UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______ to_________

Commission File Number 0-4057

PORTSMOUTH SQUARE, INC.
(Exact name of registrant as specified in its charter)

CALIFORNIA (State or other jurisdiction of Incorporation or organization)	94-1674111 (I.R.S. Employer Identification No.)

1516 S. Bundy Dr., Suite 200, Los Angeles, California 90025
(Address of principal executive offices) (Zip Code)

(310) 889-2500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act):
☐ Yes ☒ No

The number of shares outstanding of registrant's Common Stock, as of November 4, 2022 was 734,187.

Securities registered pursuant to section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
NONE	NONE	NONE

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PART 1
FINANCIAL INFORMATION

Item 1 – Condensed Consolidated Financial Statements

PORTSMOUTH SQUARE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

As of		September 30, 2022 (unaudited)		June 30, 2022
ASSETS				
Investment in hotel, net	$	32,235,000	$	31,230,000
Investment in marketable securities		295,000		541,000
Cash and cash equivalents		2,643,000		2,662,000
Restricted cash		6,274,000		6,226,000
Accounts receivable, net		251,000		377,000
Other assets, net		513,000		852,000
Deferred tax assets		7,914,000		7,911,000
Total assets	$	50,125,000	$	49,799,000
LIABILITIES AND SHAREHOLDERS' DEFICIT				
Liabilities:				
Accounts payable and other liabilities	$	9,523,000	$	8,725,000
Accounts payable to related party		5,215,000		4,908,000
Due to securities broker		-		130,000
Related party notes payable		17,579,000		17,721,000
Mortgage notes payable, net		108,249,000		108,747,000
Total liabilities		140,566,000		140,231,000
Shareholders' deficit:				
Common stock, no par value: Authorized shares - 750,000; 734,187 shares issued and outstanding shares as of September 30, 2022 and June 30, 2022, respectively		2,092,000		2,092,000
Accumulated deficit		(92,533,000)		(92,524,000)
Total shareholders' deficit		(90,441,000)		(90,432,000)
Total liabilities and shareholders' deficit	$	50,125,000	$	49,799,000

The accompanying notes are an integral part of these (unaudited) condensed consolidated financial statements.

PORTSMOUTH SQUARE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

For the three months ended September 30,	**2022**	**2021**
Revenue - Hotel	$ 12,310,000	$ 6,805,000
Costs and operating expenses		
Hotel operating expenses	(9,306,000)	(6,333,000)
Hotel depreciation and amortization expense	(627,000)	(529,000)
General and administrative expense	(309,000)	(328,000)
Total costs and operating expenses	(10,242,000)	(7,190,000)
Income (loss) from operations	2,068,000	(385,000)
Other income (expense)		
Interest expense - mortgage	(1,632,000)	(1,661,000)
Interest expense - related party	(430,000)	(237,000)
Net loss on marketable securities	(10,000)	(268,000)
Net loss on marketable securities - Comstock	-	(177,000)
Dividend and interest income	26,000	34,000
Trading and margin interest expense	(34,000)	(56,000)
Total other expense, net	(2,080,000)	(2,365,000)
Loss before income taxes	(12,000)	(2,750,000)
Income tax benefit	3,000	775,000
Net Loss	$ (9,000)	$ (1,975,000)
Basic and diluted net loss per share	$ (0.01)	$ (2.69)
Weighted average number of common shares outstanding - basic and diluted	734,187	734,187

The accompanying notes are an integral part of these (unaudited) condensed consolidated financial statements.

PORTSMOUTH SQUARE, INC
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT
(unaudited)

	Common Stock		Accumulated	Portsmouth Shareholders'	Noncontrolling	Total Shareholders'
	Shares	**Amount**	**Deficit**	**Deficit**	**Interest**	**Deficit**
Balance at July 1, 2022	734,187	$2,092,000	$ (92,524,000)	$ (90,432,000)	$ -	$ (90,432,000)
Net loss	-	-	(9,000)	(9,000)	-	(9,000)
Balance at September 30, 2022	734,187	$2,092,000	$ (92,533,000)	$ (90,441,000)	$ -	$ (90,441,000)

	Common Stock		Accumulated	Portsmouth Shareholders'	Noncontrolling	Total Shareholders'
	Shares	**Amount**	**Deficit**	**Deficit**	**Interest**	**Deficit**
Balance at July 1, 2021	734,187	$2,092,000	$ (84,960,000)	$ (82,868,000)	$ (655,000)	$ (83,523,000)
Net loss	-	-	(1,975,000)	(1,975,000)	-	(1,975,000)
Reclassify noncontrolling interest due to purchase of Partnership interest	-	-	(999,000)	(999,000)	999,000	-
Purchase of Partnership interest	-	-	-	-	(344,000)	(344,000)
Balance at September 30, 2021	734,187	$2,092,000	$ (87,934,000)	$ (85,842,000)	$ -	$ (85,842,000)

The accompanying notes are an integral part of these (unaudited) condensed consolidated financial statements.

PORTSMOUTH SQUARE, INC.
CONDENDSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

For the three months ended September 30,	**2022**	**2021**
Cash flows from operating activities:		
Net loss	$ (9,000)	$ (1,975,000)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Net unrealized (gain) loss on marketable securities	(90,000)	401,000
Deferred taxes	(3,000)	(775,000)
Depreciation and amortization	546,000	459,000
Changes in operating assets and liabilities:		
Investment in marketable securities	336,000	630,000
Accounts receivable	126,000	(21,000)
Other assets	339,000	92,000
Accounts payable and other liabilities	851,000	1,434,000
Accounts payable related party	307,000	203,000
Due to securities broker	(130,000)	(545,000)
Obligations for securities sold	-	54,000
Net cash provided by (used in) operating activities	2,273,000	(43,000)
Cash flows from investing activities:		
Payments for hotel furniture, equipment and building improvements	(1,632,000)	(240,000)
Investment in Partnership interest	-	(344,000)
Net cash used in investing activities	(1,632,000)	(584,000)
Cash flows from financing activities:		
Proceeds from related party note payable	-	1,500,000
Issuance cost from refinance of related party loan	-	(50,000)
Payments of mortgage notes payable	(612,000)	(510,000)
Net cash provided by (used in) financing activities	(612,000)	940,000
Net increase in cash, cash equivalents, and restricted cash	29,000	313,000
Cash, cash equivalents, and restricted cash at the beginning of the period	8,888,000	8,532,000
Cash, cash equivalents, and restricted cash at the end of the period	$ 8,917,000	$ 8,845,000
Supplemental information:		
Interest paid	$ 2,061,000	$ 1,677,000

The accompanying notes are an integral part of these (unaudited) condensed consolidated financial statements.

PORTSMOUTH SQUARE, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements included herein have been prepared by Portsmouth Square, Inc. ("Portsmouth" or the "Company"), according to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the condensed consolidated financial statements prepared in accordance with generally accepted accounting principles (U.S. GAAP) have been condensed or omitted pursuant to such rules and regulations, although the Company believes the disclosures that are made are adequate to make the information presented not misleading. Further, the condensed consolidated financial statements reflect, in the opinion of management, all adjustments (which included only normal recurring adjustments) necessary for a fair statement of the financial position, cash flows and results of operations as of and for the periods indicated. It is suggested that these financial statements be read in conjunction with the audited financial statements of Portsmouth and the notes therein included in the Company's Annual Report on Form 10-K for the year ended June 30, 2022. The June 30, 2022 condensed consolidated balance sheet was derived from the consolidated balance sheet as included in the Company's Form 10-K for the year ended June 30, 2022.

The condensed consolidated financial statements include the accounts of our wholly owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation. The results of operations for the three months ended September 30, 2022 are not necessarily indicative of results to be expected for the full fiscal year ending June 30, 2023.

Portsmouth's primary business was conducted through its general and limited partnership interest in Justice Investors Limited Partnership, a California limited partnership ("Justice" or the "Partnership"). Effective July 15, 2021, Portsmouth completed the purchase of 100% of the limited partnership interest of Justice through the acquisition of the remaining 0.7% non-controlling interest. Effective December 23, 2021, the Partnership was dissolved. The financial statements of Justice were consolidated with those of the Company.

Prior to its dissolution effective December 23, 2021, Justice owned and operated a 544-room hotel property located at 750 Kearny Street, San Francisco California, known as the Hilton San Francisco Financial District (the "Hotel") and related facilities including a five-level underground parking garage through its subsidiaries Justice Operating Company, LLC ("Operating") and Justice Mezzanine Company, LLC ("Mezzanine"). Mezzanine was a wholly owned subsidiary of the Partnership; Operating is a wholly owned subsidiary of Mezzanine. Effective December 23, 2021, Portsmouth replaced Justice as the single member of Mezzanine. Mezzanine is the borrower under certain mezzanine indebtedness of Justice, and in December 2013, the Partnership conveyed ownership of the Hotel to Operating. The Hotel is a full-service Hilton brand hotel pursuant to a Franchise License Agreement with HLT Franchise Holding LLC ("Hilton") through January 31, 2030.

Operating entered into a hotel management agreement ("HMA") with Aimbridge Hospitality ("Aimbridge") to manage the Hotel, along with its five level parking garage, with an effective date of February 3, 2017. The term of the management agreement is for an initial period of ten years commencing on the February 3, 2017 date and automatically renews for successive one (1) year periods, not to exceed five years in the aggregate, subject to certain conditions. Under the terms on the HMA, base management fee payable to Aimbridge shall be one and seven-tenths percent (1.70%) of total Hotel revenue.

As of September 30, 2022, The InterGroup Corporation ("InterGroup"), a public company, owns approximately 75.0% of the outstanding common shares of Portsmouth and the Company's Chairman of the Board and Chief Executive Officer, John V. Winfield, owns approximately 2.5% of the outstanding common shares of the Company. Mr. Winfield also serves as the President, Chairman of the Board and Chief Executive Officer of InterGroup and owns approximately 68% of the outstanding common shares of InterGroup as of September 30, 2022.

There have been no material changes to the Company's significant accounting policies during the three months ended September 30, 2022. Please refer to the Company's Annual Report on Form 10-K for the year ended June 30, 2022 for a summary of the significant accounting policies. Certain prior year amounts have been reclassified for consistency with the current period presentation on the condensed consolidated balance sheet. Finance leases of $130,000 and $183,000 as of September 30, 2022 and June 30, 2022, respectively, and accounts payable - Hotel of $9,202,000 and $8,307,000 as of September 30, 2022 and June 30, 2022, respectively, were reclassified to Accounts Payable and Other Liabilities. These reclassifications had no effect on the reported results of operations and financial position.

Recently Issued and Adopted Accounting Pronouncements

As of September 30, 2022, management does not expect a material impact from recently issued accounting pronouncements yet to be adopted, on the Company's condensed consolidated financial statements.

NOTE 2 - LIQUIDITY

Historically, our cash flows have been primarily generated from our Hotel operations. However, the responses by federal, state, and local civil authorities to the COVID-19 pandemic continues to have a material detrimental impact on our liquidity. For the three months ended September 30, 2022 our net cash provided by operating activities was $2,273,000. We have taken several steps to preserve capital and increase liquidity at our Hotel, including implementing strict cost management measures to eliminate non-essential expenses, renegotiating certain reoccurring expenses, and temporarily closing certain hotel services and outlets. As the hospitality and travel environment continues to recover, we will continue to evaluate what services we bring back. During the three months ended September 30, 2022, the Company continued to make capital improvements to the hotel in the amount of $1,632,000 and anticipates continuing its guest room upgrade program during the remaining of fiscal year 2023.

The Company had cash and cash equivalents of $2,643,000 and $2,662,000 as of September 30, 2022 and June 30, 2022, respectively. The Company had restricted cash of $6,274,000 and $6,226,000 as of September 30, 2022 and June 30, 2022, respectively. The Company had marketable securities, net of margin due to securities brokers, of $295,000 and $411,000 as of September 30, 2022 and June 30, 2022, respectively. These marketable securities are short-term investments and liquid in nature.

On December 16, 2020, Justice and InterGroup entered into a loan modification agreement which increased Justice's borrowing from InterGroup as needed up to $10,000,000 and extended the maturity date of the loan to July 31, 2021. As of the date of this report, the maturity date was extended to July 31, 2023. Upon the dissolution of Justice in December 2021, Portsmouth assumed Justice's note payable to InterGroup in the amount of $11,350,000. On December 31, 2021, Portsmouth and InterGroup entered into a loan modification agreement which increased Portsmouth's borrowing from InterGroup as needed up to $16,000,000. During the fiscal year ending June 30, 2022, InterGroup advanced $7,550,000 to the Hotel, bringing the total amount due to InterGroup to $14,200,000 as of June 30, 2022 and September 30, 2022. During the three months ended September 30, 2022, the Company did not need any additional funding and does not anticipate any need for funding from InterGroup in the near future. As of September 30, 2022, the Company has not made any paid-downs to its note payable to InterGroup. The Company could amend its by-laws and increase the number of authorized shares to issue additional shares to raise capital in the public markets if needed.

The Company's known short-term liquidity requirements primarily consist of funds necessary to pay for operating and other expenditures, including management and franchise fees, corporate expenses, payroll and related costs, taxes, interest and principal payments on our outstanding indebtedness, and repairs and maintenance of the Hotel.

Our long-term liquidity requirements primarily consist of funds necessary to pay for scheduled debt maturities and capital improvements of the Hotel. We will continue to finance our business activities primarily with existing cash, including from the activities described above, and cash generated from our operations. After considering our approach to liquidity and accessing our available sources of cash, we believe that our cash position will be adequate to meet anticipated requirements for operating and other expenditures, including corporate expenses, payroll and related benefits, taxes and compliance costs and other commitments, for at least twelve months from the date of issuance of these financial statements, even if current levels of occupancy and revenue per occupied room ("RevPAR", calculated by multiplying the hotel's average daily room rate by its occupancy percentage) were to persist. The objectives of our cash management policy are to maintain existing leverage levels and the availability of liquidity, while minimizing operational costs. We believe that our cash on hand, along with other potential sources of liquidity that management may be able to obtain, will be sufficient to fund our working capital needs, as well as our capital lease and debt obligations for at least the next twelve months and beyond. However, there can be no guarantee that management will be successful with its plan.

The following table provides a summary as of September 30, 2022, the Company's material financial obligations which also including interest payments:

	Total	9 Months 2023	Year 2024	Year 2025	Year 2026	Year 2027	Thereafter
Mortgage notes payable	$108,554,000	$1,315,000	$107,239,000	$ -	$ -	$ -	$ -
Related party notes payable	17,579,000	425,000	14,767,000	567,000	567,000	463,000	790,000
Interest	8,408,000	5,341,000	3,067,000	-	-	-	-
Total	$134,541,000	$7,081,000	$125,073,000	$567,000	$567,000	$463,000	$ 790,000

NOTE 3 – REVENUE

The following table present our revenues disaggregated by revenue streams.

For the three months ended September 30,	**2022**	**2021**
Hotel revenues:		
Hotel rooms	$ 10,802,000	$ 5,562,000
Food and beverage	535,000	266,000
Garage	822,000	907,000
Other operating departments	151,000	70,000
Total hotel revenue	$ 12,310,000	$ 6,805,000

Performance obligations

We identified the following performance obligations for which revenue is recognized as the respective performance obligations are satisfied, which results in recognizing the amount we expect to be entitled to for providing the goods or services:

● *Cancelable room reservations or ancillary services* are typically satisfied as the good or service is transferred to the hotel guest, which is generally when the room stay occurs.

● *Non-cancelable room reservations and banquet or conference reservations* represent a series of distinct goods or services provided over time and satisfied as each distinct good or service is provided, which is reflected by the duration of the room reservation.

● *Other ancillary goods and services* are purchased independently of the room reservation at standalone selling prices and are considered separate performance obligations, which are satisfied when the related good or service is provided to the hotel guest.

● *Components of package reservations* for which each component could be sold separately to other hotel guests are considered separate performance obligations and are satisfied as set forth above.

Hotel revenue primarily consists of hotel room rentals, revenue from accommodations sold in conjunction with other services (e.g., package reservations), food and beverage sales and other ancillary goods and services (e.g., parking). Revenue is recognized when rooms are occupied or goods and services have been delivered or rendered, respectively. Payment terms typically align with when the goods and services are provided. For package reservations, the transaction price is allocated to the performance obligations within the package based on the estimated standalone selling prices of each component.

We do not disclose the value of unsatisfied performance obligations for contracts with an expected length of one year or less. Due to the nature of our business, our revenue is not significantly impacted by refunds. Cash payments received in advance of guests staying at our hotel are refunded to hotel guests if the guest cancels within the specified time before any services are rendered. Refunds related to service are generally recognized as an adjustment to the transaction price at the time the hotel stay occurs or services are rendered.

Contract assets and liabilities

We do not have any material contract assets as of September 30, 2022 and June 30, 2022, other than trade and other receivables, net on our condensed consolidated balance sheets. Our receivables are primarily the result of contracts with customers, which are reduced by an allowance for doubtful accounts that reflects our estimate of amounts that will not be collected.

We record contract liabilities when cash payments are received or due in advance of guests staying at our hotel, which are presented within accounts payable and other liabilities on our consolidated balance sheets and had a balance of $493,000 at July 1, 2022. During the three months ended September 30, 2022, the entire $493,000 was recognized as revenue and $148,000 was recognized during the three months ended September 30, 2021. Contract liabilities increased to $1,061,000 as of September 30, 2022 from $493,000 as of June 30, 2022. The increased for the three months ended September 30, 2022 was primarily driven by advance deposits received from customers for services to be performed after September 30, 2022.

Contract costs

We consider sales commissions earned to be incremental costs of obtaining a contract with our customers. As a practical expedient, we expense these costs as incurred as our contracts with customers are less than one year.

NOTE 4 – INVESTMENT IN HOTEL, NET

Investment in hotel consisted of the following as of:

September 30, 2022	Cost	Accumulated Depreciation	Net Book Value
Land	$ 1,124,000	$ -	$ 1,124,000
Finance lease ROU assets	1,805,000	(1,002,000)	803,000
Furniture and equipment	34,492,000	(28,793,000)	5,699,000
Building and improvements	56,274,000	(31,665,000)	24,609,000
Investment in Hotel, net	$ 93,695,000	$ (61,460,000)	$ 32,235,000

June 30, 2022	Cost	Accumulated Depreciation	Net Book Value
Land	$ 1,124,000	$ -	$ 1,124,000
Finance lease ROU assets	1,805,000	(922,000)	883,000
Furniture and equipment	32,860,000	(28,567,000)	4,293,000
Building and improvements	56,274,000	(31,344,000)	24,930,000
Investment in Hotel, net	$ 92,063,000	$ (60,833,000)	$ 31,230,000

Finance lease ROU assets, furniture and equipment are stated at cost, depreciated on a straight-line basis over their useful lives ranging from 3 to 7 years and amortized over the life of the lease. Building and improvements are stated at cost, depreciated on a straight-line basis over their useful lives ranging from 15 to 39 years. Depreciation expense for the three months ended September 30, 2022 and 2021 are $627,000 and $529,000, respectively.

NOTE 5 - INVESTMENT IN MARKETABLE SECURITIES, NET

The Company's investment in marketable securities consists primarily of corporate equities. The Company has also periodically invested in income producing securities, which may include interests in real estate-based companies and REITs, where financial benefit could transfer to its shareholders through income and/or capital gain.

As of September 30, 2022, and June 30, 2022, all the Company's marketable securities are classified as trading securities. The change in the unrealized gains and losses on these investments are included in earnings. Trading securities are summarized as follows:

Investment	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Net Unrealized Loss	Fair Value
As of September 30, 2022					
Corporate Equities	$ 307,000	$ 61,000	$ (73,000)	$ (12,000)	$ 295,000
As of June 30, 2022					
Corporate Equities	$ 643,000	$ 42,000	$ (144,000)	$ (102,000)	$ 541,000

As of September 30, 2022, and June 30, 2022, the Company had $22,000 and $73,000, respectively, of unrealized losses related to securities held for over one year.

Net losses on marketable securities on the statement of operations is comprised of realized and unrealized gains (losses). Below is the composition of net gains (losses) on marketable securities for the three months ended September 30, 2022 and 2021, respectively:

For the three months ended September 30,	**2022**	**2021**
Realized loss on marketable securities, net	$ (100,000)	$ (5,000)
Realized loss on marketable securities related to Comstock	-	(40,000)
Unrealized gain (loss) on marketable securities, net	90,000	(263,000)
Unrealized loss on marketable securities related to Comstock	-	(137,000)
Net loss on marketable securities	$ (10,000)	$ (445,000)

NOTE 6 - FAIR VALUE MEASUREMENTS

The carrying values of the Company's financial instruments not required to be carried at fair value on a recurring basis approximate fair value due to their short maturities (i.e., accounts receivable, other assets, accounts payable and other liabilities) or the nature and terms of the obligation (i.e., other notes payable and mortgage notes payable). The assets measured at fair value on a recurring basis are as follows:

As of	September 30, 2022 Total - Level 1	June 30, 2022 Total - Level 1
Assets:		
Investment in marketable securities:		
REITs and real estate companies	$ 181,000	$ 162,000
Communication services	93,000	355,000
Utilities	11,000	5,000
Basic materials	9,000	18,000
Technology	1,000	1,000
	$ 295,000	$ 541,000

The fair values of investments in marketable securities are determined by the most recently traded price of each security at the balance sheet date.

NOTE 7 – CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the condensed consolidated balance sheets that sum to the total of the same such amounts shown in the condensed consolidated statement of cash flows:

As of	September 30, 2022	June 30, 2022
Cash and cash equivalents	$ 2,643,000	$ 2,662,000
Restricted cash	6,274,000	6,226,000
Total cash, cash equivalents, and restricted cash shown in the condensed consolidated statement of cash flows	$ 8,917,000	$ 8,888,000

Restricted cash is comprised of amounts held by lenders for payment of real estate taxes, insurance, replacement and capital addition reserves for the Hotel.

NOTE 8 - SEGMENT INFORMATION

The Company operates in two reportable segments, the operation of the hotel ("Hotel Operations") and the investment of its cash in marketable securities and other investments ("Investment Transactions"). These two operating segments, as presented in the consolidated financial statements, reflect how management internally reviews each segment's performance. Management also makes operational and strategic decisions based on this same information.

Information below represents reporting segments for the three months ended September 30, 2022 and 2021, respectively. Operating income from Hotel operations consists of the operation of the hotel and operation of the garage. Loss from investment transactions consist of net investment gain (loss), dividend and interest income and trading and margin interest expense. The other segment consists of corporate general and administrative expenses and the income tax benefit for the entire Company.

For the three months ended September 30, 2022	Hotel Operations	Investment Transactions	Corporate	Total
Revenues	$ 12,310,000	$ -	$ -	$ 12,310,000
Segment operating expenses	(9,306,000)	-	(309,000)	(9,615,000)
Segment income (loss)	3,004,000	-	(309,000)	2,695,000
Interest expense - mortgage	(1,632,000)	-	-	(1,632,000)
Interest expense - related party	(430,000)	-	-	(430,000)
Depreciation and amortization expense	(627,000)	-	-	(627,000)
Loss from investments	-	(18,000)	-	(18,000)
Income tax benefit	-	-	3,000	3,000
Net income (loss)	$ 315,000	$ (18,000)	$ (306,000)	$ (9,000)
Total assets	$ 41,514,000	$ 295,000	$ 8,316,000	$ 50,125,000

As of and for the three months ended September 30, 2021	Hotel Operations	Investment Transactions	Corporate	Total
Revenues	$ 6,805,000	$ -	$ -	$ 6,805,000
Segment operating expenses	(6,333,000)	-	(328,000)	(6,661,000)
Segment income (loss)	472,000	-	(328,000)	144,000
Interest expense - mortgage	(1,661,000)	-	-	(1,661,000)
Interest expense - related party	(237,000)	-	-	(237,000)
Depreciation and amortization expense	(529,000)	-	-	(529,000)
Loss from investments	-	(467,000)	-	(467,000)
Income tax benefit	-	-	775,000	775,000
Net income (loss)	$ (1,955,000)	$ (467,000)	$ 447,000	$ (1,975,000)
Total assets	$ 40,704,000	$ 2,525,000	$ 9,020,000	$ 52,249,000

NOTE 9 - RELATED PARTY AND OTHER FINANCING TRANSACTIONS

The following summarizes the balances of related party and other notes payable as of September 30, 2022 and June 30, 2022, respectively.

As of	**September 30, 2022**	**June 30, 2022**
Note payable - InterGroup	$ 14,200,000	$ 14,200,000
Note payable - Hilton	2,296,000	2,375,000
Note payable - Aimbridge	1,083,000	1,146,000
Total related party and other notes payable	$ 17,579,000	$ 17,721,000

On July 2, 2014, the Partnership obtained from InterGroup an unsecured loan in the principal amount of $4,250,000 at 12% per year fixed interest, with a term of 2 years, payable interest only each month. InterGroup received a 3% loan fee. The loan may be prepaid at any time without penalty. The loan was extended to July 31, 2023. On December 16, 2020, Justice and InterGroup entered into a loan modification agreement which increased Justice's borrowing from InterGroup as needed up to $10,000,000. Upon the dissolution of Justice in December 2021, Portsmouth assumed Justice's note payable to InterGroup in the amount of $11,350,000. In December 2021, Portsmouth and InterGroup entered into a loan modification agreement which increased Portsmouth's borrowing from InterGroup as needed up to $16,000,000. As of September 30, 2022 and June 30, 2022, the balance of the loan was $14,200,000.

Note payable to Hilton (Franchisor) is a self-exhausting, interest free development incentive note which is reduced by approximately $317,000 annually through 2030 by Hilton if the Partnership is still a Franchisee with Hilton.

On February 1, 2017, Operating entered into an HMA with Ambridge to manage the Hotel with an effective takeover date of February 3, 2017. The term of the management agreement is for an initial period of 10 years commencing on the takeover date and automatically renews for an additional year not to exceed five years in aggregate subject to certain conditions. The HMA also provides for Ambridge to advance a key money incentive fee to the Hotel for capital improvements in the amount of $2,000,000 under certain terms and conditions described in a separate key money agreement. The key money contribution shall be amortized in equal monthly amounts over an eight (8) year period commencing on the second anniversary of the takeover date. During the first quarter of fiscal year 2021, the Hotel obtained approval from Ambridge to use the key money for hotel operations and the funds were exhausted by December 31, 2020. The unamortized portion of $1,083,000 and $1,146,000 of the key money is included in the related party notes payable in the consolidated balance sheets as of September 30, 2022 and June 30, 2022, respectively.

Future minimum principal payments for all related party and other financing transactions are as follows:

For the year ending June 30,		
2023	$	425,000
2024		14,767,000
2025		567,000
2026		567,000
2027		463,000
Thereafter		790,000
	$	17,579,000

As of September 30, 2022 and June 30, 2022, the Company had accounts payable to related party of $5,215,000 and $4,908,000, respectively. These are amounts due to InterGroup and represent accrued interests and certain shared costs and expenses, primarily general and administrative expenses, rent, insurance, and other expenses.

To fund the redemption of limited partnership interests and to repay the prior mortgage of $42,940,000, Justice obtained a $97,000,000 mortgage loan and a $20,000,000 mezzanine loan in December 2013. The mortgage loan is secured by the Company’s principal asset, the Hotel. The mortgage loan bears an interest rate of 5.275% per annum with interest only payments due through January 2017. Beginning in February 2017, the loan began to amortize over a thirty-year period through its maturity date of January 2024. Outstanding principal balance on the loan was $88,554,000 and $89,114,000 as of September 30, 2022 and June 30, 2022, respectively. As additional security for the mortgage loan, there is a limited guaranty executed by Portsmouth in favor of the mortgage lender. The mezzanine loan is secured by the Operating membership interest held by Mezzanine and is subordinated to the Mortgage Loan. The mezzanine interest only loan had an interest rate of 9.75% per annum and a maturity date of January 1, 2024. As additional security for the mezzanine loan, there is a limited guaranty executed by Portsmouth in favor of the mezzanine lender. On July 31, 2019, Mezzanine refinanced the mezzanine loan by entering into a new mezzanine loan agreement (“New Mezzanine Loan Agreement”) with Cred Reit Holdco LLC in the amount of $20,000,000. The prior Mezzanine Loan which had a 9.75% per annum interest rate was paid off. Interest rate on the new mezzanine loan is 7.25% and the loan matures on January 1, 2024. Interest only payments are due monthly.

Effective May 11, 2017, InterGroup agreed to become an additional guarantor under the limited guaranty and an additional indemnitor under the environmental indemnity for Justice Investors limited partnership's $97,000,000 mortgage loan and the $20,000,000 mezzanine loan. Pursuant to the agreement, InterGroup is required to maintain certain net worth and liquidity. As of September 30, 2022, InterGroup is in compliance with both requirements. However, due to the Hotel's ongoing recovery from the negative impact of Covid19 in the Hotel's cash flow, Justice Operating Company, LLC have not been meeting certain of its loan covenants such as the Debt Service Coverage Ratio ("DSCR") which would trigger the creation of a lockbox by the Lender for all cash collected by the Hotel. However, such lockbox has been created and utilized from the loan inception and will be in place up to loan maturity regardless of the DSCR.

The Company's Board of Directors is currently comprised of directors John V. Winfield, William J. Nance, John C. Love, and Steve Grunwald. Director Jerold R. Babin, 90, passed away on October 20, 2022 and was replaced by Yvonne Murphy. All the Company's directors also serve as directors of InterGroup. The Company's director and Chairman of the Audit Committee, William J. Nance, serves as Comstock's director and Chairman of the Audit and Finance, Compensation and Nominating and Governance Committees of Comstock.

John V. Winfield serves as Chief Executive Officer and Chairman of the Company and InterGroup. Effective June 2016, Mr. Winfield became the Managing Director of Justice until its dissolution in December 2021. Depending on certain market conditions and various risk factors, the Chief Executive Officer and InterGroup may, at times, invest in the same companies in which the Company invests. The Company encourages such investments because it places personal resources of the Chief Executive Officer and the resources of InterGroup, at risk in connection with investment decisions made on behalf of the Company.

On May 24, 2021, John V. Winfield resigned effective immediately as the Company's President and the Company's Board of Directors elected David C. Gonzalez as the Company's new President, effective as of May 24, 2021. Mr. Gonzalez serves as Vice President Real Estate of InterGroup and is an advisor of the Executive Strategic Real Estate and Securities Investment Committee of InterGroup and Portsmouth.

NOTE 10 – ACCOUNTS PAYABLE AND OTHER LIABILITIES

The following summarizes the balances of accounts payable and other liabilities as of September 30, 2022 and June 30, 2022, respectively.

As of	**September 30, 2022**	**June 30, 2022**
Trade payable	$ 2,262,000	$ 2,841,000
Advance deposits	1,061,000	493,000
Property tax payable	504,000	-
Payroll and related accruals	2,433,000	2,223,000
Mortgage interest payable	-	513,000
Withholding and other taxes payable	1,025,000	920,000
Security deposit	52,000	52,000
Finance leases	130,000	183,000
Other payables	2,056,000	1,500,000
Total accounts payable and other liabilities	$ 9,523,000	$ 8,725,000

NOTE 11 – SUBSEQUENT EVENTS

On October 20, 2022, Director Jerold R. Babin passed away. Mr. Babin was not a member of any Board of Directors committee. Yvonne Murphy replaced Mr. Babin and was elected unanimously by the Company's Board of Directors until the next annual meeting.

The Company evaluated subsequent events through the date that the accompanying financial statements were issued, and has determined that no material subsequent events exist through the date of this filing, other than as described above.

Item 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS AND PROJECTIONS

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). Forward-looking statements include, but are not limited to, statements related to our expectations regarding the performance of our business, our financial results, our liquidity and capital resources, the impact to our business and financial condition, and measures being taken in response to the novel strain of coronavirus and the disease it causes ("COVID-19"), the effects of competition and the effects of future legislation or regulations and other non-historical statements. Forward-looking statements include all statements that are not historical facts, and in some cases, can be identified by the use of forward-looking terminology such as the words "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "projects," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect our results of operations, financial condition, cash flows, performance or future achievements or events.

Such statements are subject to certain risks and uncertainties. These risks and uncertainties include, but are not limited to, the following: national and worldwide economic conditions, including the impact of recessionary conditions on tourism, travel and the lodging industry; the impact of terrorism and war on the national and international economies, including tourism, securities markets, energy and fuel costs; natural disasters; general economic conditions and competition in the hotel industry in the San Francisco area; seasonality, labor relations and labor disruptions; actual and threatened pandemics such as swine flu or the outbreak of COVID-19 or similar outbreaks; the ability to obtain financing at favorable interest rates and terms; securities markets, regulatory factors, litigation and other factors discussed below in this Report and in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2022. These risks and uncertainties could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as to the date hereof. The Company undertakes no obligation to publicly release the results of any revisions to those forward-looking statements, which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

COVID19 UPDATE

The novel strain of coronavirus and the disease it causes ("COVID-19") have continued to affect the hospitality industry and our business. Beginning in March 2020, travel restrictions and mandated closings of non-essential businesses were imposed, which resulted in temporary suspensions of operations in many hotels in San Francisco, however, the Company did not suspend operations and did not close the hotel. As vaccination rates across the country increased and COVID-19 related restrictions were eased or removed, we saw an increase in travel and hospitality spending beginning in the second calendar quarter of 2021. During the second quarter of calendar year 2022, we continued to witness robust leisure demand and an acceleration in group and business transient demand. However, the potential for an economic slowdown or a recession during the second half of 2022 may disrupt the positive momentum at the Company's hotel and our industry.

We believe the distribution of the COVID-19 vaccine during 2021 drove the improvement in traveler sentiment we experienced and resulted in an improvement in occupancy, Average Daily Rate ("ADR") and Revenue per Available Room ("RevPAR") during 2021. If additional virus variants emerge causing re-imposed widespread travel restrictions, the hospitality industry will be negatively affected. While there can be no assurances that the Company will not experience further fluctuations in hotel revenues or earnings due to the uncertainty of COVID-19 and other macroeconomic factors, such as inflation, increases in interest rates, potential economic slowdown or a recession and geopolitical conflicts, we expect to continue to recover through the remainder of fiscal year 2023 based on current demand trends.

RESULTS OF OPERATIONS

The Company's principal source of revenue continues to be derived from its ownership in Justice Operating Company, LLC ("Operating") inclusive of hotel room revenue, food and beverage revenue, garage revenue, and revenue from other operating departments. Operating owns the Hotel and related facilities, including a five-level underground parking garage. The financial statements of Operating have been consolidated with those of the Company.

Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021

The Company had net loss of $9,000 for the three months ended September 30, 2022 compared to net loss of $1,975,000 for the three months ended September 30, 2021. The decrease is primarily attributable to the increase in Hotel revenue, offset by operating expenses.

Hotel Operations

The Company had net income from Hotel operations of $315,000 for the three months ended September 30, 2022 compared to net loss of $1,955,000 for the three months ended September 30, 2021. The change is primarily attributable to increase in Hotel revenue.

The following table sets forth a more detailed presentation of Hotel operations for the three months ended September 30, 2022 and 2021.

For the three months ended September 30,	**2022**	**2021**
Hotel revenues:		
Hotel rooms	$ 10,803,000	$ 5,562,000
Food and beverage	535,000	266,000
Garage	822,000	907,000
Other operating departments	150,000	70,000
Total hotel revenues	12,310,000	6,805,000
Operating expenses excluding depreciation and amortization	(9,306,000)	(6,333,000)
Operating income before interest, depreciation and amortization	3,004,000	472,000
Interest expense	(2,062,000)	(1,898,000)
Depreciation and amortization expense	(627,000)	(529,000)
Net income (loss) from Hotel operations	$ 315,000	$ (1,955,000)

For the three months ended September 30, 2022, the Hotel had operating income of $3,004,000 before interest expense, depreciation, and amortization on total operating revenues of $12,310,000 compared to operating income of $472,000 before interest expense, depreciation, and amortization on total operating revenues of $6,805,000 for the three months ended September 30, 2021.

For the three months ended September 30, 2022, room revenues increased by $5,241,000, food and beverage revenue increased by $269,000 and garage decreased by $85,000 due to less people driving into the City and taking public transportation as the COVID-19 pandemic subsided and restrictions were lifted, compared to the three months ended September 30, 2021. The year over year increase in all the revenue sources except for garage revenues are as a result of the recovery from the business interruption attributable to a variety of responses by federal, state, and local civil authority to the COVID-19 outbreak since March 2020. Total operating expenses increased by $2,973,000 due to increase in salaries and wages, commission, credit card fees, management fees, and franchise fees.

The following table sets forth the average daily room rate, average occupancy percentage and RevPAR of the Hotel for the three months ended September 30, 2022 and 2021.

Three Months Ended September 30,		Average Daily Rate	Average Occupancy %		RevPAR
2022	$	230	94%	$	216
2021	$	141	79%	$	111

The Hotel's revenues increased by 81% this quarter as compared to the previous comparable quarter. Average daily rate increased by $89, average occupancy increased by 15%, and RevPAR increased by $105 for the three months ended September 30, 2022 compared to the three months ended September 30, 2021.

Investment Transactions

The Company had a net loss on marketable securities of $10,000 for the three months ended September 30, 2022 compared to a net loss on marketable securities of $445,000 for the three months ended September 30, 2021. For the three months ended September 30, 2022, the Company had a net realized loss of $100,000 and a net unrealized gain of $90,000. For the three months ended September 30, 2021, the Company had a net realized loss of $45,000 and a net unrealized loss of $400,000. Gains and losses on marketable securities may fluctuate significantly from period to period in the future and could have a significant impact on the Company's results of operations. However, the amount of gain or loss on marketable securities for any given period may have no predictive value and variations in amount from period to period may have no analytical value. For a more detailed description of the composition of the Company's marketable securities see the Marketable Securities section below.

The Company consolidated Justice ("Hotel") for financial reporting purposes and was not taxed on its non-controlling interest in the Hotel. However, effective July 15, 2021, the Company become the owner of 100% of Justice and will include all the Hotel's income and expense accounts into its income taxes calculations going forward. The income tax benefit during the three months ended September 30, 2022 and 2021 represent the income tax effect on the Company's pretax loss which includes the operations of the Hotel.

MARKETABLE SECURITIES

The following table shows the composition of the Company's marketable securities portfolio as of September 30, 2022 and June 30, 2022 by selected industry groups.

As of September 30, 2022 Industry Group		Fair Value	% of Total Investment Securities
REITs and real estate companies	$	181,000	61.4%
Communication services		93,000	31.5%
Utilities		11,000	3.7%
Basic materials		9,000	3.1%
Energy		1,000	0.3%
	$	295,000	100.0%

As of June 30, 2022 Industry Group		Fair Value	% of Total Investment Securities
Communication services	$	355,000	65.6%
REITs and real estate companies		162,000	29.9%
Basic materials		18,000	3.3%
Utilities		5,000	0.9%
Technology		1,000	0.3%
	$	541,000	100.0%

As of September 30, 2022, the Company's investment portfolio includes five equity positions. The Company holds two equity securities that are more than 10% of the equity value of the portfolio. The largest security position represents 61% of the portfolio and consists of the common stock of American Realty Investors, Inc. (NYSE: ARL) and is included in REITS and real estate companies industry group.

As of June 30, 2022, the Company held five different equity positions in its investment portfolio. The Company held two equity securities that comprised more than 10% of the equity value of the portfolio. The largest security position represents 66% of the portfolio and consists of the common stock of Paramount Global - Preferred Stock (NASDAQ: PARAP), which is included in the communication services industry group.

The following table shows the net loss on the Company's marketable securities and the associated margin interest and trading expenses for the respective periods:

For the three months ended September 30,		**2022**		**2021**
Net loss on marketable securities	$	(10,000)	$	(445,000)
Dividend and interest income		26,000		34,000
Margin interest expense		(6,000)		(16,000)
Trading and management expenses		(28,000)		(40,000)
	$	(18,000)	$	(467,000)

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL SOURCES

The Company had cash, cash equivalents and restricted cash of $8,917,000 and $8,888,000 as of September 30, 2022 and June 30, 2022, respectively. The Company had marketable securities, net of margin due to securities brokers, of $295,000 and $411,000 as of September 30, 2022 and June 30, 2022, respectively. These marketable securities are short-term investments and liquid in nature.

On December 16, 2020, Justice and InterGroup entered into a loan modification agreement which increased Justice's borrowing from InterGroup as needed up to $10,000,000 and extended the maturity date of the loan to July 31, 2021. The maturity date was extended to July 31, 2023. Upon the dissolution of Justice in December 2021, Portsmouth assumed Justice's note payable to InterGroup in the amount of $11,350,000. On December 31, 2021, Portsmouth and InterGroup entered into a loan modification agreement which increased Portsmouth's borrowing from InterGroup as needed up to $16,000,000. During the fiscal year ending June 30, 2022, InterGroup advanced $7,550,000 to the Hotel, bringing the total amount due to InterGroup to $14,200,000 as of June 30, 2022. During the three months ended September 30, 2022, the Company did not need any additional funding and does not anticipate any need for funding from InterGroup in the near future. The Company could amend its by-laws and increase the number of authorized shares to issue additional shares to raise capital in the public markets if needed.

Our known short-term liquidity requirements primarily consist of funds necessary to pay for operating and other expenditures, including management and franchise fees, corporate expenses, payroll and related costs, taxes, interest and principal payments on our outstanding indebtedness, and repairs and maintenance of the Hotel. Our long-term liquidity requirements primarily consist of funds necessary to pay for scheduled debt maturities and capital improvements of the Hotel. We will continue to finance our business activities primarily with existing cash, including from the activities described above, and cash generated from our operations. After considering our approach to liquidity and accessing our available sources of cash, we believe that our cash position will be adequate to meet anticipated requirements for operating and other expenditures, including corporate expenses, payroll and related benefits, taxes and compliance costs and other commitments, for at least twelve months from the date of issuance of these financial statements, even if current levels of occupancy and revenue per occupied room ("RevPAR", calculated by multiplying the hotel's average daily room rate by its occupancy percentage) were to persist. The objectives of our cash management policy are to maintain existing leverage levels and the availability of liquidity, while minimizing operational costs. We believe that our cash on hand, along with other potential sources of liquidity that management may be able to obtain, will be sufficient to fund our working capital needs, as well as our capital lease and debt obligations for at least the next twelve months and beyond. However, there can be no guarantee that management will be successful with its plan.

MATERIAL CONTRACTUAL OBLIGATIONS

The following table provides a summary as of September 30, 2022, the Company's material financial obligations which also including interest payments:

	Total	9 Months 2023	Year 2024	Year 2025	Year 2026	Year 2027	Thereafter
Mortgage notes payable	$108,554,000	$1,315,000	$107,239,000	$ -	$ -	$ -	$ -
Related party notes payable	17,579,000	425,000	14,767,000	567,000	567,000	463,000	790,000
Interest	8,408,000	5,341,000	3,067,000	-	-	-	-
Total	$134,541,000	$7,081,000	$125,073,000	$567,000	$567,000	$463,000	$ 790,000

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no material off balance sheet arrangements.

IMPACT OF INFLATION

Hotel room rates are typically impacted by supply and demand factors, not inflation, since rental of a hotel room is usually for a limited number of nights. Room rates can be, and usually are, adjusted to account for inflationary cost increases. Since Aimbridge has the power and ability under the terms of its management agreement to adjust Hotel room rates on an ongoing basis, there should be minimal impact on partnership revenues due to inflation. For the two most recent fiscal years, the impact of inflation on the Company's income is not viewed by management as material.

CRITICAL ACCOUNTING POLICIES AND USE OF ESTIMATES

Critical accounting policies are those that are most significant to the portrayal of our financial position and results of operations and require judgments by management in order to make estimates about the effect of matters that are inherently uncertain. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts in our consolidated financial statements. We evaluate our estimates on an ongoing basis, including those related to the consolidation of our subsidiaries, to our revenues, allowances for bad debts, accruals, asset impairments, other investments, income taxes and commitments and contingencies. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. The actual results may differ from these estimates or our estimates may be affected by different assumptions or conditions. There have been no material changes to the Company's critical accounting policies during the nine months ended September 30, 2022.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are a smaller reporting company and therefore, we are not required to provide information required by this Item of Form 10-Q.

Item 4. Controls and Procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of the Company's Chief Executive Officer and Principal Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the quarterly period covered by this Quarterly Report on Form 10-Q. Based upon such evaluation, the Chief Executive Officer and Principal Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective in ensuring that information required to be disclosed in this filing is accumulated and communicated to management and is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting during the last quarterly period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Portsmouth Square Inc., through its operating company Justice Investors Operating Co., a Delaware limited liability company (the "Company"), is the owner of the real property located at 750 Kearny Street in San Francisco, currently improved with a 27 – story building which houses a Hilton Hotel (the "Property"). The Property was improved pursuant to approvals granted by the City and County of San Francisco (the "City") in 1970. Those approvals included a Major Encroachment Permit ("Permit") by which the Company was authorized to construct an ornamental overhead pedestrian bridge across Kearny Street, connecting the Property to the City park and underground parking garage known as Portsmouth Square (the "Bridge"). The construction of the Bridge was a condition of the City's approval of the construction of the hotel structure on the Property. Effective on May 24, 2022, the City has revoked the Permit and directed the Company to remove the Bridge at the Company's expense, including construction management costs and traffic control. Pursuant to a letter dated June 13, 2022, the City's Department of Public works has specifically directed the "removal of the unpermitted pedestrian bridge and all related physical encroachments in the public right-of-way and on City property" and the submission of a general bridge removal and restoration plan (the "Plan"). The Company disputes the legality of the purported revocation of the Permit. The Company further disputes any obligation to remove the Bridge at its expense. In particular, representatives of the Company have participated in meetings with the City since August 1, 2019, discussing a collaborative process for the possible removal of the Bridge. Until the recent revocation of the Permit, the City representatives have repeatedly and consistently agreed that the City will pay for the associated costs of any Bridge removal. Nevertheless, without waiving any rights, in an effort to understand all of the available options, and to provide a response to the City's new directives, the Company has engaged a Project Manager, a structural engineering firm and an architect to advise on the process and for the development of a Plan for the Bridge removal, as well as the reconstruction of the front of the Hilton Hotel. The Plan is currently not expected to be completed until early in 2023. At this time, early estimates of the cost of the Plan exceed $2 million. The Company is currently considering its options with regard to filing litigation to invalidate the revocation of the Permit so as to preclude removal of the Bridge, and/or to compel the City to honor its commitment to pay for the removal of the Bridge. The Company is continuing to prepare its case and the progress is ongoing as of September 30, 2022.

The Company may be subject to legal proceedings, claims, and litigation arising in the ordinary course of business. The Company will defend itself vigorously against any such claims. Management does not believe that the impact of such matters will have a material effect on the financial conditions or result of operations when resolved.

Item 1A. RISK FACTORS

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

There have been no events that are required to be reported under this Item.

Item 3. DEFAULTS UPON SENIOR SECURITIES

There have been no events that are required to be reported under this Item.

Item 4. MINE SAFETY DISCLOSURES

There have been no events that are required to be reported under this Item.

Item 5. OTHER INFORMATION

There have been no events that are required to be reported under this Item.

Item 6. EXHIBITS

31.1	Certification of Principal Executive Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a).
31.2	Certification of Principal Financial Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a).
32.1	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350.
32.2	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PORTSMOUTH SQUARE, INC.
(Registrant)

Date: November 11, 2022	by	*/s/ John V. Winfield* John V. Winfield Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
Date: November 11, 2022	by	*/s/ David C. Gonzalez* David C. Gonzalez President (Interim Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION

I, John V. Winfield, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Portsmouth Square, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

(a) All significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 11, 2022

/s/ John V. Winfield

John V. Winfield
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, David C. Gonzalez, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Portsmouth Square, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

(a) All significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 11, 2022

/s/ David C. Gonzalez

David C. Gonzalez
President
(Interim Principal Financial Officer)

EXHIBIT 32.1

Certification of Principal Executive Officer Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of The Sarbanes-Oxley Act Of 2002

In connection with the Quarterly Report of Portsmouth Square, Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John V. Winfield, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- The Report fully complies with the requirements of Section 13(a) or 5(d) of the Securities Exchange Act of 1934; and

- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ John V. Winfield

John V. Winfield
Chief Executive Officer
(Principal Executive Officer)

Date: November 11, 2022

A signed original of this written statement required by Section 906 has been provided to Portsmouth Square, Inc. and will be retained by Portsmouth Square, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

**Certification of Principal Financial Officer Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of The Sarbanes-Oxley Act Of 2002**

In connection with the Quarterly Report of Portsmouth Square, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David C. Gonzalez, President of the Company, and serving as its Interim Principal Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- The Report fully complies with the requirements of Section 13(a) or 5(d) of the Securities Exchange Act of 1934; and

- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David C. Gonzalez

David C. Gonzalez
President
(Interim Principal Financial Officer)

Date: November 11, 2022

A signed original of this written statement required by Section 906 has been provided to Portsmouth Square, Inc. and will be retained by Portsmouth Square, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.