
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): March 25, 2022

ALPINE INCOME PROPERTY TRUST, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

Commission File Number 001-39143

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

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

32114
(Zip Code)

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

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

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

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

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

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

Emerging growth company

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

Item 2.01. Completion of Acquisition or Disposition of Assets.

On March 25, 2022, Alpine Income Property Trust, Inc. (the “Company”) completed the acquisition of nine income properties located in six different states (the “Portfolio”) from a private family office (the “Seller”) for an aggregate purchase price of \$48.1 million. There is no material relationship between the Company, its subsidiaries or any of its affiliates, or any director or officer of the Company, or any associate of any director or officer of the Company, and the Seller, other than with respect to the Company’s acquisition of the Portfolio. The acquisition was funded utilizing availability under the Company’s unsecured revolving credit facility.

This Current Report on Form 8-K includes the historical audited financial statements of the Portfolio and the pro forma consolidated financial information required by Items 9.01(a) and 9.01(b) of Form 8-K related to the Portfolio.

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

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired

The financial statements that are required to be filed pursuant to this item are being filed with this Current Report on Form 8-K as Exhibit 99.1 and are incorporated by reference herein.

(b) Pro Forma Financial Information

The pro forma financial information that is required to be filed pursuant to this item is being filed with this Current Report on Form 8-K as Exhibit 99.2 and is incorporated by reference herein.

(d) Exhibits

[23.1 Consent of Grant Thornton LLP](#)

[99.1 Audited Financial Statements](#)

- Report of Independent Certified Public Accountants
- Historical Summary of Revenues and Direct Expenses of the Portfolio for the Year Ended December 31, 2021 (Audited)
- Notes to Historical Summary of Revenues and Direct Expenses of the Portfolio for the Year Ended December 31, 2021 (Audited)

[99.2 Pro Forma Financial Information](#)

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

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

Date: March 25, 2022

Alpine Income Property Trust, Inc.

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

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated March 25, 2022 with respect to the historical summary of revenues and direct expenses of the Pharmacy Portfolio, included in the Form 8-K of Alpine Income Property Trust, Inc. filed with the Securities and Exchange Commission on March 25, 2022. We consent to the incorporation by reference of said report in the Registration Statements of Alpine Income Property Trust, Inc. on Form S-3 (File No. 333-251057) and Form S-8 (File No. 333-235256).

/S/ GRANT THORNTON LLP

Orlando, Florida

March 25, 2022

Report of Independent Certified Public Accountants**Board of Directors and Stockholders
Alpine Income Property Trust, Inc.****Opinion**

We have audited the accompanying Historical Summary of Revenues and Direct Expenses of the Pharmacy Portfolio (the "Properties") for the year ended December 31, 2021 and the related notes (the "Historical Summary").

In our opinion, the accompanying Historical Summary presents fairly, in all material respects, the revenues and direct expenses of the Properties as of December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit of the Historical Summary in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alpine Income Property Trust, Inc. and the Properties and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

In preparing the Historical Summary, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Properties' ability to continue as a going concern for the time period set by the applicable financial reporting framework for US GAAP one year after the date the financial statements are issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Historical Summary as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Historical Summary.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
 - Identify and assess the risks of material misstatement of the Historical Summary, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Historical Summary.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Properties' internal control. Accordingly, no such opinion is expressed.
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- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Historical Summary.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Properties' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of matter

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

/S/ GRANT THORNTON LLP

Orlando, Florida

March 25, 2022

HISTORICAL SUMMARY OF REVENUES AND DIRECT EXPENSES
For the Year Ended December 31, 2021
(In thousands)

Year Ended December 31, 2021

Revenues:	
Lease Income	\$ 3,565
Total Revenues	<u>3,565</u>
Direct Expenses:	
Real Estate Expenses	257
Total Direct Expenses	<u>257</u>
Net Income	<u>\$ 3,308</u>

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

**Notes to Historical Summary of Revenues and Direct Expenses
For the Year Ended December 31, 2021**

NOTE 1. BUSINESS AND ORGANIZATION

On March 25, 2022, Alpine Income Property Trust, Inc. (the “Company”) completed the acquisition of nine income properties located in six different states (the “Portfolio”) from a private family office (the “Seller”) for an aggregate purchase price of \$48.1 million. There is no material relationship between the Company, its subsidiaries or any of its affiliates, or any director or officer of the Company, or any associate of any director or officer of the Company, and the Seller, other than with respect to the Company’s acquisition of the Portfolio. The Company is the lessee under an operating land lease for three of the nine properties within the Portfolio. The acquisition was funded utilizing availability under the Company’s unsecured revolving credit facility.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

PROPERTY LEASE REVENUE

The rental arrangements associated with tenants of the Portfolio are classified as operating leases. Accordingly, base rental income is recognized on a straight-line basis over the terms of the respective leases. Tenant reimbursement revenue is recognized as the related expenses are incurred and become recoverable from tenants.

OPERATING LEASE EXPENSE

The Company is the lessee under operating land leases which are classified as operating leases. The Portfolio recognizes lease expense on a straight-line basis over the terms of the respective leases.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

NOTE 3. REVENUE RECOGNITION

Leasing revenue consists of long-term rental revenue, which is recognized as earned, using the straight-line method over the life of each lease. Leasing revenues totaled \$3.6 million during the year ended December 31, 2021.

NOTE 4. MINIMUM FUTURE RENTAL RECEIPTS

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

Year Ending December 31,	
2022	\$ 3,597
2023	3,597
2024	3,482
2025	3,235
2026	3,246
2027 and thereafter (cumulative)	13,509
Total	<u>\$ 30,666</u>

NOTE 5. MINIMUM FUTURE RENTAL PAYMENTS

The Company is the lessee under operating land leases for certain of the properties included within the Portfolio. The minimum future rental payments are fixed and are summarized as follows (in thousands):

Year Ending December 31,	
2022	\$ 257
2023	257
2024	250
2025	192
2026	202
2027 and thereafter (cumulative)	894
Total	<u>\$ 2,052</u>

Lease expense under the operating land leases amounted to \$0.3 million for the year ended December 31, 2021, which is included in real estate expenses.

NOTE 6. CONCENTRATION OF CREDIT RISK

Both tenants within the Portfolio presented in the Historical Summary accounted for more than 10% of the total revenues during the year ended December 31, 2021. CVS and Walgreens accounted for 10.1% and 89.9% of total revenues for the year ended December 31, 2021, respectively.

NOTE 7. SUBSEQUENT EVENTS

Subsequent events and transactions were evaluated through March 25, 2022, the date on which the Historical Summary was issued. There were no reportable subsequent events or transactions.

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

On March 25, 2022, Alpine Income Property Trust, Inc. (the “Company”) completed the acquisition of nine income properties located in six different states (the “Portfolio”) from a private family office (the “Seller”) for an aggregate purchase price of \$48.1 million. There is no material relationship between the Company, its subsidiaries or any of its affiliates, or any director or officer of the Company, or any associate of any director or officer of the Company, and the Seller, other than with respect to the Company’s acquisition of the Portfolio. The Company is the lessee under an operating land lease for three of the nine properties within the Portfolio. The acquisition was funded utilizing availability under the Company’s unsecured revolving credit facility.

The following unaudited pro forma consolidated balance sheet as of December 31, 2021 and unaudited pro forma consolidated statement of operations for the year ended December 31, 2021 (collectively, the “Unaudited Pro Forma Financials”) give effect to the acquisition of the Portfolio. The adjustments in the Unaudited Pro Forma Financials are referred to herein as the “Portfolio Acquisition Transaction Accounting Adjustments.”

Transaction Accounting Adjustments

The Unaudited Pro Forma Financials present the effects of the Portfolio acquisition as though it occurred on January 1, 2021, the beginning of the earliest applicable reporting period.

Unaudited Pro Forma Financials

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

ALPINE INCOME PROPERTY TRUST, INC.
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2021

(In thousands, except share and per share data)

	Historical	Portfolio Acquisition Transaction Accounting Adjustments	Notes	Pro Forma
ASSETS				
Real Estate:				
Land, at Cost	\$ 178,172	\$ 12,721	[A]	\$ 190,893
Building and Improvements, at Cost	266,236	30,871	[A]	297,107
Total Real Estate, at Cost	444,408	43,592		488,000
Less, Accumulated Depreciation	(15,419)	—		(15,419)
Real Estate—Net	428,989	43,592		472,581
Cash and Cash Equivalents	8,851	—		8,851
Restricted Cash	646	—		646
Intangible Lease Assets—Net	58,821	5,402	[A]	64,223
Straight-Line Rent Adjustment	1,838	—		1,838
Other Assets	6,369	1,537	[B][D]	7,906
Total Assets	<u>\$ 505,514</u>	<u>\$ 50,531</u>		<u>\$ 556,045</u>
LIABILITIES AND EQUITY				
Liabilities:				
Accounts Payable, Accrued Expenses, and Other Liabilities	\$ 2,363	\$ 2,100	[D]	\$ 4,463
Prepaid Rent and Deferred Revenue	2,033	—		2,033
Intangible Lease Liabilities—Net	5,476	473	[A]	5,949
Long-Term Debt	267,740	47,958	[C]	315,698
Total Liabilities	<u>277,612</u>	<u>50,531</u>		<u>328,143</u>
Commitments and Contingencies				
Equity:				
Preferred Stock, \$0.01 par value per share, 100 million shares authorized, no shares issued and outstanding as of December 31, 2021	—	—		—
Common Stock, \$0.01 par value per share, 500 million shares authorized, 11,454,815 shares issued and outstanding as of December 31, 2021	114	—		114
Additional Paid-in Capital	200,906	—		200,906
Dividends in Excess of Net Income	(6,419)	—		(6,419)
Accumulated Other Comprehensive Income	1,922	—		1,922
Stockholders' Equity	196,523	—		196,523
Noncontrolling Interest	31,379	—		31,379
Total Equity	<u>227,902</u>	<u>—</u>		<u>227,902</u>
Total Liabilities and Equity	<u>\$ 505,514</u>	<u>\$ 50,531</u>		<u>\$ 556,045</u>

See accompanying notes to unaudited pro forma consolidated financial statements.

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

	<u>Historical</u>	<u>Portfolio Acquisition Transaction Accounting Adjustments</u>	<u>Notes</u>	<u>Pro Forma</u>
Revenues:				
Lease Income	\$ 30,128	\$ 3,615	[A][B]	\$ 33,743
Total Revenues	30,128	3,615		33,743
Operating Expenses:				
Real Estate Expenses	3,673	257	[A]	3,930
General and Administrative Expenses	5,027	—		5,027
Depreciation and Amortization	15,939	1,754	[B]	17,693
Total Operating Expenses	24,639	2,011		26,650
Gain on Disposition of Assets	9,675	—		9,675
Net Income from Operations	15,164	1,604		16,768
Interest Expense	3,702	871	[C]	4,573
Net Income	11,462	733		12,195
Less: Net Income Attributable to Noncontrolling Interest	(1,498)	(95)	[D]	(1,593)
Net Income Attributable to Alpine Income Property Trust, Inc.	<u>\$ 9,964</u>	<u>\$ 638</u>		<u>\$ 10,602</u>
Per Common Share Data:				
Net Income Attributable to Alpine Income Property Trust, Inc.				
Basic	\$ 1.02	\$ 0.07		\$ 1.08
Diluted	\$ 0.89	\$ 0.06		\$ 0.94
Weighted Average Number of Common Shares:				
Basic	9,781,066	9,781,066		9,781,066
Diluted	11,246,227	11,246,227		11,246,227

See accompanying notes to unaudited pro forma consolidated financial statements.

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

NOTE 1. BASIS OF PRESENTATION

The unaudited pro forma consolidated balance sheet as of December 31, 2021 and unaudited pro forma consolidated statement of operations for the year ended December 31, 2021 (collectively, the “Unaudited Pro Forma Financials”) give effect to the acquisition of the Portfolio as though it had occurred on January 1, 2021, the beginning of the earliest applicable reporting period. Such adjustments in the Unaudited Pro Forma Financials are referred to herein as the “Portfolio Acquisition Transaction Accounting Adjustments.”

Transaction Accounting Adjustments. The Unaudited Pro Forma Financials present the effects of the Portfolio acquisition as though it had occurred on January 1, 2021, the beginning of the earliest applicable reporting period. The Portfolio acquisition was funded utilizing availability under the Company’s unsecured revolving credit facility.

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

NOTE 2. PRO FORMA ADJUSTMENTS

Pro Forma Consolidated Balance Sheet as of December 31, 2021

[A] Represents the fair value of the income properties included in the Portfolio acquisition that occurred subsequent to December 31, 2021 which are allocated to the acquired tangible assets, consisting of land, building and improvements, and identified intangible lease assets and liabilities, consisting of the value of above-market and below-market leases, the value of in-place leases, and the value of leasing costs.

The following represents the allocation of total acquisition costs for the Portfolio, which acquisition occurred subsequent to December 31, 2021 (in thousands):

Allocation of Purchase Price:	
Land, at Cost	\$ 12,721
Building and Improvements, at Cost	30,871
Intangible Lease Assets	5,402
Intangible Lease Liabilities	(473)
Total Acquisition Cost - Purchase Price plus Acquisition Costs	\$ 48,521

[B] Represents return of \$0.5 million in earnest money deposits in addition to \$0.1 million in net cash pro-rations at closing.

[C] Represents draws on the Company’s unsecured revolving credit facility of \$48.0 million related to the acquisition cost of the Portfolio that occurred subsequent to December 31, 2021.

[D] Represents the right-of-use asset and corresponding lease liability totaling \$2.1 million related to operating land leases under which the Company is the lessee. The right-of-use asset and lease liability are measured based on the present value of the lease payments.

Pro Forma Consolidated Statement of Operations for the Year Ended December 31, 2021

[A] Represents (i) adjustments to lease income totaling \$3.6 million, based on the calculation of rent on a straight-line basis utilizing the existing lease terms, and (ii) related direct costs of the lease income, presented on the consolidated statements of operations as real estate expenses, totaling \$0.3 million for the year ended December 31, 2021. The Company recognizes rental revenue from operating leases on a straight-line basis over the life of the related leases. The pro forma adjustments reflect the estimated incremental straight-line rental income to be recognized over the remaining life of the leases for the Portfolio as of the acquisition date as though they had occurred on January 1, 2021. Comparatively, the straight-line rental income that had been recorded in the Historical Summary of Revenues and Direct Expenses of the Portfolio for the relevant periods was calculated as if the acquisition had incurred at inception of the lease for the relevant periods.

[B] Represents the depreciation and amortization of real estate acquired related to the Portfolio which totaled \$1.8 million for the year ended December 31, 2021 based on the estimated remaining economic useful life for tangible assets and the weighted average remaining lease term for the related intangible assets and intangible liabilities. Capitalized above-and below-market lease values are amortized as a decrease or increase, respectively, to lease income. For the year ended December 31, 2021, there was a net increase to lease income which totaled less than \$0.01 million and is included in the adjustments to lease income totaling \$3.6 million referred to in Note [A] above.

[C] Represents the incremental additional interest expense of \$0.9 million related to draws on the Company's unsecured revolving credit facility used to fund the Portfolio acquisition that occurred subsequent to December 31, 2021.

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