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 September 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-PA	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 October 19, 2023, there were 22,686,444 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) September 30, 2023	**December 31, 2022**
ASSETS		
Real Estate:		
Land, at Cost	$ 235,880	$ 233,930
Building and Improvements, at Cost	588,224	530,029
Other Furnishings and Equipment, at Cost	851	748
Construction in Process, at Cost	4,127	6,052
Total Real Estate, at Cost	829,082	770,759
Less, Accumulated Depreciation	(50,117)	(36,038)
Real Estate—Net	778,965	734,721
Land and Development Costs	698	685
Intangible Lease Assets—Net	105,851	115,984
Assets Held for Sale—See Note 23	14,504	—
Investment in Alpine Income Property Trust, Inc.	38,162	42,041
Mitigation Credits	1,872	1,856
Mitigation Credit Rights	—	725
Commercial Loans and Investments	46,572	31,908
Cash and Cash Equivalents	7,015	19,333
Restricted Cash	22,618	1,861
Refundable Income Taxes	430	448
Deferred Income Taxes—Net	2,363	2,530
Other Assets—See Note 11	47,323	34,453
Total Assets	$ 1,066,373	$ 986,545
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts Payable	$ 3,969	$ 2,544
Accrued and Other Liabilities—See Note 17	18,660	18,028
Deferred Revenue—See Note 18	6,251	5,735
Intangible Lease Liabilities—Net	11,203	9,885
Long-Term Debt	548,219	445,583
Total Liabilities	588,302	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, 2,993,206 shares issued and outstanding at September 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, 22,701,072 shares issued and outstanding at September 30, 2023 and 22,854,775 shares issued and outstanding at December 31, 2022	227	229
Additional Paid-In Capital	168,875	172,471
Retained Earnings	284,789	316,279
Accumulated Other Comprehensive Income	24,150	15,761
Total Stockholders' Equity	478,071	504,770
Total Liabilities and Stockholders' Equity	$ 1,066,373	$ 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		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenues				
Income Properties	$ 25,183	$ 17,694	$ 70,373	$ 49,229
Management Fee Income	1,094	951	3,294	2,835
Interest Income From Commercial Loans and Investments	1,114	1,323	2,965	3,331
Real Estate Operations	1,079	3,149	2,602	4,395
Total Revenues	28,470	23,117	79,234	59,790
Direct Cost of Revenues				
Income Properties	(7,060)	(5,115)	(20,883)	(13,943)
Real Estate Operations	(152)	(1,661)	(876)	(1,940)
Total Direct Cost of Revenues	(7,212)	(6,776)	(21,759)	(15,883)
General and Administrative Expenses	(3,439)	(3,253)	(10,493)	(8,972)
Provision for Impairment	(929)	—	(1,408)	—
Depreciation and Amortization	(11,669)	(7,305)	(32,814)	(20,401)
Total Operating Expenses	(23,249)	(17,334)	(66,474)	(45,256)
Gain on Disposition of Assets	2,464	4,973	3,565	4,728
Other Gains and Income	2,464	4,973	3,565	4,728
Total Operating Income	7,685	10,756	16,325	19,262
Investment and Other Income (Loss)	1,184	(3,065)	(1,296)	(6,270)
Interest Expense	(6,318)	(3,037)	(16,161)	(7,216)
Income (Loss) Before Income Tax Benefit (Expense)	2,551	4,654	(1,132)	5,776
Income Tax Benefit (Expense)	135	163	(375)	461
Net Income (Loss) Attributable to the Company	2,686	4,817	(1,507)	6,237
Distributions to Preferred Stockholders	(1,195)	(1,195)	(3,585)	(3,586)
Net Income (Loss) Attributable to Common Stockholders	$ 1,491	$ 3,622	$ (5,092)	$ 2,651
Per Share Information—See Note 13:				
Basic Net Income (Loss) Attributable to Common Stockholders	$ 0.07	$ 0.20	$ (0.23)	$ 0.15
Diluted Net Income (Loss) Attributable to Common Stockholders	$ 0.07	$ 0.19	(0.23)	0.15
Weighted Average Number of Common Shares				
Basic	22,484,561	18,386,435	22,556,642	18,044,299
Diluted	22,484,561	21,505,460	22,556,642	18,044,299

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		Nine Months Ended	
	September 30, 2023	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
Net Income (Loss) Attributable to the Company	$ 2,686	$ 4,817	$ (1,507)	$ 6,237
Other Comprehensive Income:				
Cash Flow Hedging Derivative - Interest Rate Swaps	5,901	5,310	8,389	15,933
Total Other Comprehensive Income	5,901	5,310	8,389	15,933
Total Comprehensive Income	$ 8,587	$ 10,127	$ 6,882	$ 22,170

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 September 30, 2023:

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Stockholders' Equity
Balance July 1, 2023	$ 30	$ 227	$ 168,103	$ 291,958	$ 18,249	$ 478,567
Net Income Attributable to the Company	—	—	—	2,686	—	2,686
Stock Repurchase	—	—	(87)	—	—	(87)
Exercise of Stock Options and Stock Issuance to Directors	—	—	67	—	—	67
Payment of Equity Issuance Costs	—	—	(8)	—	—	(8)
Stock-Based Compensation Expense	—	—	800	—	—	800
Preferred Stock Dividends Declared for the Period	—	—	—	(1,195)	—	(1,195)
Common Stock Dividends Declared for the Period	—	—	—	(8,660)	—	(8,660)
Other Comprehensive Income	—	—	—	—	5,901	5,901
Balance September 30, 2023	$ 30	$ 227	$ 168,875	$ 284,789	$ 24,150	$ 478,071

For the three months ended September 30, 2022:

	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Stockholders' Equity
Balance July 1, 2022	$ 30	$ 61	$ 86,347	$ 332,916	$ 12,140	$ 431,494
Net Income Attributable to the Company	—	—	—	4,817	—	4,817
Three-for-One Stock Split	—	122	(122)	—	—	—
Stock Repurchase	—	(1)	(1,644)	—	—	(1,645)
Exercise of Stock Options and Stock Issuance to Directors	—	—	11	—	—	11
Stock Issuance, Net of Equity Issuance Costs	—	6	12,082	—	—	12,088
Stock-Based Compensation Expense	—	—	745	—	—	745
Preferred Stock Dividends Declared for the Period	—	—	—	(1,195)	—	(1,195)
Common Stock Dividends Declared for the Period	—	—	—	(7,221)	—	(7,221)
Other Comprehensive Income	—	—	—	—	5,310	5,310
Balance September 30, 2022	$ 30	$ 188	$ 97,419	$ 329,317	$ 17,450	$ 444,404

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

For the nine months ended September 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	—	—	—	(1,507)	—	(1,507)
Stock Repurchase	—	(3)	(5,169)	—	—	(5,172)
Vested Restricted Stock and Performance Shares	—	1	(1,029)	—	—	(1,028)
Exercise of Stock Options and Stock Issuance to Directors	—	—	308	—	—	308
Payment of Equity Issuance Costs	—	—	(130)	—	—	(130)
Stock-Based Compensation Expense	—	—	2,424	—	—	2,424
Preferred Stock Dividends Declared for the Period	—	—	—	(3,585)	—	(3,585)
Common Stock Dividends Declared for the Period	—	—	—	(26,398)	—	(26,398)
Other Comprehensive Income	—	—	—	—	8,389	8,389
Balance September 30, 2023	$ 30	$ 227	$ 168,875	$ 284,789	$ 24,150	$ 478,071

For the nine months ended September 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	—	—	—	6,237	—	6,237
Three-for-One Stock Split	—	122	(122)	—	—	—
Adjustment to Equity Component of Convertible Debt Upon Adoption of ASU 2020-06	—	—	(7,034)	4,022	—	(3,012)
Stock Repurchase	—	(1)	(2,791)	—	—	(2,792)
Vested Restricted Stock and Performance Shares	—	—	(845)	—	—	(845)
Exercise of Stock Options and Common Stock Issuance	—	—	248	—	—	248
Stock Issuance, Net of Equity Issuance Costs	—	7	20,560	—	—	20,567
Stock-Based Compensation Expense	—	—	1,989	—	—	1,989
Preferred Stock Dividends Declared for the Period	—	—	—	(3,586)	—	(3,586)
Common Stock Dividends Declared for the Period	—	—	—	(20,815)	—	(20,815)
Other Comprehensive Income	—	—	—	—	15,933	15,933
Balance September 30, 2022	$ 30	$ 188	$ 97,419	$ 329,317	$ 17,450	$ 444,404

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

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

	Nine Months Ended	
	September 30, 2023	September 30, 2022
Cash Flow from Operating Activities:		
Net Income (Loss) Attributable to the Company	$ (1,507)	$ 6,237
Adjustments to Reconcile Net Income (Loss) Attributable to the Company to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	32,814	20,401
Amortization of Intangible Liabilities to Income Property Revenue	1,793	1,485
Amortization of Deferred Financing Costs to Interest Expense	724	515
Amortization of Discount on Convertible Debt	119	149
Gain on Disposition of Real Estate and Intangible Lease Assets and Liabilities	(3,565)	(3,921)
Gain on Disposition of Commercial Loans and Investments	—	(807)
Provision for Impairment	1,408	—
Accretion of Commercial Loans and Investments Origination Fees	(105)	(150)
Non-Cash Imputed Interest	(22)	(119)
Deferred Income Taxes	167	(544)
Unrealized Loss on Investment Securities	5,663	8,102
Extinguishment of Contingent Obligation	(2,300)	—
Non-Cash Compensation	2,802	2,423
Decrease (Increase) in Assets:		
Refundable Income Taxes	18	(5)
Land and Development Costs	(13)	7
Mitigation Credits and Mitigation Credit Rights	709	1,876
Other Assets	(3,792)	(7,895)
Increase in Liabilities:		
Accounts Payable	1,424	460
Accrued and Other Liabilities	3,092	4,531
Deferred Revenue	516	1,335
Net Cash Provided By Operating Activities	39,945	34,080
Cash Flow from Investing Activities:		
Acquisition of Real Estate and Intangible Lease Assets and Liabilities	(100,588)	(112,843)
Acquisition of Commercial Loans and Investments	(17,477)	(50,130)
Proceeds from Disposition of Property, Plant, and Equipment, Net, and Assets Held for Sale	21,689	40,777
Principal Payments Received on Commercial Loans and Investments	986	44,079
Acquisition of Investment Securities, Net of Proceeds from Sales	(2,883)	(2,253)
Net Cash Used In Investing Activities	(98,273)	(80,370)
Cash Flow From Financing Activities:		
Proceeds from Long-Term Debt	132,850	218,500
Payments on Long-Term Debt	(30,600)	(147,000)
Cash Paid for Loan Fees	(132)	(2,610)
Cash Received Exercise of Stock Options and Common Stock Issuance	308	(177)
Cash Used to Purchase Common and Preferred Stock	(5,172)	(2,792)
Cash Paid for Vesting of Restricted Stock	(1,028)	(845)
Proceeds from (Cash Paid for) Issuance of Common Stock, Net	(130)	20,567
Dividends Paid - Preferred Stock	(3,585)	(3,586)
Dividends Paid - Common Stock	(25,744)	(20,292)
Net Cash Provided By Financing Activities	66,767	61,765
Net Increase in Cash, Cash Equivalents and Restricted Cash	8,439	15,475
Cash, Cash Equivalents and Restricted Cash, Beginning of Period	21,194	31,349
Cash, Cash Equivalents and Restricted Cash, End of Period	$ 29,633	$ 46,824
Reconciliation of Cash to the Consolidated Balance Sheets:		
Cash and Cash Equivalents	$ 7,015	$ 9,532
Restricted Cash	22,618	37,292
Total Cash	$ 29,633	$ 46,824

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

	Nine Months Ended	
	September 30, 2023	September 30, 2022
Supplemental Disclosure of Cash Flow Information:		
Cash Paid for Taxes, Net of Refunds Received	$ (231)	$ (111)
Cash Paid for Interest [(1)]	$ (15,178)	$ (5,785)
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Unrealized Gain on Cash Flow Hedges	$ 8,389	$ 15,933
Adjustment to Equity Component of Convertible Debt Upon Adoption of ASU 2020-06	$ —	$ 3,012
Common Stock Dividends Declared and Unpaid	$ 654	$ 523
Assumption of Mortgage Note Payable	$ —	$ 17,800

(1) Includes capitalized interest of $0.2 million and $0.1 million during the nine months ended September 30, 2023 and 2022, respectively.

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, 23 commercial real estate properties in 9 states in the United States. As of September 30, 2023, we owned 7 single-tenant and 16 multi-tenant income-producing properties comprising 4.1 million square feet of gross leasable space.

In addition to our income property portfolio, as of September 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 September 30, 2023, the fair value of our investment totaled $38.2 million, or 15.1% 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 nine month periods ended September 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 September 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 September 30, 2023 and December 31, 2022 include certain amounts over the Federal Deposit Insurance Corporation limits.

Restricted Cash

Restricted cash totaled $22.6 million at September 30, 2023, of which $21.8 million is being held in various escrow accounts 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 September 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 September 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 September 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 \$3.6 million and \$2.2 million as of September 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 September 30, 2023 and December 31, 2022. The accounts receivable as of September 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 September 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 September 30, 2023 and December 31, 2022, the Company's allowance for doubtful accounts totaled $2.3 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		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Leasing Revenue				
Lease Payments	$ 19,547	$ 13,556	$ 55,187	$ 38,760
Variable Lease Payments	5,636	4,138	15,186	10,469
Total Leasing Revenue	$ 25,183	$ 17,694	$ 70,373	$ 49,229

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 September 30, 2023, are summarized as follows (in thousands):

Year Ending December 31,	Amounts
Remainder of 2023	$ 20,578
2024	75,476
2025	70,529
2026	60,705
2027	49,104
2028	35,430
2029 and Thereafter (Cumulative)	58,431
Total	$ 370,253

2023 Acquisitions. During the nine months ended September 30, 2023, the Company acquired four buildings within an existing multi-tenant income property, one multi-tenant income property, and one vacant land parcel adjacent to an existing multi-tenant property for an aggregate purchase price of $80.0 million, or a total acquisition cost of $80.3 million, as follows:

- 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 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.
- A vacant land parcel adjacent to the previously acquired Collection at Forsyth property, located in the Forsyth County submarket of Atlanta, Georgia, for a purchase price of $4.3 million.

Of the aggregate $80.3 million total acquisition cost, $21.2 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 nine months ended September 30, 2023, the Company sold three income properties for an aggregate sales price of $22.9 million and aggregate gains on sales of $3.3 million. The sales consisted of (i) 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, (ii) an outparcel of the multi-tenant property known as Crossroads Towne Center, located in Chandler, Arizona, for $2.3 million, resulting in a gain of $1.2 million, and (iii) a single tenant office property located in Reston, Virginia leased to General Dynamics for $18.5 million, resulting in a gain of $1.3 million.

On October 12, 2023, as described in Note 24, “Subsequent Events,” the Company sold the Westcliff Shopping Center located in Fort Worth, Texas (the “Westcliff Property”), which was classified as held for sale as of September 30, 2023, for a sales price of $14.8 million. An impairment charge of $0.9 million was recognized on the Westcliff Property during the three months ended September 30, 2023, as described in Note 10, “Provision for Impairment.”

2022 Acquisitions. During the nine months ended September 30, 2022, the Company acquired two multi-tenant income properties for an aggregate purchase price of $119.3 million, or a total acquisition cost of $119.7 million, as follows:

- 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.”
- Madison Yards, a multi-tenant grocery-anchored income property located in Atlanta, Georgia for a purchase price of $80.2 million, or a total acquisition cost of $80.5 million including capitalized acquisition costs. Madison Yards comprises 162,500 square feet, was 98% leased at acquisition, and had a weighted average remaining lease term of 10.4 years at acquisition.

Of the aggregate $119.7 million total acquisition cost, $35.4 million was allocated to land, $65.9 million was allocated to buildings and improvements, and $19.7 million was allocated to intangible assets pertaining to the in-place lease value, leasing costs, and above market lease value and $1.3 million was allocated to intangible liabilities for the below market lease value. The amortization period for the intangible assets and liabilities was 9.0 years at acquisition.

2022 Dispositions. During the nine months ended September 30, 2022, the Company sold six income properties, including (i) Party City, a single-tenant income property located in Oceanside, New York for $6.9 million, (ii) the Carpenter Hotel ground lease, a single-tenant income property located in Austin, Texas, which was recorded as a commercial loan investment prior to its disposition, for $17.1 million, (iii) the multi-tenant Westland Gateway Plaza located in Hialeah, Florida, which was recorded as a commercial loan investment prior to its disposition, for $22.2 million, (iv) Chuy’s, a single-tenant property, located in Jacksonville, Florida for $5.8 million, (v) Firebirds, a single-tenant property, located in Jacksonville, Florida for $5.5 million, and (vi) 245 Riverside, a multi-tenant office income property located in Jacksonville, Florida for $23.6 million. The sale of these six properties reflect a total disposition volume of $81.1 million, resulting in aggregate gains of $4.7 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 September 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 nine months ended September 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 September 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 September 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	$ 1,848	7.25%
Preferred Investment – Watters Creek – Allen, TX	April 2022	April 2025	30,000	30,000	29,924	8.75%
Mortgage Note – Founders Square – Dallas, TX	March 2023	March 2026	15,000	15,000	14,879	8.75%
Promissory Note – Main Street – Daytona Beach, FL	June 2023	May 2033	400	400	400	7.00%
			$ 54,100	$ 47,257	$ 47,051	
CECL Reserve					(479)	
Total Commercial Loans and Investments					$ 46,572	

With respect to the $1.5 million improvement loan at Ashford Lane originated in May 2022, during the nine months ended September 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 September 30, 2023 and December 31, 2022 consisted of the following (in thousands):

	As of	
	September 30, 2023	December 31, 2022
Current Face Amount	$ 47,257	$ 32,073
Unaccreted Origination Fees	(206)	(161)
CECL Reserve	(479)	(4)
Total Commercial Loans and Investments	$ 46,572	$ 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 nine months ended September 30, 2023, the Company earned management fee revenue from PINE totaling $1.1 million and $3.3 million, respectively. Dividend income for three and nine months ended September 30, 2023 totaled $0.6 million and $1.9 million, respectively. During the three and nine months ended September 30, 2022, the Company earned management fee revenue from PINE totaling $0.9 million and $2.8 million, respectively. Dividend income for the three and nine months ended September 30, 2022, totaled $0.6 million and $1.7 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 from (to) PINE as of September 30, 2023 and December 31, 2022 which are included in other assets on the consolidated balance sheets (in thousands):

	As of	
Description	**September 30, 2023**	**December 31, 2022**
Management Services Fee due From PINE	$ 1,095	$ 993
Dividend Receivable	337	337
Other	133	(30)
Total	$ 1,565	$ 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 nine months ended September 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. No purchases of PINE common stock were made during the three months ended September 30, 2023.

As of September 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 $38.2 million, or 15.1% 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 September 30, 2023 and December 31, 2022 were as follows (in thousands):

	As of	
	September 30, 2023	December 31, 2022
Land and Development Costs	$ 358	$ 358
Subsurface Interests	340	327
Total Land and Development Costs	$ 698	$ 685

Subsurface Interests. As of September 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 nine months ended September 30, 2023, the Company sold subsurface oil, gas, and mineral rights of 465 acres for a sales price of $0.6 million and 3,481 acres for a sales price of $1.0 million, respectively. During the three and nine months ended September 30, 2022, the Company sold subsurface oil, gas, and mineral rights of 1,500 acres for a sales price of $0.7 million and 14,582 acres for a sales price of $1.6 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 $0.5 million and $0.2 million in the nine months ended September 30, 2023 and 2022, respectively.

Mitigation Credits. The Company owns an inventory of mitigation credits with a cost basis of $1.9 million as of September 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 nine months ended September 30, 2023, the remaining mitigation credit rights were released and transferred to mitigation credits as they became available for sale. 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 nine months ended September 30, 2023, 9.45 mitigation credits were sold for $1.1 million resulting in a gain of $0.3 million. During the nine months ended September 30, 2022, 26.62 credits were sold for an aggregate $2.6 million resulting in a gain of $0.8 million.

NOTE 7. INVESTMENT SECURITIES

As of September 30, 2023, the Company owns, in the aggregate and on a fully diluted basis, 2.33 million shares of PINE, or 15.1% of PINE’s total shares outstanding for an investment value of $38.2 million, which total includes 1.2 million OP Units, or 7.9%, 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 7.2%. 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 September 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)
September 30, 2023				
Common Stock	$ 20,482	$ —	$ (2,342)	$ 18,140
Operating Units	23,253	—	(3,231)	20,022
Total Equity Securities	43,735	—	(5,573)	38,162
Total Available-for-Sale Securities	$ 43,735	$ —	$ (5,573)	$ 38,162
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 September 30, 2023 and December 31, 2022 (in thousands):

	September 30, 2023		December 31, 2022	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Cash and Cash Equivalents - Level 1	$ 7,015	$ 7,015	$ 19,333	$ 19,333
Restricted Cash - Level 1	$ 22,618	$ 22,618	$ 1,861	$ 1,861
Commercial Loans and Investments - Level 2	$ 46,572	$ 47,809	$ 31,908	$ 32,960
Long-Term Debt - Level 2	$ 548,219	$ 517,666	$ 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 September 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	Fair Value at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2023				
Cash Flow Hedge - 2026 Term Loan Interest Rate Swaps	$ 5,699	$ —	$ 5,699	$ —
Cash Flow Hedge - 2027 Term Loan Interest Rate Swaps	$ 10,576	$ —	$ 10,576	$ —
Cash Flow Hedge - 2028 Term Loan Interest Rate Swaps	$ 2,715	$ —	$ 2,715	$ —
Cash Flow Hedge - Credit Facility Interest Rate Swaps	$ 5,160	$ —	$ 5,160	$ —
Investment Securities	$ 38,162	$ 38,162	$ —	$ —
December 31, 2022				
Cash Flow Hedge - 2026 Term Loan Interest Rate Swaps	$ 6,047	$ —	$ 6,047	$ —
Cash Flow Hedge - 2027 Term Loan Interest Rate Swaps	$ 10,111	$ —	$ 10,111	$ —
Cash Flow Hedge - 2028 Term Loan Interest Rate Swaps	$ (397)	$ —	$ (397)	$ —
Investment Securities	$ 42,041	$ 42,041	$ —	$ —

The Westcliff Property, which was classified as held for sale as of September 30, 2023, was measured at its fair value during the three and nine months ended September 30, 2023, as further described in Note 10, "Provision for Impairment." None of the Company's assets other than the Westcliff Property were measured on a non-recurring basis as of September 30, 2023. None of the Company's assets were measured on a non-recurring basis as of 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 September 30, 2023 and December 31, 2022 (in thousands):

	As of September 30, 2023	As of December 31, 2022
Intangible Lease Assets:		
Value of In-Place Leases	$ 94,496	$ 90,335
Value of Above Market In-Place Leases	31,756	32,008
Value of Intangible Leasing Costs	26,577	25,531
Sub-total Intangible Lease Assets	152,829	147,874
Accumulated Amortization	(46,978)	(31,890)
Sub-total Intangible Lease Assets—Net	105,851	115,984
Intangible Lease Liabilities (Included in Accrued and Other Liabilities):		
Value of Below Market In-Place Leases	(15,071)	(12,307)
Sub-total Intangible Lease Liabilities	(15,071)	(12,307)
Accumulated Amortization	3,868	2,422
Sub-total Intangible Lease Liabilities—Net	(11,203)	(9,885)
Total Intangible Assets and Liabilities—Net	$ 94,648	$ 106,099

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

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Amortization Expense	$ 4,837	$ 3,076	$ 13,724	$ 8,605
Accretion to Income Properties Revenue	487	507	1,793	1,485
Net Amortization of Intangible Assets and Liabilities	$ 5,324	$ 3,583	$ 15,517	$ 10,090

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	$ 4,779	$ 509	$ 5,288
2024	19,115	2,036	21,151
2025	16,796	1,984	18,780
2026	15,053	2,140	17,193
2027	12,153	1,254	13,407
2028	7,473	1,231	8,704
2029 and Thereafter	8,668	1,457	10,125
Total	$ 84,037	$ 10,611	$ 94,648

As of September 30, 2023, the weighted average amortization period of total intangible assets and liabilities was 6.0 years and 7.0 years, respectively.

NOTE 10. PROVISION FOR IMPAIRMENT

In the aggregate, $1.4 million of impairment charges were recorded during the nine months ended September 30, 2023, with no such charges during the nine months ended September 30, 2022, as described below.

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.

During the three and nine months ended September 30, 2023, the Company recorded a $0.9 million impairment charge on the sale of the Westcliff Property. The purchase and sale agreement for the Company's sale of the Westcliff Property was executed on July 28, 2023. The impairment charge of $0.9 million represents the sales price, less the book value of the asset as of September 30, 2023, less costs to sell. The sale of the Westcliff Property closed on October 12, 2023.

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

NOTE 11. OTHER ASSETS

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

	As of	
	September 30, 2023	December 31, 2022
Income Property Tenant Receivables, Net of Allowance for Doubtful Accounts (1)	$ 3,616	$ 2,206
Income Property Straight-line Rent Adjustment and COVID-19 Deferral Balance	6,294	6,214
Operating Leases - Right-of-Use Asset	451	63
Golf Rounds Surcharge	126	216
Cash Flow Hedge - Interest Rate Swap	24,150	16,158
Infrastructure Reimbursement Receivables	845	824
Prepaid Expenses, Deposits, and Other	8,525	5,421
Due from Alpine Income Property Trust, Inc.	1,565	1,300
Financing Costs, Net of Accumulated Amortization	1,751	2,051
Total Other Assets	$ 47,323	$ 34,453

(1) Allowance for doubtful accounts was $2.3 million and $1.8 million as of September 30, 2023 and December 31, 2022, respectively.

Infrastructure Reimbursement Receivables. As of September 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 September 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 $0.06 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 "2021 Registration Statement"). The Securities and Exchange Commission declared the 2021 Registration Statement 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 "2022 Registration Statement"). The Securities and Exchange Commission declared the 2022 Registration Statement effective on October 26, 2022. The 2021 Registration Statement was terminated concurrently with the effectiveness of the 2022 Registration Statement.

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 nine months ended September 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.

See Note 14, "Share Repurchases" for the Company's Series A Preferred Stock repurchase activity.

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 nine months ended September 30, 2023 and 2022 (in thousands, except per share data):

	Three Months Ended		Nine Months Ended	
	September 30, 2023	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
Series A Preferred Stock				
Dividends	$ 1,195	$ 1,195	$ 3,585	$ 3,586
Per Share	$ 0.40	$ 0.40	$ 1.20	$ 1.20
Common Stock				
Dividends	$ 8,544	$ 7,095	$ 25,744	$ 20,292
Per Share	$ 0.38	$ 0.38	$ 1.14	$ 1.11

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		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Basic and Diluted Earnings:				
Net Income (Loss) Attributable to Common Stockholders, Used in Basic EPS	$ 1,491	$ 3,622	$ (5,092)	$ 2,651
Add Back: Effect of Dilutive Interest Related to 2025 Notes (1)	—	539	—	—
Net Income (Loss) Attributable to Common Stockholders, Used in Diluted EPS	$ 1,491	$ 4,161	$ (5,092)	$ 2,651
Basic and Diluted Shares:				
Weighted Average Shares Outstanding, Basic	22,484,561	18,386,435	22,556,642	18,044,299
Common Shares Applicable to Dilutive Effect of 2025 Notes (2)	—	3,119,025	—	—
Weighted Average Shares Outstanding, Diluted	22,484,561	21,505,460	22,556,642	18,044,299
Per Share Information:				
Net Income (Loss) Attributable to Common Stockholders				
Basic	$ 0.07	$ 0.20	$ (0.23)	$ 0.15
Diluted	$ 0.07	$ 0.19	$ (0.23)	$ 0.15

(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 nine months ended September 30, 2023, a total of $0.5 million and $1.6 million of interest was not included, respectively, as the impact of the 2025 Notes, if-converted, would have been antidilutive to net income (loss) attributable to common stockholders for the respective periods. For the three months ended September 30 2022, a total of $0.5 million was included as the impact to earnings per share, if-converted, would have been dilutive to net income attributable to common stockholders for the period. For the nine months ended September 30, 2022, the impact of $1.6 million was not included as the impact to earnings per share, if-converted, would have been antidilutive to net income attributable to common stockholders for the period.

(2) A total of 3.4 million and 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 nine month periods ended September 30, 2023, respectively, 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 included in the computation of diluted net income per share attributable to common stockholders for the three months ended September 30, 2022, because they were dilutive to net income attributable to common stockholders for the period. A total of 3.1 million shares, representing the dilutive impact of the 2025 Notes, were not included in the computation of diluted net income per share attributable to common stockholders for the nine months ended September 30, 2022, because they were antidilutive to net income attributable to common stockholders for the period.

There were no potentially dilutive securities for the three months ended September 30, 2023 or 2022 related to the Company's stock options and restricted stock. The effect of 36,307 and 68,269 potentially dilutive restricted stock units were not included for the nine months ended September 30, 2023 and 2022, respectively, as the effect would be antidilutive.

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 3.4 million and 3.3 million potentially dilutive shares issuable on the conversion of the 2025 Notes, if-converted, were not included for the three and nine months ended September 30, 2023, respectively, as the effect would be antidilutive. The effect of 3.1 million potentially dilutive 2025 Notes, if-converted, were not included for the nine months ended September 30, 2022, as the effect would be antidilutive.

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. There were no repurchases of common stock during the three months ended September 30, 2023.

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 months ended September 30, 2023, the Company repurchased 6,048 shares of Series A Preferred Stock on the open market for a total cost of $0.1 million, or an average price per share of $18.52. During the nine months ended September 30, 2023, the Company repurchased 6,794 shares of Series A Preferred Stock on the open market for a total cost of $0.1 million, or an average price per share of $18.55.

NOTE 15. LONG-TERM DEBT

As of September 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)]	$	216,000	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	$	549,834		

(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 September 30, 2023, the current commitment level under the Credit Facility was $300.0 million. The undrawn commitment under the Credit Facility totaled $84.0 million. As of September 30, 2023, the Credit Facility had a $216.0 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 September 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 nine months ended September 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 third quarter 2023 dividend, the conversion rate is equal to 66.0051 shares of common stock for each $1,000 principal amount of 2025 Notes, which represents an adjusted conversion price of $15.15 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 September 30, 2023, the unamortized debt discount of our 2025 Notes was $0.2 million, which represents the cash component of the discount.

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

	September 30, 2023		December 31, 2022	
	Total	Due Within One Year	Total	Due Within One Year
Credit Facility	$ 216,000	$ —	$ 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	50,789	—	50,670	—
Mortgage Note Payable	17,800	—	17,800	—
Financing Costs, net of Accumulated Amortization	(1,370)	—	(1,637)	—
Total Long-Term Debt	$ 548,219	$ —	$ 445,583	$ —

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

As of September 30, 2023	Amount
Remainder of 2023	$ —
2024	—
2025	51,034
2026	82,800
2027	316,000
2028	100,000
2029 and Thereafter	—
Total Long-Term Debt - Face Value	$ 549,834

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

	Total
Current Face Amount	$ 549,834
Unamortized Discount on Convertible Debt	(245)
Financing Costs, net of Accumulated Amortization	(1,370)
Total Long-Term Debt	$ 548,219

In addition to the $1.4 million of financing costs, net of accumulated amortization included in the table above, as of September 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 nine months ended September 30, 2023 and 2022 (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Interest Expense	$ 6,036	$ 2,819	$ 15,318	$ 6,552
Amortization of Deferred Financing Costs	242	178	724	515
Amortization of Discount on Convertible Notes	40	40	119	149
Total Interest Expense	$ 6,318	$ 3,037	$ 16,161	$ 7,216
Total Interest Paid	$ 5,589	$ 2,107	$ 15,178	$ 5,785

The Company was in compliance with all of its debt covenants as of September 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 nine months ended September 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 September 30, 2023 is presented below (in thousands):

Hedged Item (1)	Effective Date	Maturity Date	Rate	Amount	Fair Value as of September 30, 2023
2026 Term Loan	3/10/2021	3/29/2024	0.12% + 0.10% + applicable spread	$ 50,000	$ 1,308
2026 Term Loan	3/29/2024	3/10/2026	1.44% + 0.10% + applicable spread	$ 50,000	$ 2,808
2026 Term Loan	8/31/2021	3/10/2026	0.70% + 0.10% + applicable spread	$ 15,000	$ 1,390
2026 Term Loan (2)	3/10/2026	3/10/2031	3.80% + 0.10% + applicable spread	$ 40,000	$ 193
2027 Term Loan	11/5/2021	3/29/2024	0.64% + 0.10% + applicable spread	$ 100,000	$ 2,360
2027 Term Loan	3/29/2024	1/31/2027	1.35% + 0.10% + applicable spread	$ 100,000	$ 7,714
2027 Term Loan (2)	1/31/2027	1/30/2032	3.75% + 0.10% + applicable spread	$ 60,000	$ 502
2028 Term Loan	9/30/2022	1/31/2028	3.78% + 0.10% + applicable spread	$ 50,000	$ 1,131
2028 Term Loan	9/30/2022	1/31/2028	3.78% + 0.10% + applicable spread	$ 50,000	$ 1,117
2028 Term Loan (2)	1/31/2028	1/31/2033	3.81% + 0.10% + applicable spread	$ 60,000	$ 467
Credit Facility	1/31/2023	1/31/2030	3.27% + 0.10% + applicable spread	$ 50,000	$ 2,597
Credit Facility	1/31/2023	1/31/2030	3.26% + 0.10% + applicable spread	$ 33,000	$ 1,750
Credit Facility	1/31/2023	1/31/2030	3.36% + 0.10% + applicable spread	$ 17,000	$ 813

(1) On September 30, 2022, the Company converted its existing interest rate swaps from 1-month LIBOR to SOFR.
(2) During the three months ended September 30, 2023, the Company entered into forward swaps to further fix interest rates through periods that the Company reasonably expects to extend its current term loans.

NOTE 17. ACCRUED AND OTHER LIABILITIES

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

	As of	
	September 30, 2023	December 31, 2022
Accrued Property Taxes	$ 6,211	$ 716
Reserve for Tenant Improvements	2,331	6,186
Tenant Security Deposits	2,885	2,719
Accrued Construction Costs	—	903
Accrued Interest	1,183	872
Environmental Reserve	61	67
Cash Flow Hedge - Interest Rate Swaps	—	397
Operating Leases - Liability	448	64
Other	5,541	6,104
Total Accrued and Other Liabilities	$ 18,660	$ 18,028

Reserve for Tenant Improvements. In connection with recent acquisitions, the Company received an aggregate of $8.0 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 September 30, 2023, payments totaling $3.4 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 $2.3 million.

NOTE 18. DEFERRED REVENUE

Deferred revenue consisted of the following (in thousands):

	As of	
	September 30, 2023	December 31, 2022
Prepaid Rent	$ 4,882	$ 3,951
Interest Reserve from Commercial Loans and Investments	790	1,262
Tenant Contributions	579	522
Total Deferred Revenue	$ 6,251	$ 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 nine months ended September 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 9/30/2023
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	96,453	(74,229)	—	(17,879)	216,424
Total Shares	442,326	185,207	(146,370)	—	(27,364)	453,799

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

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Total Cost of Share-Based Plans Charged Against Income	$ 868	$ 812	$ 2,802	$ 2,423

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 nine months ended September 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 September 30, 2023, there was $1.8 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 1.8 years.

A summary of the activity for these awards during the nine months ended September 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 September 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 96,453 shares of restricted Company common stock during the nine months ended September 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 September 30, 2023, there was $2.7 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 1.9 years.

A summary of the activity for these awards during the nine months ended September 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	96,453	$ 19.12
Vested	(74,229)	$ 16.00
Expired	—	—
Forfeited	(17,879)	$ 19.12
Non-Vested at September 30, 2023	216,424	$ 19.07

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 nine months ended September 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 nine months ended September 30, 2023 and 2022, the expense recognized for the value of the Company’s common stock received by non-employee directors totaled $0.4 million, or 21,247 shares, and $0.4 million, or 21,400 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 nine months ended September 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 September 30, 2023, are as follows (in thousands):

	As of September 30, 2023
Total Commitment [1]	$ 13,150
Less Amount Funded	(2,215)
Remaining Commitment	$ 10,935

(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 89% and 91% of our identifiable assets as of September 30, 2023 and December 31, 2022, and 88.8% and 82.3% of our consolidated revenues for the nine months ended September 30, 2023 and 2022, respectively. The management services segment consists of the revenue generated from managing PINE. As of September 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 nine months ended September 30, 2023 and 2022 is as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenues:				
Income Properties	$ 25,183	$ 17,694	$ 70,373	$ 49,229
Management Fee Income	1,094	951	3,294	2,835
Interest Income From Commercial Loans and Investments	1,114	1,323	2,965	3,331
Real Estate Operations	1,079	3,149	2,602	4,395
Total Revenues	$ 28,470	$ 23,117	$ 79,234	$ 59,790
Operating Income:				
Income Properties	$ 18,123	$ 12,579	$ 49,490	$ 35,286
Management Fee Income	1,094	951	3,294	2,835
Interest Income From Commercial Loans and Investments	1,114	1,323	2,965	3,331
Real Estate Operations	927	1,488	1,726	2,455
General and Corporate Expense	(15,108)	(10,558)	(43,307)	(29,373)
Provision for Impairment	(929)	—	(1,408)	—
Gain on Disposition of Assets	2,464	4,973	3,565	4,728
Total Operating Income	$ 7,685	$ 10,756	$ 16,325	$ 19,262
Depreciation and Amortization:				
Income Properties	$ 11,651	$ 7,283	$ 32,769	$ 20,359
Corporate and Other	18	22	45	42
Total Depreciation and Amortization	$ 11,669	$ 7,305	$ 32,814	$ 20,401
Capital Expenditures:				
Income Properties	$ 11,010	$ 83,240	$ 100,333	$ 130,674
Commercial Loans and Investments	50	3,254	17,477	50,130
Corporate and Other	4	160	255	195
Total Capital Expenditures	$ 11,064	$ 86,654	$ 118,065	$ 180,999

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

	As of	
	September 30, 2023	December 31, 2022
Identifiable Assets:		
Income Properties	$ 950,157	$ 902,427
Management Services	1,565	1,370
Commercial Loans and Investments	46,828	32,269
Real Estate Operations	3,367	4,041
Corporate and Other	64,456	46,438
Total Assets	$ 1,066,373	$ 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 nine months ended September 30, 2023 or 2022.

NOTE 23. ASSETS HELD FOR SALE

Assets held for sale as of September 30, 2023 are summarized below (in thousands) and are solely comprised of the Westcliff Property. There were no assets held for sale as of December 31, 2022.

	As of September 30, 2023
Plant, Property, and Equipment—Net	$ 15,854
Other Assets	399
Accrued and Other Liabilities	(795)
Intangible Lease Liabilities—Net	(25)
Provision for Impairment	(929)
Total Assets Held for Sale	$ 14,504

NOTE 24. SUBSEQUENT EVENTS

Subsequent events and transactions were evaluated through October 26, 2023, the date the consolidated financial statements were issued.

On October 12, 2023, the Company sold the Westcliff Property, located in Fort Worth, Texas, for a sales price of $14.8 million, generating a loss on sale of $0.9 million which was recognized as an impairment charge during the three months ended September 30, 2023.

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, political unrest and economic uncertainty due to terrorism or war, 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, 23 commercial real estate properties in 9 states in the United States. As of September 30, 2023, we owned 7 single-tenant and 16 multi-tenant income-producing properties comprising 4.1 million square feet of gross leasable space.

In addition to our income property portfolio, as of September 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 September 30, 2023, the fair value of our investment totaled $38.2 million, or 15.1% 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 nine months ended September 30, 2023, the Company sold three income properties for an aggregate sales price of $22.9 million and aggregate gains on sales of $3.3 million. The sales consisted of (i) 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, (ii) an outparcel of the multi-tenant property known as Crossroads Towne Center, located in Chandler, Arizona, for $2.3 million, resulting in a gain of $1.2 million, and (iii) a single tenant office property located in Reston, Virginia leased to General Dynamics for $18.5 million, resulting in a gain of $1.3 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 $71.8 million of revenue from annualized straight-line base lease payments and had a weighted average remaining lease term of 4.3 years as of September 30, 2023. Our current portfolio of 7 single-tenant income properties generates $7.7 million of revenues from annualized straight-line base lease payments and had a weighted average remaining lease term of 5.3 years as of September 30, 2023.

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

Revenue

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

	Three Months Ended			
Operating Segment	**September 30, 2023**	**September 30, 2022**	**$ Variance**	**% Variance**
Income Properties	$ 25,183	$ 17,694	$ 7,489	42.3%
Management Services	1,094	951	143	15.0%
Commercial Loans and Investments	1,114	1,323	(209)	(15.8)%
Real Estate Operations	1,079	3,149	(2,070)	(65.7)%
Total Revenue	$ 28,470	$ 23,117	$ 5,353	23.2%

Total revenue for the three months ended September 30, 2023 increased to $28.5 million, compared to $23.1 million during the three months ended September 30, 2022. The $5.4 million increase in total revenue is primarily attributable to $7.5 million of increased income produced by the Company's recent income property acquisitions versus that of properties disposed of by the Company during the comparative period, partially offset by a $2.1 million decrease in revenue from real estate operations.

Income Properties

Revenue and operating income from our income property operations totaled $25.2 million and $18.1 million, respectively, during the three months ended September 30, 2023, compared to total revenue and operating income of $17.7 million and $12.6 million, respectively, for the three months ended September 30, 2022. The direct costs of revenues for our income property operations totaled $7.1 million and $5.1 million for the three months ended September 30, 2023 and 2022, respectively. The increase in revenues of $7.5 million, or 42.3%, during the three months ended September 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 $5.5 million from our income property operations reflects increased rent revenues, offset by an increase of $2.0 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 $1.1 million and $1.0 million during the three months ended September 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 September 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 nine months ended September 30, 2023.

Real Estate Operations

During the three months ended September 30, 2023 and 2022, operating income from real estate operations was $0.9 million and $1.5 million on revenues totaling $1.1 million and $3.1 million, respectively. During the three months ended September 30, 2022, there was $2.2 million more mitigation credit sales as compared to the same period in 2023, which led to $1.5 million more in the cost of sales on mitigation credit sales during the three months ended September 30, 2022, as compared to the same period in 2023.

General and Administrative Expenses

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

	Three Months Ended			
General and Administrative Expenses	**September 30, 2023**	**September 30, 2022**	**$ Variance**	**% Variance**
Recurring General and Administrative Expenses	$ 2,571	$ 2,441	$ 130	5.3%
Non-Cash Stock Compensation	868	812	56	6.9%
Total General and Administrative Expenses	$ 3,439	$ 3,253	$ 186	5.7%

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 $11.7 million and $7.3 million during the three months ended September 30, 2023 and 2022, respectively. The increase of $4.4 million is due to the overall growth in the Company's income property portfolio.

Gain on Disposition of Assets and Provision for Impairment

2023 Dispositions. During the three months ended September 30, 2023, the Company sold two income properties, including (i) an outparcel of the multi-tenant property known as Crossroads Towne Center, located in Chandler, Arizona, for $2.3 million and (ii) a single tenant office property located in Reston, Virginia leased to General Dynamics for $18.5 million. The sale of these two properties reflect a total disposition volume of $20.9 million, resulting in aggregate gains of $2.5 million.

2022 Dispositions. During the three months ended September 30, 2022, the Company sold four income properties, including (i) the multi-tenant Westland Gateway Plaza located in Hialeah, Florida, which was recorded as a commercial loan investment prior to its disposition, for $22.2 million, (ii) Chuy's, a single-tenant property, located in Jacksonville, Florida for $5.8 million, (iii) Firebirds, a single-tenant property, located in Jacksonville, Florida for $5.5 million, and (iv) 245 Riverside, a multi-tenant office income property located in Jacksonville, Florida for $23.6 million. The sale of these four properties reflect a total disposition volume of $57.0 million, resulting in aggregate gains of $5.0 million.

Provision for Impairment. During the three months ended September 30, 2023, the Company recorded a $0.9 million impairment charge on the sale of the Westcliff Property which represents the sales price, less the book value of the asset as of September 30, 2023, less costs to sell. There were no impairment charges on the Company's income property portfolio or other assets during the three months ended September 30, 2022.

Investment and Other Income (Loss)

During the three months ended September 30, 2023, the closing stock price of PINE increased by $0.11 per share, with a closing price of $16.36 on September 30, 2023. During the three months ended September 30, 2022, the closing stock price of PINE decreased by $1.70 per share, with a closing price of $16.22 on September 30, 2022. The change in stock price resulted in an unrealized non-cash gain and unrealized non-cash loss on the Company's investment in PINE in the amount of $0.3 million and $(3.7) million which is included in investment and other income (loss) in the consolidated statements of operations for the three months ended September 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 September 30, 2023 and 2022, respectively.

Interest Expense

Interest expense totaled $6.3 million and $3.0 million for the three months ended September 30, 2023 and 2022, respectively. The increase of $3.3 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 September 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 $2.7 million and $4.8 million during the three months ended September 30, 2023 and 2022, respectively. The $2.1 million decrease in net income is attributable to the factors described above.

COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

Revenue

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

	Nine Months Ended			
Operating Segment	**September 30, 2023**	**September 30, 2022**	**$ Variance**	**% Variance**
Income Properties	$ 70,373	$ 49,229	$ 21,144	43.0%
Management Services	3,294	2,835	459	16.2%
Commercial Loans and Investments	2,965	3,331	(366)	(11.0)%
Real Estate Operations	2,602	4,395	(1,793)	(40.8)%
Total Revenue	$ 79,234	$ 59,790	$ 19,444	32.5%

Total revenue for the nine months ended September 30, 2023 increased to $79.2 million, compared to $59.8 million during the nine months ended September 30, 2022. The $19.4 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, partially offset by a $1.8 million decrease in revenue from real estate operations.

Income Properties

Revenue and operating income from our income property operations totaled $70.4 million and $49.5 million, respectively, during the nine months ended September 30, 2023, compared to total revenue and operating income of $49.2 million and $35.3 million, respectively, for the nine months ended September 30, 2022. The direct costs of revenues for our income property operations totaled $20.9. million and $13.9 million for the nine months ended September 30, 2023 and 2022, respectively. The increase in revenues of $21.1 million, or 43.0%, during the nine months ended September 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 $14.2 million from our income property operations reflects increased rent revenues, offset by an increase of $7.0 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 $3.3 million and $2.8 million during the nine months ended September 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 $3.0 million and $3.3 million during the nine months ended September 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 nine months ended September 30, 2023.

Real Estate Operations

During the nine months ended September 30, 2023 and 2022, operating income from real estate operations was $1.7 million and $2.5 million on revenues totaling $2.6 million and $4.4 million, respectively. During the nine months ended September 30, 2022, there was $1.5 million more mitigation credit sales as compared to the same period in 2023, which led to $1.0 million more in the cost of sales on mitigation credit sales during the nine months ended September 30, 2022, as compared to the same period in 2023. Additionally, Subsurface Interest sales and cash payments for the release of surface entry rights decreased by $0.3 million, in the aggregate, during the nine months ended September 30, 2023, as compared to the same period in 2022.

General and Administrative Expenses

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

	Nine Months Ended			
General and Administrative Expenses	**September 30, 2023**	**September 30, 2022**	**$ Variance**	**% Variance**
Recurring General and Administrative Expenses	$ 7,691	$ 6,549	$ 1,142	17.4%
Non-Cash Stock Compensation	2,802	2,423	379	15.6%
Total General and Administrative Expenses	$ 10,493	$ 8,972	$ 1,521	17.0%

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 $32.8 million and $20.4 million during the nine months ended September 30, 2023 and 2022, respectively. The increase of $12.4 million is due to the overall growth in the Company's income property portfolio.

Gain on Disposition of Assets and Provision for Impairment

2023 Dispositions. During the nine months ended September 30, 2023, the Company sold three income properties, including (i) an outparcel of the multi-tenant property known as Eastern Commons, located in Henderson, Nevada, for $2.1 million, (ii) an outparcel of the multi-tenant property known as Crossroads Towne Center, located in Chandler, Arizona, for $2.3 million, and (iii) a single tenant office property located in Reston, Virginia leased to General Dynamics for $18.5 million. The sale of these three properties reflect a total disposition volume of $22.9 million, resulting in aggregate gains of $3.3 million.

2022 Dispositions. During the nine months ended September 30, 2022, the Company sold six income properties, including (i) Party City, a single-tenant income property located in Oceanside, New York for $6.9 million, (ii) the Carpenter Hotel ground lease, a single-tenant income property located in Austin, Texas, which was recorded as a commercial loan investment prior to its disposition, for $17.1 million, (iii) the multi-tenant Westland Gateway Plaza located in Hialeah, Florida, which was recorded as a commercial loan investment prior to its disposition, for $22.2 million, (iv) Chuy's, a single-tenant property, located in Jacksonville, Florida for $5.8 million, (v) Firebirds, a single-tenant property, located in Jacksonville, Florida for $5.5 million, and (vi) 245 Riverside, a multi-tenant office income property located in Jacksonville, Florida for $23.6 million. The sale of these six properties reflect a total disposition volume of $81.1 million, resulting in aggregate gains of $4.7 million.

Provision for Impairment. In the aggregate, $1.4 million of impairment charges were recorded during the nine months ended September 30, 2023, with no such charges during the nine months ended September 30, 2022, as described below.

During the nine months ended September 30, 2023, the Company recorded a $0.9 million impairment charge on the sale of the Westcliff Property which represents the sales price, less the book value of the asset as of September 30, 2023, less costs to sell.

The Company recorded a $0.5 million impairment charge representing the provision for credit losses related to our commercial loans and investments, during the nine months ended September 30, 2023.

Investment and Other Income (Loss)

During the nine months ended September 30, 2023, the closing stock price of PINE decreased by $2.72 per share, with a closing price of $16.36 on September 30, 2023. During the nine months ended September 30, 2022, the closing stock price of PINE decreased by $3.82 per share, with a closing price of $16.22 on September 30, 2022. The change in stock price resulted in unrealized, non-cash losses on the Company's investment in PINE of $(6.0) million and $(8.1) million which is included in investment and other income (loss) in the consolidated statements of operations for the nine months ended September 30, 2023 and 2022, respectively.

The Company earned dividend income from the investment in PINE of $1.9 million and $1.7 million during the nine months ended September 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 nine months ended September 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 $16.1 million and $7.2 million for the nine months ended September 30, 2023 and 2022, respectively. The increase of $8.9 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 nine months ended September 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 $1.5 million during the nine months ended September 30, 2023, as compared to $6.2 million of net income during the nine months ended September 30, 2022. The $7.7 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 $7.0 million at September 30, 2023, while restricted cash totaled $22.6 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 September 30, 2023.

Our cash flows provided by operating activities totaled $40.0 million during the nine months ended September 30, 2023, as compared to $34.1 million during the nine months ended September 30, 2022, an increase of $5.9 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 $98.3 million during the nine months ended September 30, 2023, as compared to $80.4 million during the nine months ended September 30, 2022, an increase in cash outflows of $17.9 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 $17.3 million during the nine months ended September 30, 2023 as compared to the same period in 2022.

Our cash flows provided by financing activities totaled $66.8 million for the nine months ended September 30, 2023, compared to $61.8 million for the nine months ended September 30, 2022, an increase in cash inflows of $5.0 million. The increase is primarily related to a $30.8 million increase in cash inflows provided by net debt activity offset by (i) an increase in cash outflows of $2.4 million related to repurchases of the Company's common and preferred stock, (ii) a decrease in cash inflows of $20.7 million due to proceeds from the sale of shares of Company common stock during the nine months ended September 30, 2022 with no such activity during the nine months ended September 30, 2023, and (iii) an increase in cash outflows of $5.5 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 September 30, 2023, the current commitment level under the Credit Facility was $300.0 million. The undrawn commitment under the Credit Facility totaled $84.0 million. As of September 30, 2023, the Credit Facility had a $216.0 million balance outstanding. See Note 15, "Long-Term Debt" for the Company's disclosure related to its long-term debt balance at September 30, 2023.

Acquisitions and Investments. During the nine months ended September 30, 2023, the Company acquired a vacant land parcel adjacent to the previously acquired Collection at Forsyth property, located in the Forsyth County submarket of Atlanta, Georgia, for a purchase price of $4.3 million. During the nine months ended September 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 nine months ended September 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 $100.0 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 nine months ended September 30, 2023, the Company sold three income properties for an aggregate sales price of $22.9 million and aggregate gains on sales of $3.3 million. The sales consisted of (i) 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, (ii) an outparcel of the multi-tenant property known as Crossroads Towne Center, located in Chandler, Arizona, for $2.3 million, resulting in a gain of $1.2 million, and (iii) a single tenant office property located in Reston, Virginia leased to General Dynamics for $18.5 million, resulting in a gain of $1.3 million.

ATM Program. The Company was not active under the 2022 ATM Program during the nine months ended September 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 September 30, 2023, are as follows (in thousands):

	As of September 30, 2023
Total Commitment [1]	$ 13,150
Less Amount Funded	(2,215)
Remaining Commitment	$ 10,935

(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 $84.0 million undrawn commitment under the existing $300.0 million Credit Facility as of September 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		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Net Income (Loss) Attributable to the Company	$ 2,686	$ 4,817	$ (1,507)	$ 6,237
Add Back: Effect of Dilutive Interest Related to 2025 Notes [(1)]	—	539	—	—
Net Income (Loss) Attributable to the Company, If-Converted	$ 2,686	$ 5,356	$ (1,507)	$ 6,237
Depreciation and Amortization of Real Estate	11,651	7,283	32,769	20,359
Loss (Gain) on Disposition of Assets, Net of Tax	(2,741)	(4,973)	(3,565)	(4,728)
Gain on Disposition of Other Assets	(926)	(1,509)	(1,739)	(2,473)
Provision for Impairment	929	—	1,408	—
Unrealized Loss (Gain) on Investment Securities	(429)	3,754	5,663	8,102
Extinguishment of Contingent Liability	—	—	(2,300)	—
Funds from Operations	$ 11,170	$ 9,911	$ 30,729	$ 27,497
Distributions to Preferred Stockholders	(1,195)	(1,195)	(3,585)	(3,586)
Funds From Operations Attributable to Common Stockholders	$ 9,975	$ 8,716	$ 27,144	$ 23,911
Amortization of Intangibles to Lease Income	487	507	1,793	1,485
Less: Effect of Dilutive Interest Related to 2025 Notes [(1)]	—	(539)	—	—
Core Funds From Operations Attributable to Common Stockholders	$ 10,462	$ 8,684	$ 28,937	$ 25,396
Adjustments:				
Straight-Line Rent Adjustment	(790)	(600)	(919)	(1,645)
COVID-19 Rent Repayments	3	26	46	79
Other Depreciation and Amortization	24	(29)	(92)	(199)
Amortization of Loan Costs, Discount on Convertible Debt, and Capitalized Interest	199	64	636	510
Non-Cash Compensation	868	812	2,802	2,423
Adjusted Funds From Operations Attributable to Common Stockholders	$ 10,766	$ 8,957	$ 31,410	$ 26,564
Weighted Average Number of Common Shares:				
Basic	22,484,561	18,386,435	22,556,642	18,044,299
Diluted [(2)]	22,484,561	21,505,460	22,556,642	18,044,299
Dividends Declared and Paid - Preferred Stock	$ 0.40	$ 0.40	$ 1.20	$ 1.20
Dividends Declared and Paid - Common Stock	$ 0.38	$ 0.38	$ 1.14	$ 1.11

(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 nine months ended September 30, 2023, a total of $0.5 million and $1.6 million of interest was not included, respectively, as the impact of the 2025 Notes, if-converted, would have been antidilutive to net income (loss) attributable to common stockholders for the respective periods. For the three months ended September 30 2022, a total of $0.5 million was included as the impact to earnings per share, if-converted, would have been dilutive to net income attributable to common stockholders for the period. For the nine months ended September 30, 2022, the impact of $1.6 million was not included as the impact to earnings per share, if-converted, would have been antidilutive to net income attributable to common stockholders for the period.

(2) A total of 3.4 million and 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 nine month periods ended September 30, 2023, respectively, 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 included in the computation of diluted net income per share attributable to common stockholders for the three months ended September 30, 2022, because they were dilutive to net income attributable to common stockholders for the period. A total of 3.1 million shares, representing the dilutive impact of the 2025 Notes, were not included in the computation of diluted net income per share attributable to common stockholders for the nine months ended September 30, 2022, because they were antidilutive to net income attributable to common stockholders for the period.

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

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
FFO Attributable to Common Stockholders	$ 9,975	$ 8,716	$ 27,144	$ 23,911
FFO Attributable to Common Stockholders per Common Share - Diluted	$ 0.44	$ 0.41	$ 1.20	$ 1.33
Core FFO Attributable to Common Stockholders	$ 10,462	$ 8,684	$ 28,937	$ 25,396
Core FFO Attributable to Common Stockholders per Common Share - Diluted [1]	$ 0.47	$ 0.47	$ 1.28	$ 1.41
AFFO Attributable to Common Stockholders	$ 10,766	$ 8,957	$ 31,410	$ 26,564
AFFO Attributable to Common Stockholders per Common Share - Diluted [1]	$ 0.48	$ 0.49	$ 1.39	$ 1.47

[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 income (loss) attributable to common stockholders for each of the three and nine month periods ended September 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 included in the computation of diluted net income per share attributable to common stockholders for the three months ended September 30, 2022, because they were dilutive to net income attributable to common stockholders for the period. A total of 3.1 million shares representing the dilutive impact of the 2025 Notes, were not included in the computation of diluted net income per share attributable to common stockholders for the nine months ended September 30, 2022 because they were antidilutive to net income attributable to common stockholders for the period.

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, one multi-tenant property, and one vacant land parcel adjacent to an existing multi-tenant property for an aggregate purchase price of $80.0 million for the nine months ended September 30, 2023, and two multi-tenant income properties for a purchase price of $119.3 million for the nine months ended September 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 September 30, 2023 and 2022, the outstanding balance on our Credit Facility totaled $216.0 million and $38.5 million, of which $116.0 million and $38.5 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 $1.2 million and $0.4 million as of September 30, 2023 and 2022, respectively. 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 September 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 September 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

There were no repurchases of shares of the Company's common stock during the three months ended September 30, 2023.

The following repurchases of shares of the Company's Series A Preferred Stock were made during the three months ended September 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)
7/01/2023 - 7/31/2023	300	$ 18.98	300	$ 2,980
8/01/2023 - 8/31/2023	—	—	—	2,980
9/01/2023 - 9/30/2023	5,748	18.50	5,748	2,874
Total	6,048	$ 18.52	6,048	

(1) On February 16, 2023, the Board approved a $3.0 million Series A Preferred Stock repurchase program, of which $2.87 million remained available as of September 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)†	Amended 2017 Executive Annual Cash 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)
October 26, 2023	By: /s/ John P. Albright **John P. Albright** **President and Chief Executive Officer** **(Principal Executive Officer)**
October 26, 2023	By: /s/ Matthew M. Partridge **Matthew M. Partridge, Senior Vice President,** **Chief Financial Officer and Treasurer** **(Principal Financial Officer)**
October 26, 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.
2017 EXECUTIVE ANNUAL CASH INCENTIVE PLAN

1. **Purpose.** The purpose of the CTO Realty Growth, Inc. 2017 Executive Annual Cash Incentive Plan (the "Plan") is to create a mutuality of interest between the senior officers and the shareholders of CTO Realty Growth, Inc. (the "Company") through an annual cash incentive compensation structure designed to reward actions that will increase long-term shareholder value.

2. **Eligibility.** The participants in the Plan shall be those eligible Company officers (each, a "CTO Officer") whose participation in the Plan has been approved by the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of the Company. Except as set forth in Section 11, to be eligible, the CTO Officer must be employed by the Company or one of its subsidiaries as a full-time employee from January 1 through December 31 of the incentive plan year (each, a "Plan Year"), unless otherwise recommended by the Committee and approved by the Board.

3. **Administration of Plan.** The Plan shall be administered by the Committee. The Committee shall have the authority to select CTO Officers to participate in the Plan (each, a "Plan Participant"), to make awards, to establish performance metrics and goals for such metrics, to determine the payout percentage for various levels of achievement regarding such goals, to determine other terms and conditions of awards under the Plan, to establish and amend rules and regulations relating to the Plan, and to make all other determinations necessary and advisable for the administration of the Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any award in the manner and to the extent it shall deem desirable to carry it into effect. All decisions made by the Committee pursuant to the Plan shall be made in the Committee's sole and absolute discretion and shall be final and binding on officers, Plan Participants, and the Company.

4. **Individual Target Awards.** For each Plan Year, the Committee shall establish, for each Plan Participant (taking into account any applicable employment agreement), an individual target award opportunity (each, an "Individual Target Opportunity") equal to a percentage of such Plan Participant's annual base salary. For purposes of the Plan, "base salary" means a Plan Participant's regular base pay, excluding cash and equity-based incentive compensation, discretionary bonuses, health or welfare benefits, 401(k) plan matching contributions and other similar payments or benefits.

5. **Multipliers.** For each Plan Year, the Committee shall establish, for each Plan Participant (taking into account any applicable employment agreement), a payout schedule setting forth the "threshold," "target" and "maximum" multipliers (collectively, the "Multipliers") that will be used to calculate such Plan Participant's Annual Incentive Award (as defined below).

6. **Performance Metrics and Weighting.** For each Plan Year, the Committee shall establish performance metrics (the "Performance Metrics") and the percentage weighting of each Performance Metric (the "Weighting") which will be utilized to measure the performance of the Plan Participants during a Plan Year. The Performance Metrics, together with the Goals (as

defined below) established annually for each Performance Metric, will be designed to incentivize those actions by CTO Officers that best serve the short and long-term interests of the Company's shareholders. In addition, for each Plan Year, the Weighting of the individual Performance Metrics will be such that the total Weighting of all Performance Metrics shall equal 100%. The Committee shall have discretion in establishing the Performance Metrics; provided, however, it is the desire and intent of the Board that (a) the majority of the Weighting each Plan Year will be attributable to Performance Metrics that are objective, measurable and transparent, and (b) that the remaining portion of the Weighting will be attributable to qualitative Performance Metrics. Examples of Performance Metrics that the Committee may establish are those listed in the Company's Fourth Amended and Restated 2010 Equity Incentive Plan, as may be amended from time to time (or any successor plan) (the "Equity Plan"), as well as financial and other metrics that the Committee may deem appropriate to accomplish the purposes of the Plan.

The Board and the Committee anticipate that as the Company executes its strategic business plan, or as a result of a change in the Company's business, operations, corporate structure or capital structure, or the manner in which the Company conducts its business, or other events or circumstances, that it may be appropriate, at the commencement of each year when the Committee establishes the Performance Metrics and Weighting thereof, to make modifications thereto, in whole or in part, as the Committee deems appropriate and equitable.

7. Annual Goals. As provided below in Section 10, for each Plan Year, the Committee shall establish, with respect to each Performance Metric, a "threshold," "target" and "maximum" goal or level of achievement (the "Goals"). The "threshold" Goal means the minimum level of achievement of the Performance Metrics required for an Annual Incentive Award to be earned and paid; the "target" Goal means the level of achievement of the Performance Metrics required for the target Annual Incentive Award to be earned and paid; and the "maximum" Goal means the level of achievement of the Performance Metrics required for the maximum Annual Incentive Award to be earned and paid. Straight-line linear interpolation will be used to determine amounts earned and paid based on achievement levels between the "threshold" and "target" Goals and between the "target" and "maximum" Goals.

8. **Overall Performance Levels.** At the conclusion of each Plan Year, the Committee shall determine, for each Plan Participant, the Overall Performance Level achieved and the corresponding Multiplier to be applied to such Plan Participant's Individual Target Opportunity for such Plan Year. The "Overall Performance Level" means the sum of the weighted actual achievement of the "target," "threshold" and "maximum" Goals for the various Performance Metrics for such Plan Year; provided, however, in the event the level of achievement with respect to any Performance Metric exceeds the "maximum" Goal, the Committee shall have discretion to allocate such excess achievement to any other Performance Metric where the level of achievement for such other Performance Metric did not reach the "maximum" Goal. Straight-line linear interpolation will be used where Overall Performance Level falls between the "threshold" and "target" Goals and between the "target" and "maximum" Goals.

9. **Calculation of Annual Incentive Awards.** The amount of each Plan Participant's actual annual incentive award that will be earned by and paid to such Plan Participant (the "Annual Incentive Award") under the Plan shall be calculated by multiplying such Plan Participant's

Individual Target Opportunity by the applicable Multiplier associated with the Overall Performance Level. Annual Incentive Awards will be paid in the year following the applicable Plan Year, but no earlier than the date of the filing of the Company's annual report on Form 10-K for the applicable Plan Year.

10. **Committee Procedure.** As early as practicable, but in no event later than the 90th day of each new Plan Year, the Committee will establish and approve (taking into account any applicable employment agreements) (a) the Performance Metrics that will be utilized for the current Plan Year, (b) for each Performance Metric, a "threshold," "target" and "maximum" Goal, (c) the identity of the Plan Participants for the current Plan Year, (d) the Individual Target Opportunity for each Plan Participant, (e) the Weighting of each Performance Metric (it being understood that such Weighting need not be uniform among Plan Participants) and (f) the Multipliers for each Plan Participant. Following completion of the applicable Plan Year, the Committee shall determine and certify the amount of the Annual Incentive Awards to be awarded and paid by the Company to the Plan Participants. Exhibit A, attached hereto, sets forth additional detail regarding the foregoing actions as well as the actions to be taken by the Committee following the completion of a Plan Year.

11. **Termination of Employment.** If a Plan Participant's employment is terminated for any reason after December 31 of the applicable Plan Year, such Plan Participant will be deemed to have earned the Annual Incentive Award for the applicable Plan year, irrespective of such termination of employment. The amount of such Annual Incentive Award will be paid at such time as the Annual Incentive Award would have been paid had the termination of employment not occurred, and will be calculated based on actual performance.

If a Plan Participant experiences a Qualifying Termination (as defined below) prior to or on December 31 of the applicable Plan Year, such Plan Participant shall be entitled to receive a prorated Annual Incentive Award for such Plan Year. A prorated Annual Incentive Award payable under this Section 11 shall be based on the number of days that the Plan Participant was an employee of the Company during the applicable Plan Year prior to and including the date on which the Plan Participant's termination of employment occurs. For purposes of the Plan, a "Qualifying Termination" means that the Plan Participant's employment is terminated on or after April 1 of the applicable Plan Year by (a) the Company or one of its affiliates without "Cause" (as such term is defined in such Plan Participant's employment or similar agreement or, if no such agreement exists, then as defined below) or (b) the Participant for "Good Reason" (as such term is defined in such Plan Participant's employment or similar agreement or, if no such agreement exists, then as defined below). Any prorated Annual Incentive Awards shall be payable no later than thirty (30) days following the consummation of the Plan Participant's termination of employment. The amount of the pro rata Annual Incentive Award will be calculated as if the "target" level of achievement had been obtained for each of the Goals. For purposes of the Plan:

i. "Cause" means a Plan Participant's (i) arrest or conviction for, plea of *nolo contendere* to, or admission of the commission of, any act of fraud, misappropriation, or embezzlement, or a criminal felony involving dishonesty or moral turpitude; (ii) breach of any material provision of his or her employment or similar agreement, provided that the Plan Participant is given reasonable notice of, and a reasonable opportunity to cure within thirty (30) days of such notice (if such breach is curable), any such breach; (iii) act or intentional omission involving dishonesty or moral turpitude; (iv) material failure to adequately perform his or her duties and responsibilities as such duties and responsibilities are, from time to time, in the Company's discretion, determined and after reasonable notice of, and a reasonable opportunity to cure within thirty (30) days of such notice (if such breach is curable), any such breach; or (v) intentional independent act that would cause the Company significant reputational injury.

ii. "Good Reason" means a material reduction in a Plan Participant's compensation or employment related benefits, or a material change in the Plan Participant's status, working conditions or management responsibilities. The Plan Participant's termination of employment will not constitute a termination for Good Reason unless (i) the Plan Participant first provides written notice to the Company of the existence of the Good Reason within sixty (60) days following the effective date of the occurrence of the Good Reason, (ii) the Good Reason remains uncorrected by the Company for more than thirty (30) days following such written notice of the Good Reason from the Plan Participant to the Company and (iii) the effective date of the Plan Participant's termination of employment is within sixty (60) days following the effective date of the occurrence of the Good Reason.

12. **Participant's Interests.** A Plan Participant's interest in any Annual Incentive Award shall at all times be reflected on the Company's books as a general unsecured and unfunded obligation of the Company subject to the terms and conditions of the Plan. The Plan shall not give any person any right or security interest in any asset of the Company or any fund in which any deferred payment is deemed invested. The Company, the Board, and the Committee shall not be responsible for the adequacy of the general assets of the Company to discharge, or required to reserve or set aside funds for, the payment of its obligations hereunder.

13. **Non-Alienation of Benefits; Beneficiary Designation.** All rights and benefits under the Plan are personal to the Plan Participant, and neither the Plan nor any right or interest of a Plan Participant or any other person arising under the Plan is subject to voluntary or involuntary alienation, sale, transfer or assignment. Subject to the foregoing, the Company shall establish such procedures as it deems necessary for a Plan Participant to designate one or more beneficiaries to whom any payment the Committee determines to make would be payable in the event of the Plan Participant's death.

14. **Withholding for Taxes.** Notwithstanding any other provisions of the Plan, the Company may withhold from any payment made by it under the Plan such amount or amounts as may be required for purposes of complying with any federal, state and local tax or withholding requirements.

15. **Rights of Employees.** Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate a Plan Participant's employment at any time, or confer upon any Plan Participant any right to continued employment with the Company or any of its subsidiaries or affiliates. A Plan Participant shall not be entitled to any claim or recourse if any

action or inaction by the Company, or any other circumstance or event, including any circumstance or event outside the control of the Plan Participant, adversely affects the ability of the Plan Participant to satisfy a performance goal or in any way prevents the satisfaction of a performance goal.

16. **Adjustment of Awards.** The Committee shall be authorized to make adjustments in the method of calculating attainment of Goals in recognition of unusual or nonrecurring events affecting the Company or its consolidated financial statements or changes in applicable laws, regulations or accounting principles.

17. **Amendment or Termination.** The Plan is provided at the discretion of the Company and the Board. The Board reserves the right to modify or terminate the Plan with or without notice.

18. **Section 409A**. With respect to payments subject to Section 409A of the Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder ("Section 409A"), the Plan is intended to comply with the requirements of Section 409A, and the provisions of the Plan shall be interpreted in a manner that satisfies the requirements of Section 409A, and the Plan shall be operated accordingly. If any provision of the Plan would otherwise frustrate or conflict with this intent, the provision, term or condition shall be interpreted and deemed amended so as to avoid this conflict. Notwithstanding anything in the Plan to the contrary, if the Board considers a Plan Participant to be a "specified employee" under Section 409A at the time of such Plan Participant's "separation from service" (as defined in Section 409A), and any amount hereunder is "deferred compensation" subject to Section 409A, any payment that otherwise would be made to such Plan Participant as a result of such "separation from service" shall not be made until the date that is six (6) months after such "separation from service," except to the extent that earlier distribution would not result in such Plan Participant's incurring interest or additional tax under Section 409A. If an amount includes a "series of installment payments" (within the meaning of Section 1.409A-2(b)(2)(iii) of the Treasury Regulations), the Plan Participant's right to such series of installment payments shall be treated as a right to a series of separate payments and not as a right to a single payment. Notwithstanding the foregoing, the tax treatment of the benefits provided under the Plan is not warranted or guaranteed, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by any Plan Participant on account of non-compliance with Section 409A.

19. **Executive Compensation Recovery Policy**. Notwithstanding anything to the contrary contained herein, any payment received under this Plan by a Plan Participant shall at all times be subject to the Company's Executive Compensation Recovery Policy, as the same may be amended from time to time in good faith or to comply with applicable rules of the Securities and Exchange Commission or the listing standards of the securities exchange on which the Company's securities are traded.

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

Adopted by the Board of Directors on February 22, 2017
Amended by the Board of Directors on January 24, 2018
Amended by the Board of Directors on April 25, 2023

EXHIBIT A

Committee Procedure

<u>NEW PLAN YEAR</u>

Prior to the 90th day of a Plan Year, the Committee shall:

1. Establish the applicable Performance Metrics for the Plan Year.

2. Establish the “threshold,” “target” and “maximum” Goals for each Performance Metric.

3. Identify the Plan Participants.

4. Establish the Individual Target Opportunity for each Plan Participant.

5. Determine the Weighting of the Performance Metrics, which may vary between Plan Participants.

6. Determine the “threshold,” “target” and “maximum” Multipliers for each Plan Participant.

<u>COMPLETED PLAN YEAR</u>

As early as practicable, but no later than March 15 following the end of a completed Plan Year, the Committee shall:

1. Calculate the level of achievement of the Goals for each of the Performance Metrics.

2. Determine the Overall Performance Level for each Plan Participant and the applicable Multiplier.

3. Multiply each Plan Participant’s Individual Target Opportunity by the applicable Multiplier associated with such Plan Participant’s Overall Performance Level to determine such Plan Participant’s Annual Incentive Award.

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: October 26, 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: October 26, 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 September 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: October 26, 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 September 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: October 26, 2023

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