Report Date: 6/25/25
Company: CTO Realty Growth, Inc.
Ticker: CTO (NYSE)
Industry: Retail REIT
Stock Price (USD): $18.08
Market Cap (USD, Millions): $595.5

CTO: THE B. RILEY OF REITS

LIES, A SHAM LOAN AND NON-GAAP DECEPTION ALLOW MANAGEMENT TO WIN EVEN AS THIS REIT FAILS

We are short CTO Realty Growth (CTO) because we believe this management team, like our old friends at B. Riley (RILY), are lying to investors about the sustainability of their dividend while enriching themselves and are willing to engage in accounting shenanigans like using a sham loan to cover up a top tenant's failure. Our analysis shows CTO, which is focused on buying and managing aging shopping centers, has not generated enough cash to pay its recurring capex and cover its dividends since converting to a REIT in 2021.[1] Apparently, management has relied on dilution (increasing shares outstanding by 70% since December 2022) to cover a $38 million dividend shortfall from 2021 to 2024.[1]

The linchpin of management's deception is its manipulative definition of Adjusted Funds From Operation (AFFO)[2] where they exclude recurring capex, [3] unlike *all* of their self-identified shopping center REIT peers,[4] tricking investors into hopping onto this never-ending dilution merry-go-round. Not only does management use its bullshit AFFO to lure in unsuspecting investors, but it uses that same non-GAAP metric for 70% of its performance pay, inflating $8 million in bonuses we think they never should have received, according to our analysis.[5] Management's AFFO bonus also incentivizes them to overpay for properties since any excess is categorized as an intangible asset and rapidly added back to AFFO.[6]

We also discovered, after speaking with former employees and whistleblowers, that management used a sham loan to hide the collapse of a top tenant from shareholders at Ashford Lane. Evidently, this tenant stopped paying rent in November 2022, and an affiliate and its owner declared bankruptcy in January and March 2023 respectively, and yet CTO did not impair this "loan."[7] We believe management misled and lied to investors about what was happening concerning this tenant on its earnings calls for over 18 months. Our investigation of other properties (details below) reveals a host of problems like plummeting foot-traffic, escalating vacancies, collapsing rents, and ultimately free-falling property values.

We think CTO's investors should brace themselves for imminent dilution. CTO has just $8.4 million in cash, while over the last 12 months CTO's average quarterly cash from operations have been ~$17 million, but quarterly declared dividends have risen to $14 million and average recurring capex through 2023-2024 was $5.7 million a quarter. Management is also planning ~ $12 million in capex above its normal run-rate after the bankruptcy of several tenants. CTO's problem is simple; they don't have enough money.

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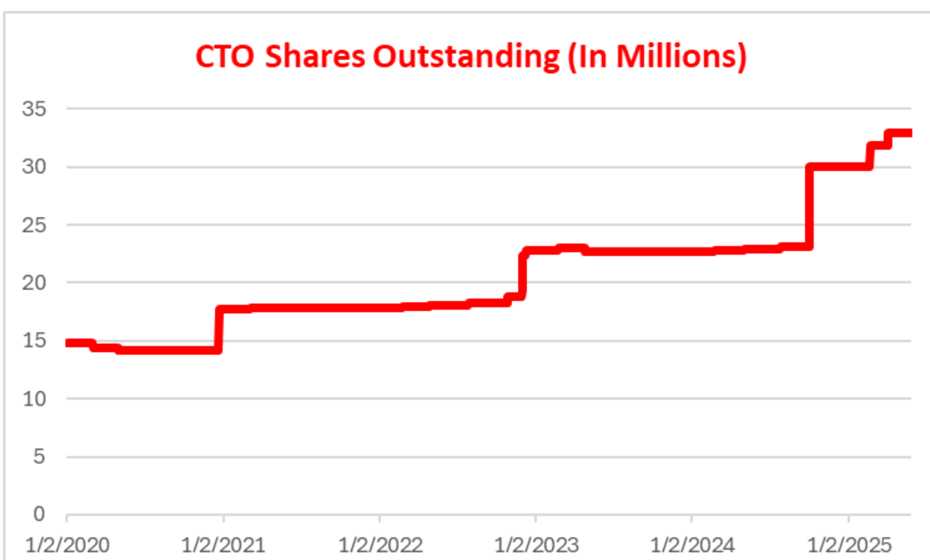
[1] CTO converted to a REIT in February 2021. When we say "cash" here we are referring to what we believe is their true AFFO, which is reported AFFO minus recurring capex. To avoid confusion with their reported AFFO number, we will refer to what we believe should be their true AFFO as "core cash flows from operations" in our report.

We believe management knows that its AFFO is grossly misleading, and not just because of articles by unwitting retail investors praising CTO for its AFFO. We learned from a former employee that the C-Suite and board were challenged to justify this deceptive presentation of AFFO in 2024 and brushed it off—we are not surprised—their compensation is at stake. In 2024, AFFO's weight in performance bonuses surged from 50% to 70%.[8]

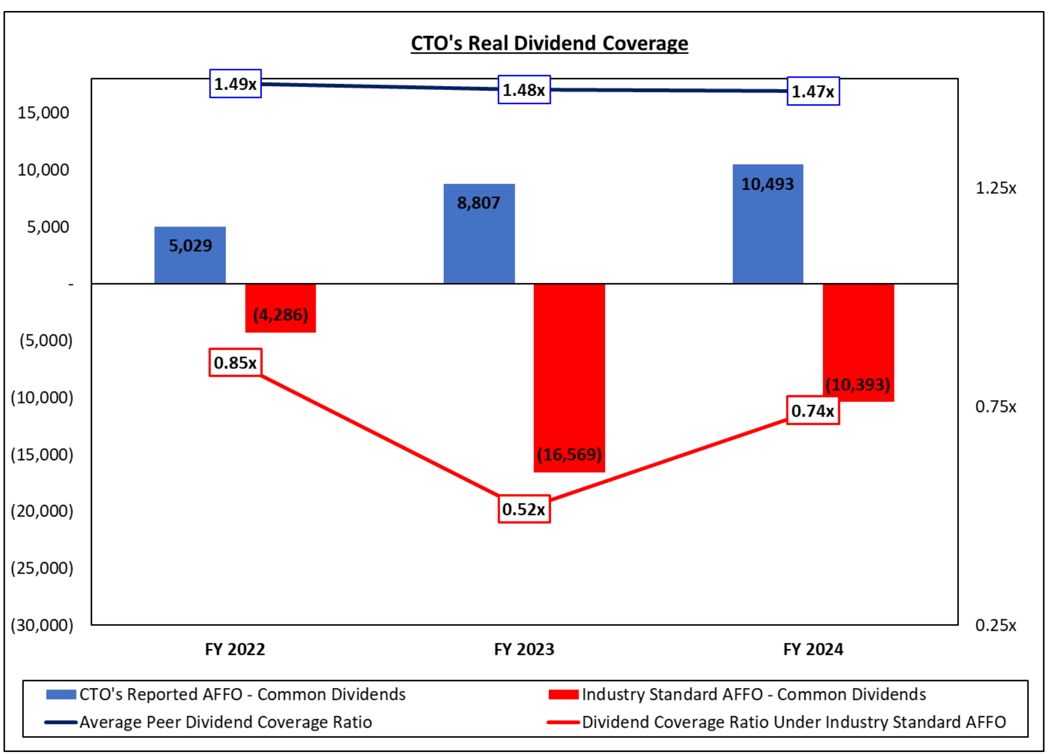
We think management paid close attention to Cedar Realty Trust[9] and RPT Realty, two other shopping-center REITs that saw dividend cuts and massive share prices declines before eventually buyouts that paid out nicely for management. Cedar's preferred shares took an absolute beating when they "received nothing," in the merger,[10] a scenario that could easily play out for CTO preferred shareholders.

Management Is Making More Money for Themselves by Overpaying for Properties, Cutting Capex, and Diluting Rather than Trying to Right the Ship

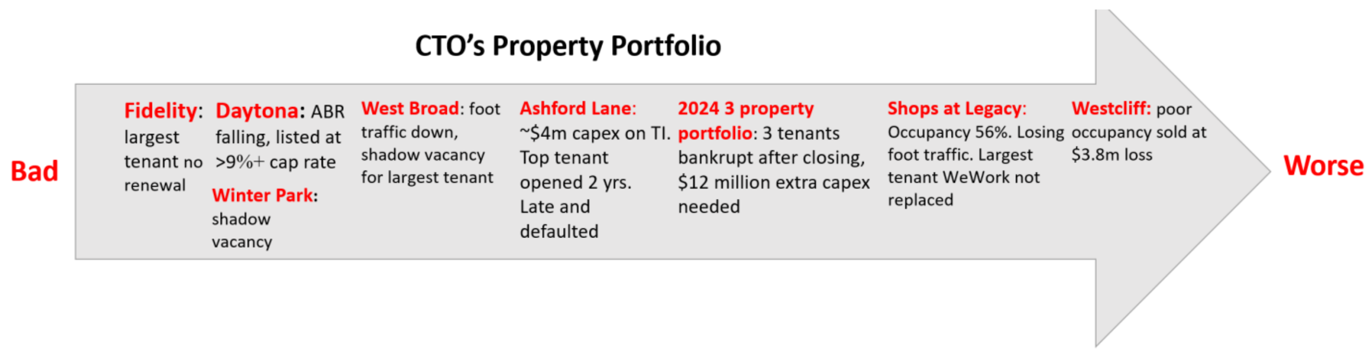
- Management knows CTO is a sinking ship, its core cash flows from operations have never been able to cover both recurring capex and the dividend since they became a REIT in 2021. There has been a cumulative $38 million cash shortfall from FY 2021-2024, and that gap is trending larger. Management obfuscates its impotence by excluding recurring capex from AFFO—something none of their shopping center REIT peers do—and then management uses this nonsense AFFO for 70% of their performance pay.
- Management has become addicted to dilution as a way of bridging the gap created by its lack of core cash flows from operations, increasing shares outstanding by 70% since December 2022, and the pace is accelerating. Dilution doesn't hurt management's pay, but it is gutting the firm. In Q1 2025, CTO's operating cash flow fell to just $10.3 million, whereas total dividends declared were $14.1 million, due in part to the increased number of outstanding shares.[11]



- CTO's TTM cash from operations produced an average of $17 million a quarter, not enough to pay for its ~$14 million in dividends and recurring capex costs that average $5-6 million a quarter. With just $8 million in cash on hand, we think CTO needs to incur debt, dilute, or cut the dividend, by the end of next quarter to make up this gap and pay for the $12 million in recurring capex costs (above the normal capex run rate) needed to replace tenants that went bankrupt and stopped paying rent at the end of Q1 2025.
- Our analysis shows management makes more money for themselves sabotaging the future of the company by overpaying for properties. When the purchase price exceeds the value of the tangible assets, management creates an intangible asset that can be amortized rapidly and added back to AFFO—their performance metric. In 2024 alone, $32.4 million of CTO's acquisitions were categorized as intangible assets.[12]
- Management is further handicapping its future by slashing capex below the inadequate levels it was at in prior years when the company's portfolio was smaller. CTO's average age of its properties is ~20 years, yet disclosed recurring capex spend in Q1 2025 was a mere $1.2 million,[13] whereas average quarterly recurring spend on capex in 2024 and 2023 was $5.2 million and $6.3 million respectively. Sparsely investing capex into a shopping center portfolio is like calling yourself an AI company without investing in R&D.
- We think management knows it cannot win against their peers, and that is driving them to loot CTO before it goes under. When we strip out the distortion caused by CTO's aberrant use of AFFO, we can see just how badly they compare to their peers in the shopping center space. CTO's dividend coverage ratio in FY 2024 was just 0.74x, unlike a peer average of 1.47x in 2024:[14]



- We believe management's perverse incentive to overspend, combined with AFFO calculations that conceal inadequate core cash flows from operations from investors and insufficient capex spending, are a recipe for wholesale capital destruction. And we don't think management gives a shit. The CEOs of RPT Realty and Cedar Realty Trust, each were given $30+ million pay packages after their companies fell apart and were acquired for pennies on the dollar.[15]
- Our investigation of CTO's portfolio consisting of 24 properties reveals there's plenty of rot, see Appendix C.



- **Ashford Lane:** Here we believe management crossed over from mismanagement into outright misconduct. CTO featured The Food Hall at Ashford Lane, LLC (Food Hall) as a top tenant from 2020 through Q2 2023, reporting nominal rent increases from $706k to $877k (indicating ~$2.2 million collected). The project, scheduled for summer 2021 completion, dragged until May 2023. Our investigation reveals the Food Hall began failing financially in 2021, ultimately paying only $1.3 million in rent by year-end-2022, with the owner's bankruptcy in March 2023. We believe CTO's $1.5 million "loan" in May 2022 was a sham designed to complete construction while maintaining the illusion of tenant stability.
- **Shops at Legacy:** We believe management's motive for concealing Ashford Lane's collapse stemmed from the simultaneous fiasco at Shops at Legacy. CTO paid $72.5 million for it in 2021,[16] only to be stuck holding the bag when WeWork—then CTO's third-largest tenant—left just one year later, slashing property ABR by 34%.[17] The Netflix movie on WeWork came out in 2021, before CTO bought the property. Management tried to reassure investors in 2022 that it had a corporate guarantee from WeWork to get a new tenant… which is so stupid it boggles the mind. We think the property has no future as its occupancy is 56% and it reportedly hemorrhages foot traffic to a newer development nearby, with another high-end shopping center opening soon down the road.

- **West Broad Village**: We expect this property to fall into major distress next year. Its largest tenant, Southern University, is supposed to renew in 2026 but has been unsuccessfully attempting to sublease 1/3 of its space (this is commonly referred to as a shadow vacancy). Foot traffic has apparently declined; Southern University is CTO's 7th largest tenant.[18]
- Management is not just mismanaging CTO, they also mismanage a separate, net lease single-tenant REIT called PINE. PINE shares have lost 21% of value since going public in 2019.[19] In a recent fiasco, management told investors they had a property called the Century Theater under contract, but the buyer backed out and they relisted it at $5 million (a ~35% discount).[20] We think this is a template for a number of CTO's properties and that CTO's stock performance will also follow suit.
- Without enough core cash flows from operations to operate a sustainable business, CTO's management has a few roads it can go down: sell properties, slash capex, cut the dividend or issue debt or equity. All these options are dilutive to the company's Net Asset Value and will punish anyone, apart from management, who sticks around.

We Believe Management Created a Sham Loan and Lied to Investors to Hide the Loss of a Top Tenant at Ashford Lane for ~18 months

CTO purchased the Ashford Lane property in February 2020, right before the Covid hysteria.[21] The anchor tenant that was recruited was The Hall at Ashford Lane, LLC (Food Hall) owned by Jamal Wilson, who previously owned and operated other similar food halls.

This tenant was brought on in Q4 2020 at which point it was listed as a top tenant and remained one through Q3 2023.[22] CTO disclosed a total of $2.6 million in investment in the property in 2020.[23]

We can see that in Q4 2020, Food Hall was listed as a top tenant, with an annualized rent of $706,000.[24] In Q4 2021, we can see that the annualized rent had been increased to $851,000.[25] In Q3 2022, the rent increased again to $877,000 and remained there through Q2 2023. This amounts to $2,221,000 in nominal rent earned from this tenant from Q4 2020 through Q2 2023, an apparent success.

However, we have discovered that behind the scenes, this project was a disaster. Supply shocks due to the covid lockdowns caused project costs to balloon, slowing down time to completion.

CTO's management team alluded in the Q2 2021 earnings call that the Food Hall would be completed in Q3 2021,[26] so they certainly should have known that the Food Hall was having trouble paying rent and finishing construction. Lien records from the property we retrieved show the Food Hall failed to pay a contractor on September 17, 2021, with the lien being attached in December 2021:

404-361-5154

Materialman's and Mechanic's Claim of Lien
State of Georgia, Dekalb County

Mid-South Subcontractors, Inc. d/b/a Mid-South Roof Systems, engaged in the business of improving real estate by performing services, furnishing materials and/or equipment, claims a lien in the amount of $14,120.00 plus interest thereon as provided by law, upon a certain building and the real estate upon which it is erected of:

CTO20 Perimeter LLC and CTO20 Perimeter II LLC as their interests may appear

property owner(s), for satisfaction of a claim which became due on 09/17/21 for building, repairing, improving and/or furnishing material and labor for a building or structure. Said labor, materials, or equipment were furnished by the undersigned lien claimant at the instance of Choate Construction Company.

What was CTO's management telling investors at this time? In October 2021, when the Food Hall had overdue bills from contractors, and shortly before the first liens were attached to the property, management was telling analysts that they were looking for an end of the year opening, as in *end of the year 2021*. Ultimately, the Food Hall opened in Q2 2023.

> *So I'll give you a little bit of background on the food hall as far as where they are just as an opportunity…**So they're looking at more end of the year opening [2021] and when we sign this up, we thought it was going to be summer of this year, so a couple of months ago**. And so, but they're making very good progress there about 80% built out..— CTO's CEO on **Q3 2021 Earnings Call, October, 29***

They might not have known about the full extent of these unpaid bills in 2021, but before the Q4 2021 call on February 25th, management certainly knew considering that county records showed four mechanics liens had been attached by then, including a $635k lien from their main contractor.[27]

According to a confidential source, CTO's executives (including the CEO), were aware of these liens and told the Food Hall they were going to be terminated over non-payment on February 23, 2022. Two days later, in the Q4 2021 earnings call on February 25, 2022, management said that the Food Hall was slated to open in that year.[28]

We think the primary reason they did not end up following through on terminating the Food Hall was that WeWork, their third largest tenant at the time, was abandoning their lease at the Shops at Legacy.

Instead, management proceeded with a plan that would keep investors in the dark and make it appear the tenant was actually paying more in rent. CTO provided a $1.5 million "loan" to the tenant to finish the construction, but according to someone familiar with the matter, CTO never relinquishing control over the money and instead directed that money to the contractors. As part of this deal, CTO also increased the annual *nominal* rent owed by the tenant to $877,000.[29]

So, instead of telling investors that the Food Hall was defaulting, costing CTO $1.5 million in capex in the process, management was able to boast to investors that it was increasing rent for a top tenant. On CTO's Q3 2022 earnings call, management was directly asked how things were going at Ashford Lane, management summed up their answer by saying "*everything has been very strong there*."[30]

But that was not true, we obtained an email sent by investors in the Food Hall to CTO in December 2022, explaining that the project had exhausted its funds by November 2022 and had ceased paying rent. CTO failed to inform investors that one of its “top tenants” was in default and did not even bother making an impairment on the loan in its annual report.[31]

Interestingly, this email sent by investors reveals that the amount of rent paid before the Food Hall opened (“dark rent” i.e. rent paid before opening) was $1.3 million at this point, significantly less than the $2.2 million in rent investors would infer during the tenant’s tenure from CTO’s disclosures.[32]

> *“We’re at the final stages of construction, which we expect to be completed by the end of January, and are adamantly working on gearing up for our Grand Opening. At this point, we have spent over $2M of equity on construction and over $1.3M in dark rent. As Landlords ourselves, [We] understand that the likelihood a tenant blows out after paying over a year’s worth of dark rent is extremely high. The eviction process, leasing efforts, new TI package, and lag time until new rent is collected is an arduous and expensive process, so we understand that it’s in no one’s best interest that we default.*
>
> *As a result, we’d like to respectfully request your help in bridging that gap before us in the form of rent relief and additional TI. We’ve estimated that we will require $400k to complete construction by January and ask that CTO help alleviate the burden by increasing our TI package. We also request that past-due rent for Nov. and Dec. be abated, and that future rent be deferred until the venture is operating, which we anticipate will occur in February.”*

CTO did not disclose a default in its annual report, which we find highly unusual considering this tenant appears to have stopped paying rent. Things went further downhill in 2023. An affiliated food hall based in Florida declared bankruptcy in January 2023. [33] Just two months later, the owner of the Food Hall, Jamal Wilson, filed for personal bankruptcy.

I understand making a false statement, concealing property, or obtaining money or property by fraud in connection with a bankruptcy case can result in fines up to $250,000, or imprisonment for up to 20 years, or both. 18 U.S.C. §§ 152, 1341, 1519 and 3571.

Jamal M. Wilson Signature of Debtor 1	Signature of Debtor 2
Executed on **March 27, 2023** MM / DD / YYYY	Executed on MM / DD / YYYY

Voluntary Petition for Individuals Filing for Bankruptcy page 6

We were told by a confidential source that the Food Hall only made one payment in 2023 prior to opening. If CTO only received ~$1.4 million in dark rent from the Food Hall by the time they were evicted at the end of June 2023,[34] that would be ~$800 k less than the $2.2 million investors reasonably would have assumed CTO had earned based on CTO’s supplemental disclosures.

In 2023, CTO also amended the loan to 0% with no required interest or principal payments.[35] What did CTO's management say at this time? Company disclosures still showcased the Food Hall as a top tenant. Even after the bankruptcy of its affiliate, and the personal bankruptcy of the operator impending, management was telling investors in February 2023 they had an opportunity to earn even more rent from the Food Hall, when the tenant had already missed many rent payments.[36] In our opinion, this statement was not something that just turned out to be false, it was a deliberate lie by management.[37]

> *And finally, The Hall at Ashford Lane, we provide some near-term relief as a tenant has experienced delays in opening as a result of supply chain disruptions and increasing costs to their build-out,* ***which has presented an opportunity for*** *us to obtain more operational transparency and* ***a more attractive percentage rent thresholds****.—CEO Q4 2022 Earnings Call, February 24, 2023.*

Remarkably, in the next earnings call, management continued to keep up the charade that everything was going to go well with the Food Hall.

> *Additionally, The Hall at Ashford Lane is set to open in May, which we believe will be well received in the market and finally stabilize them for long-term success.—CEO Q1 2023 Earnings Call, April 28th.*

The Food Hall was finally able to open on May 26th, 2023, but with so much back rent due, CTO apparently locked the doors by early July and kept everything, from the fixtures to the forks. CTO filled the vacancy, apparently at a ~25% reduction in rent.[38] The $1.5 million loan was not written off, but instead recategorized as a capital improvement, providing even more evidence that it was a sham.

CTO's Shops at Legacy Has Become an Unmitigated Disaster. CTO Idiotically Bought the Property a Year before WeWork Vacated and Three Years Later Occupancy Is at an All Time Low. The Property Has No Future with Newer Shopping Centers Taking All the Foot-Traffic.

In June 2021 CTO purchased the Shops at Legacy, a formerly high-end shopping center built in 2007, for $72.5 million.[39] We don't know what possessed management to make this purchase, everyone knew WeWork was a disaster at the time, heck, a movie *WeWork: Or the Making and Breaking of a $47 Billion Unicorn* had come out beforehand in March 2021. Surprise! WeWork vacated in 2022, leaving a nearly $2.1 million hole in CTO's rental income.[40]

Management told investors in Q3 2022 not to worry because WeWork had "*a corporate guarantee in … to find a replacement tenant*." Which makes management sound both gullible and stupid.[41] Whatever guarantee they appeared to have vanished when WeWork declared bankruptcy.

We are not sure what is worse for investors, the lies they used to cover up what was happening at Ashford Hall at this time, or the gullible stupidity coming out of their mouths involving WeWork.

And this still matters because CTO has been unable to lure in a replacement tenant, and has only re-let 1/3 of the space according to management on the Q3 2024 earnings call:

> *"Notable new leases included …**20,000 square feet** of the former WeWork space to the Legacy Club.*

In Q1 2025, occupancy hit an all-time low of 56%, so much for a high-end shopping center.[42] And the site appears to have no real future. A local news article points out that the same developer who built the Shops at Legacy built a newer shopping center called Legacy West in 2017 that reportedly has taken much of the luster (and foot traffic) from the Shops. This same developer is now building a new high-end shopping center, Fields West just down the road.

The local article quoting the developer who built the Shops at Legacy and Legacy West indicates there is a lack of capex spending, as much as anything else, that is driving the loss of foot-traffic and low occupancy numbers at CTO's property.

> *Karahan previously told Local Profile. "**Sometimes things end up with public companies and public real estate investment funds, and they don't necessarily invest the capital to keep them refreshed**. The sidewalks get broken, buildings' color changes. You have to go out there and invest the money to do the upkeep."*

CTO's Seventh Largest Tenant, Southern U, Has A Shadow Vacancy and Falling Foot-Traffic with Renewal in 2026 Pointing to Lower Future Rents or Vacancy

One of CTO's largest tenants is up for renewal in 2026, and the location is not just experiencing lower foot traffic, [43] but their tenant is trying (and failing) to sublease 1/3rd of their space. [44] Shadow vacancies indicate lower interest in the property, which does not bode well for future rents or capital destructive tenant churn.

According to a former employee familiar with this property and this type of building, CTO has received above-market rents of $27.73 per square foot from Southern University. We believe this makes it more likely that the tenant vacates, surrenders in FY 2026, or is given a massive discount to renew at lease end.

CTO is Obscuring the Fact that Their Core Cash Flows from Operations Have Never Been Enough to Cover Their Dividend and Pay for Recurring Capex with an AFFO Metric That Is an Aberration from Their Peers

As seen in Appendix A, when CTO's peers disclose AFFO, they deduct maintenance capex from FFO; however, CTO does not. This hides the fact that CTO has never, since becoming a REIT in 2020, brought in enough core cash flows from operations to pay for their dividend and recurring capex.

CTO reported AFFO of $50.7 million in 2024, or $2.00 per share.[45] Considering that the common stock dividends paid in 2024 totaled $40 million,[46] it seems that the dividend is amply covered. However, CTO's Supplemental disclosure package[47] reveals that capex (including tenant allowances, leasing commissions, and other capital improvements) for 2024 was $20.9 million.

Total Capital Investments	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2024
Capital Expenditures and Other Capital Investments	$1,014	$664	$1,001	$3,484	$6,163
Tenant Improvement Allowances	1,281	2,516	2,709	4,589	11,095
Leasing Commissions	1,030	247	1,030	1,321	3,628
Total Capital Investments	**$3,325**	**$3,427**	**$4,740**	**$9,394**	**$20,886**

Source: CTO Supplemental Investor Materials[48]

Factoring in this real cash expense, we calculate CTO's industry standard AFFO would have been $29.9 million, leaving a $10 million shortfall after paying common shareholders their dividend in 2024.

When we look back at the last three years, we can see that CTO's core cash flows from operations in the aggregate had a $31.2 million shortfall in covering the paid common dividends.

Wolfpack Estimate of CTO's True AFFO	FY 2022	FY 2023	FY 2024
Per Industry Standards			
Reported AFFO	**33,925**	**43,073**	**50,773**
(-) Leasing Capital Expenses			
(-) Capital Expenditures and Other Capital Investments	n.a.	(8,925)	(6,163)
(-) Tenant Improvement Allowances	(7,141)	(14,101)	(11,095)
(-) Leasing Commissions	(2,174)	(2,350)	(3,628)
Industry Standard AFFO	**24,610**	**17,697**	**29,887**
(-) Dividends Paid - Common Stock	(28,896)	(34,266)	(40,280)
Funds Post Dividend	**(4,286)**	**(16,569)**	**(10,393)**
Dividend Coverage Ratio	**0.85x**	**0.52x**	**0.74x**
AFFO Payout Ratio	**117.4%**	**193.6%**	**134.8%**

Source: Wolfpack Analysis

This is a cash flow problem, and bridging this gap with dilution only makes the problem worse. Case in point: because the effects of the dilutive convertible note were realized in Q1 2025, that contributed to an even larger gap; GAAP cash flows from operations came in at $10.3 million while common and preferred dividends paid cost the company $13.9 million.[49]

We think the only responsible thing CTO can do is to slash its dividend, but we think it is more likely that they will continue to slash capex by deferring maintenance and diluting shareholders. Equity dilution increases share counts, hence putting more pressure to cut the dividend, while driving the firm closer to a crisis point.

CTO's Peers AFFO Are 26% Lower Than Their FFO, Showing How Material Recurring Capex is To Cash Flows for Shopping Centers. CTO's AFFO is Higher Making Any Comparison to Peers Utterly Useless

Unlike some other types of Commercial Real Estate, older shopping centers are capex intensive because the burden for maintenance falls heavily on the landlord and there is much faster turnover for tenants than is typical for a single tenant property.[50] The average age of CTO's properties is 20 years old, an age where major capital repairs often become necessary.

Recurring capex is not an incidental cost. When we look at CTO's named shopping center peers, their AFFO is 26% lower than their FFO on average, demonstrating that recurring capex is a major drag on AFFO. Given CTO's omission of recurring capex from its AFFO calculation, it is the only one of its six peers below to boast a higher AFFO that FFO.

Peer FFO-AFFO Variance Analysis

Peer	FY 2024 FFO	FY 2024 AFFO	Variance
KIM (Kimco Realty Inc)	1,112,076	814,548	*(26.8%)*
AHH (Armada Hoffler Properties Inc)	118,893	86,274	*(27.4%)*
CIO (City Office REIT Inc)	43,506	23,440	*(46.1%)*
REG (Regency Centers Corp)	790,892	649,373	*(17.9%)*
KRG (Kite Realty Group Trust)	455,834	327,198	*(28.2%)*
AKR (Acadia Realty Trust)	148,976	134,511	*(9.7%)*
Peer Average	*311,620*	*244,159*	*(26.0%)*
CTO (CTO Realty Growth Inc)	**48,129**	**50,773**	***5.5%***

Source: Wolfpack Analysis

However, CTO's AFFO is higher than their FFO because of a sleight of hand, they do not include *any deductions for recurring capex* in their AFFO metric.[51] This distortion is so significant that it makes any comparison with their peers completely unsuitable.

We Know CTO's C-Suite and Board Were Challenged on Their Use of AFFO. We Think That Their Continued Use of AFFO Is Deceptive as They Are Tricking Investors into Buying into Perpetual Dilution.

We learned from a confidential source that the C-Suite and board were challenged about the misleading way AFFO is presented to investors. Management apparently brushed off these concerns because nothing has changed.

Interestingly, shortly thereafter these concerns were raised, the CFO resigned after working there since October 2020—to go work in an entirely different industry.

We have no question that investors are being tricked by CTO's bullshit AFFO into believing CTO has ample dividend coverage, or that it is undervalued compared to peers.

Example #1: a Seeking Alpha piece[52] written for a retail audience arguing that CTO is deeply undervalued compared to peers:

> **Valuation**
>
> From a comparative valuation criterion, CTO appears to be trading at a significant discount. Its forward P/AFFO multiple of 9x versus the sector median of 14.95x implies that the stock is undervalued relative to its

Example #2: another Seeking Alpha author asserts that the dividend is well covered based on the AFFO number provided by the company—unfortunately the dividend is not well covered:

> **The Dividend Is Well-Covered**
>
> With an annualized dividend of $1.52 per share, the stock yields 7.8%. The good thing is that its AFFO payout ratio for the year was 76%, and the core FFO payout ratio was 80.9%. The forward AFFO and FFO payout ratios at the midpoint are 77.75% and 83%, respectively. Given the relative predictability of REIT cash flows, I'm not worried about dividend safety.

Given the circumstances, we think CTO knows that their AFFO is misconstrued by investors. We think the reason management is willing to keep misleading retail investors is that it needs dilution to pay its dividends.

The use of non-GAAP metrics is not a license to deceive investors. The SEC will often tell companies to change how they present a given non-GAAP metric or change what they call a given non-GAAP metric if they find it misleading. In some cases, this has even led to enforcement actions.[53]

The SEC's existing correspondence with CTO criticized them for the way management was discussing cash flows. We would not be surprised if the SEC eventually insisted that CTO change how it reports its AFFO metric.[54]

Our Analysis of Historical Compensation Indicates CTO Never Would Have Hit Its Threshold for Bonuses If It Had Included Recurring Capex in Its AFFO. Management Has Inflated Its $8 Million Performance Bonuses With Its Made-Up AFFO Metric

As disclosed in CTO's proxy statement, 70% of management's performance bonus is based on their reported AFFO.[55]

CTO's management achieved 305% of their maximum performance for their AFFO in a year when they reported an AFFO of $50.7 million ($2.00 per share). However, if you excluded the same maintenance capex that every other REIT in the industry excludes from their AFFO number ($20.9 million for 2024), the result would have been $29.9 million ($1.18 per share), far below the threshold for getting a bonus.

Management Bonus Analysis	FY 2021	FY 2022	FY 2023	FY 2024
Proxy Filings				
AFFO Targets				
Threshold	**$3.70**	**$1.67**	**$1.67**	**$1.50**
Target	$3.98	$1.75	$1.76	$1.61
Maximum	$4.25	$1.83	$1.95	$1.80
Reported AFFO Per Share	**$4.36**	**$1.83**	**$1.91**	**$2.00**
Industry Standard AFFO	17,311	24,610	17,697	29,887
Diluted Common Shares Outstanding	5,892,270	18,508,201	22,529,703	25,401,176
Industry Standard AFFO Per Share	**$2.94**	**$1.33**	**$0.79**	**$1.18**
Does Management Get Paid Under Industry Standard AFFO?	**NO**	**NO**	**NO**	**NO**

Source: Wolfpack Analysis

This effectively would have put the AFFO per share weighting for bonuses down to 0% as opposed to the 150% - 305% range they have historically been in, which we calculate would effectively wipe out much of the ~$8 million in awards granted under this arrangement:

Total Award Compensation to Management	FY 2021	FY 2022	FY 2023	FY 2024
% of Target				
AFFO Per Diluted Share	**150.0%**	**150.0%**	**181.0%**	**305.0%**
Total NEO Awards				
John P. Albright	635,625	667,406	749,638	1,217,350
Matthew M. Partridge	262,500	450,000	369,477	n.a.
Steven R. Greathouse	262,500	450,000	369,477	600,000
Daniel E. Smith	185,625	318,214	277,108	450,000
Philip R. Mays	n.a.	n.a.	n.a.	304,303
Lisa M. Vorakoun	n.a.	n.a.	n.a.	412,500
Total NEO Awards	**1,346,250**	**1,885,620**	**1,765,700**	**2,984,153**
Total Since FY 2021	**7,981,723**			

Source: Wolfpack Analysis & CTO DEF-14A Forms

Management Also Can Inflate Its AFFO By Overpaying for Properties, Creating Intangible Assets That They Can Amortize and Add Back to AFFO—Their Metric for Bonuses

We think a fundamental problem with CTO is that management has continued to acquire poor assets, as evidenced in our assessment of individual properties.

When management overpays for a property, a portion of that asset's book value ends up being classified as an intangible asset. For example, according to CTO's most recent 10-K of the $224.4 million the company paid in acquisition costs in 2024, "*$32.4 million was allocated to intangible assets pertaining to the in-place lease value, leasing costs, and above market lease value.*"[56]

This creates an intangible asset that depreciates just like the rest of the property, allowing it to be added back into the standard FFO calculation.

In 2024, CTO reported a full year depreciation and amortization add back of $65 million. In their 10-K, CTO discloses that, "*The amount of depreciation of property, plant, and equipment, exclusive of amortization related to intangible assets, recognized for the years ended December 31, 2024, 2023, and 2022, was $33.5 million, $25.7 million, and $16.6 million, respectively.*"

Based on these disclosures, CTO amortized $31.5 million in intangible assets during 2024.

Reported AFFO Excl. Intangible Depreciation	FY 2022	FY 2023	FY 2024
Reported AFFO	**33,925**	**43,073**	**50,773**
(-) Amortization of Intangible Assets	(12,199)	(18,407)	(31,481)
Reported AFFO (Excl. Intangible Depreciation)	**21,726**	**24,666**	**19,292**
Delta	**(36.0%)**	**(42.7%)**	**(62.0%)**
Implied Intangible Amortization Calculation			
Reported Depreciation within 10-K	*(28,799)*	*(44,107)*	*(64,981)*
Depreciation Excl. Intangible Amortization	*(16,600)*	*(25,700)*	*(33,500)*
Implied Intangible Amortization	*(12,199)*	*(18,407)*	*(31,481)*

Source: Wolfpack Analysis

Over the last three years, CTO has added $62 million to their intangible assets. The fair value of these intangible assets is described as a critical audit matter by CTO's independent auditor, Grant Thornton,[57] meaning that the values given by management are not necessarily objective, but subject to considerable judgement.

In our view, the fact that management's compensation is directly affected by the assumptions they are making in valuing these assets is very *very* troubling. And ironically, the more money management spends on a property, the more room they have to play around with the valuation of the intangible assets.

How Does This End? Without A Major Improvement in Cash Flows, We Think Every Option is Dilutive to NAV

CTO's fundamental problem is that its tenants are not paying enough in terms of rent to cover its costs and sustain its current dividends. CTO is not sitting on a large pile of cash, so management needs to find some other way to make up this gap. So far, it appears management has leaned heavily on dilution.

They could pull other levers, perhaps they could start leaning on debt or selling assets to pay their dividends. All these options are ultimately dilutive to the net asset value of the company and will ultimately drive down the value of the stock. At the end of the day, what we see is a management team who wins as this company fails.

Appendix A: CTO's AFFO Is the Only One Among Peers That Does Not Include Maintenance Capex

Not every REIT includes recurring capex in their AFFO; however, multi-tenant and shopping center REITs do because they are the ones who bear the recurring capex costs, which are real cash expenses. Typically, REITs that do not include these costs have arrangements where the tenant is responsible for all maintenance and improvements and turnover is infrequent.

CTO's refusal to factor in recurring capex is highly unusual for a shopping center REIT. Below we showcase 8 shopping center REITS. Some of them are named peers of CTO, and some of them are other REITs that we think ought to qualify as peers. All of them include recurring capex in their AFFO.

Armada Hoffler Properties, Inc (Named CTO Peer):[58]

Normalized FFO	**$25,608**	**$27,837**	**$31,438**	**$30,204**
Normalized FFO per Diluted Share	$0.25	$0.27	$0.35	$0.34
Adjusted FFO				
Non-Cash Stock Compensation	1,354	1,241	710	744
Tenant Improvements, Leasing Commissions, Lease Incentives(5)	(2,458)	(3,480)	(2,112)	(6,239)
Property-Related Capital Expenditures(5)	(3,048)	(5,573)	(2,677)	(5,313)
Non-Cash Interest Expense(6)	2,058	1,891	1,925	1,994
Cash Ground Rent Payment - Finance Lease	(998)	(995)	(977)	(980)
GAAP Adjustments	(2,163)	(2,884)	(2,666)	(2,095)
AFFO	**$20,353**	**$18,037**	**$25,641**	**$18,315**
AFFO per Diluted Share	$0.20	$0.18	$0.28	$0.21

City Office REIT, Inc. (Named CTO Peer):[59]

Core FFO attributable to common stockholders	$ 12,347
(+) Net recurring straight-line rent/expense adjustment	50
(-) Net amortization of above and below market leases	(3)
(+) Net amortization of deferred financing costs and debt fair value	352
(-) Net recurring tenant improvement and incentives	(2,918)
(-) Net recurring leasing commissions	(1,539)
(-) Net recurring capital expenditures	(1,793)
AFFO attributable to common stockholders	$ 6,496

Kimco Realty Corp (Named CTO Peer in past investor presentations):[60]

	Three Months Ended March 31, 2025	2024
FFO available to the company's common shareholders (1)	$ 301,896	$ 261,829
Adjustments:		
Capital Expenditures from Operating Properties (2) (3):		
Capitalized Building Improvements	(5,028)	(6,707)
Tenant Improvements and Allowances	(36,751)	(30,939)
External Leasing Commissions	(6,571)	(6,624)
Debt-related non-cash items (3):		
Capitalized Interest Expense	(583)	(821)
Amortization of Deferred Financing Costs	3,230	2,765
Amortization of Fair Market Value Adjustments	(2,622)	(3,234)
Non-cash revenues (3):		
Deferred Rents (Straight-line)	(6,186)	(7,425)
Above/Below Market Rents	(5,082)	(5,922)
Straight-line Reimbursement Income	(1,018)	(936)
Other consolidated capitalized costs and non-cash items:		
Capitalized G&A	(2,107)	(2,687)
Depreciation of Non-Real Estate Assets	1,221	1,257
Equity Compensation Expense	6,725	9,775
Other Non-cash Items	703	564
Merger-related Charges and Other Transactions (1)	-	25,246
Funds Available for Distribution (FAD)	$ 247,826	$ 236,140

Regency Centers Corporation:[61]

Reconciliation of Core Operating Earnings to AFFO:

Core Operating Earnings	$ 199,443
Adjustments to reconcile to AFFO [(1)]:	
Operating capital expenditures	(23,753)
Debt cost and derivative adjustments	2,129
Stock-based compensation	5,443
AFFO	$ 183,262

Acadia Realty Trust (Named CTO Peer):[62]

Adjusted Funds from operations ("AFFO"):	
FFO	$ 44,583
Unrealized holding (gain) loss (net of noncontrolling interest share)	(1,672)
Realized gain	—
Straight-line rent, net	(341)
Above/below-market rent	(2,419)
Amortization of finance costs	1,488
Above/below-market interest	(128)
Non-real estate depreciation	90
Stock-based compensation	2,400
Leasing commissions	(1,343)
Tenant improvements	(4,881)
Maintenance capital expenditures	(1,021)
AFFO to Common Shareholders and Common OP Unit holders	**$ 36,756**

American Assets Trust, Inc. (Named CTO Peer):[63]

Funds Available for Distribution (FAD) [(1)]		
FFO	$ 40,125	$ 54,840
Adjustments:		
Tenant improvements, leasing commissions and maintenance capital expenditures	(12,872)	(9,951)
Net effect of straight-line rents [(4)]	355	(2,299)
Amortization of net above (below) market rents [(5)]	(550)	(743)
Net effect of other lease assets [(6)]	29	48
Amortization of debt issuance costs and debt fair value adjustment	728	835
Non-cash compensation expense	1,670	1,617
Nonforfeitable dividends on restricted stock awards	(180)	(192)
FAD	$ 29,305	$ 44,155

Kite Realty Trust Group (Named CTO Peer):[64]

Reconciliation of Core FFO to Adjusted Funds From Operations ("AFFO")	
Core FFO of the Operating Partnership	$ 118,064
Less:	
Maintenance capital expenditures	6,298
Tenant-related capital expenditures[(2)]	31,322
Total Recurring AFFO of the Operating Partnership	$ 80,444

SKT (Tanger Inc), another shopping center REIT:[65]

	Three months ended March 31, 2025	Three months ended March 31, 2024
FFO available to common shareholders	**$62,730**	**$58,560**
Adjusted for:		
Corporate depreciation	1,168	808
Amortization of finance costs	940	832
Amortization of net debt discount	205	174
Amortization of equity-based compensation	2,926	3,497
Straight-line rent adjustments	418	511
Market rent adjustments	(402)	95
Second generation tenant allowances and lease incentives	(3,439)	(4,283)
Capital improvements	(3,047)	(5,357)
Adjustments from unconsolidated joint ventures	(286)	(103)
FAD available to common shareholders [(2)]	**$61,213**	**$54,734**

APPENDIX B: Additional Individual Properties

2024 Three-Property Portfolio Tenant Bankruptcies

In August 2024, CTO purchased a three-property portfolio, now named Carolina Pavilion, Millenia Crossing, and Lake Brandon Village. Not even 5 months later, the Carolina Pavilion and Millennia Crossing properties have tenants vacating, or expected to vacate as they "*had 3 tenants basically go bankrupt"* as disclosed on the Q4 2024 earnings call:

Previous / Existing Tenant	Property	SF	Market
Vacated			
Conn's	Carolina Pavilion	42,375	Charlotte, NC
American Freight	Carolina Pavilion	35,000	Charlotte, NC
Big Lots	Marketplace at Seminole	33,893	Orlando, FL
Expected to Vacate [1]			
Party City	Crossroads Town Center	12,000	Phoenix, AZ
Party City	Marketplace at Seminole	11,700	Orlando, FL
Party City	Millenia Crossing	13,769	Orlando, FL
JOANN	Plaza At Rockwall	15,000	Dallas, TX
JOANN	Price Plaza	33,890	Houston, TX
JOANN	Carolina Pavilion	23,500	Charlotte, NC
Re-Leased			
Big Lots	Carolina Pavilion	33,685	Charlotte, NC
Total		**254,812**	

Source: CTO 2024 Investor Presentation[66]

Management is spinning the planned $9-$12 million in capex as some massive opportunity to drive new NOI. Maybe it will, but this does not appear to have been the original plan. During CTO's Q3 2024 earnings call, post-acquisition of the portfolio, the CEO had the following exchange with an analyst:

> ***Analyst***
>
> *Got it. And looking at the three property portfolio you acquired this quarter, it looks like there's a lot of occupancy upside to where the assets have already been leased. Can you talk about maybe any sort of CapEx spend that you're expecting at those properties?*
>
> ***John Albright***
>
> *Yeah. So when we bought it, these leases were in place. And so they've already been addressed as far as the CapEx. So …**some of these boxes have been vacant for <u>some time</u>** and now the tenants are just now getting to the build-out side of it, but we took credits for the landlord side of it when we acquired it.*

The interesting thing after the acquisition is Conn's and Big Lots were not part of the signed leases that are going to open. But now we've gotten those - we're in the process of trying to get those spaces back. We basically have multiple tenants that want that - those boxes at better, more favorable rents than we bought the project under. So this is looking as a fantastic investment. So knock on wood, ***<u>we feel like the execution here is going to be fairly easy and fairly fast.</u>***

It does not seem like the CEO was referring to the tenants who went bankrupt but did not stop paying rent until Q1 and Q2 of 2025. However, when an analyst questioned CTO following the reported vacancies the company's Q4 earnings call, the CEO pretended he had discussed the issue before:

"…were you aware you would lose a number of tenants in the fourth quarter or want to kick them out?" - Analyst

"Yes. So I think I might have mentioned that in the last earnings call that when we put under contract Carolina Pavilion and by the time we closed, we had 3 tenants basically go bankrupt and close their stores, which is highly unusual" – CEO Albright

Reading between the lines, we infer that management did not do its due diligence for these properties and was caught off guard by the bankruptcy of Joann in particular. While lots of CTO's other properties need capex spend, it seems that most of CTO's capex budget will be spent releasing these vacated boxes. It apparently won't be fairly easy or fast, as it is expected to take a full year from Q1 2025.

Analyst

You announced that you signed somebody in one of these spaces today, how long would it generally be before you start seeing monthly rent?

John Albright

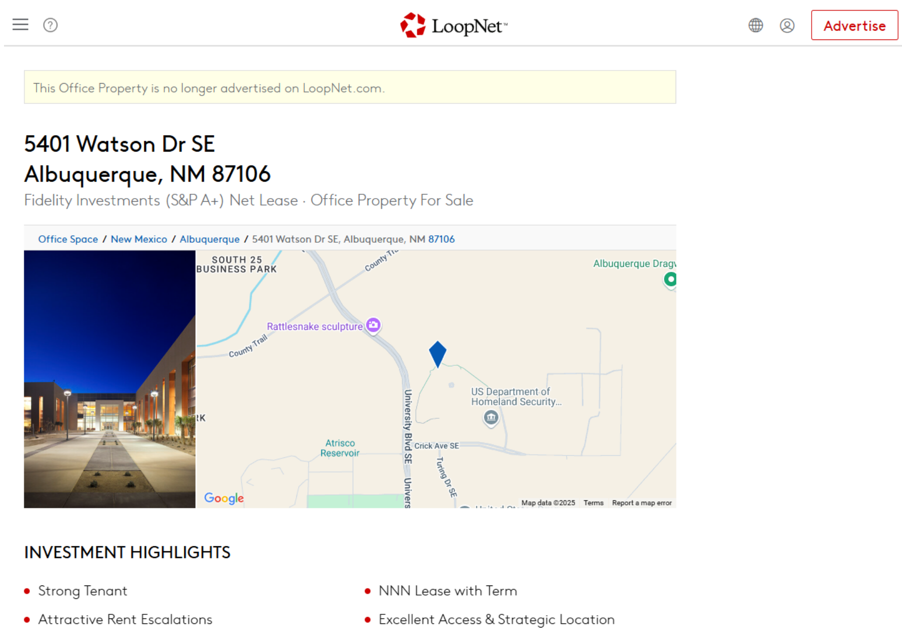
So basically, I would say a safe number is a year. Earnings Call—Q1 2025

Inability to Sell Fidelity Property Undermines Confidence in CTO's Reported Property Values

The Fidelity property is an example of why we think CTO's carrying value for its properties are likely overstated. This is a single tenant office space located in Albuquerque, NM that CTO acquired in October 2018. This was a property that CTO attempted to sell in 2023 per a privately marketed CBRE flyer we were able to find:

Source: Privately Marketed CBRE Flyer in 2023[67]

However, per LoopNet, this property is no longer available for sale:



Source: LoopNet[68]

This is despite management alluding to a potential buyer on the Q1 2023 earnings call, with CEO Albright claiming that they may "have a buyer group interested" in response to an analyst's question on CTO's exposure to Fidelity, General Dynamics, and Ford.

A year later, on the Q4 2023 earnings call, Albright was talking about how Fidelity was considering an extension on the lease:

> *"we're in discussions with Fidelity about doing maybe an extension with the lease, where it can be **a lot more marketable** and **a lot more valuable** to us on a sale basis."*

But apparently, they are not talking, since the last time Fidelity was discussed was in Q3 2024, but management really had nothing to say.

> *"But to answer your question, we're waiting to find out how Fidelity wants to utilize it for the long term. And we're just kind of waiting on them…"*

This lease expires in 2028, so CTO has some time remaining, but we doubt it will be possible to sell at anything but a massive loss unless Fidelity commits to renewing a long-term lease. A former employee we spoke with told us that leases like this are typically settled many years in advance, so the fact that CTO's management does not even appear to be talking to Fidelity is a huge problem in our view.

Without a lease, we think CTO will need to either spend significantly on capex to make the location attractive to other potential tenants and buyers or sell it at a loss.

Mismanagement of CTO's Other Properties

There are 3 more recent adverse developments with certain CTO properties. CTO announced a $16.8 million acquisition of Granada Plaza in December 2024.[69] Unfortunately for them, according to CTO leasing brochures, there has a 4% decrease in occupancy just 6 months after acquisition.

In March 2025, CTO announced the acquisition of Ashley Park for $79.8 million,[70] with problems already emerging. Ashley Collins, leading the community engagement efforts for the past 3 years, had the following to say:[71]

> *"They came in on Wednesday, told us we had jobs, then turned around on Friday and fired us…it was disappointing. They said they were 'going in a different direction,' but they never explained why."*

Collins also speaks about how CTO has shifted the properties marketing approach to a remote marketing structure:

> *"This was a 70-hour-a-week job that required constant presence…how do you expect to replicate that from a distance?"*

If these 2 issues weren't enough, their Winter Park property (where their head office is also located), has their largest tenant looking to sublease 1/3rd of the property:

ALL AVAILABLE SPACE(1)

Display Rental Rate as $/SF/YR

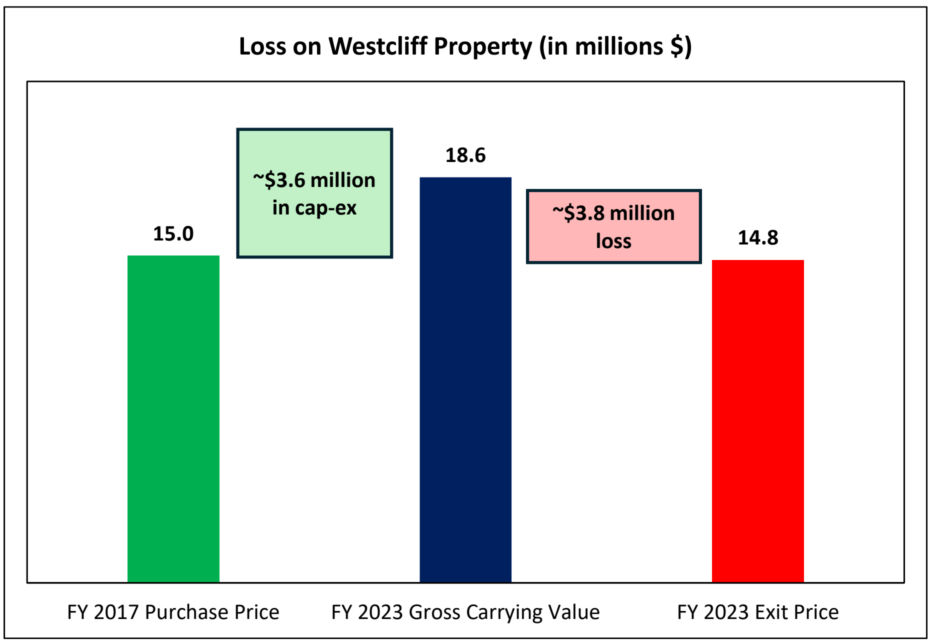
SPACE	SIZE	TERM	RENTAL RATE	SPACE USE	CONDITION	AVAILABLE
3rd Floor	4,500-9,820 SF	Oct 2030	$48.00 /SF/YR	Office	Full Build-Out	30 Days

Full floor and top floor opportunity with impressive natural light, surface parking with reserved parking adjacent to building, high end finishes and furniture throughout

Source: LoopNet[72]

Westcliff: Sold at a Loss After Spending Nearly $4 million on Capex

The Westcliff property is a template for a lot of the problems at CTO. They purchased it for over $15 million in March of 2017, and then made an absolute mess of it. Its occupancy rate dropped from 96% on purchase to as low as 60% in 2021 as tenants churned.[73] They then sold it in 2023 for less than the purchase price, after spending at least $3.6 million in capex.[74]



Source: CTO SEC Filings

[1] After subtracting CTO's common dividends paid & recurring capex (tenant allowance/improvement, leasing commissions, and capital expenditures) from reported AFFO, the company has lost money annually since FY 2021

[2] The industry standard understanding of AFFO (or its equivalent Funds Available for Distribution or (FAD)), can be found in many sources, from Investopedia to statements by the SEC. These sources make it clear to us that recurring capex is included in AFFO so that investors will see the true cash flow from operations available to cover dividends. [See Investopedia, or this explainer article. See also Page 3 of the SEC's complaint In the matter of VEREIT, INC: **"***REIT investors … consider AFFO a measure of "normalized" residual cash flow after eliminating non-cash and* ***non-recurring expenses, and an indicator of a REIT's ability to pay dividends.***"]
Single tenant REITs or other REITs that have net leases where the tenant is responsible for maintenance capex do not include recurring capex in their AFFO calculations. When CTO presents its peer group in its investor presentation, they exclusively provide shopping center REITs that either include capex in their AFFO calculations or omit the use of AFFO entirely.

[3] In this report when we refer to recurring capex, we are generally referring to tenant improvements and allowances, leasing commissions, and maintenance capital expenditures. Our source for these numbers are CTO's supplemental

disclosures. In a recent Sell-Side analysis, an analyst used the supplemental to come to a different capex number because they left out capex associated with "New Investment in Acquired Vacancy" which is a considerable portion of CTO's capex. We checked Edgar and in the last 20+ years, not a single other company has ever used this phrase—ever. It is common for their peers to exclude capex relating to development or redevelopment of a property, or "growth capital," but that is not the same thing, those exclusions are for new square footage when a REIT builds a new building or expands the square footage of an existing property. We think it is absurd for CTO to recategorize recurring capex as something else because they purchased the property recently. We did not find any of their peers excluding recurring capex from "newly acquired vacancy."

[4] We are specifically referring to the peer group we have pieced together from recent investors presentations, KIM, CIO, AHH, REG, KRG, and AKR. We expand on this peer group in Appendix A We are not talking about peers named in CTO's proxy. The peers they name in their investor presentations are other REITs focused on shopping centers. Some peers named in the proxy do exclude recurring capex, but those are not shopping center REITs, and typically they have net leases where they are not responsible for maintenance capex, and tenant turnover is less common.

[5] See infra management bonus analysis table in body of report. That table is derived from proxy filings from 2021-2024.

[6] See amortization schedule for intangible assets from CTO's 10-K:

Year Ending December 31,	Future Amortization Amount	Future Accretion to Income Property Revenue	Net Future Amortization of Intangible Assets and Liabilities
2025	$ 18,631	$ (570)	$ 18,061
2026	15,095	(824)	14,271
2027	10,957	(597)	10,360
2028	7,587	(387)	7,200
2029	4,848	(433)	4,415
2030 and Thereafter	10,166	(399)	9,767
Total	$ 67,284	$ (3,210)	$ 64,074

As can be seen above, $32.5 million in intangible assets were added in 2024 and a significant portion of that is being added back to AFFO over the next three years.

[7] See 2023 10-K:

> *With respect to the $1.5 million improvement loan at Ashford Lane originated in May 2022, during the year ended December 31, 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.*

[8] Compare compensation bonus composition in 2024 to 2023 in company's proxy filings.

[9] See *"During Mr. Schanzer's tenure as Cedar Realty CEO from June 15, 2011 to August 22, 2022… Cedar Realty generated dividend adjusted returns of approximately 35.7%... well off the pace relative to both Whitestone and the FTSE NAREIT Equity Shopping Centers Index, which generated total returns of 96.1% and 87.1%, respectively."*

Investors should be wary of an individual with a checkered track record of strategic missteps and value destruction. Do not let him destroy what we have carefully rebuilt at Whitestone since January 2022. His record of value destruction at Cedar is well-documented.

[10] See Julia Kim v. Cedar Realty Trust, Inc. This is the full quote from the 4th Circuit of appeals when discussing the case in their opinion dismissing the suit: "*When it was acquired, Cedar delisted its publicly traded common stock and paid Cedar common stockholders for their shares. Yet Cedar's preferred stock remained outstanding, and its holders received nothing from the transactions. Meanwhile, the value of those preferred shares tanked*."

[11] Here we are discussing the GAAP metric operating cash flows. Interestingly, CTO's AFFO in Q1 2025 was over $15 million and enough to pay for their dividend and their recurring capex because as we explain, recurring capex spend was cut to the bone, far lower than is typical. One of the reasons operating cash flows were so low in Q1 2025 was because CTO paid down $3.7 million in Accrued and Other Liabilities. This includes $1 million that was spent

in recurring capex, but that $1 million had been provided to CTO on closing of its acquisitions as a cash incentive, it appeared as an operating expense. In our opinion, this $1 million expense should come out of AFFO.

> ***Reserve for Tenant Improvements****. In connection with recent acquisitions, the Company received an aggregate of $2.6 million from the sellers of certain properties for tenant improvement allowances, leasing commissions and other capital improvements. These amounts are included in accrued and other liabilities on the consolidated balance sheets. Through March 31, 2025, payments totaling $1.0 million were made leaving a remaining reserve for tenant improvements of $1.6 million.*

[12] CTO 2024 10-K, p. 4
[13] CTO Q1 2025 Supplemental Reporting Information, p. 22
[14] This is the same 8-member peer group that we put together in the Appendix A Peer group includes KIM (Kimco Realty Corp), REG (Regency Centers Corporation), CIO (City Office REIT, Inc.) AHH (Armada Hoffler Properties Inc), AAT (American Assets Trust, Inc), KRG (Kite Realty Group Trust), AKR (Acadia Realty Trust), SKT (Tanger Inc)
[15] See potential executive compensation tables in merger documents for Cedar and RPT. Respective tables:

Potential Payments to Named Executive Officers

Named Executive Officer	Cash Severance Payments ($)(1)	Equity ($)(2)	Perquisites/ Benefits ($)(3)	Pension/ NQDC ($)(4)	Tax Reimbursements ($)(5)	Total ($)
Bruce J. Schanzer	14,730,088	3,295,444	35,340	4,393,906	8,436,300	30,891,078
Jennifer Bitterman	1,735,000	554,393	357	—	—	2,289,750
Robin M. Zeigler	2,125,500	2,382,408	35,340	—	144,996	4,688,244

Potential Payments to RPT Named Executive Officers

Named Executive Officer	Cash ($)(1)	Equity ($)(2)	Perquisites/ Benefits ($)(3)	Total ($)
Brian L. Harper	$6,162,500	$26,004,976	$ 35,315	$32,202,791
Michael P. Fitzmaurice	$2,753,759	$ 5,352,339	$ 31,359	$ 8,137,457
Timothy Collier	$2,294,943	$ 3,280,108	$ 31,359	$ 5,606,410
Heather R. Ohlberg	$2,228,102	$ 1,980,868	$ 28,650	$ 4,237,620
Raymond J. Merk	$1,279,200	$ 1,261,355	$ 51,859	$ 2,592,414

[16] CTO December 2, 2021, Press Release
[17] From Q4 2022 to Q4 2024, Shops at Legacy's ABR declined by 34%
[18] CTO Q1 2025, Supplemental p. 31
[19] Share price taken as of close on June 20, 2025
[20] Downtown Makeover
[21] CTO originally acquired Ashford Lane in February 2020 when it was operating under the name, Perimeter Place.
[22] For several quarters in 2021, the Supplemental did not include a top tenant page, but the Food Hall was listed on the top tenant page before and after, so we conclude that investors would reasonably believe the Food Hall remained a top tenant in that time frame.
[23] *In connection with the acquisition of Ashford Lane in Atlanta, Georgia on February 21, 2020, the Company received $0.5 million from the seller of the property for tenant improvement allowances and leasing commissions for multiple tenants. This amount is included in accrued and other liabilities. During the year ended December 31, 2020, payments totaling $0.4 million were made, leaving a remaining commitment of $0.1 million. Additionally, as of December 31, 2020, the Company is obligated to fund $1.9 million of tenant improvement and leasing commissions on new and amended leases entered into subsequent to acquisition.*
Lastly, in connection with the rebranding of this property, the Company has executed $0.2 million in architectural and civil engineering agreements which is committed as of December 31, 2020.
[24] CTO Q4 2020 Supplemental
[25] CTO Q4 2021 Supplemental
[26] CTO Q2 2021 Earnings call:

> *"So, a lot of that build out for tenants, mostly notably Food Hall at Ashford Lane that is going to commence right here later in the third quarter. But we've got some other projects with other tenants at different centers that are also in process."*

[27] See Georgia county records for Lien records. Image of lien from main contractor below:

CHOATE CONSTRUCTION COMPANY, a mechanic or contractor engaged in the business of improving real estate by furnishing labor and materials, claims a lien in the amount of $635,396.22 (Six Hundred Thirty Five Thousand Three Hundred Ninety-Six Dollars and Twenty-Two Cents) plus interest and attorney's fee as provided by law upon certain buildings and/or structures and the premises or real estate upon which such are erected or built, of **CTO20 Perimeter, LLC,** described as The Hall at Ashford Lane, 4530 Olde Perimeter Way, Dunwoody,

[28] See earnings call transcript: *Just at Ashford Lane alone were scheduled to have Superica, the hall, Brown Bag Seafood, [indiscernible] juice bar, Jeni's ice cream, [indiscernible] Grana and Sweetgreen, all opened [sic] their doors for business in 2022, transforming the property into a dining destination in driving increased foot traffic for the properties of other retail tenants.* [after listing to the audio we can confirm the transcript erroneously says "opened" but should say "open" as in all of these restaurants had a planned opening in 2022 not that they had already opened as of the time of this call in Feb.]

[29] See CTO Q3 2022 supplemental

[30] See CTO Q3 2022 earnings call:

> *Ashford Lane has been incredibly busy. We're in a great situation there in that we've signed a restaurant tenant for the last remaining space at the lawn and we'll be moving that tenant that's there now to the second floor office space. So we've upgraded that use in a much higher paying tenant. And then we're getting -- we're leasing office vacancy with relocating the existing tenant. And then we've had another lease sign this week, smaller tenants. And we have two or three other leases in the works right now. So it feels really good that this one is going to be fully stabilized by the end of the year or first quarter next year. But there could be a situation where we just wait for the right tenant on some of the spaces that are left.* ***But yeah everything has been very strong there.***

[31] Instead of an impairment, they recategorized the loan as a building improvement, as disclosed in the 2023 10-K:

> *With respect to the $1.5 million improvement loan at Ashford Lane originated in May 2022, during the year ended December 31, 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*.

[32] The Hall at Ashford Lane, LLC, had been listed as a top tenant since at least Q4 2020. At some point in 2021, the annualized rent shown to investors increased from 700k to 850k.

[33] The Hall at the Yard, LLC, 8_23-bk-00250, No. 1 (Bankr.M.D.Fla. Jan. 24, 2023), Case 8:23-bk-00250-CPM

[34] The Hall seems to have opened on May 26, 2023, and closed by early July 2023

[35] Q1 2023 10-Q, p. 15

[36] Management later discussed writing off around $500k in rent related to Ashford Lane, mostly from the Food Hall, in the Q2 2023 call in July. We suspect this is the rent due from November 2022 through May 2023:

> *"From a revenue perspective, core FFO was negatively impacted by the write-off of $500,000 of straight-line rent receivables related to nonperforming tenants, the vast majority of which was associated with The Hall at Ashford Lane. While The Hall was open and operating at quarter end, we were proactive in shifting to cash-based revenue recognition during the second quarter in consideration of their ongoing challenges. The straight-line rent receivable write-off does not impact our AFFO results, given that we've always adjusted for noncash straight-line rent in our AFFO reconciliation"*

[37] Additionally, CTO was still listing the Food Hall as a Top Tenant in its Supplemental filings released at this same time. For management to list the Food Hall as a top tenant without telling people they are so broke that they missed many rent payments over the preceding months, that is, in our opinion, a lie.

[38] See Q3 2023 transcript:

> *Morning, Rob. The rent is about 25% lower on the food hall replacement tenant…. they don't rent commence and start paying rent until January 1.*

[39] CTO Supplemental Disclosure, p. 24

[40] CTO Supplemental Disclosures, Q3 2021 at time of purchase it was $2.1 million, CTO lowered rent to $1.9 million by the time they vacated.

[41] See also this statement in the same earnings call:

> *Yes. So roughly, there's definitely eight years or nine years left on term and the rent is probably $2 above market. So the opportunity there will be getting --* ***going after the guarantee and what's owed*** *and then bringing in another tenant. And there's been the words already kind of gotten out in the market even though*

they haven't really done any sort of official notice and there's ***we've had a bunch of operators that want to take over the space.***

[42] CTO Supplemental Disclosure

[43] This data is for 2021-2023 and comes from a well-known market intelligence company, it is possible that foot traffic has had some recovery in the last year, but the listing of the sublease indicates otherwise. The data was shared by a confidential source, and we did not have direct access to it.

[44] We discovered this marketing brochure attempting to sublease space. Southern University now appears to be using CBRE to market the sublease. Per CTO's Q1 2025 Supplemental, Southern University leases 60k sqft. of space.

[45] CTO 10-K, p. 51

[46] CTO 10-K, F-9

[47] It is worth pointing out that the 10-K cash flow statement and the Supplemental disclosure package do not always disclose the same numbers for maintenance capex. The supplemental disclosure package typically provides higher numbers for capex, which we think is more reflective of the reality on the ground because we know specifically that it includes tenant allowances and leasing commissions.

[48] CTO 2024 Supplemental Investor Materials, p. 25

[49] CTO Q1 2025 10-Q

[50] See a note from Chilton Capital Management in 2024 that can help explain why recurring capex costs are so important for shopping center REITs that tend to have lots of turnover.

> *Despite strong rental growth, two factors are keeping bottom line AFFO (adjusted funds from operations, or cash flow minus maintenance capex) per share growth elusive. As with the broader industry, interest expense increased dramatically in 2023 and will increase again in 2024.* ***More importantly, "recurring" capex (driven by leasing commissions paid to brokers and tenant allowances provided at the start of a lease) remains elevated. When we factor these costs into gross rents, the true "economic" gains from recent leasing activity are not as strong.***
>
> *We have seen too often that Retail REITs are quick to point out how leasing has generated impressive "signed not open" gross rent levels without mentioning the costs associated with adding the tenants to the portfolio. In our view,* ***the key to reducing recurring capital expenditures is to increase the retention of existing tenants*** *(a trend already underway).* ***Even if the rental increase from a renewal isn't as high as a new lease, controlling downtime and minimizing capital outlays drive stronger AFFO growth over the long term.*** *Going forward, we believe well positioned retail landlords can push tenant retention to new record levels.*

[51] See Appendix A

[52] Seeking Alpha, to be clear we are not putting any blame on the specific author of this SA piece for how misleading this is. The point is that management knows that many people, including this author and all the people that read his work, will eat up what they are selling without ever knowing how badly they have been misled.

[53] See Note by law firm Cravath, as well as this action against Brixmor, and an action against BGC Partners.

[54] The SEC seemed particularly confused as to how CTO could report increasing "cash flow", while also having their GAAP metric for cash flow going in the wrong direction:

> *"You cite increasing cash flow, earnings, taxable income and free cash flow as drivers of your* ***dividend increases****. ... We note that operating cash flow decreased in 2023 and income before income tax benefit (expense) decreased in 2022 and 2023 compared to 2021."*

In the company's response, it stated it would be more careful in its communications and use the terms Core FFO and AFFO as the drivers of higher dividends:

> *"The Company acknowledges the Staff's comment and to be more consistent with its use of non-GAAP financial measures, the Company will update this information in future filings to reference Core FFO and AFFO as opposed to "cash flow", "earnings", "free cash flow" and "taxable income," as Core AFFO and AFFO are clearly defined and reconciled to net income in the Company's filings."*

Unfortunately for investors, the SEC does not appear (at least not yet) to have pieced together how misleading the company's AFFO figures are, since the AFFO numbers are engineered to exclude their most important costs.

[55] *AFFO Per Share: By the end of 2020, the Company had largely completed its primary strategic objective of monetizing its land portfolio and redeploying the proceeds into income properties, which culminated in the Company's conversion to a diversified REIT focusing on multi-tenant retail properties. The Compensation Committee, with the assistance of Ferguson Partners, determined that "adjusted funds from operations," or "AFFO" would be the most appropriate metric to gauge management's effective operation of the Company's business as a REIT. As a result, for 2023, the Annual Incentive Plan allocation to the Company's AFFO per diluted share was 50%.*

[56] 2024 10-K, p. 4. This should not be confused with the amount of intangible assets amortized in 2024. Which is $31.5 million.
[57] CTO 10-K, p. F-2
[58] Armada Hoffler Q1 2025 Supplemental Financial Package, p. 8
[59] City Office Q1 2025 Results, p. 9
[60] Kimco Q1 2025 Supplemental, p. 8
[61] Regency Centers Q1 2025 Quarterly Supplemental Disclosure, p. 9
[62] Acadia Realty Trust Q1 2025 Supplemental Reporting Information, p. 11
[63] American Assets Trust Q1 2025 Supplemental Information, p. 9
[64] Kite Realty Group Q1 2025 Quarterly Financial Supplement, p. 7
[65] SKT Q1 2025 Supplemental, p. x
[66] CTO 2024 Investor Presentation, p. 8
[67] Privately Marketed CBRE Flyer in 2023
[68] https://www.loopnet.com/Listing/5401-Watson-Dr-SE-Albuquerque-NM/29640228/
[69] CTO Realty Growth Expands Presence In Tampa Metro Area with Acquisition of Grocery Anchored Property (12/17/2024), Press Release
[70] CTO Realty Growth Announces Acquisition of Lifestyle Center in Atlanta, Georgia for $79.8 Million (3/3/2025), Press Release
[71] Times Herald
[72] https://www.loopnet.com/Listing/369-N-New-York-Ave-Winter-Park-FL/33436066/
[73] FY 2021 Supplemental
[74] The gross carrying value at sale can be calculated by looking at the net carrying value provided by the company at sale and then adding back the depreciation they took on the property during their period of ownership.

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