
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): June 30, 2021

ALPINE INCOME PROPERTY TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

Commission File Number 001-39143

84-2769895
(I.R.S. Employer
Identification No.)

1140 N. Williamson Blvd., Suite 140
Daytona Beach, Florida
(Address of principal executive offices)

32114
(Zip Code)

Registrant's Telephone Number, including area code
(386) 274-2202

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

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

Securities Registered Pursuant to Section 12(b) of the Act

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 Par Value	PINE	NYSE

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

Emerging growth company

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

Item 2.01. Completion of Acquisition or Disposition of Assets.

On April 23, 2021, Alpine Income Property Trust, Inc. (the “Company”) completed the acquisition of one net leased property (the “Single Property”) located in North Richland Hills, Texas from a subsidiary of CTO Realty Growth, Inc. (“CTO”) for a cash purchase price of \$11.5 million. The acquisition was funded utilizing a draw on the Company’s revolving credit facility.

On June 30, 2021, the Company completed the acquisition of an additional six net leased properties (the “CMBS Portfolio”) from certain subsidiaries of CTO (the “Sellers”) for an aggregate purchase price of \$44.5 million. Pursuant to the purchase and sale agreement, made as of April 2, 2021 and as amended on April 20, 2021, among the Company’s operating partnership subsidiary, Alpine Income Property OP, LP (the “Operating Partnership”), and the Sellers, the Operating Partnership and the Sellers entered into an assignment and assumption of a certain loan agreement dated September 30, 2014. The outstanding principal balance of the loan assumed at the time of acquisition totaled \$30.0 million, and the loan bears a fixed interest rate of 4.33%. The loan matures in October 2034 and is prepayable without penalty beginning in October 2024. The acquisition of the CMBS Portfolio was funded utilizing available cash, net of the \$30.0 million loan assumed.

CTO is the parent company of the Company’s external manager and owns approximately 15.8% of the Company’s outstanding equity at the time of the filing of this Current Report on Form 8-K, including units of limited partnership interest in the Operating Partnership. The consideration of \$11.5 million and \$44.5 million for the purchase price of the Single Property and the CMBS Portfolio, respectively, was determined based on third-party offers received by CTO. For more information regarding the relationship between the Company and CTO, see Part I, Item 1 of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020 and Part I, Item 1 of the Company’s Quarterly Report on Form 10-Q for the three months ended March 31, 2021.

Excluding the Single Property and CMBS Portfolio acquisitions, subsequent to December 31, 2020, the Company has completed additional acquisitions of net leased properties in separate transactions. The acquisitions of the additional net leased properties, together with the Single Property and CMBS Portfolio acquisitions, are collectively referred to herein as the “2021 Acquisitions.”

This Current Report on Form 8-K includes historical financial statements of the Single Property and the CMBS Portfolio and the pro forma consolidated financial information with respect to the 2021 Acquisitions required by Items 9.01(a) and 9.01(b) of Form 8-K.

The pro forma financial information included in this Current Report on Form 8-K has been presented for informational purposes only, as required by Form 8-K. It does not purport to represent the actual results of operations that the Company would have achieved had the Company held the assets of the 2021 Acquisitions during the periods presented in the pro forma financial information and is not intended to project the future results of operations that the Company may achieve after the acquisition of such properties.

Item 7.01. Regulation FD Disclosure.

On July 1, 2021, the Company issued a press release announcing the completion of the acquisition of the CMBS Portfolio. A copy of the press release is attached hereto as Exhibit 99.3. The information contained in Item 7.01 of this Current Report, including Exhibit 99.3, is being furnished and shall not be deemed “filed” for any purposes, including for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. Such information shall not be incorporated by reference into any filing of the Company, whether made before or after the date hereof, unless it is specifically incorporated by reference therein.

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

The financial statements that are required to be filed pursuant to this item are being filed as Exhibits 99.1 and 99.2 to this Form 8-K.

(b) Pro Forma Financial Information

The pro forma financial information that is required to be filed pursuant to this item is being filed as Exhibit 99.1.

(c) Exhibits

99.1 Pro Forma Financial Information

- Summary of Unaudited Pro Forma Consolidated Financial Statements
- Unaudited Pro Forma Consolidated Balance Sheet of Alpine Income Property Trust, Inc. as of March 31, 2021
- Unaudited Pro Forma Consolidated Statements of Operations of Alpine Income Property Trust, Inc. for the Three Months Ended March 31, 2021 and the Year Ended December 31, 2020
- Notes to Unaudited Pro Forma Consolidated Financial Statements

99.2 Audited Financial Statements

- Summary of Revenues and Direct Expenses of the Single Property and the CMBS Portfolio for the Three Months Ended March 31, 2021 (Unaudited) and the Year Ended December 31, 2020 (Audited)

99.3 Press Release

- Press Release dated July 1, 2021 regarding the acquisition of the CMBS Portfolio for \$44.5 million
-

SIGNATURES

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

Date: July 2, 2021

Alpine Income Property Trust, Inc.

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

ALPINE INCOME PROPERTY TRUST, INC.
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

On April 23, 2021, Alpine Income Property Trust, Inc. (the “Company”) completed the acquisition of one net leased property (the “Single Property”) located in North Richland Hills, Texas from a subsidiary of CTO Realty Growth, Inc. (“CTO”) for a cash purchase price of \$11.5 million. The acquisition was funded utilizing a draw on the Company’s revolving credit facility.

On June 30, 2021, the Company completed the acquisition of an additional six net leased properties (the “CMBS Portfolio”) from certain subsidiaries of CTO (the “Sellers”) for an aggregate purchase price of \$44.5 million. Pursuant to the purchase and sale agreement, made as of April 2, 2021 and as amended on April 20, 2021, among the Company’s operating partnership subsidiary, Alpine Income Property OP, LP (the “Operating Partnership”), and the Sellers, the Operating Partnership and the Sellers entered into an assignment and assumption of a certain loan agreement dated September 30, 2014. The outstanding principal balance of the loan assumed at the time of acquisition totaled \$30.0 million, and the loan bears a fixed interest rate of 4.33%. The loan matures in October 2034 and is prepayable without penalty beginning in October 2024. The acquisition of the CMBS Portfolio was funded utilizing available cash, net of the \$30.0 million loan assumed.

The following unaudited pro forma consolidated balance sheet as of March 31, 2021, unaudited pro forma consolidated statement of operations for the three months ended March 31, 2021, and unaudited pro forma consolidated statement of operations for the year ended December 31, 2020 (collectively, the “Unaudited Pro Forma Financials”) give effect to the acquisition by the Company of (i) the Single Property, (ii) the CMBS Portfolio, and (iii) additional net leased properties during the six months ended June 30, 2021 (the “2021 Acquisitions”). The adjustments in the Unaudited Pro Forma Financials that are related to the 2021 Acquisitions are referred to herein as the “2021 Acquisition Transaction Accounting Adjustments.”

2021 Acquisition Transaction Accounting Adjustments

The Unaudited Pro Forma Financials present the effects of the 2021 Acquisitions as though they had occurred on January 1, 2020, the beginning of the earliest applicable reporting period. The 2021 Acquisitions were funded utilizing (a) available cash, (b) draws on the Company’s revolving credit facility, (c) proceeds from the Company’s term loan, (d) the \$30.0 million loan assumed in connection with the CMBS Portfolio acquisition, and (e) the issuance of units of the Company’s Operating Partnership (“OP Units”).

Unaudited Pro Forma Financials

The Unaudited Pro Forma Financials are based on the estimates and assumptions as of the date of this Current Report on Form 8-K set forth in the notes to the Unaudited Pro Forma Financials, which are preliminary and have been made solely for the purpose of developing such pro forma information. The Unaudited Pro Forma Financials are not necessarily indicative of the financial position or operating results that would have been achieved had the 2021 Acquisitions occurred on the dates indicated, nor are they necessarily indicative of the Company’s future financial position or operating results. Assumptions underlying the adjustments to the Unaudited Pro Forma Financials are described in the accompanying notes, which should be read in conjunction with the Unaudited Pro Forma Financials.

ALPINE INCOME PROPERTY TRUST, INC.
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2021
(In thousands, except share and per share data)

	Historical	2021 Acquisition Transaction Accounting Adjustments	Notes	Pro Forma
ASSETS				
Real Estate:				
Land, at cost	\$ 88,635	\$ 30,455	[A]	\$ 119,090
Building and Improvements, at cost	156,143	41,865	[A]	198,008
Total Real Estate, at cost	244,778	72,320		317,098
Less, Accumulated Depreciation	(8,499)	—		(8,499)
Real Estate—Net	236,279	72,320		308,599
Cash and Cash Equivalents	1,548	—		1,548
Intangible Lease Assets—Net	39,005	10,539	[A]	49,544
Straight-Line Rent Adjustment	1,920	—		1,920
Other Assets	2,185	(41)	[B]	2,144
Total Assets	\$ 280,937	\$ 82,818		\$ 363,755
LIABILITIES AND EQUITY				
Liabilities:				
Accounts Payable, Accrued Expenses, and Other Liabilities	\$ 1,159	\$ —		\$ 1,159
Prepaid Rent and Deferred Revenue	1,313	—		1,313
Intangible Lease Liabilities—Net	3,348	1,124	[A]	4,472
Long-Term Debt	119,309	73,684	[C]	192,993
Total Liabilities	125,129	74,808		199,937
Commitments and Contingencies				
Equity:				
Preferred Stock, \$0.01 par value per share, 100 million shares authorized, no shares issued and outstanding as of March 31, 2021	—	—		—
Common Stock, \$0.01 par value per share, 500 million shares authorized, 7,896,542 shares issued and outstanding as of March 31, 2021	79	—		79
Additional Paid-in Capital	140,591	—		140,591
Dividends in Excess of Net Income	(7,169)	—		(7,169)
Accumulated Other Comprehensive Income	195	—		195
Stockholders' Equity	133,696	—		133,696
Noncontrolling Interest	22,112	8,010	[D]	30,122
Total Equity	155,808	8,010		163,818
Total Liabilities and Equity	\$ 280,937	\$ 82,818		\$ 363,755

See accompanying notes to unaudited pro forma consolidated financial statements.

ALPINE INCOME PROPERTY TRUST, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2021
(In thousands, except share and per share data)

	<u>Historical</u>	<u>2021 Acquisition Transaction Accounting Adjustments</u>	<u>Notes</u>	<u>Pro Forma</u>
Revenues:				
Lease Income	\$ 5,890	\$ 2,182	[A][B]	\$ 8,072
Total Revenues	5,890	2,182		8,072
Operating Expenses:				
Real Estate Expenses	651	204	[A]	855
General and Administrative Expenses	1,030	—		1,030
Depreciation and Amortization	3,143	975	[B]	4,118
Total Operating Expenses	4,824	1,179		6,003
Net Income from Operations	1,066	1,003		2,069
Interest Expense	555	555	[C]	1,110
Net Income	511	448		959
Less: Net Income Attributable to Noncontrolling Interest	(71)	(112)	[D]	(183)
Net Income Attributable to Alpine Income Property Trust, Inc.	<u>\$ 440</u>	<u>\$ 336</u>		<u>\$ 776</u>
Per Common Share Data:				
Net Income Attributable to Alpine Income Property Trust, Inc.				
Basic	\$ 0.06	\$ 0.04		\$ 0.10
Diluted	\$ 0.05	\$ 0.04		\$ 0.08
Weighted Average Number of Common Shares:				
Basic	7,565,429	7,565,429		7,565,429
Diluted	8,789,283	9,214,234	[E]	9,214,234

See accompanying notes to unaudited pro forma consolidated financial statements.

ALPINE INCOME PROPERTY TRUST, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In thousands, except share and per share data)

	<u>Historical</u>	<u>2021 Acquisition Transaction Accounting Adjustments</u>	<u>Notes</u>	<u>Pro Forma</u>
Revenues:				
Lease Income	\$ 19,248	\$ 8,581	[A][B]	\$ 27,829
Total Revenues	<u>19,248</u>	<u>8,581</u>		<u>27,829</u>
Operating Expenses:				
Real Estate Expenses	2,316	860	[A]	3,176
General and Administrative Expenses	4,660	—		4,660
Depreciation and Amortization	9,949	4,170	[B]	14,119
Total Operating Expenses	<u>16,925</u>	<u>5,030</u>		<u>21,955</u>
Gain on Disposition of Assets	287	—		287
Net Income from Operations	2,610	3,551		6,161
Interest Expense	1,464	2,352	[C]	3,816
Net Income	1,146	1,199		2,345
Less: Net Income Attributable to Noncontrolling Interest	(161)	(302)	[D]	(463)
Net Income Attributable to Alpine Income Property Trust, Inc.	<u>\$ 985</u>	<u>\$ 897</u>		<u>\$ 1,882</u>
Per Common Share Data:				
Net Income Attributable to Alpine Income Property Trust, Inc.				
Basic	\$ 0.13	\$ 0.12		\$ 0.25
Diluted	\$ 0.11	\$ 0.10		\$ 0.20
Weighted Average Number of Common Shares:				
Basic	7,588,349	7,588,349		7,588,349
Diluted	8,812,203	9,237,154	[E]	9,237,154

See accompanying notes to unaudited pro forma consolidated financial statements.

ALPINE INCOME PROPERTY TRUST, INC.
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. BASIS OF PRESENTATION

The unaudited pro forma consolidated balance sheet as of March 31, 2021, unaudited pro forma consolidated statement of operations for the three months ended March 31, 2021, and unaudited pro forma consolidated statement of operations for the year ended December 31, 2020 (collectively, the “Unaudited Pro Forma Financials”) give effect to the acquisition by the Company of (i) the Single Property, (ii) the CMBS Portfolio, and (iii) additional net leased properties during the six months ended June 30, 2021 (the “2021 Acquisitions”). The adjustments in the Unaudited Pro Forma Financials that are related to the 2021 Acquisitions are referred to herein as the “2021 Acquisition Transaction Accounting Adjustments.”

2021 Acquisition Transaction Accounting Adjustments. The Unaudited Pro Forma Financials present the effects of the 2021 Acquisitions as though they had occurred on January 1, 2020, the beginning of the earliest applicable reporting period. The 2021 Acquisitions were funded utilizing (a) available cash, (b) draws on the Company’s revolving credit facility, (c) proceeds from the Company’s term loan, (d) the \$30.0 million loan assumed in connection with the CMBS Portfolio acquisition, and (e) the issuance of units of the Company’s operating partnership, Alpine Income Property OP, LP (“OP Units”).

Unaudited Pro Forma Financials. The Unaudited Pro Forma Financials are based on the estimates and assumptions as of the date of this Current Report on Form 8-K set forth in the notes to the Unaudited Pro Forma Financials, which are preliminary and have been made solely for the purpose of developing such pro forma information. The Unaudited Pro Forma Financials are not necessarily indicative of the financial position or operating results that would have been achieved had the 2021 Acquisitions occurred on the dates indicated, nor are they necessarily indicative of the Company’s future financial position or operating results. Assumptions underlying the adjustments to the Unaudited Pro Forma Financials are described in the accompanying notes, which should be read in conjunction with the Unaudited Pro Forma Financials.

NOTE 2. PRO FORMA ADJUSTMENTS

Pro Forma Consolidated Balance Sheet as of March 31, 2021

[A] Represents the fair value of the income properties included in the 2021 Acquisitions that occurred subsequent to March 31, 2021 which are allocated to the acquired tangible assets, consisting of land, building and improvements, and identified intangible lease assets and liabilities, consisting of the value of above-market and below-market leases, the value of in-place leases, and the value of leasing costs. The fair value allocations were provided by a third-party valuation company, excluding two properties as the valuations had not yet been completed. The Company allocated the fair value of such properties based on the average allocation of properties acquired during the six months ended June 30, 2021 for which fair value allocations were received. The estimated allocation for these properties reflected in the unaudited pro forma consolidated balance sheet as of March 31, 2021 could be materially different than the actual allocations obtained from the third-party valuations when received.

The following represents the allocation of total acquisition costs for the 2021 Acquisitions that occurred subsequent to March 31, 2021 (in thousands):

Allocation of Purchase Price:

Land, at cost	\$	30,455
Building and Improvements, at cost		41,865
Intangible Lease Assets		10,539
Intangible Lease Liabilities		(1,124)
Total Acquisition Cost - Purchase Price plus Acquisition Costs	\$	81,735

[B] Represents return of \$0.1 million in earnest money deposits, made prior to March 31, 2021, in addition to \$0.06 million in net cash pro-rations at closing.

[C] Represents draws on the Company's revolving credit facility of \$43.7 million and the \$30.0 loan assumed in connection with the CMBS Portfolio acquisition related to the purchase price of the 2021 Acquisitions that occurred subsequent to March 31, 2021.

[D] Represents an aggregate of 424,951 OP Units, having an aggregate value of \$8.0 million, issued by the Company in exchange for partial consideration of certain of the properties included in the 2021 Acquisitions.

Pro Forma Consolidated Statements of Operations for the Three Months Ended March 31, 2021

[A] Represents aggregate adjustments to lease income totaling \$2.2 million, based on the calculation of rent on a straight-line basis utilizing the existing lease terms, and related direct costs of the lease income totaling \$0.2 million for the three months ended March 31, 2021. The Company recognizes rental revenue from operating leases on a straight-line basis over the life of the related leases. The pro forma adjustment reflects the estimated incremental straight-line rental income to be recognized over the remaining life of the leases for the 2021 Acquisitions as of the acquisition date as though they had occurred on January 1, 2020. Comparatively, the straight-line rental income that had been recorded in the Historical Summary of Revenues and Direct Expenses for the Single Property and CMBS Portfolio was calculated as if the acquisition had incurred at inception of the lease for the relevant periods.

[B] Represents the depreciation and amortization of real estate acquired related to the 2021 Acquisitions which totaled \$1.0 million for the three months ended March 31, 2021 based on the estimated remaining economic useful life for tangible assets and the weighted average remaining lease term for the related intangible assets and intangible liabilities. Capitalized above-and below-market lease values are amortized as a decrease or increase, respectively, to lease income which totaled \$0.03 million for the three months ended March 31, 2021 and is included in the \$2.2 million increase referred to in Note [A] above.

[C] Represents additional interest expense of \$0.6 million related to (i) draws on the Company's revolving credit facility totaling \$43.7 million to fund the 2021 Acquisitions that occurred subsequent to March 31, 2021 and (ii) the \$30.0 million loan assumed in connection with the CMBS Portfolio acquisition.

[D] Represents the allocation of net income attributable to the noncontrolling interest.

[E] Represents the increase in diluted shares outstanding for the 424,951 OP Units issued by the Operating Partnership in exchange for partial consideration of certain of the properties included in the 2021 Acquisitions.

Pro Forma Consolidated Statements of Operations for the Year Ended December 31, 2020

[A] Represents aggregate adjustments to lease income totaling \$8.6 million, based on the calculation of rent on a straight-line basis utilizing the existing lease terms, and related direct costs of the lease income totaling \$0.9 million for the year ended December 31, 2020. The Company recognizes rental revenue from operating leases on a straight-line basis over the life of the related leases. The pro forma adjustment reflects the estimated incremental straight-line rental income to be recognized over the remaining life of the leases for the 2021 Acquisitions as of the acquisition date as though they had occurred on January 1, 2020. Comparatively, the straight-line rental income that had been recorded in the Historical Summary of Revenues and Direct Expenses for the Single Property and CMBS Portfolio was calculated as if the acquisition had incurred at inception of the lease for the relevant periods.

[B] Represents the depreciation and amortization of real estate acquired related to the 2021 Acquisitions which totaled \$4.2 million for the year ended December 31, 2020 based on the estimated remaining economic useful life for tangible assets and the weighted average remaining lease term for the related intangible assets and intangible liabilities. Capitalized above-and below-market lease values are amortized as a decrease or increase, respectively, to lease income which totaled \$0.1 million for the year ended December 31, 2020 and is included in the \$8.6 million increase referred to in Note [A] above.

[C] Represents additional interest expense of \$2.4 million related to (i) draws on the Company's revolving credit facility totaling \$65.8 million to fund the 2021 Acquisitions that occurred subsequent to December 31, 2020 and (ii) the \$30.0 million loan assumed in connection with the CMBS Portfolio acquisition.

[D] Represents the allocation of net income attributable to the noncontrolling interest.

[E] Represents the increase in diluted shares outstanding for the 424,951 OP Units issued by the Operating Partnership in exchange for partial consideration of certain of the properties included in the 2021 Acquisitions.

Report of Independent Registered Public Accounting Firm**Board of Directors and Stockholders
Alpine Income Property Trust, Inc.**

We have audited the accompanying Historical Summary of Revenues and Direct Expenses of the CMBS Portfolio and Single Property (the “Properties”) for the year ended December 31, 2020, and the related notes (the “Historical Summary”).

Management’s responsibility for the financial statements

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

Auditor’s responsibility

Our responsibility is to express an opinion on the Historical Summary based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Historical Summary. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Historical Summary, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the Historical Summary in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Historical Summary.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the revenues and direct expenses (described in Note 2) of the Properties for the year ended December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter

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

/S/ GRANT THORNTON LLP

Orlando, Florida

July 2, 2021

HISTORICAL SUMMARY OF REVENUES AND DIRECT EXPENSES
For the Three Months Ended March 31, 2021 (Unaudited) and the Year Ended December 31, 2020
(In thousands)

Three Months Ended March 31, 2021			
(Unaudited)			
	Single Property	CMBS Portfolio	Combined
Revenues:			
Lease Income	\$ 227	\$ 853	\$ 1,080
Total Revenues	227	853	1,080
Direct Expenses:			
Real Estate Expenses	81	27	108
Total Direct Expenses	81	27	108
Net Income	\$ 146	\$ 826	\$ 972

Year Ended December 31, 2020			
	Single Property	CMBS Portfolio	Combined
Revenues:			
Lease Income	\$ 908	\$ 3,323	\$ 4,231
Total Revenues	908	3,323	4,231
Direct Expenses:			
Real Estate Expenses	317	156	473
Total Direct Expenses	317	156	473
Net Income	\$ 591	\$ 3,167	\$ 3,758

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

**Notes to Historical Summary of Revenues and Direct Expenses
For the Three Months Ended March 31, 2021 (unaudited) and the Year Ended December 31, 2020**

NOTE 1. BUSINESS AND ORGANIZATION

On April 23, 2021, Alpine Income Property Trust, Inc. (the “Company”) completed the acquisition of one net leased property (the “Single Property”) located in North Richland Hills, Texas from a subsidiary of CTO Realty Growth, Inc. (“CTO”) for a cash purchase price of \$11.5 million. The acquisition was funded utilizing a draw on the Company’s revolving credit facility.

On June 30, 2021, the Company completed the acquisition of an additional six net leased properties (the “CMBS Portfolio”) from certain subsidiaries of CTO (the “Sellers”) for an aggregate purchase price of \$44.5 million. Pursuant to the purchase and sale agreement, made as of April 2, 2021 and as amended on April 20, 2021, among the Company’s operating partnership subsidiary, Alpine Income Property OP, LP (the “Operating Partnership”), and the Sellers, the Operating Partnership and the Sellers entered into an assignment and assumption of a certain loan agreement dated September 30, 2014. The outstanding principal balance of the loan assumed at the time of acquisition totaled \$30.0 million, and the loan bears a fixed interest rate of 4.33%. The loan matures in October 2034 and is prepayable without penalty beginning in October 2024. The acquisition of the CMBS Portfolio was funded utilizing available cash, net of the \$30.0 million loan assumed.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying historical summary of revenues and direct expenses (the “Historical Summary”) includes the operations of the Single Property and the CMBS Portfolio and has been prepared for the purpose of complying with Rule 8-06 of Regulation S-X promulgated under the Securities Act of 1933, as amended. Accordingly, the Historical Summary is not representative of the actual operations for the periods presented as revenues, and certain operating expenses, which may not be directly attributable to the revenues and expenses expected to be incurred in the future operations of the Single Property and the CMBS Portfolio, have been excluded. Such items include depreciation, amortization, interest expense, interest income, and amortization of above- and below-market leases.

INCOME PROPERTY LEASE REVENUE

The rental arrangements associated with tenants of the Single Property and the CMBS Portfolio are classified as operating leases. Accordingly, base rental income is recognized on a straight-line basis over the terms of the respective leases. Tenant reimbursement revenue is recognized as the related expenses are incurred and become recoverable from tenants. In April 2020, the Financial Accounting Standards Board issued interpretive guidance relating to the accounting for lease concessions provided as a result of the COVID-19 Pandemic. There were no lease concessions provided to either the Single Property or the CMBS Portfolio during 2020.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

COVID-19 PANDEMIC

The COVID-19 Pandemic did not result in decreased cash flows from operations for either the Single Property or the CMBS Portfolio during 2020. A prolonged imposition of mandated closures or other social-distancing guidelines as a result of the COVID-19 Pandemic may adversely impact tenants’ ability to generate sufficient revenues, and could force tenants to default on their leases, or result in the bankruptcy or insolvency of tenants, which would diminish the rental revenue that the Company receives under the leases. The rapid development and fluidity of the pandemic precludes any prediction as to the ultimate adverse impact on the Single Property and the CMBS Portfolio.

NOTE 3. REVENUE RECOGNITION

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

	Three Months Ended March 31, 2021 (Unaudited)		
	Single Property	CMBS Portfolio	Combined
Lease Income			
Lease Payments	\$ 191	\$ 799	\$ 990
Variable Lease Payments	36	54	90
Total Lease Income	<u>\$ 227</u>	<u>\$ 853</u>	<u>\$ 1,080</u>

	Year Ended December 31, 2020		
	Single Property	CMBS Portfolio	Combined
Lease Income			
Lease Payments	\$ 763	\$ 3,198	\$ 3,961
Variable Lease Payments	145	125	270
Total Lease Income	<u>\$ 908</u>	<u>\$ 3,323</u>	<u>\$ 4,231</u>

NOTE 4. MINIMUM FUTURE RENTAL RECEIPTS

Minimum future rental receipts under non-cancelable operating leases, excluding percentage rent and other lease payments that are not fixed and determinable, having remaining terms in excess of one year subsequent to March 31, 2021, are summarized as follows (in thousands):

Year Ending December 31,	Single Property	CMBS Portfolio	Combined
Remainder of 2021	\$ 627	\$ 2,471	\$ 3,098
2022	836	3,194	4,030
2023	836	3,230	4,066
2024	868	3,248	4,116
2025	871	3,248	4,119
2026 and thereafter (cumulative)	2,686	12,608	15,294
Total	<u>\$ 6,724</u>	<u>\$ 27,999</u>	<u>\$ 34,723</u>

NOTE 5. CONCENTRATION OF CREDIT RISK

There were no tenants of the Single Property or the CMBS Portfolio, presented in the Historical Summary, which accounted for more than 10% of the total revenue during the three months ended March 31, 2021 or the year ended December 31, 2020.

NOTE 6. SUBSEQUENT EVENTS

Subsequent events and transactions were evaluated through July 2, 2021, the date on which the Historical Summary was issued. There were no reportable subsequent events or transactions.



Press Release

Contact: Matthew M. Partridge
Senior Vice President, Chief Financial Officer & Treasurer
(386) 944-5643
mpartridge@alpinereit.com

FOR
IMMEDIATE
RELEASE

ALPINE INCOME PROPERTY TRUST COMPLETES PORTFOLIO ACQUISITION FROM CTO REALTY GROWTH FOR \$44.5 MILLION

DAYTONA BEACH, FL, July 1, 2021 – Alpine Income Property Trust, Inc. (NYSE: PINE) (the “Company”) announced today it closed on June 30, 2021 its previously announced acquisition of six high-quality net lease retail properties for a combined purchase price of \$44.5 million from CTO Realty Growth, Inc. (NYSE: CTO) (the “CTO Portfolio”).

The CTO Portfolio consists of properties net leased to leading national retailers such as Lowe’s, Walgreens, Harris Teeter and Big Lots, with more than 60% of annualized base rent coming from properties leased to, or with leases guaranteed by investment grade-rated entities.

All six of the properties in the CTO Portfolio are within metropolitan statistical areas that have populations over one million people, including locations in close proximity to Charlotte, NC; Seattle, WA; Washington, DC; Houston, TX; Phoenix, AZ; and Orlando, FL.

As part of the CTO Portfolio acquisition, the Company assumed an existing \$30.0 million secured mortgage, which bears a fixed interest rate of 4.33% (the “Loan”). The Loan matures in October 2034 and is prepayable without penalty beginning in October 2024.

With the closing of the CTO Portfolio, the Company has now completed the acquisition of the seven net lease retail properties from CTO Realty Growth, Inc., which were previously announced on April 6, 2021.

About CTO Realty Growth, Inc.

CTO Realty Growth, Inc. (NYSE: CTO) is a publicly traded real estate investment trust that owns and operates a portfolio of high-quality, primarily retail-based properties located in higher growth markets in the United States. CTO also owns an approximate 16% interest in Alpine Income Property Trust, Inc. (NYSE: PINE), a publicly traded net lease REIT.

About Alpine Income Property Trust, Inc.

Alpine Income Property Trust, Inc. (NYSE: PINE) is a publicly traded real estate investment trust that acquires, owns and operates a portfolio of high-quality single tenant net leased properties.

We encourage you to review our most recent investor presentation which is available on our website at <http://www.alpinereit.com>.

Safe Harbor

This press release may contain “forward-looking statements.” Forward-looking statements include statements that may be identified by words such as “could,” “may,” “might,” “will,” “likely,” “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects,” “continues,” “projects” and similar references to future periods, or by the inclusion of forecasts or projections. Forward-looking statements are based on the Company’s current expectations and assumptions regarding capital market conditions, the Company’s business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, the Company’s actual results may differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include general business and economic conditions, continued volatility and uncertainty in the credit markets and broader financial markets, risks inherent in the real estate business, including tenant defaults, potential liability relating to environmental matters, illiquidity of real estate investments and potential damages from natural disasters, the impact of the COVID-19 Pandemic on the Company’s business and the business of its tenants and the impact on the U.S. economy and market conditions generally, other factors affecting the Company’s business or the business of its tenants that are beyond the control of the Company or its tenants, and the factors set forth under “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020 or Form 10-Q for the quarter ended March 31, 2021, as filed with the U.S. Securities and Exchange Commission. Any forward-looking statement made in this press release speaks only as of the date on which it is made. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.
