
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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): September 3, 2020

CTO Realty Growth, Inc.
(Exact Name of Registrant as Specified in Charter)

Florida
(State or Other Jurisdiction
of Incorporation)

001-11350
(Commission File Number)

59-0483700
(IRS Employer
Identification No.)

1140 N. Williamson Blvd., Suite 140
Daytona Beach, Florida
(Address of Principal Executive Offices)

32114
(Zip Code)

(386) 274-2202
(Registrant's telephone number, including area code)

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(s)</u>	<u>Name of each exchange on which registered</u>
COMMON STOCK, \$1.00 PAR VALUE PER SHARE	CTO	NYSE American

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 1.01 Entry into a Material Definitive Agreement.

On September 3, 2020, CTO Realty Growth, Inc. (the “Company”) announced that its Board of Directors (the “Board”) has unanimously approved a plan for the Company to elect to be subject to tax as a real estate investment trust (“REIT”) for U.S. federal income tax purposes commencing with its taxable year ending December 31, 2020 (the “REIT Conversion”). In connection with the REIT Conversion, on September 3, 2020, the Company entered into an Agreement and Plan of Merger (the “Merger Agreement”) with CTO NEWCO REIT, Inc., a newly formed, wholly owned subsidiary of the Company (“NEWCO”), providing for, among other things, the merger of the Company with and into NEWCO (the “Merger”), with NEWCO succeeding to and continuing to operate the existing business of the Company. Pursuant to the Merger, the surviving entity will be a corporation organized in the state of Maryland that will be renamed “CTO Realty Growth, Inc.” and whose charter will include certain standard REIT ownership limitations and transfer restrictions applicable to its capital stock. Pursuant to the Merger Agreement, the outstanding shares of the Company’s common stock will be converted into the right to receive the same number of shares of NEWCO common stock.

Consummation of the Merger is subject to certain conditions, including:

- approval by the Company’s and NEWCO’s shareholders;
- receipt by the Company and NEWCO from Vinson and Elkins L.L.P. of an opinion to the effect that the merger qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the “Code”) and that each of the Company and NEWCO is a party to a reorganization within the meaning of Section 368(b) of the Code;
- approval for listing on the New York Stock Exchange of NEWCO common stock, subject to official notice of issuance;
- the effectiveness of a registration statement on Form S-4 (the “Form S-4”) to be filed by NEWCO, without the issuance of a stop order or initiation of any proceeding seeking a stop order by the Securities and Exchange Commission (the “SEC”); and
- receipt of all governmental approvals and third-party consents to the Merger, except for consents as would not reasonably be expected to materially and adversely affect the business, financial condition or results of operations of NEWCO.

The foregoing description of the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which is attached hereto as Exhibit 2.1.

Item 7.01 Regulation FD Disclosure.

On September 3, 2020, the Company issued a press release announcing the Board’s approval of the REIT Conversion, the entry into the Merger Agreement and its intention to hold a special meeting of shareholders in the fourth quarter of 2020 for the purpose of approving the Merger. A copy of that press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The furnishing of these materials is not intended to constitute a representation that such furnishing is required by Regulation FD or other securities laws, or that the materials include material investor information that is not otherwise publicly available. In addition, the Company does not assume any obligation to update such information in the future.

The information in Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1, is being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that Section. The information in this Current Report on Form 8-K shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended (the “Securities Act”) or the Exchange Act unless it is specifically incorporated by reference therein.

Item 8.01. Other Events.

On September 3, 2020, NEWCO filed a registration statement on Form S-4 (the “Form S-4”) with the SEC, which includes a preliminary proxy statement/prospectus (the “Proxy Statement”) relating to the proposed merger of CTO and NEWCO that is being undertaken in connection with the Company’s conversion to a REIT. Investors are urged to read the Form S-4 and Proxy Statement (including all amendments and supplements thereto) and any other relevant documents filed with the SEC because they will contain important information about the Merger. You can obtain copies of these documents free of charge at the SEC’s website at www.sec.gov.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
2.1	Agreement and Plan of Merger by and between CTO Realty Growth, Inc. and CTO NEWCO REIT, Inc., dated September 3, 2020.
99.1	Press Release, dated September 3, 2020.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

Cautionary Language Regarding Forward-Looking Statements

Certain statements contained in this Current Report on Form 8-K (other than statements of historical fact) are forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Exchange Act. Forward-looking statements can typically be identified by words such as “believe,” “estimate,” “expect,” “intend,” “anticipate,” “will,” “could,” “may,” “should,” “plan,” “potential,” “predict,” “forecast,” “project,” and similar expressions, as well as variations or negatives of these words. These forward-looking statements include, but are not limited to, statements regarding the Company’s expectation to elect REIT status and the timing and effect of that election.

Although forward-looking statements are made based upon management’s present expectations and reasonable beliefs concerning future developments and their potential effect upon the Company, a number of factors could cause the Company’s actual results to differ materially from those set forth in the forward-looking statements. Such factors may include (1) the Company’s ability to remain qualified as a REIT, particularly given the need to apply highly technical and complex provisions of the Internal Revenue Code of 1986, as amended, and make various factual determinations concerning matters and circumstances not entirely within the Company’s control; (2) the risk that the REIT requirements could limit the Company’s financial flexibility; (3) the Company’s limited experience operating as a REIT; (4) the potential for satisfying the REIT requirements to divert management’s attention from traditional business concerns; (5) the Company’s ability to pay dividends consistent with the REIT requirements, and expectations as to timing and amounts of such dividends; (6) the ability of the Company’s Board of Directors to revoke the Company’s REIT status without shareholder approval; (7) the possibility that the anticipated benefits of the Company’s REIT status will not be realized, or will not be realized within the expected time period; (8) the Company’s exposure to U.S. federal and state income tax law changes, including changes to the REIT requirements; (9) general adverse economic and real estate conditions; (10) the ultimate geographic spread, severity and duration of pandemics such as the recent outbreak of novel coronavirus (“COVID-19”), actions that may be taken by governmental authorities to contain or address the impact of such pandemics, and the potential negative impacts of such pandemics on the global economy and the Company’s financial condition and results of operations; (11) the inability of major tenants to continue paying their rent or obligations due to bankruptcy, insolvency or a general downturn in their business; (12) the completion of 1031 exchange transactions; (13) the availability of investment properties that meet the Company’s investment goals and criteria; and (14) the uncertainties associated with obtaining required governmental permits and satisfying other closing conditions for planned acquisitions and sales. For additional information regarding factors that may cause the Company’s actual results to differ materially from those set forth in the Company’s forward-looking statements, we refer you to the information contained under the caption “Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and in the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, each as filed with the SEC.

There can be no assurance that future developments will be in accordance with management's expectations or that the effect of future developments on the Company will be those anticipated by management. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Current Report on Form 8-K. We undertake no obligation to update the information contained in this Current Report on Form 8-K to reflect subsequently occurring events or circumstances.

Participants in the Solicitation

The Company and its directors, executive officers and certain other members of management and employees may be deemed to be participants in the solicitation of proxies from the Company's shareholders in connection with the Merger. Information regarding the persons who may, under the rules of the SEC, be considered participants in the solicitation of proxies in connection with the Merger is included in the Form S-4 and the Proxy Statement. Information about the directors and executive officers of the Company and their ownership of the Company's stock is set forth in the proxy statement for the Company's 2020 Annual Meeting of Shareholders. Investors may obtain additional information regarding the interests of such participants by reading the Form S-4 and the Proxy Statement.

Investors should read the Form S-4 and the Proxy Statement carefully before making any voting or investment decisions.

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval.

SIGNATURE

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.

CTO Realty Growth, Inc.
(Registrant)

Date: September 3, 2020

By: /s/ Daniel E. Smith
Daniel E. Smith
Senior Vice President, General Counsel and
Corporate Secretary

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (this “*Agreement*”), dated as of September 3, 2020, by and between CTO Realty Growth, Inc., a Florida corporation (“*CTO*”), and CTO NEWCO REIT, Inc., a Maryland corporation (“*NEWCO*” and, together with CTO, the “*Parties*” and each a “*Party*”).

RECITALS

WHEREAS, CTO has adopted an overall plan (the “*REIT Conversion*”) to restructure its business operations so that it can elect and will qualify for U.S. federal income tax purposes as a “real estate investment trust” (“*REIT*”) commencing with its taxable year ending December 31, 2020;

WHEREAS, the REIT Conversion contemplates, among other things, the merger of CTO with and into NEWCO pursuant to this Agreement;

WHEREAS, as a result of the Merger (as defined in Section 1.1), NEWCO will be renamed “CTO Realty Growth, Inc.” and will succeed to and continue to operate the existing business of CTO;

WHEREAS, for U.S. federal income tax purposes it is intended that the Merger qualify as a “reorganization” within the meaning of Section 368(a)(1)(F) of the Internal Revenue Code of 1986, as amended (the “*Code*”); and

WHEREAS, the Board of Directors of CTO and the Board of Directors of NEWCO each has determined that the Merger and this Agreement are advisable and in the best interests of each such corporation and its shareholders and each has approved this Agreement and the Merger on the terms and subject to the conditions set forth in this Agreement and directed that this Agreement be submitted to a vote of their respective shareholders.

NOW, THEREFORE, in consideration of the foregoing, the Parties hereby agree as follows:

ARTICLE I

THE MERGER; CLOSING; EFFECTIVE TIME; EFFECTS OF MERGER

Section 1.1 *The Merger.* Subject to the terms and conditions of this Agreement, at the Effective Time (as defined in Section 1.3) and in accordance with the Maryland General Corporation Law (the “*MGCL*”) and the Florida Business Corporation Act (the “*FBCA*”), at the Effective Time, CTO shall be merged with and into NEWCO (the “*Merger*”). As a result of the Merger, the separate corporate existence of CTO shall cease, and NEWCO shall continue as the surviving corporation of the Merger (sometimes hereinafter referred to as the “*Surviving Corporation*”). The Merger will have the effects provided in this Agreement as specified in the MGCL and the FBCA, as applicable.

Section 1.2 *The Closing.* Subject to the terms and conditions of this Agreement, the closing of the Merger (the “*Closing*”) shall take place at such time, date and place as the Parties

may agree but in no event prior to the satisfaction or waiver, where permitted, of the conditions set forth in Section 3.1. The date on which the Closing occurs is hereinafter referred to as the “*Closing Date*.”

Section 1.3 *Effective Time*. The Parties shall cause the Merger to be consummated by filing as soon as practicable on the Closing Date articles of merger for the Merger with the State Department of Assessments and Taxation of the State of Maryland (the “*SDAT*”) and articles of merger for the Merger with the Department of State of the State of Florida (the “*DOS*”) (as applicable, the “*Articles of Merger*”), in such form as required by, and executed in accordance with, the relevant provisions of the MGCL and the FBCA, respectively. The Merger shall become effective at the time when the Articles of Merger have been accepted for record by the SDAT and the DOS or at such later time as may be agreed by the Parties in writing and specified in the Articles of Merger (not to exceed 30 days from filing) (the date and time the Merger becomes effective being the “*Effective Time*”).

Section 1.4 *Articles of Amendment and Restatement and Amended and Restated Bylaws of the Surviving Corporation*.

(a) The articles of amendment and restatement of NEWCO, as in effect immediately prior to the Effective Time, shall be the articles of amendment and restatement of the Surviving Corporation, except that Article II shall be amended to read as follows:

“ARTICLE II

NAME

The name of the corporation (the “**Corporation**”) is:

CTO Realty Growth, Inc.”

(b) The amended and restated bylaws of NEWCO, as in effect immediately prior to the Effective Time, shall be the amended and restated bylaws of the Surviving Corporation until the same shall thereafter be altered, amended or repealed, except that the name of the corporation therein shall be amended to “CTO Realty Growth, Inc.”

Section 1.5 *Directors and Officers of the Surviving Corporation*. From and after the Effective Time, the directors and officers of CTO serving as directors or officers of CTO immediately prior to the Effective Time shall be the directors and officers of the Surviving Corporation.

Section 1.6 *Tax Consequences*. It is intended, for U.S. federal income tax purposes, that the Merger qualify as a “reorganization” within the meaning of Section 368(a)(1)(F) of the Code, and that this Agreement is intended to be, and is adopted as, a “plan of reorganization” for purposes of Sections 354 and 361 of the Code.

ARTICLE II
EFFECT ON CAPITAL STOCK; EXCHANGE OF CERTIFICATES

Section 2.1 *Effect on Capital Stock.* At the Effective Time, by virtue of the Merger and without any further action on the part of CTO, NEWCO or the shareholders of such corporations, the following shall occur:

(a) The outstanding shares of common stock, par value \$1.00 per share, of CTO (“*CTO Common Stock*”) issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive the same number of validly issued, fully paid and nonassessable shares of common stock, par value \$0.01 per share, of the Surviving Corporation (“*Surviving Corporation Common Stock*”).

(b) All shares of CTO Common Stock shall no longer be outstanding and shall be canceled and shall cease to exist. At the Effective Time, each certificate (“*Certificate*”) formerly representing shares of CTO Common Stock shall thereafter only represent the right to receive (i) the consideration payable in respect of such shares under Section 2.1(a) and (ii) an amount equal to any dividend or other distribution pursuant to Section 2.4(c).

(c) Each share of CTO Common Stock held in CTO’s treasury at the Effective Time shall, by virtue of the Merger and without any action on the part of the holder thereof, cease to be outstanding, shall be canceled without payment of any consideration therefor and shall cease to exist.

(d) Each share of common stock, par value \$0.01 per share, of NEWCO issued and outstanding immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of NEWCO or the holder of such shares, cease to be outstanding, shall be canceled without payment of any consideration therefor and shall cease to exist.

Section 2.2 *Dividends Declared Prior to the Effective Time.* CTO’s obligations with respect to any dividends or other distributions to the shareholders of CTO that have been declared by CTO but not paid prior to the Effective Time will be assumed by the Surviving Corporation in accordance with the terms thereof.

Section 2.3 *CTO Stock Plan.* At the Effective Time, the rights and obligations of CTO under the Consolidated-Tomoka Land Co. Second Amended and Restated 2010 Equity Incentive Plan (including all amendments or modifications, the “*Plan*”) and related and other agreements will be assumed by the Surviving Corporation in accordance with the terms thereof, and all rights of the parties thereto and the participants therein to acquire shares of CTO Common Stock on the terms and conditions of the Plan and such agreements will be converted into rights to acquire shares of Surviving Corporation Common Stock, in each case, to the extent set forth in, and in accordance with, the terms of the Plan and related other agreements. The number of shares available for grant under the Plan is set forth in Schedule 2.3Section 2.3.

Section 2.4 *Exchange of Certificates.*

(a) As of the Effective Time, the Surviving Corporation shall deposit, or shall cause to be deposited, with Computershare Trust Company, N.A., the transfer agent and registrar

for the shares of Surviving Corporation Common Stock and the exchange agent for purposes of the Merger (the “*Exchange Agent*”), for the benefit of the holders of Certificates, shares of Surviving Corporation Common Stock, in an amount sufficient to effect the exchange of all Certificates for shares of Surviving Corporation Common Stock pursuant to Section 2.1(a). In addition, the Surviving Corporation shall deposit, or shall cause to be deposited, with the Exchange Agent, for the benefit of holders of Certificates as necessary from time to time after the Effective Time, any dividends or other distributions payable pursuant to Section 2.4(c).

(b) As soon as reasonably practicable after the Effective Time, the Surviving Corporation shall cause the Exchange Agent to mail to each holder of record of a Certificate (i) a letter of transmittal which shall specify that delivery shall be effected, and risk of loss and title to the Certificate shall pass, only upon delivery of the Certificate to the Exchange Agent and shall be in such form and have such other provisions as the Surviving Corporation may reasonably specify, and (ii) instructions for use in effecting the surrender of the Certificates in exchange for certificates evidencing shares of Surviving Corporation Common Stock. Upon surrender of a Certificate for cancellation to the Exchange Agent together with such letter of transmittal, duly executed and completed in accordance with the instructions thereto, the Certificate so surrendered shall forthwith be cancelled, and the holder of such Certificate shall be entitled to receive in exchange therefor (A) a certificate evidencing the number of shares of Surviving Corporation Common Stock which such holder has the right to receive in respect of the Certificate surrendered pursuant to the provisions of this Article II and (B) the payment of any dividends and other distributions that such holder has the right to receive pursuant to Section 2.4(c). No interest shall be paid or accrued on any Merger consideration or on unpaid dividends and distributions payable to holders of Certificates. In the event of a surrender of a Certificate representing shares of CTO Common Stock in exchange for a certificate evidencing shares of Surviving Corporation Common Stock in the name of a person other than the person in whose name such shares of CTO Common Stock are registered, a certificate evidencing the proper number of shares of Surviving Corporation Common Stock may be issued to such a transferee if the Certificate evidencing such securities is presented to the Exchange Agent, accompanied by all documents required by the Exchange Agent or the Surviving Corporation to evidence and effect such transfer and to evidence that any applicable transfer taxes have been paid.

(c) No dividends or other distributions declared by the Surviving Corporation in respect of Surviving Corporation Common Stock, the record date for which is at or after the Effective Time, shall be paid by the Exchange Agent to any holder of any unsurrendered Certificate until such Certificate is surrendered for exchange in accordance with this Article II. Subject to the effect of applicable laws, following surrender of any such Certificate, the Exchange Agent shall release to the holder of the certificates representing whole shares of Surviving Corporation Common Stock issued in exchange therefor, without interest, (A) at the time of such surrender, the previously reserved amount equal to the dividends or other distributions with a record date after the Effective Time theretofore payable with respect to such whole shares of Surviving Corporation Common Stock that had been held by the Exchange Agent for the benefit of such holder, and (B) at the appropriate payment date, the dividends or other distributions payable with respect to such whole shares of Surviving Corporation Common Stock with a record date after the Effective Time but with a payment date subsequent to surrender.

(d) At and after the Effective Time, there shall be no transfers on the stock transfer books of CTO of shares of CTO Common Stock which were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates are presented to the Surviving Corporation, they shall be canceled and exchanged for certificates representing shares of Surviving Corporation Common Stock in accordance with the procedures set forth in this Article II.

(e) Any former shareholders of CTO who have not complied with this Article II within one year after the Effective Time shall thereafter look only to the Surviving Corporation for release of (A) their previously reserved shares of Surviving Corporation Common Stock deliverable in respect of each share of CTO Common Stock such shareholder holds as determined pursuant to this Agreement and (B) any dividends or other distributions paid on such shares for the benefit of such shareholders, without any interest thereon.

(f) In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Certificate to be lost, stolen or destroyed and, if required by the Surviving Corporation, the posting by such person of a bond in such reasonable amount as the Surviving Corporation may direct as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent or the Surviving Corporation will issue in exchange for such lost, stolen or destroyed Certificate the shares of Surviving Corporation Common Stock deliverable in respect thereof pursuant to this Agreement.

(g) None of CTO, the Surviving Corporation, the Exchange Agent or any other person shall be liable to any former holder of shares or securities of CTO for any amount properly delivered to a public official pursuant to any applicable abandoned property, escheat or similar laws.

ARTICLE III CONDITIONS

Section 3.1 *Conditions as to Each Party's Obligation to Effect the Merger.* The respective obligations of each Party to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver (to the extent not prohibited by law), of the following conditions at or prior to the Closing Date:

(a) This Agreement shall have been duly adopted by the requisite vote of the shareholders of CTO and NEWCO.

(b) CTO's Board of Directors shall have determined that the transactions constituting the REIT Conversion that impact the Surviving Corporation's qualification as a REIT for U.S. federal income tax purposes commencing with the Surviving Corporation's taxable year ending December 31, 2020 have occurred or are reasonably likely to occur.

(c) CTO shall have received from its tax counsel an opinion to the effect that the Merger qualifies as a reorganization within the meaning of Section 368(a)(1)(F) of the Code, and that each of CTO and NEWCO is a party to a reorganization within the meaning of Section 368(b) of the Code.

(d) The directors of NEWCO shall be the directors of CTO immediately prior to the Closing.

(e) The shares of Surviving Corporation Common Stock issuable to shareholders of CTO pursuant to this Agreement shall have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

(f) The Registration Statement on Form S-4 to be filed with the Securities and Exchange Commission by NEWCO in connection with the Merger shall have become effective under the Securities Act of 1933, as amended, and shall not be the subject of any stop order or proceeding seeking a stop order.

(g) CTO's Board of Directors shall have determined, in its sole discretion, that no legislation, or proposed legislation with a reasonable possibility of being enacted, would have the effect of substantially (i) impairing the ability of the Surviving Corporation to qualify as a REIT, (ii) increasing the federal tax liabilities of CTO or the Surviving Corporation resulting from the REIT Conversion, or (iii) reducing the expected benefits to the Surviving Corporation resulting from the REIT Conversion.

(h) CTO shall have received all governmental approvals and third party consents required to be obtained by CTO or its subsidiaries in connection with the Merger and the transactions constituting the REIT Conversion, except where the failure to obtain such approvals or consents would not reasonably be expected to materially and adversely affect the business, financial condition or results of operations of the Surviving Corporation and its subsidiaries taken as a whole.

ARTICLE IV DEFERRAL AND TERMINATION

Section 4.1 *Deferral.* Consummation of the Merger may be deferred by the Board of Directors of CTO or any authorized officer of CTO following the special meeting of the shareholders of CTO if said Board of Directors or authorized officer determines that such deferral would be advisable and in the best interests of CTO and its shareholders.

Section 4.2 *Termination of Agreement.* This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, before or after the adoption of this Agreement by the shareholders of CTO, by either (i) the mutual written consent of the Board of Directors of CTO and the Board of Directors of NEWCO or (ii) the Board of Directors of CTO in its sole discretion.

Section 4.3 *Effect of Termination and Abandonment.* In the event of termination of this Agreement and abandonment of the Merger pursuant to this Article IV, this Agreement shall forthwith become null and void and have no effect and no Party (or any of its affiliates, directors, partners, officers or shareholders) shall have any liability or further obligation to the other Party.

**ARTICLE V
GENERAL PROVISIONS**

Section 5.1 *Further Assurances.* Each of CTO and NEWCO shall use its best efforts to take all such actions as may be necessary or appropriate to effectuate the Merger under the MGCL and the FBCA, as applicable. If, at any time after the Effective Time, any further action is necessary or desirable to carry out the purposes of this Agreement and to vest, perfect or confirm of record or otherwise in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties or assets of the Surviving Corporation or CTO, NEWCO, its officers or other authorized persons of the Surviving Corporation are authorized to take any such necessary or desirable actions including the execution, in the name and on behalf of the Surviving Corporation or CTO, of all such deeds, bills of sale, assignments and assurances.

Section 5.2 *No Appraisal Rights.* The holders of shares of CTO Common Stock are not entitled under applicable law to dissenters' or appraisal rights as a result of the Merger or REIT Conversion.

Section 5.3 *Entire Agreement.* This Agreement, the Schedule hereto, and any documents delivered by the Parties in connection herewith constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all prior agreements and understandings among the Parties with respect thereto. No addition to or modification of any provision of this Agreement shall be binding upon either Party unless made in writing and signed by both Parties.

Section 5.4 *Amendment.* This Agreement may be amended by the Parties at any time before or after adoption of this Agreement by the shareholders of CTO, but after such shareholder adoption, no amendment shall be made which by law requires the further approval of such shareholders without obtaining such further approval. This Agreement may not be amended except by an instrument in writing signed on behalf of both of the Parties.

Section 5.5 *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland.

Section 5.6 *Counterparts.* This Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by both of the Parties.

Section 5.7 *Headings.* Headings of the Articles and Sections of this Agreement are for the convenience of the Parties only, and shall be given no substantive or interpretive effect whatsoever.

Section 5.8 *Incorporation.* All Schedules attached hereto and referred to herein are hereby incorporated herein and made a part hereof for all purposes as if fully set forth herein.

Section 5.9 *Severability.* Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such

invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

Section 5.10 *Waiver of Conditions*. The conditions to each of the Party's obligations to consummate the Merger are for the sole benefit of such Party and may be waived by such Party in whole or in part to the extent permitted by applicable law.

Section 5.11 *No Third-Party Beneficiaries*. This Agreement is not intended to confer upon any person other than the Parties any rights or remedies hereunder.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have executed this Agreement and caused the same to be duly delivered on their behalf on the day and year first written above.

CTO REALTY GROWTH, INC., a Florida corporation

By: /s/ Daniel E. Smith
Name: Daniel E. Smith
Title: Senior Vice President, General Counsel and Corporate Secretary

CTO NEWCO REIT, INC., a Maryland corporation

By: /s/ Daniel E. Smith
Name: Daniel E. Smith
Title: Senior Vice President, General Counsel and Corporate Secretary

[Signature Page to Agreement and Plan of Merger]

Schedule 2.3
CTO Stock Plan

Plan	Shares Available for Grant as of September 3, 2020
Second Amended and Restated Consolidated-Tomoka Land Co. 2010 Equity Incentive Plan, as amended on April 29, 2020	302,153

Schedule 2.3-1



Press Release

Contact: Daniel E. Smith, Senior Vice President, General Counsel & Corporate Secretary
dsmith@ctorealtygrowth.com
Phone: (386) 944-5632
Facsimile: (386) 274-1223

FOR
IMMEDIATE
RELEASE

CTO REALTY GROWTH BOARD APPROVES REORGANIZATION FOR REIT QUALIFICATION

DAYTONA BEACH, Fla. – September 3, 2020 – CTO Realty Growth, Inc. (NYSE American: CTO) (the “Company”) announced today that its Board of Directors has unanimously approved a plan for the Company to elect to be subject to tax as a real estate investment trust (“REIT”) for U.S. federal income tax purposes commencing with its taxable year ending December 31, 2020. The move is the latest step by the Company to further its ownership and investment focus primarily on commercial real estate assets in various sectors, including retail and office, and to position itself for growth.

In accordance with certain tax rules applicable to REIT conversions, the Company plans to make a one-time special distribution to the Company’s shareholders of its previously undistributed earnings and profits attributable to the taxable periods ended on or prior to December 31, 2019 (the “Special Distribution”). Based on its preliminary analysis, the Company currently estimates that the aggregate amount of the Special Distribution will be between \$46 and \$54 million. The Company expects to pay the Special Distribution in a combination of cash and common stock, with each shareholder being permitted to elect to receive the shareholder’s entire entitlement under the Special Distribution in either cash or common stock, subject to the cash limitation described below.

The total amount of cash payable in the Special Distribution will be subject to a limit based on the aggregate amount of the Special Distribution. The cash limitation will in no event be less than 10% of the aggregate amount of the Special Distribution (without regard to any cash that may be paid in lieu of fractional shares). If the total amount of cash elected by the Company’s shareholders exceeds the cash limitation, then the available cash will be prorated among those shareholders that elected to receive cash.

The Company expects that the Special Distribution will be declared in the fourth quarter of 2020 and paid in December 2020. The details and tax consequences of the Special Distribution will be described in the election form and accompanying materials that will be mailed to shareholders in connection with the Special Distribution.

To qualify as a REIT, the Company must annually distribute to the Company’s shareholders an amount at least equal to 90% of the Company’s REIT taxable income (determined without regard to the dividends paid deduction and excluding any net capital gains). Generally, the Company expects to distribute all or

substantially all of the Company's REIT taxable income, including net capital gains, so as to not be subject to the income or excise tax on undistributed REIT taxable income. The Company has paid, and intends to continue to pay, quarterly dividends to comply with the regular REIT distribution requirement.

Mr. John P. Albright, President and Chief Executive Officer of the Company, stated, "We believe the advantages of converting to a REIT are numerous and include, among others, the ability to reduce meaningfully our federal income tax expense in 2020 and in future years, and increase meaningfully the amount of the regular quarterly cash dividend we pay to our shareholders. As a REIT, we expect to distribute to our shareholders all or substantially all of our REIT taxable income. Given the recent growth in our income property portfolio, we believe the amount of our expected quarterly cash distribution will be significantly higher than in previous quarters. We also believe that converting to a REIT will allow us to attract capital from dedicated REIT investors, particularly in light of the quality of our income property portfolio and our expected dividend yield."

In connection with the REIT conversion, the Company intends to undertake a merger (the "Proposed Merger") with CTO NEWCO REIT, Inc., a newly formed, wholly owned subsidiary of the Company ("NEWCO"), pursuant to which the surviving entity will be a corporation organized in the state of Maryland that will be renamed "CTO Realty Growth, Inc." and whose charter will include certain standard REIT ownership limitations and transfer restrictions applicable to its capital stock. The Proposed Merger is expected to be completed in the fourth quarter of 2020, subject to, among other things, the approval by the Company's shareholders. The Company expects to hold a special meeting of shareholders in the fourth quarter of 2020 for the purpose of approving the Proposed Merger.

In connection with the REIT conversion and the Proposed Merger, NEWCO intends to apply to list its common stock on the New York Stock Exchange (the "NYSE") under the Company's current ticker symbol, "CTO."

About CTO Realty Growth, Inc.

CTO Realty Growth, Inc. is a Florida-based publicly traded real estate company, which owns income properties comprised of approximately 2.3 million square feet in diversified markets in the United States and an approximately 23.5% interest in Alpine Income Property Trust, Inc., a publicly traded net lease real estate investment trust (NYSE: PINE). Visit our website at www.ctorealtygrowth.com.

We encourage you to review CTO's most recent investor presentations which are available on its website at www.ctorealtygrowth.com.

Forward-Looking Statements

Certain statements contained in this press release (other than statements of historical fact) are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements can typically be identified by words such as "believe," "estimate," "expect," "intend," "anticipate," "will," "could," "may," "should," "plan," "potential," "predict," "forecast," "project," and similar expressions, as well as variations or negatives of these words. These forward-looking statements include, but are not limited to, statements regarding our expectation to elect REIT status, the timing and effect of that election, the form, timing and amount of the Special Distribution, our expectation regarding the declaration of regular quarterly distributions and the listing of our common stock on the NYSE.

Although forward-looking statements are made based upon management's present expectations and reasonable beliefs concerning future developments and their potential effect upon the Company, a number of factors could cause the Company's actual results to differ materially from those set forth in the forward-looking statements. Such factors may include (1) uncertainties relating to the estimate of the Special

Distribution; (2) the Company's ability to remain qualified as a REIT, particularly given the need to apply highly technical and complex provisions of the Internal Revenue Code of 1986, as amended, and make various factual determinations concerning matters and circumstances not entirely within the Company's control; (3) the risk that the REIT requirements could limit the Company's financial flexibility; (4) the Company's limited experience operating as a REIT; (5) the potential for satisfying the REIT requirements to divert management's attention from traditional business concerns; (6) the Company's ability to pay dividends consistent with the REIT requirements, and expectations as to timing and amounts of such dividends; (7) the ability of the Company's Board of Directors to revoke the Company's REIT status without shareholder approval; (8) the possibility that the anticipated benefits of the Company's REIT status will not be realized, or will not be realized within the expected time period; (9) the Company's exposure to U.S. federal and state income tax law changes, including changes to the REIT requirements; (10) general adverse economic and real estate conditions; (11) the ultimate geographic spread, severity and duration of pandemics such as the recent outbreak of novel coronavirus ("COVID-19"), actions that may be taken by governmental authorities to contain or address the impact of such pandemics, and the potential negative impacts of such pandemics on the global economy and the Company's financial condition and results of operations; (12) the inability of major tenants to continue paying their rent or obligations due to bankruptcy, insolvency or a general downturn in their business; (13) the completion of 1031 exchange transactions; (14) the availability of investment properties that meet the Company's investment goals and criteria; and (15) the uncertainties associated with obtaining required governmental permits and satisfying other closing conditions for planned acquisitions and sales. For additional information regarding factors that may cause the Company's actual results to differ materially from those set forth in the Company's forward-looking statements, we refer you to the information contained under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, each as filed with the Securities and Exchange Commission (the "SEC").

There can be no assurance that future developments will be in accordance with management's expectations or that the effect of future developments on the Company will be those anticipated by management. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. We undertake no obligation to update the information contained in this press release to reflect subsequently occurring events or circumstances.

Important Information and Where to Find It

In connection with the REIT conversion, the Company intends to undertake the Proposed Merger with NEWCO. In connection with the Proposed Merger, the Company will file a proxy statement (the "Proxy Statement") with the SEC. The Proxy Statement will be contained in a registration statement on Form S-4 (the "Form S-4") to be filed by NEWCO, and both companies will file other relevant documents concerning the Proposed Merger with the SEC. **INVESTORS ARE URGED TO READ THE FORM S-4 AND PROXY STATEMENT (INCLUDING ALL AMENDMENTS AND SUPPLEMENTS THERETO) WHEN THEY BECOME AVAILABLE AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER.** You will be able to obtain copies of these documents free of charge at the SEC's website at www.sec.gov.

Participants in the Solicitation

The Company and its directors, executive officers and certain other members of management and employees may be deemed to be participants in the solicitation of proxies from the Company's shareholders in connection with the Proposed Merger. Information regarding the persons who may, under the rules of the SEC, be considered participants in the solicitation of proxies in connection with the Proposed Merger will be included in the Form S-4 and the Proxy Statement when they become available. Information about

the directors and executive officers of the Company and their ownership of the Company's stock is set forth in the proxy statement for the Company's 2020 Annual Meeting of Shareholders. Investors may obtain additional information regarding the interests of such participants by reading the Form S-4 and the Proxy Statement when they become available.

Investors should read the Form S-4 and the Proxy Statement carefully when they become available before making any voting or investment decisions.

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval.
