase Authorization, during the year ended December 31, 2022, CTO purchased 155,665 shares of PINE common stock in the open market for $2.7 million, or an average price per share of $17.57. Pursuant to the Prior PINE Share Purchase Authorization, during the year ended December 31, 2021, the Company purchased 8,088 shares of PINE common stock on the open market for a total of $0.1 million, or an average price of $17.65 per share.

On February 16, 2023, the Board cancelled the Prior PINE Share Purchase Authorization and authorized the purchase by the Company of up to $2.1 million in shares of common stock of PINE (the "2023 PINE Share Purchase Authorization"). Pursuant to the 2023 PINE Share Purchase Authorization, during the six months ended June 30, 2023, the Company purchased 129,271 shares of PINE common stock on the open market for a total of $2.1 million, or an average price of $16.21 per share.

As of June 30, 2023, CTO owns, in the aggregate, 1,223,854 OP Units and 1,108,814 shares of PINE common stock, representing an investment totaling $37.9 million, or 14.8% of PINE's outstanding equity.

During the year ended December 31, 2022, PINE exercised its right, pursuant to an Exclusivity and Right of First Offer Agreement between the Company and PINE (the "ROFO Agreement"), to purchase one single-tenant income property from the Company for a purchase price of $6.9 million, which sale was completed on January 7, 2022. During the year ended December 31, 2021, PINE exercised its right to purchase the following properties from the Company pursuant to the ROFO Agreement: (i) a portfolio of six net leased properties for an aggregate purchase price of $44.5 million, and (ii) one single-tenant income property for a purchase price of $11.5 million.

NOTE 6. REAL ESTATE OPERATIONS

Real Estate Operations

Land and development costs at June 30, 2023 and December 31, 2022 were as follows (in thousands):

	As of	
	June 30, 2023	**December 31, 2022**
Land and Development Costs	$ 358	$ 358
Subsurface Interests	324	327
Total Land and Development Costs	$ 682	$ 685

Subsurface Interests. As of June 30, 2023, the Company owns 352,000 acres of Subsurface Interests. The Company leases certain of the Subsurface Interests to mineral exploration firms for exploration. The Company's subsurface operations consist of revenue from the leasing of exploration rights and in some instances, additional revenues from royalties applicable to production from the leased acreage, which revenues are included within real estate operations in the consolidated statements of operations. During the three and six months ended June 30, 2023, the Company sold subsurface oil, gas, and mineral rights of 604 acres for a sales price of $0.1 million and 3,016 acres for a sales price of $0.4 million, respectively. During the three and six months ended June 30, 2022, the Company sold subsurface oil, gas, and mineral rights of 8,332 acres for a sales price of $0.5 million and 13,082 acres for a sales price of $0.9 million, respectively.

The Company is not prohibited from selling any or all of its Subsurface Interests. The Company may release surface entry rights or other rights upon request of a surface owner for a negotiated release fee typically based on a percentage of the surface value. Should the Company complete a transaction to sell all or a portion of its Subsurface Interests or complete a release transaction, the Company may utilize the like-kind exchange structure in acquiring one or more replacement investments including income-producing properties. Cash payments for the release of surface entry rights totaled $0.2 million and $0.1 million in the six months ended June 30, 2023 and 2022, respectively.

Mitigation Credits. The Company owns an inventory of mitigation credits with a cost basis of $2.0 million as of June 30, 2023. As of December 31, 2022, the Company owned mitigation credits and mitigation credit rights with an aggregate cost basis of $2.6 million. During the three months ended March 31, 2023, the remaining mitigation credit rights were released and transferred to mitigation credits as they were available for sale as of March 31, 2023. On December 29, 2022, the Company completed the sale of the entity that owned the mitigation bank previously owned by the Company. A balance of mitigation credits and mitigation credit rights were retained by the Company as part of the sale agreement.

Revenues and the cost of sales of mitigation credit sales are reported as revenues from, and direct costs of, real estate operations, respectively, in the consolidated statements of operations. During the six months ended June 30, 2023, 8.41 mitigation credits were sold for $1.0 million resulting in a gain of $0.3 million. During the six months ended June 30, 2022, 1.96 credits were sold for an aggregate $0.2 million resulting in a gain of $0.1 million.

NOTE 7. INVESTMENT SECURITIES

As of June 30, 2023, the Company owns, in the aggregate and on a fully diluted basis, 2.33 million shares of PINE, or 14.8% of PINE's total shares outstanding for an investment value of $37.9 million, which total includes 1.2 million OP Units, or 7.8%, which the Company received in exchange for the contribution of certain income properties to the PINE Operating Partnership, in addition to 1,108,814 shares of common stock owned by the Company, or 7.0%. The Company has elected the fair value option related to the aggregate investment in securities of PINE pursuant to ASC 825, otherwise such investments would have been accounted for under the equity method. For detailed financial information regarding PINE, please refer to its financial statements, which are publicly available on the website of the Securities and Exchange Commission at http://www.sec.gov under the ticker symbol "PINE."

The Company calculates the unrealized gain or loss based on the closing stock price of PINE at each respective balance sheet date. The unrealized, non-cash gains and losses resulting from the changes in the closing stock price of PINE are included in investment and other loss in the accompanying consolidated statements of operations.

The Company's available-for-sale securities as of June 30, 2023 and December 31, 2022 are summarized below (in thousands):

	Cost	Unrealized Gains in Investment Income	Unrealized Losses in Investment Income	Estimated Fair Value (Level 1 Inputs)
June 30, 2023				
Common Stock	$ 20,482	$ —	$ (2,464)	$ 18,018
Operating Units	23,253	—	(3,365)	19,888
Total Equity Securities	43,735	—	(5,829)	37,906
Total Available-for-Sale Securities	$ 43,735	$ —	$ (5,829)	$ 37,906
December 31, 2022				
Common Stock	$ 18,382	$ 308	$ —	$ 18,690
Operating Units	23,253	98	—	23,351
Total Equity Securities	41,635	406	—	42,041
Total Available-for-Sale Securities	$ 41,635	$ 406	$ —	$ 42,041

NOTE 8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying value and estimated fair value of the Company's financial instruments not carried at fair value on the consolidated balance sheets at June 30, 2023 and December 31, 2022 (in thousands):

	June 30, 2023		December 31, 2022	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Cash and Cash Equivalents - Level 1	$ 7,312	$ 7,312	$ 19,333	$ 19,333
Restricted Cash - Level 1	$ 2,755	$ 2,755	$ 1,861	$ 1,861
Commercial Loans and Investments - Level 2	$ 46,483	$ 47,848	$ 31,908	$ 32,960
Long-Term Debt - Level 2	$ 541,768	$ 517,507	$ 445,583	$ 426,421

To determine estimated fair values of the financial instruments listed above, market rates of interest, which include credit assumptions, were used to discount contractual cash flows. The estimated fair values are not necessarily indicative of the amount the Company could realize on disposition of the financial instruments. The use of different market assumptions or estimation methodologies could have a material effect on the estimated fair value amounts.

The following table presents the fair value of assets measured on a recurring basis by level as of June 30, 2023 and December 31, 2022 (in thousands). See Note 16, "Interest Rate Swaps" for further disclosure related to the Company's interest rate swaps.

		Fair Value at Reporting Date Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2023				
Cash Flow Hedge - 2026 Term Loan Interest Rate Swap	$ 4,255	$ —	$ 4,255	$ —
Cash Flow Hedge - 2026 Term Loan Interest Rate Swap	$ 1,408	$ —	$ 1,408	$ —
Cash Flow Hedge - 2027 Term Loan Interest Rate Swap	$ 9,748	$ —	$ 9,748	$ —
Cash Flow Hedge - 2028 Term Loan Interest Rate Swap	$ 562	$ —	$ 562	$ —
Cash Flow Hedge - Credit Facility Interest Rate Swap	$ 2,276	$ —	$ 2,276	$ —
Investment Securities	$ 37,906	$ 37,906	$ —	$ —
December 31, 2022				
Cash Flow Hedge - 2026 Term Loan Interest Rate Swap	$ 4,586	$ —	$ 4,586	$ —
Cash Flow Hedge - 2026 Term Loan Interest Rate Swap	$ 1,461	$ —	$ 1,461	$ —
Cash Flow Hedge - 2027 Term Loan Interest Rate Swap	$ 10,111	$ —	$ 10,111	$ —
Cash Flow Hedge - 2028 Term Loan Interest Rate Swap	$ (397)	$ —	$ (397)	$ —
Investment Securities	$ 42,041	$ 42,041	$ —	$ —

No assets were measured on a non-recurring basis as of June 30, 2023 or December 31, 2022.

NOTE 9. INTANGIBLE ASSETS AND LIABILITIES

Intangible assets and liabilities consist of the value of above-market and below-market leases, the value of in-place leases, and the value of leasing costs, based in each case on their fair values. Intangible assets and liabilities consisted of the following as of June 30, 2023 and December 31, 2022 (in thousands):

	As of	
	June 30, 2023	December 31, 2022
Intangible Lease Assets:		
Value of In-Place Leases	$ 96,508	$ 90,335
Value of Above Market In-Place Leases	31,787	32,008
Value of Intangible Leasing Costs	27,770	25,531
Sub-total Intangible Lease Assets	156,065	147,874
Accumulated Amortization	(42,982)	(31,890)
Sub-total Intangible Lease Assets—Net	113,083	115,984
Intangible Lease Liabilities (Included in Accrued and Other Liabilities):		
Value of Below Market In-Place Leases	(15,521)	(12,307)
Sub-total Intangible Lease Liabilities	(15,521)	(12,307)
Accumulated Amortization	3,561	2,422
Sub-total Intangible Lease Liabilities—Net	(11,960)	(9,885)
Total Intangible Assets and Liabilities—Net	$ 101,123	$ 106,099

The following table reflects the net amortization of intangible assets and liabilities during the three and six months ended June 30, 2023 and 2022 (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Amortization Expense	$ 4,496	$ 2,834	$ 8,887	$ 5,529
Accretion to Income Properties Revenue	627	497	1,306	978
Net Amortization of Intangible Assets and Liabilities	$ 5,123	$ 3,331	$ 10,193	$ 6,507

The estimated future amortization expense (income) related to net intangible assets and liabilities is as follows (in thousands):

Year Ending December 31,	Future Amortization Amount	Future Accretion to Income Property Revenue	Net Future Amortization of Intangible Assets and Liabilities
Remainder of 2023	$ 9,614	$ 980	$ 10,594
2024	19,227	2,045	21,272
2025	16,909	1,997	18,906
2026	15,166	2,065	17,231
2027	12,191	1,224	13,415
2028	7,470	1,221	8,691
2029 and Thereafter	9,464	1,550	11,014
Total	$ 90,041	$ 11,082	$ 101,123

As of June 30, 2023, the weighted average amortization period of total intangible assets and liabilities was 6.1 years and 7.0 years, respectively.

NOTE 10. PROVISION FOR IMPAIRMENT

Income Properties. The Company assesses the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The fair value of long-lived assets required to be assessed for impairment is determined on a non-recurring basis using Level 3 inputs in the fair value hierarchy. These Level 3 inputs may include, but are not limited to, executed purchase and sale agreements on specific properties, third party valuations, discounted cash flow models, and other model-based techniques.

There were no impairment charges on the Company's income property portfolio during the three or six months ended June 30, 2023 or 2022.

Commercial Loans and Investments. The Company evaluates the collectability of its commercial loans and investments on a quarterly basis or whenever events or circumstance indicate that the carrying amount of an asset may not be recoverable. The Company accounts for provisions for credit losses in accordance with ASC Topic 326, Measurement of Credit Losses on Financial Instruments.

During the six months ended June 30, 2023, the Company recorded a $0.5 million impairment charge, which was recorded during the three months ended March 31, 2023, representing the provision for credit losses related to our commercial loans and investments. There were no such impairment charges during the six months ended June 30, 2022.

NOTE 11. OTHER ASSETS

Other assets consisted of the following as of June 30, 2023 and December 31, 2022 (in thousands):

	As of	
	June 30, 2023	**December 31, 2022**
Income Property Tenant Receivables, Net of Allowance for Doubtful Accounts [1]	$ 3,370	$ 2,206
Income Property Straight-line Rent Adjustment and COVID-19 Deferral Balance	6,748	6,214
Operating Leases - Right-of-Use Asset	481	63
Golf Rounds Surcharge	147	216
Cash Flow Hedge - Interest Rate Swap	18,249	16,158
Infrastructure Reimbursement Receivables	838	824
Prepaid Expenses, Deposits, and Other	7,323	5,421
Due from Alpine Income Property Trust, Inc.	2,625	1,300
Financing Costs, Net of Accumulated Amortization	1,815	2,051
Total Other Assets	$ 41,596	$ 34,453

(1) Allowance for doubtful accounts was $2.5 million and $1.8 million as of June 30, 2023 and December 31, 2022, respectively.

Infrastructure Reimbursement Receivables. As of June 30, 2023 and December 31, 2022, the infrastructure reimbursement receivables were all related to the land sales within the Tomoka Town Center. The balance as of June 30, 2023 consisted of $0.7 million due from Tanger for infrastructure reimbursement to be repaid in four remaining annual installments of approximately $0.2 million each, net of a discount of $0.07 million, and $0.2 million due from Sam's Club for infrastructure reimbursement to be repaid in two remaining annual installments of $0.1 million each, net of a discount of $0.01 million.

NOTE 12. EQUITY

STOCK SPLIT

On April 27, 2022, the Company announced that its Board of Directors approved a three-for-one stock split of the Company's common stock to be effected in the form of a stock dividend. Each stockholder of record at the close of business on June 27, 2022 (the "Record Date"), received two additional shares of the Company's common stock for each share held as of the Record Date. The new shares were distributed after the market closed on June 30, 2022. The Company's stock began trading at the post-split price on July 1, 2022. Pursuant to FASB ASC Topic 505, *Equity*, the Company has adjusted the computations of basic and diluted earnings per share retroactively for all periods presented. Similarly, the Company has retroactively updated the disclosures in each prior period presented to conform to the split-adjusted dividend amount, for per share amounts including but not limited to dividends declared, stock-based compensation shares outstanding, ATM program activity, and share repurchases.

SHELF REGISTRATION

On April 1, 2021, the Company filed a shelf registration statement on Form S-3, relating to the registration and potential issuance of its common stock, preferred stock, debt securities, warrants, rights, and units with a maximum aggregate offering price of up to $350.0 million. The Securities and Exchange Commission declared the Form S-3 effective on April 19, 2021.

On October 11, 2022, the Company filed a new shelf registration statement on Form S-3, relating to the registration and potential issuance of its common stock, preferred stock, debt securities, warrants, rights, and units with a maximum aggregate offering price of up to $500.0 million. The Securities and Exchange Commission declared the Form S-3 effective on October 26, 2022.

EQUITY OFFERING

On December 5, 2022, the Company completed a follow-on public offering of 3,450,000 shares of common stock, which included the full exercise of the underwriters' option to purchase an additional 450,000 shares of common stock. Upon closing, the Company issued 3,450,000 shares and received net proceeds of $62.4 million, after deducting the underwriting discount and expenses.

ATM PROGRAM

On April 30, 2021, the Company implemented a $150.0 million "at-the-market" equity offering program (the "2021 ATM Program") pursuant to which the Company sold shares of the Company's common stock. During the six months ended June 30, 2022, the Company sold 395,574 shares under the ATM Program for gross proceeds of $8.7 million at a weighted average price of $21.95 per share, generating net proceeds of $8.6 million after deducting transaction fees totaling $0.1 million. During the year ended December 31, 2022, the Company sold 961,261 shares under the 2021 ATM Program for gross proceeds of $21.1 million at a weighted average price of $21.99 per share, generating net proceeds of $20.8 million after deducting transaction fees totaling less than $0.3 million. The 2021 ATM Program was terminated in connection with the establishment of the 2022 ATM Program, hereinafter defined.

On October 28, 2022, the Company implemented a $150.0 million "at-the-market" equity offering program (the "2022 ATM Program") pursuant to which the Company may sell, from time to time, shares of the Company's common stock. During the year ended December 31, 2022, the Company sold 604,765 shares under the 2022 ATM Program for gross proceeds of $12.3 million at a weighted average price of $20.29 per share, generating net proceeds of $12.1 million after deducting transaction fees totaling $0.2 million.

In the aggregate, under the 2021 ATM Program and 2022 ATM Program, during the year ended December 31, 2022, the Company sold 1,566,026 shares for gross proceeds of $33.4 million at a weighted average price of $21.33 per share, generating net proceeds of $32.9 million after deducting transaction fees totaling $0.5 million.

The Company was not active under the 2022 ATM Program during the six months ended June 30, 2023.

PREFERRED STOCK

On June 28, 2021, the Company priced a public offering of 3,000,000 shares of its 6.375% Series A Cumulative Redeemable Preferred Stock (the "Series A Preferred Stock") at a public offering price of $25.00 per share. The offering closed on July 6, 2021 and generated total net proceeds to the Company of $72.4 million, after deducting the underwriting discount and expenses. The Series A Preferred Stock ranks senior to the Company's common stock with respect to dividend rights and rights upon liquidation, dissolution or winding up of the Company. The Series A Preferred Stock has no maturity date and will remain outstanding unless redeemed.

The Series A Preferred Stock is not redeemable by the Company prior to July 6, 2026 except under limited circumstances intended to preserve the Company's qualification as a REIT for U.S. federal income tax purposes or upon the occurrence of a change of control, as defined in the Articles Supplementary designating the Series A Preferred Stock (the "Articles Supplementary"). Upon such change in control, the Company may redeem, at its election, the Series A Preferred Stock at a redemption price of $25.00 per share plus any accumulated and unpaid dividends up to, but excluding the date of redemption, and in limited circumstances, the holders of preferred stock shares may convert some or all of their Series A Preferred Stock into shares of the Company's common stock at conversion rates set forth in the Articles Supplementary.

DIVIDENDS

The Company elected to be taxed as a REIT for U.S. federal income tax purposes under the Code commencing with its taxable year ended December 31, 2020. In order to maintain its qualification as a REIT, the Company must annually distribute, at a minimum, an amount equal to 90% of its taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains, and must distribute 100% of its taxable income (including net capital gains) to eliminate U.S. federal income taxes payable by the Company. Because taxable income differs from cash flow from operations due to non-cash revenues and expenses (such as depreciation and other items), in certain circumstances, the Company may generate operating cash flow in excess of its dividends, or alternatively, may need to make dividend payments in excess of operating cash flows.

The following table outlines dividends declared and paid for each issuance of CTO's stock during the three and six months ended June 30, 2023 and 2022 (in thousands, except per share data):

	Three Months Ended		Six Months Ended	
	June 30, 2023	**June 30, 2022**	**June 30, 2023**	**June 30, 2022**
Series A Preferred Stock				
Dividends	$ 1,195	$ 1,196	$ 2,390	$ 2,391
Per Share	$ 0.40	$ 0.40	$ 0.80	$ 0.80
Common Stock				
Dividends	$ 8,542	$ 6,780	$ 17,200	$ 13,197
Per Share	$ 0.38	$ 0.37	$ 0.76	$ 0.73

2025 NOTES

Effective January 1, 2022, the Company adopted ASU 2020-06 whereby diluted EPS includes the dilutive impact of the 2025 Notes (hereinafter defined) using the if-converted method. Upon adoption, during the three months ended March 31, 2022, the Company recorded a $7.0 million adjustment to reduce additional paid-in capital to eliminate the non-cash equity component of the 2025 Notes with corresponding offsets including (i) a $4.0 million cumulative effect adjustment to the opening balance of retained earnings and (ii) a $3.0 million adjustment to eliminate the non-cash portion of the convertible notes discount, net of accumulated amortization (the "2025 Notes Adjustment"). The 2025 Notes Adjustment was made on January 1, 2022, and is reflected in the accompanying consolidated statements of stockholders' equity.

NOTE 13. COMMON STOCK AND EARNINGS PER SHARE

Basic earnings per common share is computed by dividing net income (loss) attributable to common stockholders during the period by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per common share is based on the assumption of the conversion of stock options and vesting of restricted stock at the beginning of each period using the treasury stock method at average cost for the periods. Effective as of January 1, 2022, diluted earnings per common share also reflects the 2025 Notes on an if-converted basis.

The following is a reconciliation of basic and diluted earnings per common share for each of the periods presented (in thousands, except share and per share data):

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Basic and Diluted Earnings:				
Net Income (Loss) Attributable to Common Stockholders, Used in Basic EPS	$ 605	$ 22	$ (6,583)	$ (971)
Add Back: Effect of Dilutive Interest Related to 2025 Notes [1]	—	—	—	—
Net Income (Loss) Attributable to Common Stockholders, Used in Diluted EPS	605	22	(6,583)	(971)
Basic and Diluted Shares:				
Weighted Average Shares Outstanding, Basic	22,482,957	18,012,534	22,593,280	17,870,394
Common Shares Applicable to Dilutive Effect of 2025 Notes [2]	—	—	—	—
Weighted Average Shares Outstanding, Diluted	22,482,957	18,012,534	22,593,280	17,870,394
Per Share Information:				
Net Income (Loss) Attributable to Common Stockholders				
Basic and Diluted	$ 0.03	$ 0.00	$ (0.29)	$ (0.05)

(1) As applicable, includes interest expense, amortization of discount, amortization of fees, and other changes in net income or loss that would result from the assumed conversion of the 2025 Convertible Senior Notes to derive FFO (as defined herein) effective January 1, 2022 due to the implementation of ASU 2020-06 which requires presentation on an if-converted basis. For the three and six months ended June 30, 2023 and 2022, a total of $0.5 million and $1.1 million of interest was not included, respectively, as the impact of the 2025 Notes, if-converted, would be antidilutive to net income (loss) attributable to common stockholders for the respective periods.

(2) A total of 3.3 million shares, representing the dilutive impact of the 2025 Notes, upon adoption of ASU 2020-06 effective January 1, 2022, were not included in the computation of diluted net income (loss) attributable to common stockholders for each of the three and six month periods ended June 30, 2023, because they were antidilutive to net income (loss) attributable to common stockholders for the respective periods. A total of 3.1 million shares, representing the dilutive impact of the 2025 Notes, upon adoption of ASU 2020-06 effective January 1, 2022, were not included in the computation of diluted net income (loss) attributable to common stockholders for each of the three and six month periods ended June 30, 2022, because they were antidilutive to net income (loss) attributable to common stockholders for the respective periods.

There were no potentially dilutive securities for the three months ended June 30, 2023 or 2022 related to the Company's stock options and restricted stock. The effect of 33,582 and 13,332 potentially dilutive restricted stock units were not included for the six months ended June 30, 2023 and 2022, respectively, as the effect would be anti-dilutive.

Effective January 1, 2022, the Company adopted ASU 2020-06 whereby diluted EPS includes the dilutive impact, if any, of the 2025 Notes (hereinafter defined) using the if-converted method, irrespective of intended cash settlement. The Company intends to settle its 3.875% Convertible Senior Notes due 2025 (the "2025 Notes") in cash upon conversion with any excess conversion value to be settled in shares of our common stock. The Company elected, upon adoption, to utilize the modified retrospective approach, negating the required restatement of EPS for periods prior to adoption. The effect of 3.3 million and 3.1 million potentially dilutive shares issuable on the conversion of the 2025 Notes, if-converted, were not included for the three and six months ended June 30, 2023 and 2022, respectively, as the effect would be anti-dilutive.

NOTE 14. SHARE REPURCHASES

COMMON STOCK REPURCHASE PROGRAM

In February 2020, the Company's Board approved a $10.0 million common stock repurchase program (the "$10.0 Million Common Stock Repurchase Program"). During the year ended December 31, 2020, the Company repurchased 265,695 shares of its common stock on the open market for a total cost of $4.1 million, or an average price per share of $15.43. During the year ended December 31, 2021, the Company repurchased 121,659 shares of its common stock on the open market for a total cost of $2.2 million, or an average price per share of $18.16. During the year ended December 31, 2022, the Company repurchased 145,724 shares of its common stock on the open market for a total cost of $2.8 million, or an average price per share of $19.15.

On February 16, 2023, the Company's Board of Directors approved a common stock repurchase program (the "February $5.0 Million Common Stock Repurchase Program"). Pursuant to the February $5.0 Million Common Stock Repurchase Program, the Company was authorized to repurchase shares of its common stock for a total purchase price of up to $5.0 million. During the three months ended March 31, 2023, the Company repurchased 303,354 shares of its common stock on the open market for a total cost of $5.0 million, or an average price per share of $16.48. Accordingly, as of March 31, 2023, no shares of the Company's common stock remained available for repurchase under the February $5.0 Million Common Stock Repurchase Program.

On April 25, 2023, the Company's Board of Directors approved a common stock repurchase program, which is expected to be in effect until the approved dollar amount has been used to repurchase shares (the "April $5.0 Million Common Stock Repurchase Program"). Pursuant to the April $5.0 Million Common Stock Repurchase Program, the Company may repurchase shares of its common stock for a total purchase price of up to $5.0 million. Shares may be purchased under the April $5.0 Million Common Stock Repurchase Program in open market transactions, including through block purchases, through privately negotiated transactions or pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The April $5.0 Million Common Stock Repurchase Program does not obligate the Company to acquire any particular amount of shares of its common stock and may be modified or suspended. During the three months ended June 30, 2023, the Company repurchased 3,931 shares of its common stock on the open market for a total cost of less than $0.1 million, or an average price per share of $15.73.

SERIES A PREFERRED STOCK REPURCHASE PROGRAM

On February 16, 2023, the Company's Board of Directors approved a Series A Preferred Stock repurchase program, which is expected to be in effect until the approved dollar amount has been used to repurchase shares (the "Series A Preferred Stock Repurchase Program"). Pursuant to the Series A Preferred Stock Repurchase Program, the Company may repurchase shares of its Series A Preferred Stock for a total purchase price of up to $3.0 million. Shares may be purchased under the Series A Preferred Stock Repurchase Program in open market transactions, including through block purchases, through privately negotiated transactions or pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 under the Exchange Act. The Series A Preferred Stock Repurchase Program does not obligate the Company to acquire any particular amount of shares of its Series A Preferred Stock and may be modified or suspended. During the three and six months ended June 30, 2023, the Company repurchased 746 shares of Series A Preferred Stock on the open market for a total cost of less than $0.1 million, or an average price per share of $18.82.

NOTE 15. LONG-TERM DEBT

As of June 30, 2023, the Company's outstanding indebtedness, at face value, was as follows (in thousands):

		Face Value Debt	Maturity Date	Interest Rate
Credit Facility (1)	$	209,650	January 2027	SOFR + 0.10% + [1.25% - 2.20%]
2026 Term Loan (2)		65,000	March 2026	SOFR + 0.10% + [1.25% - 2.20%]
2027 Term Loan (3)		100,000	January 2027	SOFR + 0.10% + [1.25% - 2.20%]
2028 Term Loan (4)		100,000	January 2028	SOFR + 0.10% + [1.20% - 2.15%]
3.875% Convertible Senior Notes due 2025		51,034	April 2025	3.875%
Mortgage Note Payable		17,800	August 2026	4.060%
Total Long-Term Face Value Debt	$	543,484		

(1) The Company utilized interest rate swaps on $100.0 million of the Credit Facility balance to fix SOFR and achieve a weighted average fixed swap rate of 3.28% plus the 10 bps SOFR adjustment plus the applicable spread.
(2) The Company utilized interest rate swaps on the $65.0 million 2026 Term Loan balance to fix SOFR and achieve a weighted average fixed swap rate of 0.26% plus the 10 bps SOFR adjustment plus the applicable spread.
(3) The Company utilized interest rate swaps on the $100.0 million 2027 Term Loan balance to fix SOFR and achieve a fixed swap rate of 0.64% plus the 10 bps SOFR adjustment plus the applicable spread.
(4) The Company utilized interest rate swaps on the $100.0 million 2028 Term Loan balance to fix SOFR and achieve a weighted average fixed swap rate of 3.78% plus the 10 bps SOFR adjustment plus the applicable spread.

Credit Facility. The Credit Facility, with Bank of Montreal ("BMO") as the administrative agent for the lenders thereunder, is unsecured with regard to our income property portfolio but is guaranteed by certain wholly owned subsidiaries of the Company. The Credit Facility bank group is led by BMO and also includes Truist Bank and Wells Fargo. On September 7, 2017, the Company executed the second amendment and restatement of the Credit Facility (the "2017 Amended Credit Facility" and, as amended, the "Credit Agreement"). As a result of the March 2021 Revolver Amendment and the Eighth Amendment, both as defined below, The Huntington National Bank, PNC Bank, National Association, and Regions Bank, were added as lenders to the Company's Credit Facility.

On May 24, 2019, the Company executed the second amendment to the 2017 Amended Credit Facility (the "May 2019 Revolver Amendment"). As a result of the May 2019 Revolver Amendment, the Credit Facility had a total borrowing capacity of $200.0 million with the ability to increase that capacity up to $300.0 million during the term, subject to lender approval. The Credit Facility provides the lenders with a security interest in the equity of the Company subsidiaries that own the properties included in the borrowing base. The indebtedness outstanding under the Credit Facility accrues interest at a rate ranging from SOFR plus 0.10% plus 125 basis points to SOFR plus 0.10% plus 220 basis points based on the total balance outstanding under the Credit Facility as a percentage of the total asset value of the Company, as defined in the 2017 Amended Credit Facility, as amended by the Eighth Amendment. The Credit Facility also accrues a fee of 15 to 25 basis points for any unused portion of the borrowing capacity based on whether the unused portion is greater or less than 50% of the total borrowing capacity. Pursuant to the Eighth Amendment, the Credit Facility matures on January 31, 2027, with the ability to extend the term for 1 year.

On November 26, 2019, the Company entered into the third amendment to the 2017 Amended Credit Facility (the "November 2019 Revolver Amendment"), which further amends the 2017 Amended Credit Facility. The November 2019 Revolver Amendment included, among other things, an adjustment of certain financial maintenance covenants, including a temporary reduction of the minimum fixed charge coverage ratio to allow the Company to redeploy the proceeds received from the sale of certain income properties to PINE, and an increase in the maximum amount the Company may invest in stock and stock equivalents of real estate investment trusts to allow the Company to invest in PINE's common stock and OP Units.

On July 1, 2020, the Company entered into the fourth amendment to the 2017 Amended Credit Facility (the "July 2020 Revolver Amendment") whereby the tangible net worth covenant was adjusted to be more reflective of market terms. The July 2020 Revolver Amendment was effective as of March 31, 2020.

On November 12, 2020, the Company entered into the fifth amendment to the 2017 Amended Credit Facility (the “November 2020 Revolver Amendment”). The November 2020 Revolver Amendment provided that, among other things, (i) the Company must comply with certain adjusted additional financial maintenance requirements, including (x) a new restricted payments covenant which limits the type and amount of cash distributions that may be made by the Company and (y) an adjusted fix charges ratio, which now excludes certain onetime expenses for purposes of calculation and (ii) the Company must, from and after the date that the Company elects to qualify as a REIT, maintain its status as a REIT.

On March 10, 2021, the Company entered into the sixth amendment to the 2017 Amended Credit Facility (the “March 2021 Revolver Amendment”). The March 2021 Revolver Amendment included, among other things, (i) increase of the revolving credit commitment from $200.0 million to $210.0 million, (ii) addition of a term loan in the aggregate amount of $50.0 million (the “2026 Term Loan”), (iii) updates to certain financing rate provisions provided therein, and (iv) joinder of The Huntington National Bank as a 2026 Term Loan lender and Credit Facility lender. The March 2021 Revolver Amendment also includes accordion options that allow the Company to request additional 2026 Term Loan lender commitments up to a total of $150.0 million and additional Credit Facility lender commitments up to a total of $300.0 million. During the six months ended June 30, 2021, the Company exercised the 2026 Term Loan accordion option for $15.0 million, increasing total lender commitments to $65.0 million.

On November 5, 2021, the Company entered into the seventh amendment to the 2017 Amended Credit Facility (the “November 2021 Revolver Amendment”). The November 2021 Revolver Amendment included, among other things, (i) addition of a term loan in the aggregate amount of $100.0 million (the “2027 Term Loan”) and (ii) joinder of KeyBank National Association, Raymond James Bank, and Synovus Bank as 2027 Term Loan lenders. The November 2021 Revolver Amendment also includes an accordion option that allows the Company to request additional term loan lender commitments up to a total of $400.0 million in the aggregate.

On September 20, 2022, the Company entered into the eighth amendment to the 2017 Amended Credit Facility (the “Eighth Amendment”), which includes among other things: (i) the origination of a term loan, in the amount of $100.0 million (the “2028 Term Loan”), (ii) the increase of the revolving credit commitment from up to $210.0 million to up to $300.0 million, (iii) an accordion option that allows the Company to request additional revolving loan commitments and additional term loan commitments, provided, (a) the aggregate amount of revolving loan commitments shall not exceed $750,000,000 and (b) the aggregate amount of term loan commitments shall not exceed $500,000,000, (iv) an extension of the maturity date to January 31, 2027, (v) a sustainability-linked pricing component pursuant to which the Company will receive interest rate reductions based on its performance against certain sustainability performance targets, (vi) the release of the Pledge Collateral, as defined in the Eighth Amendment, and (vii) the joinder of PNC Bank, National Association (“PNC”) as a Term Loan Lender, as defined in the Credit Agreement, and PNC and Regions Bank as Revolving Lenders, as defined in the Credit Agreement.

At June 30, 2023, the current commitment level under the Credit Facility was $300.0 million. The undrawn commitment under the Credit Facility totaled $90.4 million. As of June 30, 2023, the Credit Facility had a $209.6 million balance outstanding.

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

Mortgage Notes Payable. On March 3, 2022, in connection with the acquisition of Price Plaza Shopping Center, the Company assumed an existing $17.8 million secured fixed-rate mortgage note payable, which bears interest at a fixed rate of 4.06% and matures in August 2026.

Convertible Debt. The Company had an initial aggregate principal amount of $75.0 million of 3.875% Convertible Notes (the "2025 Notes"). During the year ended December 31, 2020, the Company repurchased $12.5 million aggregate principal amount of 2025 Notes at a $2.6 million discount, resulting in a gain on extinguishment of debt of $1.1 million. During the year ended December 31, 2021, the Company repurchased $11.4 million aggregate principal amount of 2025 Notes at a $1.6 million premium, resulting in a loss on extinguishment of debt of $2.9 million. Following these repurchases, $51.0 million aggregate principal amount of the 2025 Notes remains outstanding at June 30, 2023.

On February 16, 2023, the Company's Board of Directors approved a 2025 Notes repurchase program, which is expected to be in effect until the approved dollar amount has been used to repurchase 2025 Notes (the "2025 Notes Repurchase Program"). Pursuant to the 2025 Notes Repurchase Program, the Company may repurchase, in one or more transactions, 2025 Notes in the aggregate principal amount of not more than $4.74 million. The 2025 Notes Repurchase Program does not obligate the Company to acquire any particular amount of 2025 Notes and may be modified or suspended. The Company was not active under the 2025 Notes Repurchase Program during the six months ended June 30, 2023.

The 2025 Notes represent senior unsecured obligations of the Company and pay interest semi-annually in arrears on each April 15th and October 15th, commencing on April 15, 2020, at a rate of 3.875% per annum. The 2025 Notes mature on April 15, 2025 and may not be redeemed by the Company prior to the maturity date. The conversion rate for the 2025 Notes was initially 12.7910 shares of the Company's common stock per $1,000 of principal of the 2025 Notes (equivalent to an initial conversion price of $78.18 per share of the Company's common stock). The initial conversion price of the 2025 Notes represented a premium of 20% to the $65.15 closing sale price of the Company's common stock on the NYSE American on January 29, 2020. If the Company's Board increases the quarterly dividend above the $0.13 per share in place at issuance, the conversion rate is adjusted with each such increase in the quarterly dividend amount. After the second quarter 2023 dividend, the conversion rate is equal to 64.7038 shares of common stock for each $1,000 principal amount of 2025 Notes, which represents an adjusted conversion price of $15.46 per share of common stock. At the maturity date, the 2025 Notes are convertible into cash, common stock or a combination thereof, subject to various conditions, at the Company's option. Should certain corporate transactions or events occur prior to the stated maturity date, the Company will increase the conversion rate for a holder that elects to convert its 2025 Notes in connection with such corporate transaction or event.

The conversion rate is subject to adjustment in certain circumstances. Holders may not surrender their 2025 Notes for conversion prior to January 15, 2025 except upon the occurrence of certain conditions relating to the closing sale price of the Company's common stock, the trading price per $1,000 principal amount of 2025 Notes, or specified corporate events including a change in control of the Company. The Company may not redeem the 2025 Notes prior to the stated maturity date and no sinking fund is provided for the 2025 Notes. The 2025 Notes are convertible, at the election of the Company, into solely cash, solely shares of the Company's common stock, or a combination of cash and shares of the Company's common stock. The Company intends to settle the 2025 Notes in cash upon conversion, with any excess conversion value to be settled in shares of our common stock. At time of issuance, in accordance with U.S. GAAP, the 2025 Notes were accounted for as a liability with a separate equity component recorded for the conversion option. The equity component was eliminated on January 1, 2022 with the 2025 Notes Adjustment.

As of June 30, 2023, the unamortized debt discount of our 2025 Notes was $0.3 million, which represents the cash component of the discount.

Long-term debt consisted of the following (in thousands):

	June 30, 2023		December 31, 2022	
	Total	Due Within One Year	Total	Due Within One Year
Credit Facility	$ 209,650	$ —	$ 113,750	$ —
2026 Term Loan	65,000	—	65,000	—
2027 Term Loan	100,000	—	100,000	—
2028 Term Loan	100,000	—	100,000	—
3.875% Convertible Senior Notes, net of Discount	50,749	—	50,670	—
Mortgage Note Payable	17,800	—	17,800	—
Financing Costs, net of Accumulated Amortization	(1,431)	—	(1,637)	—
Total Long-Term Debt	$ 541,768	$ —	$ 445,583	$ —

Payments applicable to reduction of principal amounts as of June 30, 2023 will be required as follows (in thousands):

As of June 30, 2023	Amount
Remainder of 2023	$ —
2024	—
2025	51,034
2026	82,800
2027	309,650
2028	100,000
2029 and Thereafter	—
Total Long-Term Debt - Face Value	$ 543,484

The carrying value of long-term debt as of June 30, 2023 consisted of the following (in thousands):

	Total
Current Face Amount	$ 543,484
Unamortized Discount on Convertible Debt	(285)
Financing Costs, net of Accumulated Amortization	(1,431)
Total Long-Term Debt	$ 541,768

In addition to the $1.4 million of financing costs, net of accumulated amortization included in the table above, as of June 30, 2023, the Company also had financing costs, net of accumulated amortization related to the Credit Facility of $1.8 million which is included in other assets on the consolidated balance sheets. These costs are amortized on a straight-line basis over the term of the Credit Facility and are included in interest expense in the Company's accompanying consolidated statements of operations.

The following table reflects a summary of interest expense incurred and paid during the three and six months ended June 30, 2023 and 2022 (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Interest Expense	$ 4,930	$ 2,065	$ 9,282	$ 3,733
Amortization of Deferred Financing Costs	241	172	482	337
Amortization of Discount on Convertible Notes	40	40	79	109
Total Interest Expense	$ 5,211	$ 2,277	$ 9,843	$ 4,179
Total Interest Paid	$ 5,321	$ 2,591	$ 9,589	$ 3,678

The Company was in compliance with all of its debt covenants as of June 30, 2023 and December 31, 2022.

NOTE 16. INTEREST RATE SWAPS

The Company has entered into interest rate swap agreements to hedge against changes in future cash flows resulting from fluctuating interest rates related to the below noted borrowings. The interest rate agreements were 100% effective during the three and six months ended June 30, 2023 and 2022. Accordingly, the changes in fair value on the interest rate swaps have been classified in accumulated other comprehensive income. The fair value of the interest rate swap agreements are included in other assets and accrued and other liabilities, respectively, on the consolidated balance sheets. Information related to the Company's interest rate swap agreements as of June 30, 2023 is presented below (in thousands):

Hedged Item [(1)]	Effective Date	Maturity Date	Rate	Amount	Fair Value as of June 30, 2023
2026 Term Loan	3/10/2021	3/29/2024	0.12% + 0.10% + applicable spread	$ 50,000	$ 1,916
2026 Term Loan	3/29/2024	3/10/2026	1.44% + 0.10% + applicable spread	$ 50,000	$ 2,339
2026 Term Loan	8/31/2021	3/10/2026	0.70% + 0.10% + applicable spread	$ 15,000	$ 1,408
2027 Term Loan	11/5/2021	3/29/2024	0.64% + 0.10% + applicable spread	$ 100,000	$ 3,452
2027 Term Loan	3/29/2024	1/31/2027	1.35% + 0.10% + applicable spread	$ 100,000	$ 6,296
2028 Term Loan	9/30/2022	1/31/2028	3.78% + 0.10% + applicable spread	$ 50,000	$ 287
2028 Term Loan	9/30/2022	1/31/2028	3.78% + 0.10% + applicable spread	$ 50,000	$ 275
Credit Facility	1/31/2023	1/31/2030	3.27% + 0.10% + applicable spread	$ 50,000	$ 1,167
Credit Facility	1/31/2023	1/31/2030	3.26% + 0.10% + applicable spread	$ 33,000	$ 790
Credit Facility	1/31/2023	1/31/2030	3.36% + 0.10% + applicable spread	$ 17,000	$ 319

(1) On September 30, 2022, the Company converted its existing interest rate swaps from 1-month LIBOR to SOFR.

NOTE 17. ACCRUED AND OTHER LIABILITIES

Accrued and other liabilities consisted of the following (in thousands):

	As of	
	June 30, 2023	December 31, 2022
Accrued Property Taxes	$ 4,634	$ 716
Reserve for Tenant Improvements	3,396	6,186
Tenant Security Deposits	2,796	2,719
Accrued Construction Costs	650	903
Accrued Interest	689	872
Environmental Reserve	61	67
Cash Flow Hedge - Interest Rate Swaps	—	397
Operating Leases - Liability	468	64
Other	5,653	6,104
Total Accrued and Other Liabilities	$ 18,347	$ 18,028

Reserve for Tenant Improvements. In connection with recent acquisitions, the Company received an aggregate of $8.6 million from the sellers of certain properties for tenant improvement allowances, leasing commissions and other capital improvements. These amounts are included in accrued and other liabilities on the consolidated balance sheets. Through June 30, 2023, payments totaling $2.9 million were made and a $2.3 million contingent obligation to fund certain tenant improvements was extinguished, leaving a remaining reserve for tenant improvements of $3.4 million.

NOTE 18. DEFERRED REVENUE

Deferred revenue consisted of the following (in thousands):

	As of	
	June 30, 2023	December 31, 2022
Prepaid Rent	$ 5,477	$ 3,951
Interest Reserve from Commercial Loans and Investments	827	1,262
Tenant Contributions	586	522
Total Deferred Revenue	$ 6,890	$ 5,735

Interest Reserve from Commercial Loans and Investments. In connection with three of the Company's commercial loan investments, the borrower has deposited interest and/or real estate tax reserves in accounts held by the Company. Those accounts balances are included in restricted cash on the Company's consolidated balance sheets with the corresponding liability recorded in deferred revenue as seen above. Pursuant to each respective agreement, interest reserves are either (i) utilized to fund the monthly interest due on the loan or (ii) maintained throughout the term of the loan.

NOTE 19. STOCK-BASED COMPENSATION

SUMMARY OF STOCK-BASED COMPENSATION

A summary of share activity for all equity classified stock compensation during the six months ended June 30, 2023 is presented below.

Type of Award	Shares Outstanding at 1/1/2023	Granted Shares	Vested / Exercised Shares	Expired Shares	Forfeited Shares	Shares Outstanding at 6/30/2023
Equity Classified - Performance Share Awards - Peer Group Market Condition Vesting	230,247	88,754	(72,141)	—	(9,485)	237,375
Equity Classified - Three Year Vest Restricted Shares	212,079	91,003	(74,229)	—	(17,879)	210,974
Total Shares	442,326	179,757	(146,370)	—	(27,364)	448,349

Amounts recognized in the financial statements for stock-based compensation are as follows (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Total Cost of Share-Based Plans Charged Against Income	$ 862	$ 705	$ 1,934	$ 1,611

EQUITY-CLASSIFIED STOCK COMPENSATION

Performance Share Awards – Peer Group Market Condition Vesting

Performance shares have been granted to certain employees under the 2010 Plan. The performance share awards entitle the recipient to receive, upon the vesting thereof, shares of common stock of the Company equal to between 0% and 150% of the number of performance shares awarded. The number of shares of common stock ultimately received by the award recipient is determined based on the Company's total stockholder return as compared to the total stockholder return of a certain peer group during a three-year performance period. The Company granted a total of 88,754 performance shares during the six months ended June 30, 2023.

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

As of June 30, 2023, there was $2.2 million of unrecognized compensation cost, adjusted for estimated forfeitures, related to the non-vested performance share awards, which will be recognized over a remaining weighted average period of 2.0 years.

A summary of the activity for these awards during the six months ended June 30, 2023 is presented below:

Performance Shares With Market Conditions	Shares	Wtd. Avg. Fair Value Per Share
Non-Vested at January 1, 2023	230,247	$ 16.85
Granted	88,754	$ 18.10
Vested	(72,141)	$ 14.17
Expired	—	—
Forfeited	(9,485)	$ 18.10
Non-Vested at June 30, 2023	237,375	$ 18.08

Restricted Shares

Restricted shares have been granted to certain employees under the 2010 Plan. Certain of the restricted shares vest on each of the first, second, and third anniversaries of January 28 of the applicable year provided the grantee is an employee of the Company on those dates. Certain other restricted share awards, granted on July 1, 2022, vest entirely on the third anniversary of the grant date, or July 1, 2025, provided the grantee is an employee of the Company on that date. In addition, any unvested portion of the restricted shares will vest upon a change in control. The Company granted a total of 91,003 shares of restricted Company common stock during the six months ended June 30, 2023.

The Company's determination of the fair value of the restricted stock awards was calculated by multiplying the number of shares issued by the Company's stock price at the grant date. Compensation cost is recognized on a straight-line basis over the applicable vesting period.

As of June 30, 2023, there was $3.1 million of unrecognized compensation cost, adjusted for estimated forfeitures, related to the non-vested restricted share awards, which will be recognized over a remaining weighted average period of 2.1 years.

A summary of the activity for these awards during the six months ended June 30, 2023 is presented below:

Non-Vested Restricted Shares	Shares	Wtd. Avg. Fair Value Per Share
Non-Vested at January 1, 2023	212,079	$ 17.97
Granted	91,003	$ 19.24
Vested	(74,229)	$ 16.00
Expired	—	—
Forfeited	(17,879)	$ 19.12
Non-Vested at June 30, 2023	210,974	$ 19.12

NON-EMPLOYEE DIRECTOR STOCK COMPENSATION

Each member of the Company's Board of Directors has the option to receive his or her annual retainer and meeting fees in shares of Company common stock rather than cash. The number of shares awarded to the directors making such election is calculated quarterly by dividing (i) the sum of (A) the amount of the quarterly retainer payment due to such director plus (B) meeting fees earned by such director during the quarter, by (ii) the trailing 20-day average price of the Company's common stock as of the date two business days prior to the date of the award, rounded down to the nearest whole number of shares.

Each non-employee director serving as of the beginning of each calendar year shall receive an annual award of the Company's common stock. The value of such award totaled $35,000 for the six months ended June 30, 2023 and 2022 (the "Annual Award"). The number of shares awarded is calculated based on the trailing 20-day average price of the Company's common stock as of the date two business days prior to the date of the award, rounded down to the nearest whole number of shares. Non-employee directors do not receive meeting fees, but will receive additional retainers for service on Board committees, as set forth in the Company's Non-Employee Director Compensation Policy available on the Company's website (www.ctoreit.com).

During the six months ended June 30, 2023 and 2022, the expense recognized for the value of the Company's common stock received by non-employee directors totaled $0.3 million, or 17,203 shares, and $0.4 million, or 18,002 shares, respectively. The expense recognized includes the Annual Award received during the first quarter of each respective year, which totaled $0.2 million during each of the six months ended June 30, 2023 and 2022.

NOTE 20. INCOME TAXES

The Company elected to be taxed as a REIT for U.S. federal income tax purposes, commencing with its taxable year ended December 31, 2020. The Company believes that, commencing with such taxable year, it has been organized and has operated in such a manner as to qualify for taxation as a REIT under the U.S. federal income tax laws. The Company intends to continue to operate in such a manner. As a REIT, the Company will be subject to U.S. federal and state income taxation at corporate rates on its net taxable income; the Company, however, may claim a deduction for the amount of dividends paid to its stockholders. Amounts distributed as dividends by the Company will be subject to taxation at the stockholder level only. While the Company must distribute at least 90% of its REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gain, to qualify as a REIT, the Company intends to distribute all of its net taxable income. The Company is allowed certain other non-cash deductions or adjustments, such as depreciation expense, when computing its REIT taxable income and distribution requirement. These deductions permit the Company to reduce its dividend payout requirement under U.S. federal income tax laws. Certain states may impose minimum franchise taxes. To comply with certain REIT requirements, the Company holds certain of its non-REIT assets and operations through TRSs and subsidiaries of TRSs, which will be subject to applicable U.S. federal, state and local corporate income tax on their taxable income. For the periods presented, the Company held a total of two TRSs subject to taxation. The Company's TRSs will file tax returns separately as C-Corporations.

As a result of the Company's election to be taxed as a REIT, during the year ended December 31, 2020, an $82.5 million deferred tax benefit was recorded to de-recognize the deferred tax assets and liabilities associated with the entities included in the REIT. A significant portion of the deferred tax benefit recognized related to the de-recognition of deferred tax liabilities resulting from Internal Revenue Code Section 1031 like-kind exchanges ("1031 Exchanges"). The Company will be subject to corporate income taxes related to assets held by it that are sold during the 5-year period following the date of conversion to the extent such sold assets had a built-in gain as of January 1, 2020. The Company has disposed of certain, primarily single-tenant, REIT assets after the REIT conversion within the 5-year period. All such sales were completed using 1031 Exchanges or other deferred tax structures to mitigate the built-in gain tax liability of conversion.

NOTE 21. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

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

Contractual Commitments – Expenditures

The Company has committed to fund the following capital improvements. The improvements, which are related to several properties, are estimated to be generally completed within twelve months. These commitments, as of June 30, 2023, are as follows (in thousands):

	As of June 30, 2023
Total Commitment [1]	$ 17,684
Less Amount Funded	(6,215)
Remaining Commitment	$ 11,469

(1) Commitment includes tenant improvements, leasing commissions, rebranding, facility expansion and other capital improvements.

NOTE 22. BUSINESS SEGMENT DATA

The Company operates in four primary business segments: income properties, management services, commercial loans and investments, and real estate operations. Our income property operations consist of income-producing properties, and our business plan is focused on investing in additional income-producing properties. Our income property operations accounted for 91% of our identifiable assets as of June 30, 2023 and December 31, 2022, and 89.0% and 86.0% of our consolidated revenues for the six months ended June 30, 2023 and 2022, respectively. The management services segment consists of the revenue generated from managing PINE. As of June 30, 2023, our commercial loans and investments portfolio consisted of three commercial loan investments and one preferred equity investment which is classified as a commercial loan investment. Our real estate operations consist of revenues generated from the sale of and royalty income related to our interests in subsurface oil, gas, and mineral rights, and the sale of mitigation credits.

The Company evaluates segment performance based on operating income. The Company's reportable segments are strategic business units that offer different products. They are managed separately because each segment requires different management techniques, knowledge, and skills.

Information about the Company's operations in different segments for the three and six months ended June 30, 2023 and 2022 is as follows (in thousands):

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenues:				
Income Properties	$ 22,758	$ 16,367	$ 45,190	$ 31,535
Management Fee Income	1,102	948	2,200	1,884
Interest Income From Commercial Loans and Investments	1,056	1,290	1,851	2,008
Real Estate Operations	1,131	858	1,523	1,246
Total Revenues	$ 26,047	$ 19,463	$ 50,764	$ 36,673
Operating Income:				
Income Properties	$ 16,088	$ 11,555	$ 31,367	$ 22,707
Management Fee Income	1,102	948	2,200	1,884
Interest Income From Commercial Loans and Investments	1,056	1,290	1,851	2,008
Real Estate Operations	492	630	799	967
General and Corporate Expense	(14,156)	(9,403)	(28,199)	(18,815)
Provision for Impairment	—	—	(479)	—
Gain (Loss) on Disposition of Assets	1,101	—	1,101	(245)
Total Operating Income	$ 5,683	$ 5,020	$ 8,640	$ 8,506
Depreciation and Amortization:				
Income Properties	$ 10,816	$ 6,707	$ 21,118	$ 13,076
Corporate and Other	13	20	27	20
Total Depreciation and Amortization	$ 10,829	$ 6,727	$ 21,145	$ 13,096
Capital Expenditures:				
Income Properties	$ 81,550	$ 6,935	$ 89,323	$ 47,434
Commercial Loans and Investments	1,366	46,876	17,427	46,876
Corporate and Other	226	19	251	35
Total Capital Expenditures	$ 83,142	$ 53,830	$ 107,001	$ 94,345

Identifiable assets of each segment as of June 30, 2023 and December 31, 2022 are as follows (in thousands):

	As of	
	June 30, 2023	December 31, 2022
Identifiable Assets:		
Income Properties	$ 970,163	$ 902,427
Management Services	2,625	1,370
Commercial Loans and Investments	46,730	32,269
Real Estate Operations	3,422	4,041
Corporate and Other	38,572	46,438
Total Assets	$ 1,061,512	$ 986,545

Operating income represents income from operations before interest expense, investment income, and income taxes. General and corporate expenses are an aggregate of general and administrative expenses and depreciation and amortization expense. Identifiable assets by segment are those assets that are used in the Company's operations in each segment. Real Estate Operations primarily includes the identifiable assets of the Company's Subsurface Interests and mitigation credits. Corporate and other assets consist primarily of cash and restricted cash, property, plant, and equipment related to the other operations, as well as the general and corporate operations. The management services and real estate operations segments had no capital expenditures during the six months ended June 30, 2023 or 2022.

NOTE 23. ASSETS HELD FOR SALE

Assets held for sale as of June 30, 2023 are summarized below (in thousands). There were no assets held for sale as of December 31, 2022.

	As of June 30, 2023
Plant, Property, and Equipment—Net	$ 906
Intangible Lease Assets—Net	209
Total Assets Held for Sale	$ 1,115

NOTE 24. SUBSEQUENT EVENTS

Subsequent events and transactions were evaluated through July 27, 2023, the date the consolidated financial statements were issued. There were no reportable subsequent events or transactions.

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

When we refer to "we," "us," "our," or "the Company," we mean CTO Realty Growth, Inc. and its consolidated subsidiaries. References to "Notes to Financial Statements" refer to the Notes to the Consolidated Financial Statements of CTO Realty Growth, Inc. included in this Quarterly Report on Form 10-Q.

Forward-Looking Statements

Statements contained in this Quarterly Report on Form 10-Q that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Also, when the Company uses any of the words "anticipate," "assume," "believe," "estimate," "expect," "intend," or similar expressions, the Company is making forward-looking statements. Management believes the expectations reflected in such forward-looking statements are based upon present expectations and reasonable assumptions. However, the Company's actual results could differ materially from those set forth in the forward-looking statements. Further, forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update or revise such forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law. The risks and uncertainties that could cause our actual results to differ materially from those presented in our forward-looking statements, include, but are not limited to, the following:

- we are subject to risks related to the ownership of commercial real estate that could affect the performance and value of our properties;
- our business is dependent upon our tenants successfully operating their businesses, and their failure to do so could materially and adversely affect us;
- competition that traditional retail tenants face from e-commerce retail sales, or the integration of brick and mortar stores with e-commerce retail operators, could adversely affect our business;
- we operate in a highly competitive market for the acquisition of income properties and more established entities or other investors may be able to compete more effectively for acquisition opportunities than we can;
- we may be unable to successfully execute on asset acquisitions or dispositions;
- the loss of revenues from our income property portfolio or certain tenants would adversely impact our results of operations and cash flows;
- our revenues include receipt of management fees and potentially incentive fees derived from our provision of management services to Alpine Income Property Trust, Inc. ("PINE") and the loss or failure, or decline in the business or assets, of PINE could substantially reduce our revenues;
- there are various potential conflicts of interest in our relationship with PINE, including our executive officers and/or directors who are also officers and/or directors of PINE, which could result in decisions that are not in the best interest of our stockholders;
- a prolonged downturn in economic conditions could adversely impact our business, particularly with regard to our ability to maintain revenues from our income-producing assets;
- a part of our investment strategy is focused on investing in commercial loans and investments which may involve credit risk;
- we may suffer losses when a borrower defaults on a loan and the value of the underlying collateral is less than the amount due;
- the Company's real estate investments are generally illiquid;
- if we are not successful in utilizing the like-kind exchange structure in deploying the proceeds from dispositions of income properties, or our like-kind exchange transactions are disqualified, we could incur significant taxes and our results of operations and cash flows could be adversely impacted;
- the Company may be unable to obtain debt or equity capital on favorable terms, if at all, or additional borrowings may impact our liquidity or ability to monetize any assets securing such borrowings;
- servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to service or pay our debt;
- our operations and properties could be adversely affected in the event of natural disasters, pandemics, or other significant disruptions;
- we may encounter environmental problems which require remediation or the incurrence of significant costs to resolve, which could adversely impact our financial condition, results of operations, and cash flows;

- failure to remain qualified as real estate investment trust (“REIT”) for U.S. federal income tax purposes would cause us to be taxed as a regular corporation, which would substantially reduce funds available for distribution to stockholders;
- the risk that the REIT requirements could limit our financial flexibility;
- our limited experience operating as a REIT;
- our ability to pay dividends consistent with the REIT requirements, and expectations as to timing and amounts of such dividends;
- the ability of our board of directors (the “Board”) to revoke our REIT status without stockholder approval;
- our exposure to changes in U.S. federal and state income tax laws, including changes to the REIT requirements;
- general business and economic conditions, including unstable macroeconomic conditions due to, among other things, the war in Ukraine, inflation, rising interest rates and distress in the banking sector; and
- an epidemic or pandemic (such as the COVID-19 pandemic), and the measures that international, federal, state and local governments, agencies, law enforcement and/or health authorities implement to address it, may precipitate or materially exacerbate one or more of the above-mentioned and/or other risks and may significantly disrupt or prevent us from operating our business in the ordinary course for an extended period.

The Company describes the risks and uncertainties that could cause actual results and events to differ materially in “Risk Factors” (Part II, Item 1A of this Quarterly Report on Form 10-Q and Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2022), “Quantitative and Qualitative Disclosures about Market Risk” (Part I, Item 3 of this Quarterly Report on Form 10-Q), and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” (Part I, Item 2 of this Quarterly Report on Form 10-Q).

OVERVIEW

We are a publicly traded, self-managed equity REIT that focuses on the ownership, management, and repositioning of high-quality retail and mixed-use properties located primarily in what we believe to be faster growing, business-friendly markets exhibiting accommodative business tax policies, outsized relative job and population growth, and retail demand that exceeds supply. We have pursued our investment strategy by investing primarily through fee simple ownership of our properties, commercial loans and preferred equity.

We own and manage, sometimes utilizing third-party property management companies, 24 commercial real estate properties in 9 states in the United States. As of June 30, 2023, we owned 8 single-tenant and 16 multi-tenant income-producing properties comprising 4.2 million square feet of gross leasable space.

In addition to our income property portfolio, as of June 30, 2023, our business included the following:

Management Services:

- A fee-based management business that is engaged in managing PINE, see Note 5, “Related Party Management Services Business”.

Commercial Loans and Investments:

- A portfolio of three commercial loan investments and one preferred equity investment which is classified as a commercial loan investment.

Real Estate Operations:

- A portfolio of subsurface mineral interests associated with approximately 352,000 surface acres in 19 counties in the State of Florida (“Subsurface Interests”); and
- An inventory of mitigation credits produced by the Company’s formerly owned mitigation bank.

Our business also includes our investment in PINE. As of June 30, 2023, the fair value of our investment totaled $37.9 million, or 14.8% of PINE’s outstanding equity, including the units of limited partnership interest (“OP Units”) we hold in Alpine Income Property OP, LP (the “PINE Operating Partnership”), which are redeemable for cash, based upon the value of an equivalent number of shares of PINE common stock at the time of the redemption, or shares of PINE common stock on a one-for-one basis, at PINE’s election. Our investment in PINE generates investment income through the dividends distributed by PINE. In addition to the dividends we receive from PINE, our investment in PINE may benefit from any appreciation in PINE’s stock price, although no assurances can be provided that such appreciation will occur, the amount by which our investment will increase in value, or the timing thereof. Any dividends received from PINE are included in investment and other income (loss) on the accompanying consolidated statements of operations.

Our strategy for investing in income-producing properties is focused on factors including, but not limited to, long-term real estate fundamentals and target markets, including markets we believe to be faster growing, business-friendly markets exhibiting accommodative business tax policies, outsized relative job and population growth. We employ a methodology for evaluating targeted investments in income-producing properties which includes an evaluation of: (i) the attributes of the real estate (e.g. location, market demographics, comparable properties in the market, etc.); (ii) an evaluation of the existing tenant(s) (e.g. creditworthiness, property level sales, tenant rent levels compared to the market, etc.); (iii) other market-specific conditions (e.g. tenant industry, job and population growth in the market, local economy, etc.); and (iv) considerations relating to the Company's business and strategy (e.g. strategic fit of the asset type, property management needs, ability to use a Section 1031 like-kind exchange structure, etc.).

We believe investment in income-producing assets provides attractive opportunities for generally stable cash flows and increased returns over the long run through potential capital appreciation. Our focus on acquiring income-producing investments includes a continual review of our existing income property portfolio to identify opportunities to recycle our capital through the sale of income properties based on, among other possible factors, the current or expected performance of the property and favorable market conditions. During the six months ended June 30, 2023, the Company sold one income property, an outparcel of the multi-tenant property known as Eastern Commons, located in Henderson, Nevada, for $2.1 million, resulting in a gain of $0.8 million. As a result of entering into the Exclusivity and Right of First Offer Agreement with PINE (the "ROFO Agreement") which generally prevents us from investing in single-tenant net lease income properties, our income property investment strategy is focused on multi-tenant, primarily retail-oriented, properties. We may pursue this strategy by monetizing certain of our single-tenant properties, and should we do so, we would seek to utilize the 1031 like-kind exchange structure to preserve the tax-deferred gain on the original transaction(s) that pertains to the replacement asset.

Our current portfolio of 16 multi-tenant properties generates $75.0 million of revenue from annualized straight-line base lease payments and had a weighted average remaining lease term of 4.4 years as of June 30, 2023. Our current portfolio of 8 single-tenant income properties generates $9.3 million of revenues from annualized straight-line base lease payments and had a weighted average remaining lease term of 5.6 years as of June 30, 2023.

COMPARISON OF THE THREE MONTHS ENDED JUNE 30, 2023 AND 2022

Revenue

Total revenue for the three months ended June 30, 2023 is presented in the following summary and indicates the changes as compared to the three months ended June 30, 2022 (in thousands):

	Three Months Ended			
Operating Segment	**June 30, 2023**	**June 30, 2022**	**$ Variance**	**% Variance**
Income Properties	$ 22,758	$ 16,367	$ 6,391	39.0%
Management Services	1,102	948	154	16.2%
Commercial Loans and Investments	1,056	1,290	(234)	(18.1)%
Real Estate Operations	1,131	858	273	31.8%
Total Revenue	$ 26,047	$ 19,463	$ 6,584	33.8%

Total revenue for the three months ended June 30, 2023 increased to $26.1 million, compared to $19.5 million during the three months ended June 30, 2022. The $6.6 million increase in total revenue is primarily attributable to increased income produced by the Company's recent income property acquisitions versus that of properties disposed of by the Company during the comparative period.

Income Properties

Revenue and operating income from our income property operations totaled $22.8 million and $16.1 million, respectively, during the three months ended June 30, 2023, compared to total revenue and operating income of $16.4 million and $11.6 million, respectively, for the three months ended June 30, 2022. The direct costs of revenues for our income property operations totaled $6.7 million and $4.8 million for the three months ended June 30, 2023 and 2022, respectively. The increase in revenues of $6.4 million, or 39.0%, during the three months ended June 30, 2023 is primarily related to the overall growth of the Company's income property portfolio, as well as the timing of acquisitions versus dispositions. The increase in operating income of $4.5 million from our income property operations reflects increased rent revenues, offset by an increase of $1.9 million in our direct costs of revenues which is also related to the overall growth of the Company's income property portfolio.

Management Services

Revenue from our management services from PINE totaled $1.1 million and $0.9 million during the three months ended June 30, 2023 and 2022, respectively, due to the increase in PINE's total equity.

Commercial Loans and Investments

Interest income from our commercial loans and investments totaled $1.1 million and $1.3 million during the three months ended June 30, 2023 and 2022, respectively. The decrease is primarily due to decreased income as a result of the timing of investments made and principal repayments during the previous fiscal year ended December 31, 2022, and during the six months ended June 30, 2023.

Real Estate Operations

During the three months ended June 30, 2023 and 2022, operating income from real estate operations was $0.5 million and $0.6 million on revenues totaling $1.1 million and $0.9 million, respectively. Overall results were consistent although mitigation credit sales were higher during the three months ended June 30, 2023, which were offset by lower Subsurface Interest sales as compared to the same period in 2022. Cost of sales on mitigation credit sales are higher relative to Subsurface Interest sales.

General and Administrative Expenses

Total general and administrative expenses for the three months ended June 30, 2023 is presented in the following summary and indicates the changes as compared to the three months ended June 30, 2022 (in thousands):

	Three Months Ended			
General and Administrative Expenses	**June 30, 2023**	**June 30, 2022**	**$ Variance**	**% Variance**
Recurring General and Administrative Expenses	$ 2,465	$ 1,971	$ 494	25.1%
Non-Cash Stock Compensation	862	705	157	22.3%
Total General and Administrative Expenses	$ 3,327	$ 2,676	$ 651	24.3%

The primary reason for the increase in total general and administrative expenses is the overall higher employee count as a result of the increased operating activity from the significant increase in managed income property assets.

Depreciation and Amortization

Depreciation and amortization totaled $10.8 million and $6.7 million during the three months ended June 30, 2023 and 2022, respectively. The increase of $4.1 million is due to the overall growth in the Company's income property portfolio.

Gain on Disposition of Assets and Provision for Impairment

Dispositions. During the three months ended June 30, 2023, the Company sold one income property, an outparcel of the multi-tenant property known as Eastern Commons, located in Henderson, Nevada, for $2.1 million, resulting in a gain of $0.8 million. There were no income property dispositions during the three months ended June 30, 2022.

Provision for Impairment. There were no impairment charges on the Company's income property portfolio or other assets during the three months ended June 30, 2023 and 2022.

Investment and Other Income (Loss)

During the three months ended June 30, 2023, the closing stock price of PINE decreased by $0.58 per share, with a closing price of $16.25 on June 30, 2023. During the three months ended June 30, 2022, the closing stock price of PINE decreased by $0.88 per share, with a closing price of $17.92 on June 30, 2022. The change in stock price resulted in unrealized, non-cash losses on the Company's investment in PINE of $1.4 million and $1.8 million which is included in investment and other loss in the consolidated statements of operations for the three months ended June 30, 2023 and 2022, respectively.

The Company earned dividend income from the investment in PINE of $0.6 million during each of the three months ended June 30, 2023 and 2022, respectively.

The Company derecognized a contingent obligation through a $2.3 million increase in investment and other income (loss) during the three months ended June 30, 2023, pursuant to a lease amendment whereby the Company's obligation to fund certain tenant improvements was eliminated. The liability was previously included in Accrued and Other Liabilities on the Company's consolidated balance sheets.

Interest Expense

Interest expense totaled $5.2 million and $2.3 million for the three months ended June 30, 2023 and 2022, respectively. The increase of $2.9 million resulted primarily from (i) the higher balance outstanding on the Company's Credit Facility as well as the increase in the variable interest rate under the Credit Facility during the three months ended June 30, 2023, prior to fixing the rate on $100.0 million of outstanding principal effective January 31, 2023, and (ii) the increase in debt related to the $100.0 million 2028 Term Loan.

Net Income Attributable to the Company

Net income attributable to the Company totaled $1.8 million and $1.2 million during the three months ended June 30, 2023 and 2022, respectively. The $0.6 million increase in net income is attributable to the factors described above, and most notably the $2.3 million extinguishment of a contingent liability and increases in the operating income generated by the income property portfolio operations, which were partially offset by increases in non-cash depreciation and amortization, non-cash unrealized loss on the investment in PINE, and interest expense.

COMPARISON OF THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022

Revenue

Total revenue for the six months ended June 30, 2023 is presented in the following summary and indicates the changes as compared to the six months June 30, 2022 (in thousands):

	Six Months Ended			
Operating Segment	**June 30, 2023**	**June 30, 2022**	**$ Variance**	**% Variance**
Income Properties	$ 45,190	$ 31,535	$ 13,655	43.3%
Management Services	2,200	1,884	316	16.8%
Commercial Loans and Investments	1,851	2,008	(157)	(7.8)%
Real Estate Operations	1,523	1,246	277	22.2%
Total Revenue	$ 50,764	$ 36,673	$ 14,091	38.4%

Total revenue for the six months ended June 30, 2023 increased to $50.8 million, compared to $36.7 million during the six months ended June 30, 2022. The $14.1 million increase in total revenue is primarily attributable to increased income produced by the Company's recent income property acquisitions versus that of properties disposed of by the Company during the comparative period, in addition to increases in management fee income and income from commercial loans and investments.

Income Properties

Revenue and operating income from our income property operations totaled $45.2 million and $31.4 million, respectively, during the six months ended June 30, 2023, compared to total revenue and operating income of $31.5 million and $22.7 million, respectively, for the six months ended June 30, 2022. The direct costs of revenues for our income property operations totaled $13.8 million and $8.8 million for the six months ended June 30, 2023 and 2022, respectively. The increase in revenues of $13.7 million, or 43.3%, during the six months ended June 30, 2023 is primarily related to the overall growth of the Company's income property portfolio, as well as the timing of acquisitions versus dispositions. The increase in operating income of $8.7 million from our income property operations reflects increased rent revenues, offset by an increase of $5.0 million in our direct costs of revenues which is also related to the overall growth of the Company's income property portfolio.

Management Services

Revenue from our management services from PINE totaled $2.2 million and $1.9 million during the six months ended June 30, 2023 and 2022, respectively, due to the increase in PINE's total equity.

Commercial Loans and Investments

Interest income from our commercial loans and investments totaled $1.8 million and $2.0 million during the six months ended June 30, 2023 and 2022, respectively. The decrease is primarily due to decreased income as a result of the timing of investments made and principal repayments during the previous fiscal year ended December 31, 2022, and during the six months ended June 30, 2023.

Real Estate Operations

During the six months ended June 30, 2023 and 2022, operating income from real estate operations was $0.8 million and $1.0 million on revenues totaling $1.5 million and $1.2 million, respectively. Overall results were consistent although mitigation credit sales were higher during the six months ended June 30, 2023, which were offset by lower Subsurface Interest sales as compared to the same period in 2022. Cost of sales on mitigation credit sales are higher relative to Subsurface Interest sales.

General and Administrative Expenses

Total general and administrative expenses for the six months ended June 30, 2023 is presented in the following summary and indicates the changes as compared to the six months ended June 30, 2022 (in thousands):

	Six Months Ended			
General and Administrative Expenses	**June 30, 2023**	**June 30, 2022**	**$ Variance**	**% Variance**
Recurring General and Administrative Expenses	$ 5,120	$ 4,108	$ 1,012	24.6%
Non-Cash Stock Compensation	1,934	1,611	323	20.0%
Total General and Administrative Expenses	$ 7,054	$ 5,719	$ 1,335	23.3%

The primary reason for the increase in total general and administrative expenses is the overall higher employee count as a result of the increased operating activity from the significant increase in managed income property assets.

Depreciation and Amortization

Depreciation and amortization totaled $21.1 million and $13.1 million during the six months ended June 30, 2023 and 2022, respectively. The increase of $8.0 million is due to the overall growth in the Company's income property portfolio.

Gain (Loss) on Disposition of Assets and Provision for Impairment

Dispositions. During the six months ended June 30, 2023, the Company sold one income property, an outparcel of the multi-tenant property known as Eastern Commons, located in Henderson, Nevada, for $2.1 million, resulting in a gain of $0.8 million. During the six months ended June 30, 2022, the Company sold two income properties, including (i) Party City, a single-tenant income property located in Oceanside, New York for $6.9 million resulting in a $0.06 million loss and (ii) the Carpenter Hotel ground lease, a single-tenant income property located in Austin, Texas for $17.1 million resulting in a $0.2 million loss.

Provision for Impairment. There were no impairment charges on the Company's income property portfolio during the six months ended June 30, 2023 and 2022. The Company recorded a $0.5 million impairment charge representing the provision for credit losses related to our commercial loans and investments, during the six months ended June 30, 2023, with no such impairment charges during the six months ended June 30, 2022.

Investment and Other Income (Loss)

During the six months ended June 30, 2023, the closing stock price of PINE decreased by $2.83 per share, with a closing price of $16.25 on June 30, 2023. During the six months ended June 30, 2022, the closing stock price of PINE decreased by $2.12 per share, with a closing price of $17.92 on June 30, 2022. The change in stock price resulted in unrealized, non-cash losses on the Company's investment in PINE of $6.2 million and $4.3 million which is included in investment and other loss in the consolidated statements of operations for the six months ended June 30, 2023 and 2022, respectively.

The Company earned dividend income from the investment in PINE of $1.2 million and $1.1 million during the six months ended June 30, 2023 and 2022, respectively.

The Company derecognized a contingent obligation through a $2.3 million increase in investment and other income (loss) during the three months ended June 30, 2023, pursuant to a lease amendment whereby the Company's obligation to fund certain tenant improvements was eliminated. The liability was previously included in Accrued and Other Liabilities on the Company's consolidated balance sheets.

Interest Expense

Interest expense totaled $9.8 million and $4.2 million for the six months ended June 30, 2023 and 2022, respectively. The increase of $5.6 million resulted primarily from (i) the higher balance outstanding on the Company's Credit Facility as well as the increase in the variable interest rate under the Credit Facility during the six months ended June 30, 2023 prior to fixing the rate on $100.0 million of outstanding principal effective January 31, 2023, (ii) the increase in debt related to the $17.8 million mortgage loan assumed in connection with the acquisition of Price Plaza, and (iii) the increase in debt related to the $100.0 million 2028 Term Loan.

Net Income (Loss) Attributable to the Company

Net loss attributable to the Company totaled $4.2 million during the six months ended June 30, 2023, as compared to $1.4 million of net income during the six months ended June 30, 2022. The $5.6 million decrease in net income is attributable to the factors described above, and most notably the increases in non-cash depreciation and amortization, non-cash unrealized loss on the investment in PINE, and interest expense, which are partially offset by increases in the operating income generated by the income property portfolio operations as well as the $2.3 million extinguishment of a contingent obligation.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents totaled $7.3 million at June 30, 2023, while restricted cash totaled $2.8 million, see Note 2, "Summary of Significant Accounting Policies" under the heading Restricted Cash for the Company's disclosure related to its restricted cash balance at June 30, 2023.

Our cash flows provided by operating activities totaled $25.0 million during the six months ended June 30, 2023, as compared to $22.4 million during the six months ended June 30, 2022, an increase of $2.6 million. The primary reason for the increase is from increased cash flows provided by income properties, which is the result of the overall growth of the Company's income property portfolio, which is partially offset by an increase in cash paid for interest expense as the result of higher overall debt balances and rising variable interest rates on the un-hedged portion of debt.

Our cash flows used in investing activities totaled $106.4 million during the six months ended June 30, 2023, as compared to $54.4 million during the six months ended June 30, 2022, an increase in cash outflows of $52.0 million. The increase in cash used in investing activities is primarily the result of an increase in acquisition activity of income properties and commercial loan investments, net of principal repayments received on commercial loan investments and sales of income properties, for an increase in net cash used of $51.1 million during the six months ended June 30, 2023 as compared to the same period in 2022.

Our cash flows provided by financing activities totaled $70.3 million for the six months ended June 30, 2023, compared to $34.9 million for the six months ended June 30, 2022, an increase in cash inflows of $35.4 million. The increase is primarily related to a $51.9 million increase in cash inflows provided by net debt activity offset by (i) an increase in cash outflows of $3.9 million related to repurchases of the Company's common and preferred stock, (ii) a decrease in cash inflows of $8.6 million due to proceeds from the sale of shares of Company common stock during the six months ended June 30, 2022 with no such activity during the six months ended June 30, 2023, and (iii) an increase in cash outflows of $4.0 million related to the dividend paid on common stock as a result of the increased common stock outstanding as well as the increased dividend per share.

Long-Term Debt. At June 30, 2023, the current commitment level under the Credit Facility was $300.0 million. The undrawn commitment under the Credit Facility totaled $90.4 million. As of June 30, 2023, the Credit Facility had a $209.6 million balance outstanding. See Note 15, "Long-Term Debt" for the Company's disclosure related to its long-term debt balance at June 30, 2023.

Acquisitions and Investments. During the six months ended June 30, 2023, the Company acquired the Plaza at Rockwall, a multi-tenant income property located in Rockwall, Texas for a purchase price of $61.2 million, or a total acquisition cost of $61.3 million including capitalized acquisition costs. The Plaza at Rockwall comprises 446,500 square feet, was 95% occupied at acquisition, and had a weighted average remaining lease term of 4.2 years at acquisition. Also during the six months ended June 30, 2023, the Company acquired four properties, totaling 24,100 square feet, within the 28,100 square foot retail portion of Phase II of The Exchange at Gwinnett located in Buford, Georgia (the "Gwinnett Property"), for an aggregate purchase price of $14.6 million, or a total acquisition cost of $14.7 million including capitalized acquisition costs. The four properties are leased to six different tenants with a weighted average remaining lease term of 9.9 years at acquisition. The Company is under contract to acquire the remaining 4,000 square-foot property that makes up the remaining retail portion of Phase II of The Exchange at Gwinnett for a purchase price of $2.3 million. The Company previously purchased the Sprouts-anchored Phase I portion of The Exchange at Gwinnett in December 2021. The Company also originated one structured investment, to provide $15.0 million of funding towards the acquisition of Founders Square in Dallas, Texas.

The Company's guidance for 2023 investments in income-producing properties, including structured investments, ranges from $95.0 million to $150.0 million. We expect to fund future acquisitions utilizing cash on hand, cash from operations, proceeds from the dispositions of income properties through 1031 like-kind exchanges, and potentially the sale of all or a portion of our Subsurface Interests, and borrowings on our Credit Facility, if available. We expect dispositions of income properties and subsurface interests will qualify under the like-kind exchange deferred-tax structure, and additional financing sources.

Dispositions. During the six months ended June 30, 2023, the Company sold one income property, an outparcel of the multi-tenant property known as Eastern Commons, located in Henderson, Nevada, for $2.1 million, resulting in a gain of $0.8 million.

ATM Program. The Company was not active under the 2022 ATM Program during the six months ended June 30, 2023.

Contractual Commitments – Expenditures. The Company has committed to fund the following capital improvements. The improvements, which are related to several properties, are estimated to be generally completed within twelve months. These commitments, as of June 30, 2023, are as follows (in thousands):

	As of June 30, 2023
Total Commitment [(1)]	$ 17,684
Less Amount Funded	(6,215)
Remaining Commitment	$ 11,469

(1) Commitment includes tenant improvements, leasing commissions, rebranding, facility expansion and other capital improvements.

Off-Balance Sheet Arrangements. None.

Other Matters. We believe we will have sufficient liquidity to fund our operations, capital requirements, maintenance, and debt service requirements over the next twelve months and into the foreseeable future, with cash on hand, cash flow from our operations, $137.7 million of availability remaining under the ATM Program, and $90.4 million undrawn commitment under the existing $300.0 million Credit Facility as of June 30, 2023.

Our Board and management consistently review the allocation of capital with the goal of providing the best long-term return for our stockholders. These reviews consider various alternatives, including increasing or decreasing regular dividends, repurchasing the Company's securities, and retaining funds for reinvestment. Annually, the Board reviews our business plan and corporate strategies, and makes adjustments as circumstances warrant. Management's focus is to continue our strategy to diversify our portfolio by redeploying proceeds from like-kind exchange transactions and utilizing our Credit Facility to increase our portfolio of income-producing properties, providing stabilized cash flows with strong risk-adjusted returns primarily in larger metropolitan areas and growth markets.

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

- Multi-tenant, primarily retail-oriented, properties in major metropolitan areas and growth markets, typically stabilized;
- Single-tenant retail or other commercial, double or triple net leased, properties in major metropolitan areas and growth markets that are compliant with our commitments under the PINE ROFO Agreement;
- Ground leases, whether purchased or originated by the Company, that are compliant with our commitments under the ROFO Agreement;
- Self-developed retail or other commercial properties;
- Commercial loan and master lease investments, whether purchased or originated by the Company, with loan terms of 1-10 years with strong risk-adjusted yields secured by property types to include hotel, retail, residential, land and industrial;
- Select regional area investments using Company market knowledge and expertise to earn strong risk-adjusted yields; and
- Real estate-related investment securities, including commercial mortgage-backed securities, preferred or common stock, and corporate bonds.

Our investments in income-producing properties are typically subject to long-term leases. For multi-tenant properties, each tenant typically pays its proportionate share of the aforementioned operating expenses of the property, although for such properties we typically incur additional costs for property management services. Single-tenant leases are typically in the form of triple or double net leases and ground leases. Triple-net leases generally require the tenant to pay property operating expenses such as real estate taxes, insurance, assessments and other governmental fees, utilities, repairs and maintenance, and capital expenditures.

Non-U.S. GAAP Financial Measures

Our reported results are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). We also disclose Funds From Operations ("FFO"), Core Funds From Operations ("Core FFO"), and Adjusted Funds From Operations ("AFFO"), each of which are non-U.S. GAAP financial measures. We believe these non-U.S. GAAP financial measures are useful to investors because they are widely accepted industry measures used by analysts and investors to compare the operating performance of REITs.

FFO, Core FFO, and AFFO do not represent cash generated from operating activities and are not necessarily indicative of cash available to fund cash requirements; accordingly, they should not be considered alternatives to net income as a performance measure or cash flows from operating activities as reported on our statement of cash flows as a liquidity measure and should be considered in addition to, and not in lieu of, U.S. GAAP financial measures.

We compute FFO in accordance with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts, or NAREIT. NAREIT defines FFO as U.S. GAAP net income or loss adjusted to exclude extraordinary items (as defined by U.S. GAAP), net gain or loss from sales of depreciable real estate assets, impairment write-downs associated with depreciable real estate assets and real estate related depreciation and amortization, including the pro rata share of such adjustments of unconsolidated subsidiaries. The Company also excludes the gains or losses from sales of assets incidental to the primary business of the REIT which specifically include the sales of mitigation credits, impact fee credits, subsurface sales, and land sales, in addition to the mark-to-market of the Company's investment securities and interest related to the 2025 Notes, if the effect is dilutive. To derive Core FFO, we modify the NAREIT computation of FFO to include other adjustments to U.S. GAAP net income related to gains and losses recognized on the extinguishment of debt, amortization of above- and below-market lease related intangibles, and other unforecastable market- or transaction-driven non-cash items. To derive AFFO, we further modify the NAREIT computation of FFO and Core FFO to include other adjustments to U.S. GAAP net income related to non-cash revenues and expenses such as straight-line rental revenue, non-cash compensation, and other non-cash amortization, as well as adding back the interest related to the 2025 Notes, if the effect is dilutive. Such items may cause short-term fluctuations in net income but have no impact on operating cash flows or long-term operating performance. We use AFFO as one measure of our performance when we formulate corporate goals.

FFO is used by management, investors and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers primarily because it excludes the effect of real estate depreciation and amortization and net gains or losses on sales, which are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions. We believe that Core FFO and AFFO are additional useful supplemental measures for investors to consider because they will help them to better assess our operating performance without the distortions created by other non-cash revenues or expenses. FFO, Core FFO, and AFFO may not be comparable to similarly titled measures employed by other companies.

Reconciliation of Non-U.S. GAAP Measures (in thousands, except share and dividend data):

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net Income (Loss) Attributable to the Company	$ 1,800	$ 1,218	$ (4,193)	$ 1,420
Add Back: Effect of Dilutive Interest Related to 2025 Notes (1)	—	—	—	—
Net Income (Loss) Attributable to the Company, If-Converted	$ 1,800	$ 1,218	$ (4,193)	$ 1,420
Depreciation and Amortization of Real Estate	10,816	6,707	21,118	13,076
Loss (Gain) on Disposition of Assets, Net of Tax	(824)	—	(824)	245
Gain on Disposition of Other Assets	(490)	(632)	(813)	(964)
Provision for Impairment	—	—	479	—
Unrealized Loss on Investment Securities	1,174	1,891	6,092	4,348
Extinguishment of Contingent Liability	(2,300)	—	(2,300)	—
Funds from Operations	$ 10,176	$ 9,184	$ 19,559	$ 18,125
Distributions to Preferred Stockholders	(1,195)	(1,196)	(2,390)	(2,391)
Funds From Operations Attributable to Common Stockholders	$ 8,981	$ 7,988	$ 17,169	$ 15,734
Amortization of Intangibles to Lease Income	627	497	1,306	978
Less: Effect of Dilutive Interest Related to 2025 Notes (1)	—	—	—	—
Core Funds From Operations Attributable to Common Stockholders	$ 9,608	$ 8,485	$ 18,475	$ 16,712
Adjustments:				
Straight-Line Rent Adjustment	122	(507)	(129)	(1,045)
COVID-19 Rent Repayments	17	26	43	53
Other Depreciation and Amortization	(57)	(31)	(116)	(170)
Amortization of Loan Costs, Discount on Convertible Debt, and Capitalized Interest	229	212	437	446
Non-Cash Compensation	862	705	1,934	1,611
Adjusted Funds From Operations Attributable to Common Stockholders	$ 10,781	$ 8,890	$ 20,644	$ 17,607
Weighted Average Number of Common Shares:				
Basic	22,482,957	18,012,534	22,593,280	17,870,394
Diluted (2)	22,482,957	18,012,534	22,593,280	17,870,394
Dividends Declared and Paid - Preferred Stock	$ 0.40	$ 0.40	$ 0.80	$ 0.80
Dividends Declared and Paid - Common Stock	$ 0.38	$ 0.37	$ 0.76	$ 0.73

(1) As applicable, includes interest expense, amortization of discount, amortization of fees, and other changes in net income or loss that would result from the assumed conversion of the 2025 Convertible Senior Notes to derive FFO (as defined herein) effective January 1, 2022 due to the implementation of ASU 2020-06 which requires presentation on an if-converted basis. For the three and six months ended June 30, 2023 and 2022, a total of $0.5 million and $1.1 million of interest was not included, respectively, as the impact of the 2025 Notes, if-converted, would be antidilutive to net income (loss) attributable to common stockholders for the respective periods.

(2) A total of 3.3 million shares, representing the dilutive impact of the 2025 Notes, upon adoption of ASU 2020-06 effective January 1, 2022, were not included in the computation of diluted net income (loss) attributable to common stockholders for each of the three and six month periods ended June 30, 2023, because they were antidilutive to net income (loss) attributable to common stockholders for the respective periods. A total of 3.1 million shares, representing the dilutive impact of the 2025 Notes, upon adoption of ASU 2020-06 effective January 1, 2022, were not included in the computation of diluted net income (loss) attributable to common stockholders for each of the three and six month periods ended June 30, 2022, because they were antidilutive to net income (loss) attributable to common stockholders for the respective periods.

Other Data (in thousands, except per share data):

	Three Months Ended		Six Months Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
FFO Attributable to Common Stockholders	$ 8,981	$ 7,988	$ 17,169	$ 15,734
FFO Attributable to Common Stockholders per Common Share - Diluted	$ 0.40	$ 0.44	$ 0.76	$ 0.88
Core FFO Attributable to Common Stockholders	$ 9,608	$ 8,485	$ 18,475	$ 16,712
Core FFO Attributable to Common Stockholders per Common Share - Diluted [(1)]	$ 0.43	$ 0.47	$ 0.82	$ 0.94
AFFO Attributable to Common Stockholders	$ 10,781	$ 8,890	$ 20,644	$ 17,607
AFFO Attributable to Common Stockholders per Common Share - Diluted [(1)]	$ 0.48	$ 0.49	$ 0.91	$ 0.99

(1) A total of 3.3 million shares, representing the dilutive impact of the 2025 Notes, upon adoption of ASU 2020-06 effective January 1, 2022, were not included in the computation of diluted net loss attributable to common stockholders for each of the three and six month periods ended June 30, 2023, because they were antidilutive to net income (loss) attributable to common stockholders for the respective periods. A total of 3.1 million shares, representing the dilutive impact of the 2025 Notes, upon adoption of ASU 2020-06 effective January 1, 2022, were not included in the computation of diluted net income (loss) attributable to common stockholders for each of the three and six month periods ended June 30, 2022, because they were antidilutive to net income (loss) attributable to common stockholders for the respective periods.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates include those estimates made in accordance with U.S. GAAP that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on the Company’s financial condition or results of operations. Our most significant estimate is as follows:

Purchase Accounting for Acquisitions of Real Estate Subject to a Lease. As required by U.S. GAAP, the fair value of the real estate acquired with in-place leases is allocated to the acquired tangible assets, consisting of land, building and tenant improvements, and identified intangible 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, based in each case on their relative fair values. In allocating the fair value of the identified intangible assets and liabilities of an acquired property, above-market and below-market in-place lease values are recorded as other assets or liabilities based on the present value. The assumptions underlying the allocation of relative fair values are based on market information including, but not limited to: (i) the estimate of replacement cost of improvements under the cost approach, (ii) the estimate of land values based on comparable sales under the sales comparison approach, and (iii) the estimate of future benefits determined by either a reasonable rate of return over a single year’s net cash flow, or a forecast of net cash flows projected over a reasonable investment horizon under the income capitalization approach. The underlying assumptions are subject to uncertainty and thus any changes to the allocation of fair value to each of the various line items within the Company’s consolidated balance sheets could have an impact on the Company’s financial condition as well as results of operations due to resulting changes in depreciation and amortization as a result of the fair value allocation. The acquisitions of real estate subject to this estimate totaled four buildings within an existing multi-tenant income property and one additional multi-tenant property for an aggregate purchase price of $75.8 million for the six months ended June 30, 2023, and one multi-tenant income property for a purchase price of $39.1 million for the six months ended June 30, 2022.

See Note 2, “Summary of Significant Accounting Policies”, for further discussion of the Company’s accounting estimates and policies.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

We are primarily exposed to interest rate risk relating to our own debt in connection with our Credit Facility, as this facility carries a variable rate of interest. Our borrowings on the un-hedged portion of our $300.0 million revolving Credit Facility bear a variable rate of interest based on SOFR plus a rate of between 125 basis points and 220 basis points plus a 0.10% SOFR adjustment based on our level of borrowing as a percentage of our total asset value. Effective January 31, 2023, the interest rate on $100.0 million of the Credit Facility balance was fixed by virtue of three interest rate swaps. As of June 30, 2023 and 2022, the outstanding balance on our Credit Facility totaled $209.6 million and $111.0 million, of which $109.6 million and $111.0 million, respectively, were not fixed by virtue of an interest rate swap agreement. A hypothetical change in the interest rate of 100 basis points (i.e., 1%) would affect our financial position, results of operations, and cash flows by $1.1 million as of both June 30, 2023 and 2022. The Company entered into interest rate swap agreements to hedge against changes in future cash flows resulting from fluctuating interest rates related to certain of its debt borrowings, see Note 16, “Interest Rate Swaps.” By virtue of fixing the variable rate on certain debt borrowings, our exposure to changes in interest rates is minimal but for the impact on other comprehensive income and loss. Management’s objective is to limit the impact of interest rate changes on earnings and cash flows and to manage our overall borrowing costs.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, an evaluation, as required by Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934 (the “Exchange Act”) was carried out under the supervision and with the participation of the Company’s management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), of the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Exchange Act). Based on that evaluation, the CEO and CFO have concluded that the design and operation of the Company’s disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms, and to provide reasonable assurance that information required to be disclosed by the Company in such reports is accumulated and communicated to the Company’s management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. There were no changes in the Company’s internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) during the three months ended June 30, 2023, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

For a discussion of the Company’s potential risks and uncertainties, see the information under the heading Part I, “Item 1A. Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022. The risks described in the Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial also may materially adversely affect the Company. As of June 30, 2023, there have been no material changes in our risk factors from those set forth within the Company’s Annual Report on Form 10-K for the year ended December 31, 2022.

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

The following repurchases of shares of the Company's common stock were made during the three months ended June 30, 2023:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as a Part of Publicly Announced Plans or Programs (1)	Maximum Number (or Approximate Dollar Value) of Shares That May yet be Purchased Under the Plans or Programs ($000's) (1)
4/01/2023 - 4/30/2023	—	$ —	—	$ —
5/01/2023 - 5/31/2023	3,931	15.73	3,931	$ 4,938
6/01/2023 - 6/30/2023	—	—	—	$ 4,938
Total	3,931	$ 15.73	3,931	

(1) On April 25, 2023, the Board approved a $5.0 million common stock repurchase program, of which $4.9 million remained available as of June 30, 2023.

The following repurchases of shares of the Company's Series A Preferred Stock were made during the three months ended June 30, 2023:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as a Part of Publicly Announced Plans or Programs (1)	Maximum Number (or Approximate Dollar Value) of Shares That May yet be Purchased Under the Plans or Programs ($000's) (1)
4/01/2023 - 4/30/2023	—	$ —	—	$ —
5/01/2023 - 5/31/2023	398	18.88	398	$ 2,992
6/01/2023 - 6/30/2023	348	18.76	348	$ 2,986
Total	746	$ 18.82	746	

(1) On February 16, 2023, the Board approved a $3.0 million Series A Preferred Stock repurchase program, of which $2.99 million remained available as of June 30, 2023.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. OTHER INFORMATION

Not applicable

ITEM 6. EXHIBITS

(a) Exhibits:

(3.1)	Articles of Amendment and Restatement of CTO Realty Growth, Inc., as amended by the Articles of Amendment (Name Change), filed as Exhibit 3.1 to the registrant's current report on Form 8-K12B filed February 1, 2021, and incorporated herein by reference.
(3.2)	Articles Supplementary, designating CTO Realty Growth, Inc.'s 6.375% Series A Cumulative Redeemable Preferred Stock, filed as Exhibit 3.2 to the registrant's Registration Statement on Form 8-A filed July 1, 2021 (File No. 001-11350), and incorporated herein by reference.
(3.3)	Third Amended and Restated Bylaws of CTO Realty Growth, Inc., effective as of February 16, 2023, filed as Exhibit 3.1 to the registrant's Current Report on Form 8-K filed February 17, 2023, and incorporated herein by reference.
(4.1)	Specimen Common Stock Certificate of CTO Realty Growth, Inc., filed as Exhibit 4.2 to the registrant's current report on Form 8-K12B filed February 1, 2021, and incorporated herein by reference.
(10.1)†	Fifth Amended and Restated CTO Realty Growth, Inc., 2010 Equity Incentive Plan.
Exhibit 31.1	Certification filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 31.2	Certification filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*Exhibit 32.1	Certification furnished pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*Exhibit 32.2	Certification furnished pursuant to 18 U.S.C. Section 1350, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 101.INS	Inline XBRL Instance Document
Exhibit 101.SCH	Inline XBRL Taxonomy Extension Schema Document
Exhibit 101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
Exhibit 101.DEF	Inline XBRL Taxonomy Definition Linkbase Document
Exhibit 101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
Exhibit 101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
Exhibit 104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* In accordance with Item 601(b)(32) of Regulation S-K, this Exhibit is not deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

† Management contract or compensatory plan or arrangement.

SIGNATURES

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

	CTO REALTY GROWTH, INC. (Registrant)
July 27, 2023	By: /s/ John P. Albright **John P. Albright** **President and Chief Executive Officer** **(Principal Executive Officer)**
July 27, 2023	By: /s/ Matthew M. Partridge **Matthew M. Partridge, Senior Vice President,** **Chief Financial Officer and Treasurer** **(Principal Financial Officer)**
July 27, 2023	By: /s/ Lisa M. Vorakoun **Lisa M. Vorakoun, Vice President and** **Chief Accounting Officer** **(Principal Accounting Officer)**

Exhibit 10.1

CTO REALTY GROWTH, INC.
FIFTH AMENDED AND RESTATED 2010 EQUITY INCENTIVE PLAN

1. Purpose. The purposes of the CTO Realty Growth, Inc. Fifth Amended and Restated 2010 Equity Incentive Plan (as amended from time to time, the "Plan") are to (i) align Employees' and Nonemployee Directors' long-term financial interests with those of the Company's stockholders; (ii) attract and retain Employees and Nonemployee Directors by providing compensation opportunities that are competitive with other companies; and (iii) provide incentives to those Employees and Nonemployee Directors who contribute significantly to the long-term performance and growth of the Company and its Subsidiaries.

2. Definitions. As used in this Plan, the following terms shall be defined as set forth below:

(a) "Award" means any Option, Stock Appreciation Right, Restricted Shares, Restricted Share Units, Performance Shares, Performance Units, Cash Award or Stock Payments granted under the Plan.

(b) "Award Agreement" means an agreement, certificate, resolution or other form of writing or other evidence approved by the Committee which sets forth the terms and conditions of an Award. An Award Agreement may be in an electronic medium, may be limited to a notation on the Company's books and records and, if approved by the Committee, need not be signed by a representative of the Company or a Grantee.

(c) "Base Price" means the price to be used as the basis for determining the Spread upon the exercise of a Stock Appreciation Right.

(d) "Board" means the Board of Directors of the Company.

(e) "Cash Award" means an Award denominated in cash granted under Section 9 of the Plan.

(f) "Change in Control" means any of the following events:

(1) any person (as such term is used in Section 13(d) of the Exchange Act) or group (as such term is defined in Sections 3(a)(9) and 13(d)(3) of the Exchange Act), other than a subsidiary of the Company or any employee benefit plan (or any related trust) of the Company or a subsidiary, becomes the beneficial owner of 50% or more of the Company's outstanding voting shares and other outstanding voting securities that are entitled to vote generally in the election of directors ("Voting Securities"); or

(2) approval by the stockholders of the Company and consummation of either of the following:

a. a merger, reorganization, consolidation or similar transaction (any of the foregoing, a "Merger") as a result of which the persons who were the respective beneficial owners of the outstanding Common Stock and/or the Voting Securities immediately before such Merger are not expected to beneficially own, immediately after such Merger, directly or indirectly, more than 50% of, respectively, the outstanding voting shares and the combined voting power of the voting securities resulting from such merger in substantially the same proportions as immediately before such Merger;

b. a plan of liquidation of the Company or a plan or agreement for the sale or other disposition of all or substantially all of the assets of the Company; or

c. a change in the composition of the Board such that, during any 12-month period, the individuals who, as of the beginning of such period, constitute the Board (the

"Existing Board") cease for any reason to constitute more than 50% of the Board; provided, however, that any individual becoming a member of the Board subsequent to the beginning of such period whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds of the directors immediately prior to the date of such appointment or election will be considered as though such individual were a member of the Existing Board.

(g) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(h) "Committee" means the committee of the Board described in Section 4 of the Plan.

(i) "Company" means CTO Realty Growth, Inc., a Maryland corporation, or any successor corporation.

(j) "Employee" means any person, including an officer, employed on an hourly or salaried basis by the Company or a Subsidiary.

(k) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

(l) "Fair Market Value" on a given date means:

(1) if the Stock is listed on a national securities exchange in the United States, the closing sale price reported as having occurred on the primary exchange with which the Stock is listed and traded on such date, or, if there is no such sale on that date, then on the last preceding date on which such a sale was reported;

(2) if the Stock is not listed on any national securities exchange but is quoted in the National Market System of the National Association of Securities Dealers Automated Quotation System the trade price of the last sale reported on such date, or, if there is no such sale on that date, then on the last preceding date on which a sale was reported; or

(3) if the Stock is not listed on a national securities exchange nor quoted in the National Market System of the National Association of Securities Dealers Automated Quotation System on a last sale basis, the amount determined by the Committee to be the fair market value based upon a good faith attempt to value the Stock accurately.

(m) "Grant Date" means the date specified by the Committee on which a grant of an Award shall become effective, which shall not be earlier than the date on which the Committee takes action with respect thereto.

(n) "Grantee" means an Employee or Nonemployee Director who has been selected by the Committee to receive an Award and to whom an Award has been granted.

(o) "Incentive Stock Option" means any Option that is intended to qualify as an "incentive stock option" under Code Section 422 or any successor provision.

(p) "Nonemployee Director" means a member of the Board who is not an Employee.

(q) "Nonqualified Stock Option" means an Option that is not intended to qualify as an Incentive Stock Option.

(r) "Option" means any option to purchase Shares granted under Section 5 of the Plan.

(s) "Option Price" means the purchase price payable upon the exercise of an Option.

(t) "Performance Objectives" means the performance objectives established pursuant to this Plan for Grantees who have received Awards. Performance Objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Grantee or the Subsidiary, division, department or function within the Company or Subsidiary in which the Grantee is employed. Performance Objectives may be measured on an absolute or relative basis. Relative performance may be measured by a group of peer companies or by a financial market index. Any Performance Objectives may include:

(1) return on invested capital;
(2) free cash flow;
(3) economic value added (net operating profit after tax less cost of capital);
(4) total stockholder return;
(5) operating ratio;
(6) cost reduction (or limits on cost increases);
(7) debt to capitalization;
(8) debt to equity;
(9) earnings;
(10) earnings before interest and taxes;
(11) earnings before interest, taxes, depreciation and amortization;
(12) earnings per share (including or excluding nonrecurring items);
(13) earnings per share before extraordinary items;
(14) income from operations (including or excluding nonrecurring items);
(15) income from operations compared to capital spending;
(16) net income (including or excluding nonrecurring items, extraordinary items and/or the accumulative effect of accounting changes);
(17) net sales;
(18) price per share of common stock;
(19) return on assets;
(20) return on capital employed;
(21) return on equity;
(22) return on investment;
(23) return on sales; and
(24) sales volume.

The Committee will generally establish Performance Objectives during the first 90 days of a Performance Period. The Committee is authorized, in its sole and absolute discretion, to adjust, or modify the level of achievement required for, a Performance Objective in order to prevent the dilution or enlargement of the rights of a Grantee.

(u) "Performance Period" means a period of time established under Section 8 of the Plan within which the Performance Objectives relating to a Performance Share, Performance Unit, Restricted Shares or Restricted Share Units are to be achieved.

(v) "Performance Share" means a bookkeeping entry that records the equivalent of one Share awarded pursuant to Section 8 of the Plan.

(w) "Performance Unit" means a bookkeeping entry that records a unit equivalent to $1.00 awarded pursuant to Section 8 of the Plan.

(x) "Restricted Shares" mean Shares granted under Section 7 of the Plan.

(y) "Restricted Share Unit" means an Award granted under Section 7 of the Plan and denominated in units representing rights to receive Shares.

(z) "Shares" means shares of the Common Stock of the Company, par value $1.00 per share, or any security into which Shares may be converted by reason of any transaction or event of the type referred to in Section 13 of the Plan.

(aa) "Spread" means, in the case of a Stock Appreciation Right, the amount by which the Fair Market Value on the date when any such right is exercised exceeds the Base Price specified in such right.

(bb) "Stock Appreciation Right" means a right granted under Section 6 of the Plan.

(cc) "Stock Payment" means Shares granted under Section 9 of the Plan.

(dd) "Subsidiary" means a corporation or other entity in which the Company has a direct or indirect ownership or other equity interest, provided that for purposes of determining whether any person may be a Grantee for purposes of any grant of Incentive Stock Options, "Subsidiary" means any corporation (within the meaning of the Code) in which the Company owns or controls directly or indirectly more than 50 percent of the total combined voting power represented by all classes of stock issued by such corporation at the time of such grant.

(ee) "Ten Percent Stockholder" means a person who owns (or is deemed to own pursuant to Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or of any of its affiliates.

3. Shares Available Under the Plan.

(a) Reserved Shares. Subject to adjustment as provided in Section 14 of the Plan, the maximum number of Shares that may be issued or transferred from and after April 21, 2023, with respect to Awards shall not in the aggregate exceed 1,005,141 Shares. Such Shares may be Shares of original issuance, Shares held in treasury or Shares that have been reacquired by the Company. Any awards granted under the Plan on or after its original effective date of April 28, 2010 that consist of (i) Options, Stock Appreciation Rights, Restricted Share Units, or Performance Units or that, at any time, are forfeited, expire or are canceled or settled without issuance of Shares or Restricted Shares that are forfeited pursuant to Section 7(c) or the Restricted Share Award Agreement shall not count towards the maximum number of Shares that may be issued under the Plan as set forth in this Section 3(a) and shall be available for future Awards. Notwithstanding the foregoing, any and all Shares that are (i) tendered in payment of an Option exercise price (whether by attestation or by other means); (ii) withheld by the Company to satisfy any tax withholding obligation; or (iii) covered by a Stock Appreciation Right (without regard to the number of Shares that are actually issued to the Grantee upon exercise) shall be considered issued pursuant to the Plan and shall not be added to the maximum number of Shares that may be issued under the Plan as set forth in this Section 3(a).

(b) Reserved. [intentionally omitted]

(c) ISO Maximum. In no event shall the number of Shares issued upon the exercise of Incentive Stock Options exceed 792,304 Shares, subject to adjustment as provided in Section 14 of the Plan.

(d) Maximum Calendar Year Award. No Grantee may receive Awards representing more than 188,644 Shares in any one calendar year, subject to adjustment as provided in Section 14 of the Plan. No Nonemployee Director may receive in any one calendar year more than $300,000 in the aggregate in (i) Awards (as calculated by the Award's fair value as determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto as of the Grant Date) and (y) cash compensation (including, retainers and cash-based awards).

4. Plan Administration. This Plan shall be administered by a Committee appointed by the Board from among its members, provided that if the Board does not appoint a Committee, the term "Committee" means the Board, except in those instances where the text clearly indicates otherwise. Notwithstanding anything herein

to the contrary, the Committee shall consist solely of two (2) or more members of the Board who are (i) “non-employee directors” (within the meaning of Rule 16b-3 under the Exchange Act) for purposes of exercising administrative authority with respect to Awards granted to Grantees who are subject to Section 16 of the Exchange Act; and (ii) “independent” (within the meaning of the rules of the national securities exchange on which the Company’s Shares are listed), to the extent required:

(a) to determine the Fair Market Value of the Shares;

(b) to select the Employees and Nonemployee Directors to whom Awards will be granted under the Plan;

(c) to determine whether, when, to what extent and in what types and amounts Awards are granted under the Plan;

(d) to determine the number of Shares or amount of cash to be covered by each Award granted under the Plan;

(e) to determine the forms of Award Agreements, which need not be the same for each grant or for each Grantee, and which may be delivered electronically, for use under the Plan;

(f) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted under the Plan.

(g) to construe and interpret the terms of the Plan and Awards;

(h) to prescribe, amend and rescind rules and regulations relating to the Plan;

(i) to modify or amend each Award, provided that no modification or amendment of an Award shall impair the rights of the Grantee, unless mutually agreed otherwise between the Grantee and the Company, which agreement must be in writing and signed by the Grantee and the Company.

(j) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously authorized by the Committee;

(k) to provide any notice or other communication required or permitted by the Plan in either written or electronic form; and

(l) to make all other determinations deemed necessary or advisable for administering the Plan.

The interpretation and construction by the Committee of any provision of this Plan or of any Award Agreement and any determination by the Committee pursuant to any provision of this Plan or any such agreement, notification or document, shall be final and conclusive. No member of the Committee shall be liable to any person for any such action taken or determination made in good faith.

5. Options. The Committee may from time to time authorize grants to Grantees of Options to purchase Shares upon such terms and conditions as the Committee may determine in accordance with the following provisions:

(a) Number of Shares. Each grant shall specify the number of Shares to which it pertains.

(b) Option Price. Each grant shall specify an Option Price per Share, which shall be equal to or greater than the Fair Market Value per Share on the Grant Date (or equal to or greater than 110% of the Fair Market Value with respect to Incentive Stock Options granted to Ten Percent Stockholders).

(c) Consideration. Each grant shall specify the form of consideration to be paid in satisfaction of the Option Price and the manner of payment of such consideration, which may include (i) cash in the form of currency or check or other cash equivalent acceptable to the Company, (ii) nonforfeitable, unrestricted Shares owned by the Grantee at the time of exercise and for at least six (6) months prior to the time of exercise and which have a value at the time of exercise that is equal to the Option Price, (iii) any other legal consideration that the Committee may deem appropriate on such basis as the Committee may determine in accordance with this Plan, or (iv) any combination of the foregoing.

(d) Cashless Exercise. To the extent permitted by applicable law, any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on the date of exercise of some or all of the Shares to which the exercise relates.

(e) Vesting. Each Option grant may specify a period of continuous employment of the Grantee by the Company or any Subsidiary (or, in the case of a Nonemployee Director, service on the Board) that is necessary before the Options or installments thereof shall become exercisable, and any grant may provide for the earlier exercise of such rights in the event of a change in control of the Company or other similar transaction or event.

(f) ISO Dollar Limitation. Options granted under this Plan may be Incentive Stock Options, Nonqualified Stock Options or a combination of the foregoing, provided that only Nonqualified Stock Options may be granted to Nonemployee Directors. Each grant shall specify whether (or the extent to which) the Option is an Incentive Stock Option or a Nonqualified Stock Option. Notwithstanding any such designation, to the extent that the aggregate Fair Market Value of the Shares as of the Grant Date with respect to which Options designated as Incentive Stock Options are exercisable for the first time by a Grantee during any calendar year (under all plans of the Company) exceeds $100,000, such Options shall be treated as Nonqualified Stock Options.

(g) Exercise Period. No Option granted under this Plan may be exercised more than ten years from the Grant Date (or five years from the Grant Date for a Ten Percent Stockholder).

(h) Award Agreement. Each grant shall be evidenced by an Award Agreement containing such terms and provisions as the Committee may determine consistent with this Plan.

6. Stock Appreciation Rights. The Committee may from time to time authorize grants to Grantees of Stock Appreciation Rights. A Stock Appreciation Right is the right of the Grantee to receive from the Company an amount, which shall be determined by the Committee and shall be expressed as a percentage (not exceeding 100 percent) of the Spread at the time of the exercise of such right. Any grant of Stock Appreciation Rights under this Plan shall be upon such terms and conditions as the Committee may determine in accordance with the following provisions:

(a) Payment in Shares. Each grant shall specify that the amount payable upon the exercise of a Stock Appreciation Right shall be paid by the Company in Shares.

(b) Exercise Period. Any grant may specify (i) a waiting period or periods before Stock Appreciation Rights shall become exercisable and (ii) permissible dates or periods on or during which Stock Appreciation Rights shall be exercisable.

(c) Award Agreement. Each grant shall be evidenced by an Award Agreement which shall describe the subject Stock Appreciation Rights, specify the Base Price (which shall be equal to or greater than the Fair Market Value on the Grant Date), state that the Stock Appreciation Rights are subject to all of the terms and conditions of this Plan and contain such other terms and provisions as the Committee may determine consistent with this Plan.

(d) Exercise Period. No Stock Appreciation Right granted under this Plan may be exercised more than ten years from the Grant Date.

7. Restricted Shares and Restricted Share Units. The Committee may from time to time authorize grants to Grantees of Restricted Shares and Restricted Share Units upon such terms and conditions as the Committee may determine in accordance with the following provisions:

(a) Transfer of Shares. Each grant of Restricted Shares shall constitute an immediate transfer of the ownership of Shares to the Grantee in consideration of the performance of services, subject to the substantial risk of forfeiture and restrictions on transfer hereinafter referred to. Upon expiration of the restriction period and satisfaction of any other terms or conditions and as set forth in the Restricted Share Award Agreement, the Restricted Share shall immediately become nonforfeitable and the Shares underlying such award of Restricted Shares shall be released by the Company to the Grantee without restrictions on transfer. The Shares released by the Company hereunder may at the Company's option be either (i) evidenced by a certificate registered in the name of the Grantee or his or her designee; or (ii) credited to a book-entry account for the benefit of the Grantee maintained by the Company's stock transfer agent or its designee. Restricted Share Units shall become payable to a Grantee in Shares at the time or times determined by the Committee and set forth in the Restricted Share Unit Award Agreement.

(b) Consideration. Each grant may be made without additional consideration from the Grantee or in consideration of a payment by the Grantee that is less than the Fair Market Value on the Grant Date.

(c) Substantial Risk of Forfeiture. Each grant shall provide that the Restricted Shares or Restricted Share Units covered thereby shall be subject to a "substantial risk of forfeiture" within the meaning of Code Section 83 for a period to be determined by the Committee on the Grant Date, and any grant or sale may provide for the earlier termination of such risk of forfeiture in the event of a Change in Control of the Company or other similar transaction or event. If a Grantee ceases to be an Employee or a Nonemployee Director, the number of Shares subject to the Award, if any, to which the Grantee shall be entitled shall be determined in accordance with the applicable Award Agreement. All remaining Shares underlying Restricted Shares or Restricted Share Units as to which restrictions apply at the date of termination of employment or service shall be forfeited subject to such exceptions, if any, authorized by the Committee.

(d) Voting Rights. Unless otherwise determined by the Committee, an Award of Restricted Shares shall entitle the Grantee to voting rights during the period for which such substantial risk of forfeiture is to continue. Unless otherwise determined by the Committee, a Grantee shall not have any rights as a stockholder with respect to Shares underlying an Award of Restricted Share Unit until such time, if any, as the underlying Shares are actually issued to the Grantee, which may, at the option of the Company be either (i) evidenced by delivery of a certificate registered in the name of the Grantee or his or her designee; or (ii) credited to a book-entry account for the benefit of the Grantee maintained by the Company's stock transfer agent or its designee.

(e) Restrictions on Transfer. Each grant shall provide that, during the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Shares shall be prohibited or restricted in the manner and to the extent prescribed by the Committee on the Grant Date.

(f) Performance-Based Restricted Shares and Restricted Share Units. Any grant or the vesting thereof may be further conditioned upon the attainment of Performance Objectives established by the Committee in accordance with the applicable provisions of Section 8 of the Plan regarding Performance Shares and Performance Units.

(g) Award Agreements. Each grant shall be evidenced by an Award Agreement containing such terms and provisions as the Committee may determine consistent with this Plan. Unless otherwise directed by the Committee, all certificates representing Restricted Shares, together with a stock power that shall be endorsed in blank by the Grantee with respect to such Shares, shall be held in custody by the Company until all restrictions thereon lapse.

8. Performance Shares and Performance Units. The Committee may from time to time authorize grants of Performance Shares and Performance Units, which shall become payable to the Grantee upon the

achievement of specified Performance Objectives, upon such terms and conditions as the Committee may determine in accordance with the following provisions:

(a) Number of Performance Shares or Units. Each grant shall specify the number of Performance Shares or Performance Units to which it pertains, which may be subject to adjustment to reflect changes in compensation or other factors.

(b) Performance Period. The Performance Period with respect to each Performance Share or Performance Unit shall be set forth in the Award Agreement and may be subject to earlier termination in the event of a change in control of the Company or other similar transaction or event.

(c) Performance Objectives. Each grant shall specify the Performance Objectives that are to be achieved by the Grantee.

(d) Threshold Performance Objectives. Each grant may specify in respect of the specified Performance Objectives a minimum acceptable level of achievement below which no payment will be made and may set forth a formula for determining the amount of any payment to be made if performance is at or above such minimum acceptable level but falls short of the maximum achievement of the specified Performance Objectives.

(e) Payment of Performance Shares and Units. Each grant shall specify the time and manner of payment of Performance Shares or Performance Units that shall have been earned, and any grant may specify that any such amount may be paid by the Company in cash, Shares or any combination thereof and may either grant to the Grantee or reserve to the Committee the right to elect among those alternatives.

(f) Maximum Payment. Any grant of Performance Shares may specify that the amount payable with respect thereto may not exceed a maximum specified by the Committee on the Grant Date. Any grant of Performance Units may specify that the amount payable, or the number of Shares issued, with respect thereto may not exceed maximums specified by the Committee on the Grant Date.

(g) Dividend Equivalents. Subject to Section 17(g), any grant of Performance Shares may provide for the payment to the Grantee of dividend equivalents thereon in cash or additional Shares, provided however that the Award Agreement shall provide that the Grantee shall not receive any dividends unless and until such time as the Performance Shares are earned and paid, and provided further that if the payment or crediting of dividends or dividend equivalents is in respect of an Award that is subject to Code Section 409A, then the payment or crediting of such dividends or dividend equivalents shall conform to the requirements of Code Section 409A and such requirements shall be specified in writing.

(h) Adjustment of Performance Objectives. If provided in the terms of the grant, the Committee may adjust Performance Objectives and the related minimum acceptable level of achievement if, in the sole judgment of the Committee, events or transactions have occurred after the Grant Date that are unrelated to the performance of the Grantee and result in distortion of the Performance Objectives or the related minimum acceptable level of achievement.

(i) Award Agreement. Each grant shall be evidenced by an Award Agreement which shall state that the Performance Shares or Performance Units are subject to all of the terms and conditions of this Plan and such other terms and provisions as the Committee may determine consistent with this Plan.

9. Cash Awards. The Committee is authorized to grant Cash Awards on a free-standing basis or as an element of, supplement to, or in lieu of any other Award under the Plan to Grantees in such amounts and subject to such other terms as the Committee in its discretion determines to be appropriate.

10. Stock Payments. If not prohibited by applicable law, the Committee may from time to time issue unrestricted Shares to Grantees, in such amounts and subject to such terms and conditions as the Committee shall from time to time in its sole discretion determine. A Stock Payment may be granted as, or in payment of,

Nonemployee Director fees, bonuses, or to provide incentives or recognize special achievements or contributions.

11. Reduction or Elimination of Qualified Performance-Based Awards. In determining the actual amount to be paid with respect to a Qualified Performance-Based Award, the Committee may reduce or eliminate the amount payable through the use of Negative Discretion if, in its sole judgment, such reduction or elimination is appropriate. For the avoidance of doubt, the Committee shall not have the discretion to (i) grant or provide for a payment in respect of a Qualified Performance-Based Award to the extent the applicable Performance Objectives for the Performance Period have not been attained, or (ii) pay any amount in excess of the limitations set forth in Section 3(e) of the Plan.

12. Clawback. Notwithstanding anything to the contrary herein, any Award or any payment made in respect of any Award that is subject to recovery under any law, government regulation, exchange listing requirement or Company policy will be subject to such deductions and/or recoupment by the Company as may be required pursuant to such law, government regulation, exchange listing requirement or Company policy (or any policy adopted by the Company pursuant to any such law, government regulation or exchange listing requirement).

13. Nontransferability. No Award granted under this Plan shall be transferable by a Grantee other than by will or the laws of descent and distribution, and Options and Stock Appreciation Rights shall be exercisable during a Grantee's lifetime only by the Grantee or, in the event of the Grantee's legal incapacity, by his guardian or legal representative acting in a fiduciary capacity on behalf of the Grantee under state law. Any attempt to transfer an Award in violation of this Plan shall render such Award null and void.

14. Adjustments. The Committee shall make or provide for such adjustments in the (a) number of Shares or cash covered by outstanding Awards, (b) prices per share applicable to outstanding Options and Stock Appreciation Rights, and (c) kind of shares covered by Awards (including shares of another issuer), as the Committee determines in good faith to be equitably required in order to prevent dilution or enlargement of the rights of Grantees that otherwise would result from (x) any stock dividend, stock split, combination or exchange of Shares, recapitalization or other change in the capital structure of the Company, (y) any merger, consolidation, spin-off, spin-out, split-off, split-up, reorganization, partial or complete liquidation or other distribution of assets (other than a normal cash dividend), issuance of rights or warrants to purchase securities or (z) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event, the Committee may provide in substitution for any or all outstanding Awards under this Plan such alternative consideration as it may in good faith determine to be equitable under the circumstances and may require in connection therewith the surrender of all Awards so replaced. The Committee may also make or provide for such adjustments in each of the limitations specified in Section 3 of the Plan as the Committee in its sole discretion may in good faith determine to be appropriate in order to reflect any transaction or event described in this Section 14.

15. Fractional Shares. The Company shall not be required to issue any fractional Shares pursuant to this Plan. The Committee may provide for the elimination of fractions or for the settlement thereof in cash.

16. Withholding Taxes. To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by a Grantee or other person under this Plan, it shall be a condition to the receipt of such payment or the realization of such benefit that the Grantee or such other person make arrangements satisfactory to the Company for payment of all such taxes required to be withheld. At the discretion of the Committee, such arrangements may include relinquishment of a portion of such benefit.

17. Amendments and Other Matters.

(a) Plan Amendments. This Plan may be amended from time to time by the Board, but no such amendment shall increase any of the limitations specified in Section 3 of the Plan, other than to reflect an adjustment made in accordance with Section 14 of the Plan, without the further approval of the stockholders of the Company. The Board may condition any amendment on the approval of the stockholders of the

Company if such approval is necessary or deemed advisable with respect to the applicable listing or other requirements of a national securities exchange or other applicable laws, policies or regulations. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Grantee, unless mutually agreed otherwise between the Grantee and the Company, which agreement must be in writing and signed by the Grantee and the Company.

(b) Repricing and Cash Buyouts Prohibited. The Committee shall not (i) reprice any outstanding Option or Stock Appreciation Right, directly or indirectly, or (ii) cancel or surrender in exchange for cash or another Award any outstanding Option or Stock Appreciation Right that is "underwater" (i.e., with an Option Price or exercise price, as applicable, that is equal to or greater than the Fair Market Value of a Share), in each case, without the approval of the stockholders of the Company, provided that nothing herein shall prevent the Committee from taking any action provided for in Section 14 of the Plan.

(c) No Employment Right. This Plan shall not confer upon any Grantee any right with respect to continuance of employment or other service with the Company or any Subsidiary and shall not interfere in any way with any right that the Company or any Subsidiary would otherwise have to terminate any Grantee's employment or other service at any time.

(d) Tax Qualification. To the extent that any provision of this Plan would prevent any Option that was intended to qualify under particular provisions of the Code from so qualifying, such provision of this Plan shall be null and void with respect to such Option, provided that such provision shall remain in effect with respect to other Options, and there shall be no further effect on any provision of this Plan.

(e) Change in Control. The Committee may, in its sole discretion, provide for immediate and full vesting of an Award upon the occurrence of a Change in Control of the Company. Should the Committee determine to make such a provision with respect to the grant of an Award, a representation to that effect shall be set forth in the Award Agreement.

(f) Minimum Vesting Requirements. Notwithstanding anything to the contrary contained herein, and subject to Section 17(e), no portion of any Award shall vest over a period of less than one year following the Grant Date (the "Minimum Vesting Requirements"); provided, however, that the Committee may, in its sole discretion, (i) accelerate the vesting of any Award or otherwise lapse or waive the Minimum Vesting Requirements upon (A) the termination of employment of the Grantee or (B) a Change in Control (subject to the requirements of Section 17(e)) and (ii) grant Awards that are not subject to the Minimum Vesting Requirements with respect to 5% or less of the Shares available for issuance under the Plan (as set forth in Section 3(a), as may be adjusted pursuant to Section 14).

(g) Dividends on Unvested Equity. Any Award (other than Options and Stock Appreciation Rights) may provide for the payment to the Grantee of dividends or dividend equivalents thereon in cash or additional Shares; provided, however, that the Award Agreement shall provide that any dividends or dividend equivalents shall be subject to the same restrictions on vesting and forfeiture as apply to the underlying Award to which such dividends or dividend equivalents relate; provided, further, that, if the payment or crediting of dividends or dividend equivalents is in respect of an Award that is subject to Code Section 409A, then the payment or crediting of such dividends or dividend equivalents shall conform to the requirements of Code Section 409A and such requirements shall be specified in writing.

18. Effective Date. This CTO Realty Growth, Inc. Fifth Amended and Restated 2010 Equity Incentive Plan became effective upon its adoption by the common stockholders of the Company on June 21, 2023. It replaced and superseded the Company's Fourth Amended and Restated 2010 Equity Incentive Plan, which became effective upon its adoption by the Board on February 16, 2023.

19. Termination. This Fifth Amended and Restated 2010 Equity Incentive Plan shall terminate on June 21, 2033, and no Award shall be granted after that date.

20. Governing Law. The Plan and any Award Agreements shall be administered, interpreted and enforced under the laws of the State of Maryland without regard to conflicts of laws thereof.

The CTO Realty Growth, Inc. Fifth Amended and Restated 2010 Equity Incentive Plan was approved by the Board on April 25, 2023 and by the Company's stockholders on June 21, 2023.

Exhibit 31.1

CERTIFICATIONS

I, John P. Albright, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CTO Realty Growth, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 27, 2023

By: /s/ John P. Albright
John P. Albright
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Matthew M. Partridge, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CTO Realty Growth, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 27, 2023

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

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CTO Realty Growth, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John P. Albright, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 27, 2023

By: /s/ John P. Albright
John P. Albright
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of CTO Realty Growth, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Matthew M. Partridge, Senior Vice President, Chief Financial Officer, and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 27, 2023

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