

**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 March 31, 2026

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 1-10324

THE INTERGROUP CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
Incorporation or organization)

13-3293645
(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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	INTG	NASDAQ CAPITAL MARKET

The number of shares outstanding of registrant's Common Stock, as of May 11, 2026 was 2,148,812.

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PART I
FINANCIAL INFORMATION

Item 1 - Condensed Consolidated Financial Statements

THE INTERGROUP CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

As of	March 31, 2026 (unaudited)	June 30, 2025
ASSETS		
Investment in Hotel, net	\$ 38,525,000	\$ 39,519,000
Investment in real estate, net	43,507,000	45,253,000
Investment in marketable securities	1,096,000	969,000
Cash and cash equivalents	9,283,000	5,084,000
Restricted cash	8,040,000	10,058,000
Other assets, net	3,057,000	2,189,000
Assets held for sale	-	1,029,000
Total assets	<u>\$ 103,508,000</u>	<u>\$ 104,101,000</u>
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Liabilities:		
Accounts payable and other liabilities - Hotel	\$ 12,830,000	\$ 12,672,000
Accounts payable and other liabilities	2,863,000	3,292,000
Other notes payable	1,554,000	1,979,000
Deferred tax liability	6,961,000	5,348,000
Mortgage notes payable - Hotel, net	102,288,000	101,519,000
Mortgage notes payable - real estate, net	90,955,000	93,595,000
Total liabilities	<u>217,451,000</u>	<u>218,405,000</u>
Shareholders' deficit:		
Preferred stock, \$.01 par value, 100,000 shares authorized; none issued	-	-
Common stock, \$.01 par value, 4,000,000 shares authorized; 3,459,888 and 3,459,888 issued; 2,148,812 and 2,154,405 outstanding, respectively	38,000	38,000
Additional paid-in capital	3,650,000	3,614,000
Accumulated deficit	(66,543,000)	(67,980,000)
Treasury stock, at cost, 1,311,076 and 1,305,483 shares, respectively	(21,860,000)	(21,787,000)
Total InterGroup shareholders' deficit	<u>(84,715,000)</u>	<u>(86,115,000)</u>
Noncontrolling interest	(29,228,000)	(28,189,000)
Total shareholders' deficit	<u>(113,943,000)</u>	<u>(114,304,000)</u>
Total liabilities and shareholders' deficit	<u>\$ 103,508,000</u>	<u>\$ 104,101,000</u>

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

THE INTERGROUP CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

For the three months ended March 31,	2026	2025
Revenues:		
Hotel	\$ 16,497,000	\$ 12,210,000
Real estate	3,875,000	4,614,000
Total revenues	20,372,000	16,824,000
Costs and operating expenses:		
Hotel operating expenses	(11,374,000)	(9,685,000)
Real estate operating expenses	(2,355,000)	(2,431,000)
Depreciation and amortization expenses	(1,708,000)	(1,651,000)
General and administrative expenses	(675,000)	(707,000)
Total costs and operating expenses	(16,112,000)	(14,474,000)
Income from operations	4,260,000	2,350,000
Other (expense) income:		
Interest expense - mortgages	(3,193,000)	(3,152,000)
Net unrealized loss on marketable securities	(47,000)	(1,023,000)
Net realized loss on marketable securities	(2,000)	(74,000)
Gain on extinguishment of debt	-	1,416,000
Gain on insurance recovery	124,000	-
Dividend and interest income	12,000	35,000
Trading and margin interest expense	(305,000)	(317,000)
Total other expense, net	(3,411,000)	(3,115,000)
Income (loss) before income taxes	849,000	(765,000)
Income tax (expense) benefit	(254,000)	15,000
Net income (loss)	595,000	(750,000)
Net (income) loss attributable to the noncontrolling interest	(138,000)	172,000
Net income (loss) attributable to The InterGroup Corporation	\$ 457,000	\$ (578,000)
Net income (loss) per share attributable to The InterGroup Corporation		
Basic	\$ 0.21	\$ (0.27)
Diluted	\$ 0.21	\$ (0.27)
Weighted average number of basic common shares outstanding	2,148,812	2,154,597
Weighted average number of diluted common shares outstanding	2,148,812	2,154,597

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

THE INTERGROUP CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

For the nine months ended March 31,	2026	2025
Revenues:		
Hotel	\$ 41,576,000	\$ 33,995,000
Real estate	14,010,000	14,176,000
Total revenues	55,586,000	48,171,000
Costs and operating expenses:		
Hotel operating expenses	(32,282,000)	(27,532,000)
Real estate operating expenses	(7,112,000)	(7,096,000)
Depreciation and amortization expenses	(5,064,000)	(4,967,000)
General and administrative expenses	(2,121,000)	(2,244,000)
Total costs and operating expenses	(46,579,000)	(41,839,000)
Income from operations	9,007,000	6,332,000
Other (expense) income:		
Interest expense - mortgages	(9,607,000)	(10,196,000)
Net unrealized gain (loss) on marketable securities	29,000	(1,236,000)
Net realized gain (loss) on marketable securities	19,000	(330,000)
Gain on extinguishment of debt	-	1,416,000
Gain from insurance claims	124,000	-
Gain from sale of real estate	3,508,000	-
Dividend and interest income	16,000	156,000
Trading and margin interest expense	(905,000)	(978,000)
Total other expense, net	(6,816,000)	(11,168,000)
Income (loss) before income taxes	2,191,000	(4,836,000)
Income tax expense	(1,793,000)	(463,000)
Net income (loss)	398,000	(5,299,000)
Net loss attributable to the noncontrolling interest	1,039,000	1,598,000
Net income (loss) attributable to The InterGroup Corporation	\$ 1,437,000	\$ (3,701,000)
Net income (loss) per share attributable to The InterGroup Corporation		
Basic	\$ 0.67	\$ (1.71)
Diluted	\$ 0.67	\$ (1.71)
Weighted average number of basic common shares outstanding	2,149,594	2,164,829
Weighted average number of diluted common shares outstanding	2,149,594	2,164,829

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

THE INTERGROUP CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	InterGroup Shareholders' Deficit	Noncontrolling Interest	Total Shareholders' Deficit
	Shares	Amount						
Balance at July 1, 2025	3,459,888	\$ 38,000	\$ 3,614,000	\$ (67,980,000)	\$ (21,787,000)	\$ (86,115,000)	\$ (28,189,000)	\$ (114,304,000)
Net loss	-	-	-	(535,000)	-	(535,000)	(624,000)	(1,159,000)
Stock options expense	-	-	20,000	-	-	20,000	-	20,000
Purchase of treasury stock	-	-	-	-	(73,000)	(73,000)	-	(73,000)
Balance at September 30, 2025	3,459,888	38,000	3,634,000	(68,515,000)	(21,860,000)	(86,703,000)	(28,813,000)	(115,516,000)
Net income (loss)	-	-	-	1,515,000	-	1,515,000	(553,000)	962,000
Stock options expense	-	-	8,000	-	-	8,000	-	8,000
Balance at December 31, 2025	3,459,888	38,000	3,642,000	(67,000,000)	(21,860,000)	(85,180,000)	(29,366,000)	(114,546,000)
Net income	-	-	-	457,000	-	457,000	138,000	595,000
Stock options expense	-	-	8,000	-	-	8,000	-	8,000
Balance at March 31, 2026	3,459,888	\$ 38,000	\$ 3,650,000	\$ (66,543,000)	\$ (21,860,000)	\$ (84,715,000)	\$ (29,228,000)	\$ (113,943,000)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	InterGroup Shareholders' Deficit	Noncontrolling Interest	Total Shareholders' Deficit
	Shares	Amount						
Balance at July 1, 2024	3,459,888	\$ 38,000	\$ 3,648,000	\$ (62,632,000)	\$ (21,393,000)	\$ (80,339,000)	\$ (26,128,000)	\$ (106,467,000)
Net loss	-	-	-	(398,000)	-	(398,000)	(454,000)	(852,000)
Stock option expense	-	-	45,000	-	-	45,000	-	45,000
Purchase of treasury stock	-	-	-	-	(205,000)	(205,000)	-	(205,000)
Balance at September 30, 2024	3,459,888	38,000	3,693,000	(63,030,000)	(21,598,000)	(80,897,000)	(26,582,000)	(107,479,000)
Net loss	-	-	-	(2,725,000)	-	(2,725,000)	(972,000)	(3,697,000)
Stock option expense	-	-	20,000	-	-	20,000	-	20,000
Investment in Portsmouth	-	-	(139,000)	-	-	(139,000)	138,000	(1,000)
Purchase of treasury stock	-	-	-	-	(178,000)	(178,000)	-	(178,000)
Balance at December 31, 2024	3,459,888	38,000	3,574,000	(65,755,000)	(21,776,000)	(83,919,000)	(27,416,000)	(111,335,000)
Net loss	-	-	-	(578,000)	-	(578,000)	(172,000)	(750,000)
Stock option expense	-	-	20,000	-	-	20,000	-	20,000
Purchase of treasury stock	-	-	-	-	(11,000)	(11,000)	-	(11,000)
Balance at March 31, 2025	3,459,888	\$ 38,000	\$ 3,594,000	\$ (66,333,000)	\$ (21,787,000)	\$ (84,488,000)	\$ (27,588,000)	\$ (112,076,000)

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

THE INTERGROUP CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

For the nine months ended March 31,	2026	2025
Cash flows from operating activities:		
Net income (loss)	\$ 398,000	\$ (5,299,000)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	5,064,000	4,967,000
Amortization of loan costs	869,000	840,000
Amortization of other notes payable	(425,000)	(267,000)
Gain on insurance recovery	(124,000)	-
Gain on debt extinguishment	-	(1,416,000)
Gain from sale of real estate	(3,508,000)	-
Deferred taxes	1,613,000	-
Net unrealized (gain) loss on marketable securities	(29,000)	1,236,000
Stock compensation expense	36,000	85,000
Changes in operating assets and liabilities:		
Investment in marketable securities	(98,000)	5,467,000
Other assets, net	(855,000)	319,000
Accounts payable and other liabilities - Hotel	158,000	(2,650,000)
Accounts payable and other liabilities	(429,000)	(1,369,000)
Obligations for securities sold	-	(188,000)
Net cash provided by operating activities	<u>2,670,000</u>	<u>1,725,000</u>
Cash flows from investing activities:		
Payments for hotel investments	(1,786,000)	(912,000)
Payments for real estate investments	(685,000)	(1,329,000)
Proceeds from sale of real estate, net	4,472,000	-
Insurance proceeds for property damage claims	270,000	-
Payments for investment in Portsmouth	-	(1,000)
Net cash provided by (used in) investing activities	<u>2,271,000</u>	<u>(2,242,000)</u>
Cash flows from financing activities:		
Payments of mortgage	(906,000)	(80,883,000)
Payoff mortgage indebtedness	(1,834,000)	-
Proceeds from refinance of mortgage notes payable	-	88,600,000
Issuance costs of refinancing mortgage and other notes payable	-	(2,106,000)
Purchase of treasury stock	(73,000)	(394,000)
Net cash (used in) provided by financing activities	<u>(2,813,000)</u>	<u>5,217,000</u>
Net increase in cash, cash equivalents and restricted cash	2,128,000	4,700,000
Cash, cash equivalents and restricted cash at the beginning of the period	15,195,000	8,694,000
Cash, cash equivalents and restricted cash at the end of the period	<u>\$ 17,323,000</u>	<u>\$ 13,394,000</u>
Supplemental information:		
Interest paid	<u>\$ 10,444,000</u>	<u>\$ 10,444,000</u>
Taxes paid	<u>\$ 25,000</u>	<u>\$ 25,000</u>

The Company had cash and cash equivalents of \$9,283,000 as of March 31, 2026. The Company had restricted cash of \$8,040,000 as of March 31, 2026.

The Company had cash and cash equivalents of \$5,092,000 (including \$8,000 classified as held for sale) as of June 30, 2025. The Company had restricted cash of \$10,103,000 (including \$45,000 classified as held for sale) as of June 30, 2025.

Cash flows associated with the Los Angeles property classified as held for sale are included within the respective operating, investing, and financing activities of continuing operations in the condensed consolidated statements of cash flows.

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

THE INTERGROUP CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026
(UNAUDITED)

NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited condensed consolidated financial statements of The InterGroup Corporation (“InterGroup” or the “Company”) have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information and the applicable rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. In the opinion of management, all normal recurring adjustments considered necessary for a fair presentation have been included. The results of operations for the interim periods presented are not necessarily indicative of results expected for the full fiscal year. The unaudited condensed consolidated financial statements include the accounts of our wholly owned and majority-owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements of InterGroup and the notes therein included in the Company’s Annual Report on Form 10-K for the year ended June 30, 2025. The June 30, 2025 condensed consolidated balance sheet was derived from the audited consolidated balance sheet included in the Company’s Form 10-K for the year ended June 30, 2025.

InterGroup consolidates its majority-owned subsidiaries, including Portsmouth Square, Inc. (“Portsmouth”), and all intercompany balances and transactions are eliminated. As of March 31, 2026, InterGroup owned approximately 75.9% of Portsmouth’s outstanding common shares.

InterGroup’s activities include: (i) hospitality through Portsmouth’s ownership of the Hilton San Francisco Financial District (consolidated in InterGroup’s financial statements), and (ii) real estate investment and rental operations (apartment complexes, a commercial property, and certain strategic single-family holdings), primarily located in Texas and Southern California.

The preparation of interim financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

There have been no material changes to the Company’s significant accounting policies during the nine months ended March 31, 2026. Please refer to the Company’s Annual Report on Form 10-K for the year ended June 30, 2025 for a summary of the significant accounting policies.

As previously disclosed, Portsmouth completed a refinancing in March 2025 that extended maturity and improved liquidity. As a result, substantial doubt regarding Portsmouth’s ability to continue as a going concern was alleviated as of June 30, 2025.

See the Company’s Annual Report on Form 10-K for the year ended June 30, 2025 and Portsmouth’s Annual Report on Form 10K for the year ended June 30, 2025, for additional information regarding cash-management/lockbox provisions related to the Hotel financing.

Recently Issued and Adopted Accounting Pronouncements

The Company’s Annual Report on Form 10-K for the year ended June 30, 2025, contains a discussion of the recently issued accounting pronouncements. As of March 31, 2026, there was no material impact from the recent adoption of new accounting pronouncements, nor is any material impact expected from recently issued accounting pronouncements yet to be adopted, on the Company’s condensed consolidated financial statements. Management does not expect recently issued accounting pronouncements not yet adopted to have a material impact on the Company’s condensed consolidated financial statements.

NOTE 2 - LIQUIDITY

Historically, the Company has relied primarily on cash flows generated from its real estate operations, including its multifamily properties, as its primary source of liquidity. The Company's consolidated results also include Hotel operations conducted through Portsmouth, which owns and operates the Hilton San Francisco Financial District (the "Hotel"). The discussion of the San Francisco hospitality market below describes trends affecting the Hotel's operating results and Portsmouth's liquidity within the Company's consolidated group. However, the pace of recovery in the San Francisco hospitality market remains slower than anticipated due to several factors, including a sustained decline in business travel driven by remote work trends, as well as broader municipal challenges such as safety concerns, homelessness, and increased crime. These conditions have limited demand in key customer segments and shifted the Hotel's revenue base toward lower-yielding leisure travel.

Net cash provided by operating activities was \$2,670,000 for the nine months ended March 31, 2026 and reflects the Company's consolidated results, including cash flows from its real estate operations, Hotel operations conducted through Portsmouth, and working capital changes. In response to ongoing market pressures affecting the San Francisco hospitality market, Portsmouth has implemented several capital preservation initiatives, including deferral of non-essential capital projects, temporary suspension of certain Hotel services, renegotiation of vendor agreements, and reduction of controllable operating expenses. During the nine months ended March 31, 2026, Portsmouth continued to invest in property enhancements, incurring capital expenditure of \$1,786,000. These expenditures included the renovation of 14 guest rooms, which had previously been utilized as administrative offices and other uses, and were returned to the Hotel's available room inventory upon completion in September 2025 (See Note 4). During the same period, the Company made capital improvements in the amount of \$685,000 to its multi-family and commercial real estate.

As of March 31, 2026, the Company had:

- Cash and cash equivalents of \$9,283,000 (compared to \$5,092,000 including \$8,000 classified as held for sale, as of June 30, 2025);
- Restricted cash of \$8,040,000 (compared to \$10,103,000, including \$45,000 classified as held for sale, as of June 30, 2025);
- Marketable securities, net of margin balances, of \$1,096,000 (compared to \$969,000 as of June 30, 2025). These marketable securities are considered liquid and available for short-term needs.

Related Party Financing

See Note 12 – Related Party Transactions.

Real Estate

In December 2025, the Company disposed of a non-core 12-unit multifamily property in Los Angeles for \$4,850,000. The property had been classified as held for sale at June 30, 2025. Net cash proceeds from the sale were approximately \$2,577,000 after the payoff of mortgage debt of approximately \$1,834,000.

During the nine months ended March 31, 2026, the Company did not enter into any new financing arrangements, modifications, or refinancings related to its real estate properties, and there were no material changes to the terms, maturities, or covenants of its existing debt instruments.

Liquidity Outlook

The Company's liquidity position remains stable following Portsmouth's refinancing completed on March 28, 2025 of its senior mortgage and mezzanine debt. See the Company's Annual Report on Form 10-K for the year ended June 30, 2025 and Portsmouth's Annual Report on Form 10-K for the year ended June 30, 2025 for additional information regarding the refinancing, including maturities, interest terms, covenants, and cash-management provisions. During the nine months ended March 31, 2026, the Company did not enter into any additional financing arrangement or refinancings, and all debt obligations were current and in compliance with applicable covenants. The Company remains current on its debt service obligations as of March 31, 2026.

The Hotel debt and cash-management/lockbox arrangements are maintained at Portsmouth's subsidiary level; while these provisions may limit distributions upstream to InterGroup while in effect, they do not encumber InterGroup's non-Hotel properties or parent-level liquidity. InterGroup's exposure to the Hotel financing is limited to its guaranties of specified non-recourse carve-outs and defined springing recourse events (see Note 13).

The following table summarizes the Company's material contractual cash obligations as of March 31, 2026, including principal and estimated interest payments, by contractual maturity. Estimated interest amounts are based on contractual terms in effect as of March 31, 2026 and assume scheduled payments are made when due. The table does not reflect potential extension options, prepayments, refinancings, or other modifications that could affect the timing or amounts of future payments.

	Total	3 Months 2026	Year 2027	Year 2028	Year 2029	Year 2030	Thereafter
Mortgage and subordinated notes payable	\$ 195,017,000	\$ 296,000	\$ 104,858,000	\$ 6,589,000	\$ 1,846,000	\$ 16,033,000	\$ 65,395,000
Other notes payable	1,554,000	142,000	463,000	317,000	317,000	315,000	-
Interest	34,027,000	2,909,000	15,419,000	2,643,000	2,578,000	2,434,000	8,044,000
Total	<u>\$ 230,598,000</u>	<u>\$ 3,347,000</u>	<u>\$ 120,740,000</u>	<u>\$ 9,549,000</u>	<u>\$ 4,741,000</u>	<u>\$ 18,782,000</u>	<u>\$ 73,439,000</u>

NOTE 3 – REVENUE

Our revenue from real estate is primarily rental income from residential and commercial property leases that is accounted for under ASC 842, Leases, and is recognized on a straight-line basis over the lease term. Rental income from residential leases is generally recognized as earned on a monthly basis, consistent with lease terms.

The following table presents Hotel revenues disaggregated by major revenue source for the three and nine months ended March 31, 2026 and 2025:

For the three months ended March 31,	2026	2025
Hotel revenues:		
Hotel rooms	\$ 14,424,000	\$ 10,534,000
Food and beverage	980,000	728,000
Garage	764,000	760,000
Other operating departments	329,000	188,000
Total Hotel revenue	<u>\$ 16,497,000</u>	<u>\$ 12,210,000</u>

For the nine months ended March 31,	2026	2025
Hotel revenues:		
Hotel rooms	\$ 35,907,000	\$ 29,045,000
Food and beverage	2,512,000	2,115,000
Garage	2,486,000	2,415,000
Other operating departments	671,000	420,000
Total Hotel revenue	<u>\$ 41,576,000</u>	<u>\$ 33,995,000</u>

Performance Obligations

We identified the following performance obligations for which revenue is recognized when (or as) the performance obligations are satisfied, in an amount that reflects the consideration we expect to be entitled to in exchange 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, generally recognized daily over the stay or as banquet/conference services are rendered.

- *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 if the guest cancels within the specified time period, 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

The Company does not have any material contract assets as of March 31, 2026, and June 30, 2025, other than trade and other receivables, net on our condensed consolidated balance sheets. Our receivables are primarily the result of contracts with customers, and are presented net of an allowance for doubtful accounts that reflects our estimate of amounts that will not be collected.

Portsmouth records contract liabilities when cash payments are received or due in advance of guests staying at the Hotel, which are presented within accounts payable and other liabilities - Hotel on the Company's condensed consolidated balance sheets. Contract liabilities had an opening balance of \$505,000 at July 1, 2025. Contract liabilities were \$623,000 as of March 31, 2026. The increase as of March 31, 2026 was primarily driven by an increase in advance deposits received from customers for services to be performed after March 31, 2026. During the nine months ended March 31, 2026, we recognized \$505,000 of revenue that was included in the contract liability balance at July 1, 2025.

Contract liabilities were \$370,000 as of July 1, 2024 and decreased to \$290,000 as of March 31, 2025. During the nine months ended March 31, 2025, we recognized \$370,000 of revenue that was included in the contract liability balance at July 1, 2024.

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 March 31, 2026 and June 30, 2025:

March 31, 2026	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 2,738,000	\$ -	\$ 2,738,000
Finance lease ROU assets	1,805,000	(1,749,000)	56,000
Furniture and equipment	41,065,000	(34,651,000)	6,414,000
Building and improvements	70,445,000	(41,128,000)	29,317,000
Investment in Hotel, net	<u>\$ 116,053,000</u>	<u>\$ (77,528,000)</u>	<u>\$ 38,525,000</u>

June 30, 2025	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 2,738,000	\$ -	\$ 2,738,000
Finance lease ROU assets	1,805,000	(1,665,000)	140,000
Furniture and equipment	41,195,000	(33,248,000)	7,947,000
Building and improvements	68,527,000	(39,833,000)	28,694,000
Investment in Hotel, net	<u>\$ 114,265,000</u>	<u>\$ (74,746,000)</u>	<u>\$ 39,519,000</u>

Finance lease right-of-use assets related to equipment are recorded at cost and amortized on a straight-line basis over the lease term. Furniture and equipment are recorded at cost and depreciated on a straight-line basis over their estimated useful lives, which generally range from 3 to 7 years. Building and improvements are recorded at cost and depreciated on a straight-line basis over estimated useful lives ranging from 15 to 39 years. Construction-in-progress is not depreciated until the assets are placed in service.

Depreciation expense related to the Hotel for the nine months ended March 31, 2026 and 2025 was \$2,780,000 and \$2,731,000, respectively, and is included in depreciation and amortization expense in the Company's condensed consolidated statements of operations.

During the nine months ended March 31, 2026, Portsmouth continued property enhancements, including the renovation of 14 guest rooms that were returned to available room inventory upon completion in September 2025 (see Note 2).

NOTE 5 – INVESTMENT IN REAL ESTATE, NET

At March 31, 2026, the Company's investment in real estate consisted of twenty properties located throughout the United States. These properties include fifteen apartment complexes, three single-family houses as strategic investments, and one commercial real estate property. The Company also owns unimproved land located in Maui, Hawaii.

Investment in real estate consisted of the following:

As of	March 31, 2026	June 30, 2025
Land	\$ 22,293,000	\$ 22,293,000
Buildings, improvements and equipment	76,710,000	76,176,000
Accumulated depreciation	(57,429,000)	(55,146,000)
	41,574,000	43,323,000
Land held for development	1,933,000	1,930,000
Investment in real estate, net	<u>\$ 43,507,000</u>	<u>\$ 45,253,000</u>

In April 2025, the Company determined that one multifamily property located in Los Angeles met the criteria for classification as held for sale as of June 30, 2025. The property was sold in December 2025, and the Company recognized a gain on sale of \$3,508,000 during the nine months ended March 31, 2026 (see Note 15 – Disposition of Real Estate).

Building, improvements, and equipment are stated at cost, depreciated on a straight-line basis over their useful lives ranging from 5 to 40 years. During the nine months ended March 31, 2026, the Company invested \$685,000 in capitalized improvements. Depreciation expense related to the Company's investment in real estate for the nine months ended March 31, 2026 and 2025 was \$2,284,000 and \$2,236,000, respectively, and is included in depreciation and amortization expense in the Company's condensed consolidated statements of operations.

NOTE 6 – INVESTMENT IN MARKETABLE SECURITIES

The Company's investment in marketable securities consists primarily of corporate equity securities. From time to time, the Company may also invest in income-producing securities, including equity securities of real estate-based companies and REITs.

As of March 31, 2026, and June 30, 2025, all of the Company's marketable equity securities are measured at fair value with changes recognized in earnings in accordance with ASC 321. Unrealized gains and losses on these investments are included in earnings in the period of change. The portfolio is held in a brokerage account and may be subject to margin; see Note 2 for amounts presented net of margin balances.

The following table summarizes the Company's marketable equity securities, measured at fair value, as of March 31, 2026 and June 30, 2025:

<u>Investment</u>	<u>Cost</u>	<u>Gross Unrealized Gain</u>	<u>Gross Unrealized Loss</u>	<u>Net Unrealized Gain</u>	<u>Fair Value</u>
As of March 31, 2026					
Corporate Equities	\$ 888,000	\$ 220,000	\$ (12,000)	\$ 208,000	\$ 1,096,000
As of June 30, 2025					
Corporate Equities	\$ 790,000	\$ 180,000	\$ (1,000)	\$ 179,000	\$ 969,000

In the table above, cost represents the original purchase cost and gross unrealized gains and losses represent the difference between cost and fair value as of each balance sheet date. Amounts discussed in Note 2 are presented net of margin balances, if any.

The following tables present realized and unrealized gains (losses) on marketable securities for the three and nine months ended March 31, 2026 and 2025, respectively:

<u>For the three months ended March 31,</u>	<u>2026</u>	<u>2025</u>
Realized loss on marketable securities, net	\$ (2,000)	\$ (74,000)
Unrealized loss on marketable securities, net	(47,000)	(1,023,000)
Net loss on marketable securities	\$ (49,000)	\$ (1,097,000)
For the nine months ended March 31,		
	2026	2025
Realized gain (loss) on marketable securities, net	\$ 19,000	\$ (330,000)
Unrealized gain (loss) on marketable securities, net	29,000	(1,236,000)
Net gain (loss) on marketable securities	\$ 48,000	\$ (1,566,000)

NOTE 7 - FAIR VALUE MEASUREMENTS

The carrying values of the Company's financial instruments that are not required to be measured at fair value on a recurring basis approximate fair value due to their short maturities (e.g., accounts receivable, other assets, accounts payable and other liabilities, and obligations for securities sold) or the nature and terms of the underlying arrangements (e.g., other notes payable and mortgage notes payable).

The assets and liabilities measured at fair value on a recurring basis are as follows:

As of	March 31, 2026	June 30, 2025
	Total - Level 1	Total - Level 1
Assets:		
Investment in marketable securities:		
REITs and real estate companies	\$ 890,000	\$ 966,000
Financial services	149,000	-
Technology	57,000	3,000
Total	\$ 1,096,000	\$ 969,000

Recurring fair value measurements include the following:

- Marketable equity securities (Level 1): Quoted prices in active markets for identical assets.
- Interest rate cap (Level 2): Valued using observable inputs including forward Term SOFR curves and implied volatilities from third-party pricing services; incorporates counterparty nonperformance risk where applicable.

In March 2025, Portsmouth, a consolidated subsidiary of the Company (through its affiliate Justice Operating Company, LLC), entered into an interest rate cap agreement (the "Interest Rate Cap") with Goldman Sachs Bank USA in connection with a variable-rate mortgage loan. The Interest Rate Cap limits Term SOFR to 4.50% and has a notional amount equal to or greater than the outstanding principal balance of the loan. The Company paid a premium of approximately \$136,000 at inception. Changes in the fair value of the Interest Rate Cap are recorded in Other Income (Expense) in the condensed consolidated statements of operations. The Interest Rate Cap is not designated as a hedging instrument under ASC 815 and is accounted for at fair value, with changes in fair value recognized in earnings each reporting period. The Interest Rate Cap is classified as a Level 2 within the ASC 820 fair value hierarchy (see Note 13).

The following table summarizes the fair value of the derivative instrument as of March 31, 2026:

Derivative Type	Notional Amount	Balance Sheet Classification	Fair Value	Fair Value Hierarchy
Interest Rate	\$ 67,000,000	Other Assets	\$ 23,000	Level 2

The Company did not record any material nonrecurring fair value measurements (e.g., long-lived asset impairments) during the nine months ended March 31, 2026 or 2025. See Notes 4 and 5 for additional information regarding long-lived assets.

There have been no material changes to the Company's fair value measurement methodologies or classification of instruments during the periods presented, and there were no transfers between levels 1, 2, and 3 during the nine months ended March 31, 2026 or 2025.

NOTE 8 – 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 statements of cash flows:

As of	March 31, 2026	June 30, 2025
Cash and cash equivalents	\$ 9,283,000	\$ 5,092,000
Restricted cash	8,040,000	10,103,000
Total cash, cash equivalents, and restricted cash shown in the condensed consolidated statements of cash flows	\$ 17,323,000	\$ 15,195,000

Cash and cash equivalents include cash on hand and highly liquid investments with original maturities of three months or less at the date of purchase. Amounts are recorded within "cash and cash equivalents" on the condensed consolidated balance sheets. For the comparative period, cash, cash equivalents, and restricted cash include amounts associated with assets classified as held for sale.

Restricted cash consists primarily of funds held in lender-controlled accounts (lockbox/cash-management structure) related to the Hotel's mortgage and mezzanine financing, including escrows and reserves for real estate taxes and insurance, replacement/FF&E and capital additions, and other amounts required by the loan agreements. Restricted cash is classified within current or noncurrent assets on the condensed consolidated balance sheets based on the expected timing of use. These cash-management/lockbox provisions relate to the Hotel financing maintained at Portsmouth, a consolidated subsidiary of the Company (see Note 13 – Mortgage Notes Payable and Mezzanine Financing).

Accordingly, the total of cash, cash equivalents and restricted cash presented in the condensed consolidated statements of cash flows equals the sum of cash and cash equivalents and restricted cash presented in the condensed consolidated balance sheet.

NOTE 9 – STOCK BASED COMPENSATION PLANS

The Company follows ASC Topic 718, Compensation – Stock Compensation, which addresses accounting for equity-based compensation arrangements, including employee stock options.

For additional information regarding the Company's stock-based compensation plans, see Note 15 – Stock Based Compensation Plans in the Company's Annual Report on Form 10-K for the year ended June 30, 2025.

There were no new stock option grants or modifications during the nine months ended March 31, 2026.

Stock option valuation assumptions are consistent with those described in Note 15 to the Company's Annual Report on Form 10-K for the year ended June 30, 2025.

During the nine months ended March 31, 2026 and 2025, the Company recorded stock-based compensation expense of \$36,000 and \$85,000, respectively, related to stock options. As of March 31, 2026, the aggregate intrinsic value of options outstanding and exercisable was \$3,018,000. During the nine months ended March 31, 2026, approximately 100,000 stock options expired unexercised.

The following table summarizes the stock options activity from July 1, 2024 to March 31, 2026:

		Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Life	Aggregate Intrinsic Value
Outstanding at	July 1, 2024	269,195	\$ 16.81	4.15 years	\$ 1,187,000
Granted		-	-	-	-
Exercised		-	-	-	-
Forfeited		-	-	-	-
Exchanged		-	-	-	-
Outstanding at	June 30, 2025	<u>269,195</u>	<u>\$ 16.81</u>	<u>3.15 years</u>	<u>\$ 125,000</u>
Exercisable at	June 30, 2025	<u>257,195</u>	<u>\$ 15.57</u>	<u>3.30 years</u>	<u>\$ 125,000</u>
Vested and expected to vest at	June 30, 2025	<u>251,195</u>	<u>\$ 15.95</u>	<u>3.15 years</u>	<u>\$ 125,000</u>
Outstanding at	July 1, 2025	269,195	\$ 16.81	3.15 years	\$ 125,000
Granted		-	-	-	-
Exercised		-	-	-	-
Expired		(100,000)	(10.30)	-	-
Exchanged		-	-	-	-
Outstanding at	March 31, 2026	<u>169,195</u>	<u>\$ 20.66</u>	<u>3.85 years</u>	<u>\$ 3,018,000</u>
Exercisable at	March 31, 2026	<u>163,195</u>	<u>\$ 20.36</u>	<u>3.99 years</u>	<u>\$ 3,018,000</u>
Vested and expected to vest at	March 31, 2026	<u>169,195</u>	<u>\$ 20.66</u>	<u>3.85 years</u>	<u>\$ 3,018,000</u>

As of March 31, 2026, unrecognized compensation cost related to unvested stock options was not material and is expected to be recognized over a weighted-average period of approximately 3.85 years. Cash received from option exercises was \$0 for each of the nine months ended March 31, 2026 and 2025, and the total intrinsic value of options exercised was also \$0 for those periods. Weighted-average grant-date fair value of options granted was not applicable for 2025 (no grants) and was not material for 2024. Approximately 214,000 shares remained available for future grant under the 2010 Incentive Plan as of March 31, 2026 (see the Company's Form 10-K for the year ended June 30, 2025).

NOTE 10 – SEGMENT INFORMATION

The Company operates in three reportable segments: (i) Hotel Operations (the Hilton San Francisco Financial District and its five-level parking garage), (ii) Real Estate Operations (the multifamily and commercial rental portfolio), and (iii) Investment Transactions (investment of cash in marketable securities and other investments). The chief operating decision maker (“CODM”) is a group of senior executives who collectively use segment results to evaluate performance and allocate resources based on the information described below.

Segment results are evaluated using segment income (loss), which reflects revenues from external customers less segment operating expenses, including property operating expenses, utilities, real estate taxes, insurance and certain general and administrative expenses, as presented in the table below. Segment income (loss) excludes interest expense, depreciation and amortization, gain on sale of real estate, net gains (losses) from investments, gains (losses) on extinguishment of debt, and income taxes, which are reflected below segment income (loss) as reconciling items to consolidated income (loss). There are no intersegment revenues. “Corporate” consists primarily of unallocated corporate general and administrative costs and other items not allocated to the reportable segments.

All long-lived assets and revenues are attributable to operations in the United States.

As of and for the three months ended March 31, 2026	Hotel Operations	Real Estate Operations	Investment Transactions	Corporate	Total
Revenues	\$ 16,497,000	\$ 3,875,000	\$ -	\$ -	\$ 20,372,000
Property operating expenses	(10,120,000)	(1,063,000)	-	-	(11,183,000)
Utilities	(496,000)	(344,000)	-	-	(840,000)
Real estate taxes	(540,000)	(579,000)	-	-	(1,119,000)
Insurance	(218,000)	(369,000)	-	-	(587,000)
General and administrative	-	-	-	(675,000)	(675,000)
Segment income (loss)	5,123,000	1,520,000	-	(675,000)	5,968,000
Interest expense - mortgage	(2,476,000)	(717,000)	-	-	(3,193,000)
Depreciation and amortization expense	(941,000)	(767,000)	-	-	(1,708,000)
Gain on insurance recovery	-	124,000	-	-	124,000
Loss from investments	-	-	(342,000)	-	(342,000)
Income tax expense	-	-	-	(254,000)	(254,000)
Net income (loss)	<u>\$ 1,706,000</u>	<u>\$ 160,000</u>	<u>\$ (342,000)</u>	<u>\$ (929,000)</u>	<u>\$ 595,000</u>
Total assets	<u>\$ 51,967,000</u>	<u>\$ 43,507,000</u>	<u>\$ 1,096,000</u>	<u>\$ 6,938,000</u>	<u>\$ 103,508,000</u>

As of and for the three months ended March 31, 2025	Hotel Operations	Real Estate Operations	Investment Transactions	Corporate	Total
Revenues	\$ 12,210,000	\$ 4,614,000	\$ -	\$ -	\$ 16,824,000
Property operating expenses	(8,587,000)	(1,029,000)	-	-	(9,616,000)
Utilities	(398,000)	(333,000)	-	-	(731,000)
Real estate taxes	(478,000)	(601,000)	-	-	(1,079,000)
Insurance	(222,000)	(468,000)	-	-	(690,000)
General and administrative	-	-	-	(707,000)	(707,000)
Segment income (loss)	2,525,000	2,183,000	-	(707,000)	4,001,000
Interest expense - mortgage	(2,459,000)	(693,000)	-	-	(3,152,000)
Depreciation and amortization expense	(899,000)	(752,000)	-	-	(1,651,000)
Gain on extinguishment of debt	1,416,000	-	-	-	1,416,000
Loss from investments	-	-	(1,379,000)	-	(1,379,000)
Income tax benefit	-	-	-	15,000	15,000
Net income (loss)	<u>\$ 583,000</u>	<u>\$ 738,000</u>	<u>\$ (1,379,000)</u>	<u>\$ (692,000)</u>	<u>\$ (750,000)</u>
Total assets	<u>\$ 50,860,000</u>	<u>\$ 46,635,000</u>	<u>\$ 751,000</u>	<u>\$ 4,995,000</u>	<u>\$ 103,241,000</u>

For the three months ended March 31, 2026, segment income increased to \$5,968,000 from \$4,001,000 for the three months ended March 31, 2025, reflecting improved results in Hotel Operations and higher segment income in Real Estate Operations. Hotel Operations segment income increased to \$5,123,000 from \$2,525,000, while Real Estate Operations segment income decreased to \$1,520,000 compared to \$2,183,000. Corporate expense decreased to \$675,000 from \$707,000. Net income was \$595,000 for the three months ended March 31, 2026, compared to a net loss of \$750,000 for the three months ended March 31, 2025. The improvement was primarily attributable to lower loss from investments to \$342,000 compared to \$1,379,000.

As of and for the nine months ended March 31, 2026	Hotel Operations	Real Estate Operations	Investment Transactions	Corporate	Total
Revenues	\$ 41,576,000	\$ 14,010,000	\$ -	\$ -	\$ 55,586,000
Property operating expenses	(28,495,000)	(3,215,000)	-	-	(31,710,000)
Utilities	(1,439,000)	(1,020,000)	-	-	(2,459,000)
Real estate taxes	(1,620,000)	(1,732,000)	-	-	(3,352,000)
Insurance	(728,000)	(1,145,000)	-	-	(1,873,000)
General and administrative	-	-	-	(2,121,000)	(2,121,000)
Segment income (loss)	9,294,000	6,898,000	-	(2,121,000)	14,071,000
Interest expense - mortgage	(7,354,000)	(2,253,000)	-	-	(9,607,000)
Depreciation and amortization expense	(2,780,000)	(2,284,000)	-	-	(5,064,000)
Gain from sale of real estate	-	3,508,000	-	-	3,508,000
Gain on insurance recovery	-	124,000	-	-	124,000
Loss from investments	-	-	(841,000)	-	(841,000)
Income tax expense	-	-	-	(1,793,000)	(1,793,000)
Net (loss) income	\$ (840,000)	\$ 5,993,000	\$ (841,000)	\$ (3,914,000)	\$ 398,000
Total assets	\$ 51,967,000	\$ 43,507,000	\$ 1,096,000	\$ 6,938,000	\$ 103,508,000

As of and for the nine months ended March 31, 2025	Hotel Operations	Real Estate Operations	Investment Transactions	Corporate	Total
Revenues	\$ 33,995,000	\$ 14,176,000	\$ -	\$ -	\$ 48,171,000
Property operating expenses	(24,039,000)	(3,032,000)	-	-	(27,071,000)
Utilities	(1,415,000)	(1,012,000)	-	-	(2,427,000)
Real estate taxes	(1,434,000)	(1,709,000)	-	-	(3,143,000)
Insurance	(644,000)	(1,343,000)	-	-	(1,987,000)
General and administrative	-	-	-	(2,244,000)	(2,244,000)
Segment income (loss)	6,463,000	7,080,000	-	(2,244,000)	11,299,000
Interest expense - mortgage	(8,128,000)	(2,068,000)	-	-	(10,196,000)
Depreciation and amortization expense	(2,731,000)	(2,236,000)	-	-	(4,967,000)
Gain on extinguishment of debt	1,416,000	-	-	-	1,416,000
Loss from investments	-	-	(2,388,000)	-	(2,388,000)
Income tax expense	-	-	-	(463,000)	(463,000)
Net (loss) income	\$ (2,980,000)	\$ 2,776,000	\$ (2,388,000)	\$ (2,707,000)	\$ (5,299,000)
Total assets	\$ 50,860,000	\$ 46,635,000	\$ 751,000	\$ 4,995,000	\$ 103,241,000

For the nine months ended March 31, 2026, segment income increased to \$14,071,000 from \$11,299,000 for the nine months ended March 31, 2025. Hotel Operations segment income increased to \$9,294,000 from \$6,463,000, and Real Estate Operations segment income decreased to \$6,898,000 from \$7,080,000. Corporate expense was \$2,121,000 compared to \$2,244,000. Net income was \$398,000 for the nine months ended March 31, 2026, compared to net loss of \$5,299,000 for the nine months ended March 31, 2025, primarily reflecting a gain on sale of real estate of \$3,508,000 in 2026 (none in 2025), a decrease in loss from investments to \$841,000 from \$2,388,000, and a decrease in mortgage interest expense to \$9,607,000 from \$10,196,000, partially offset by income tax expense of \$1,793,000 in 2026 compared to \$463,000 in 2025. For the nine months ended March 31, 2025 the Hotel segment also benefited from lower expenses due to a management incentive fee waiver.

NOTE 11 – OTHER NOTES PAYABLE

The following summarizes the balances of other notes payable as of March 31, 2026 and June 30, 2025, respectively:

As of	March 31, 2026	June 30, 2025
Note payable - Hilton	\$ 1,346,000	\$ 1,583,000
Note payable - Aimbridge	208,000	396,000
Total other notes payable	<u>\$ 1,554,000</u>	<u>\$ 1,979,000</u>

Hilton Development Incentive

The note payable to Hilton (the franchisor) represents a self-exhausting, interest-free development incentive that is reduced by approximately \$317,000 annually through January 2030, provided the Hotel continues to operate as a Hilton franchise.

Hotel Management Key Money

On February 1, 2017, Justice Operating Company, LLC (“Operating”) entered into a Hotel Management Agreement (the “HMA”) with Aimbridge Hospitality (“Aimbridge”) to manage the Hotel, with an effective takeover date of February 3, 2017. The term of the HMA is for an initial period of 10 years and automatically renews for up to five additional years in aggregate, subject to certain conditions. The HMA also provides for Aimbridge to advance a “key money” incentive payment to the Hotel for capital improvements in the amount of \$2,000,000 pursuant to a separate key money agreement. The key money contribution is amortized in equal monthly amounts over an eight (8) year period commencing on the second anniversary of the takeover date. The unamortized portion of the key money was \$208,000 and \$396,000 at March 31, 2026, and June 30, 2025, respectively, and is included in other notes payable in the condensed consolidated balance sheets.

Future expected reductions of the carrying amounts of other notes payable (including amortization of the Aimbridge key money and the scheduled reductions of the Hilton development incentive) are as follows:

For the year ending June 30,	
2026 (3 months)	\$ 142,000
2027	463,000
2028	317,000
2029	317,000
2030	315,000
Thereafter	-
	<u>\$ 1,554,000</u>

NOTE 12 – RELATED PARTY TRANSACTIONS

To supplement its liquidity position, Portsmouth maintains access to an unsecured loan facility made available by the Company (the “Facility”), with InterGroup as lender and Portsmouth, a consolidated subsidiary, as borrower. The initial facility, dated July 2, 2014, has undergone several amendments. In March 2025, the Facility was amended to (i) increase the available borrowing capacity to \$40,000,000, and (ii) extend the maturity date to July 31, 2027. The facility bears interest at 9%. As of March 31, 2026, the outstanding loan balance was \$38,108,000, with no principal repayments made to date, and is payable at maturity. Amounts due under the Facility are eliminated in consolidation. See Note 1 for the Company’s consolidation policy.

Four of the Portsmouth directors serve as directors of InterGroup. The Company’s Chief Operating Officer, David C. Gonzalez, was elected President of Portsmouth in May 2021. The Company’s director and Chairman of the Audit Committee, William J. Nance, also serves as a director of Portsmouth.

As Chairman of the Executive Strategic Real Estate and Securities Investment Committee, the Company's President and Chief Executive Officer (CEO), John V. Winfield, directs the investment activity of the Company in public and private markets pursuant to authority granted by the Board of Directors. Mr. Winfield also serves as Chief Executive Officer and Chairman of the Board of Portsmouth and oversees the investment activity of Portsmouth. Effective June 2016, Mr. Winfield became the Managing Director of Justice and served in that position until the dissolution of Justice in December 2021. Depending on certain market conditions and various risk factors, the Chief Executive Officer and Portsmouth (a consolidated subsidiary) may, at times, invest in the same companies in which the Company invests. Such investments align the interests of the Company with the interests of related parties because it places the personal resources of the Chief Executive Officer and the resources of Portsmouth, at risk in substantially the same manner as the Company in connection with investment decisions made on behalf of the Company.

All of Portsmouth's directors serve as directors of InterGroup — John V. Winfield, William J. Nance, Andrew Kaplan, Yvonne Murphy, and Steve Grunwald. Mr. Winfield is Chairman of the Board and Chief Executive Officer of both Portsmouth and InterGroup. He served as Managing Director of Justice until its dissolution in December 2021.

Portsmouth encourages investments by its CEO and InterGroup in the same companies in which Portsmouth invests, as such alignment of interests places personal and affiliate capital at risk alongside Company capital.

NOTE 13 – MORTGAGE NOTES PAYABLE AND MEZZANINE FINANCING

The Company's mortgage notes payable consist of (i) the senior mortgage loan secured by the Hilton San Francisco Financial District hotel (the "Hotel"), maintained at Portsmouth, a consolidated subsidiary of the Company, and (ii) mortgage loans secured by the Company's non-hotel real estate properties. The following table summarizes the schedule maturities of mortgage notes payable as of March 31, 2026:

For the year ending June 30,	Amount
2026 (3 months)	\$ 296,000
2027	104,858,000
2028	6,589,000
2029	1,846,000
2030	16,033,000
Thereafter	65,395,000
	<u>\$ 195,017,000</u>

Hotel Mortgage and Mezzanine Financing

The Company's Annual Report on Form 10-K for the year ended June 30, 2025 includes a detailed description of the Hotel senior mortgage and mezzanine financing arrangements, including the March 28, 2025 refinancing and related covenants and cash-management provisions. There were no material changes to the terms of these arrangements during the nine months ended March 31, 2026.

Senior Mortgage and Mezzanine Financing (Current Facilities)

On March 28, 2025, the Company refinanced the senior mortgage and amended and restated the mezzanine loan, fully retiring the prior facilities.

- **Mortgage Loan:** Operating entered into a \$67,000,000 Mortgage Loan Agreement with Prime. The loan bears interest at Term SOFR + 4.75% (with a Term SOFR cap of 4.50%) and has an initial maturity of April 9, 2027, with three one-year extension options, subject to satisfaction of financial and operational covenants. An interest rate cap was purchased at inception (premium approximately \$136,000) (see Note 7). The loan is secured by the Hotel.
- **Mezzanine Loan:** Mezzanine executed a Mezzanine Loan Agreement with CRED REIT Holdco LLC for a principal amount of \$36,300,000 at a fixed rate of 7.25% per annum, on matching terms to the senior loan. The loan is secured by Mezzanine's membership interest in Operating.

Portsmouth and the Company continue to provide a limited guaranty in connection with both facilities. The Company is also subject to customary covenants, including financial ratios and affirmative obligations.

DSCR and Lockbox Arrangements

Operating has not met the Debt Service Coverage Ratio (“DSCR”) threshold required to permit distributions and release of the cash-management/lockbox arrangements in prior periods. Under the loan agreements, the DSCR threshold must be satisfied for two consecutive quarters in order to permit distributions and release of the lockbox arrangements. Although the DSCR threshold was satisfied for the quarter ended March 31, 2026, the lockbox arrangements remained in effect as of March 31, 2026 because the two-consecutive-quarter requirement had not yet been met. Cash receipts from the Hotel are deposited into lender-controlled accounts, with controlled disbursements based on agreed-upon budget approvals.

InterGroup Real Estate Mortgages (Non-Hotel)

In December 2025, the Company disposed of a non-core 12-unit multifamily property in Los Angeles. This property had been classified as held for sale at June 30, 2025.

During the nine months ended March 31, 2026, the Company did not enter into any new financing arrangements, modifications, or refinancings related to its non-hotel real estate properties. All mortgage loans remained in good standing and in compliance with their terms and conditions.

NOTE 14 – ACCOUNTS PAYABLE AND OTHER LIABILITIES

The following summarizes the components of accounts payable and other liabilities as of March 31, 2026 and June 30, 2025:

As of	March 31, 2026	June 30, 2025
Trade payable	\$ 2,032,000	\$ 2,742,000
Advance deposits	826,000	743,000
Property tax payable	371,000	563,000
Payroll and related accruals	3,465,000	3,038,000
Mortgage interest payable	5,695,000	3,568,000
Withholding and other taxes payable	1,136,000	1,597,000
Security deposit	1,036,000	1,024,000
Franchise fees	410,000	1,649,000
Management fees payable	250,000	604,000
Other	472,000	436,000
Total accounts payable and other liabilities	\$ 15,693,000	\$ 15,964,000

Accounts payable and other liabilities consist primarily of amounts incurred in the ordinary course of business. Trade payables represent amounts owed to vendors for operating and capital items. Advance deposits consist primarily of customer deposits received in advance of providing services, including deposits related to Hotel stays and events (see Note 3). Accrued payroll and related liabilities include wages, bonuses, and employee-related accruals. Mortgage interest payable represents accrued interest on the Company’s mortgage debt (see Note 13). Withholding and other taxes payable consist primarily of payroll-related and other taxes owed. Security deposits primarily represent tenant deposits associated with the Company’s real estate operations. Franchise fees payable and management fees payable relate to Hotel operations. Certain components, such as security deposits and accrued mortgage interest, are settled in the ordinary course in accordance with their underlying terms.

NOTE 15 – DISPOSITION OF REAL ESTATE

As previously disclosed, on February 24, 2025, the Company executed a listing agreement to market for sale a 12-unit multifamily property located in Los Angeles County, California, and the property was classified as held for sale as of June 30, 2025, after management determined that the criteria in ASC 360-10-45-9 were met. The sale was completed in December 2025 for a sales price of \$4.85 million, resulting in a gain on sale of \$3,508,000, which is included in gain on sale of real estate in the condensed consolidated statements of operations (see Note 5).

In connection with the sale, the related mortgage loan with an outstanding principal balance of \$1,834,000 (fixed interest rate of 3.59% and a maturity date of June 23, 2026) was repaid in full at closing, and net cash proceeds from the sale after closing costs were approximately \$2,577,000.

No assets were classified as held for sale as of March 31, 2026.

NOTE 16 – SUBSEQUENT EVENTS

The Company evaluated subsequent events through the date that the accompanying condensed consolidated financial statements were available to be issued, and determined that no events occurred during the subsequent event evaluation period that require recognition or additional disclosure in the accompanying condensed consolidated financial statements. The evaluation period extended through May 11, 2026.

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, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include, without limitation, statements regarding our business strategy; operating performance; financial condition and results of operations, liquidity and capital resources (including anticipated refinancing or repayment of indebtedness); capital expenditures; market conditions; and other plans and objectives. These statements are not historical facts and can be identified by words such as “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates,” “projects,” “seeks,” “may,” “will,” “should,” “could,” and similar expressions.

Forward-looking statements are based on our current expectations and assumptions and involve risks and uncertainties that could cause actual results to differ materially. Important factors include, among others: general economic conditions; interest-rate and inflation trends; availability and terms of financing and refinancing; operating performance of the Hilton San Francisco Financial District and conditions in the San Francisco hospitality market; competitive dynamics in our hotel and real estate markets; labor availability and costs; regulatory and legal developments; property-level operating risks (including maintenance, tax and insurance costs); capital market conditions; and other risks described in our Annual Report on Form 10-K for the fiscal year ended June 30, 2025, and in other reports we file with the SEC. These risks and uncertainties are not exhaustive.

Additional forward-looking risks specific to the San Francisco hospitality market include:

- The pace of recovery in business travel;
- Competitive dynamics among local hotels;
- Broader municipal issues affecting the city’s perception among travelers; and
- Potential impacts from macroeconomic trends on leisure travel demand.

Management will continue to monitor these conditions and adjust operations and capital allocation as appropriate.

You should not place undue reliance on forward-looking statements, which speak only as of the date of this report. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

RESULTS OF OPERATIONS

As of March 31, 2026, the Company owned approximately 75.9% of the common shares of Portsmouth Square, Inc. (“Portsmouth”). The Company’s principal sources of revenue are (i) revenues from the hotel operations conducted through Portsmouth, (ii) rental income from multifamily and commercial real estate, and (iii) income from the investment of cash and marketable securities and other investments. Portsmouth’s primary asset is the 558-room Hilton San Francisco Financial District and related facilities (including a five-level underground garage). The Company also generates income from its owned and in-house managed real estate, concentrated in Texas and Southern California.

Three Months Ended March 31, 2026 Compared to Three Months Ended March 31, 2025

The Company had net income of \$595,000 for the three months ended March 31, 2026 compared to net loss of \$750,000 for the three months ended March 31, 2025. Net income attributable to The InterGroup Corporation was \$457,000 for the three months ended March 31, 2026 compared to a net loss attributable to The InterGroup Corporation of \$578,000 for the three months ended March 31, 2025. The year-over-year improvement was primarily attributable to improved operating results (income from operations increased to \$4,260,000 from \$2,350,000), and lower net losses on marketable securities.

Hotel Operations

The Company had net income from Hotel operations of \$1,706,000 for the three months ended March 31, 2026 compared to net income of \$583,000 for the three months ended March 31, 2025. The improvement was primarily attributable to higher room revenues, including increased room availability resulting from returning renovated administrative office space to 14 additional keys as well as ADR and occupancy. The market continues to show signs of recovery with strong growth in the business travel segment raising midweek rates. In the quarter ended March 31, 2026, the market hosted the Super Bowl, which supported February demand and RevPAR.

For the three months ended March 31,	2026	2025
Hotel revenues:		
Hotel rooms	\$ 14,424,000	\$ 10,534,000
Food and beverage	980,000	728,000
Garage	764,000	760,000
Other operating departments	329,000	188,000
Total Hotel revenues	16,497,000	12,210,000
Operating expenses excluding depreciation and amortization	(11,374,000)	(9,685,000)
Operating income before gain on extinguishment of debt, interest expense, depreciation and amortization	5,123,000	2,525,000
Gain on extinguishment of debt	-	1,416,000
Interest expense - mortgage	(2,476,000)	(2,459,000)
Depreciation and amortization expense	(941,000)	(899,000)
Net income from Hotel operations	\$ 1,706,000	\$ 583,000

For the three months ended March 31, 2026, Hotel revenues increased to \$16,497,000 from \$12,210,000 for the prior-year period, and operating income before interest expense and depreciation and amortization increased to \$5,123,000 from \$2,525,000.

ADR increased to \$306 from \$241 and occupancy increased to 94% from 89%, resulting in RevPAR of \$287 compared to \$215 for the prior-year period.

The following table sets forth ADR, occupancy and RevPAR of the Hotel for the three months ended March 31, 2026 and 2025.

Three Months Ended March 31,	Average Daily Rate	Average Occupancy %	RevPAR
2026	\$ 306	94%	\$ 287
2025	\$ 241	89%	\$ 215

Real Estate Operations

Revenue from real estate operations decreased to \$3,875,000 for the three months ended March 31, 2026 from \$4,614,000 for the three months ended March 31, 2025, primarily reflecting higher rental revenues in the Company's multifamily portfolio, including improved occupancy. Operating expenses decreased to \$2,355,000 from \$2,431,000, primarily reflecting cost control initiatives at the property level.

Investment Transactions

The Company had a net loss on marketable securities of \$49,000 for the three months ended March 31, 2026 compared to a net loss of \$1,097,000 for the three months ended March 31, 2025. For the three months ended March 31, 2026, the Company recorded a realized loss of \$2,000 and unrealized loss of \$47,000. See Note 6 – Investment in Marketable Securities.

Nine Months Ended March 31, 2026 Compared to Nine Months Ended March 31, 2025

The Company had net income of \$398,000 for the nine months ended March 31, 2026 compared to net loss of \$5,299,000 for the nine months ended March 31, 2025. Net income attributable to The InterGroup Corporation was \$1,437,000 for the nine months ended March 31, 2026 compared to a net loss attributable to The InterGroup Corporation of \$3,701,000 for the nine months ended March 31, 2025. The year-over-year improvement was primarily attributable to the \$3,508,000 gain on sale of real estate and improved operating results (including an increase in income from operations to \$9,007,000 from \$6,332,000) and lower losses from investments, partially offset by income tax expense and higher Hotel operating expenses due in part to the absence of a prior-year Hotel management incentive fee waiver (approximately \$1.030 million) that reduced Hotel operating expenses during the nine months ended March 31, 2025.

Hotel Operations

The Company had net loss from Hotel operations of \$840,000 for the nine months ended March 31, 2026 compared to net loss of \$2,980,000 for the nine months ended March 31, 2025. The improvement in operating results was primarily driven by growth in Business Travel as well as ADR lift from complete guest room renovation that was recently completed. The conversion of former administrative office space into revenue-generating guest rooms also contributed to the increased revenues. The prior-year period also reflected lower expenses related to a management incentive fee waiver of approximately \$1,030,000 and a \$1,416,000 gain on extinguishment of debt.

For the nine months ended March 31,	2026	2025
Hotel revenues:		
Hotel rooms	\$ 35,907,000	\$ 29,045,000
Food and beverage	2,512,000	2,115,000
Garage	2,486,000	2,415,000
Other operating departments	671,000	420,000
Total Hotel revenues	41,576,000	33,995,000
Operating expenses excluding depreciation and amortization	(32,282,000)	(27,532,000)
Operating income before interest expense, depreciation and amortization	9,294,000	6,463,000
Gain on extinguishment of debt	-	1,416,000
Interest expense - mortgage	(7,354,000)	(8,128,000)
Depreciation and amortization expense	(2,780,000)	(2,731,000)
Net loss from Hotel operations	<u>\$ (840,000)</u>	<u>\$ (2,980,000)</u>

For the nine months ended March 31, 2026, the Hotel revenues increased to \$41,576,000 from \$33,995,000 for the prior-year period, and operating income before interest expense and depreciation and amortization increased to \$9,294,000 from \$6,463,000. The increase in Hotel revenues primarily reflected higher room revenue, and the prior-year period included lower operating expenses due to a management incentive fee waiver.

ADR increased to \$251 from \$213 and occupancy increased to 93% from 91%, resulting in RevPAR of \$236 compared to \$194 for the prior-year period.

The following table sets forth the ADR, occupancy, and RevPAR of the Hotel for the nine months ended March 31, 2026 and 2025.

Nine Months Ended March 31,	Average Daily Rate	Average Occupancy %	RevPAR
2026	\$ 251	93%	\$ 236
2025	\$ 213	91%	\$ 194

Real Estate Operations

Revenue from real estate operations decreased to \$14,010,000 for the nine months ended March 31, 2026 from \$14,176,000 for the nine months ended March 31, 2025, primarily driven by stronger multifamily occupancy and rental rate trends across the portfolio. Operating expenses were \$7,112,000 for the nine months ended March 31, 2026 compared to \$7,096,000 for the nine months ended March 31, 2025.

During the nine months ended March 31, 2026, the Company recorded a gain on the sale of a non-core multifamily property in Los Angeles County of \$3,508,000 (see Note 15).

Investment Transactions

The Company had a net gain on marketable securities of \$48,000 for the nine months ended March 31, 2026 compared to a net loss of \$1,566,000 for the nine months ended March 31, 2025. As a result, net loss from investment transactions was \$841,000 for the nine months ended March 31, 2026 compared to \$2,388,000 for the nine months ended March 31, 2025. See Note 6 – Investment in Marketable Securities for additional information, including realized and unrealized gains losses) and related expenses. The year-over-year improvement primarily reflected lower unrealized losses on marketable securities.

Tax Estimates

The Company and Portsmouth compute and file income tax returns separately and, for financial reporting purposes, each entity records a discrete income tax provision. Income tax expense for the nine months ended March 31, 2026 and March 31, 2025 primarily reflects the combined income tax effect of Portsmouth's pretax loss (including Hotel operations) and InterGroup's standalone pretax income.

MARKETABLE SECURITIES

The following table shows the composition of the Company's marketable securities portfolio as of March 31, 2026 and June 30, 2025 by selected industry groups:

As of March 31, 2026		%
Industry Group	Fair Value	of Total Investment Securities
REITs and real estate companies	\$ 890,000	81%
Financial services	\$ 149,000	14%
Technology	57,000	5%
	<u>\$ 1,096,000</u>	<u>100%</u>
As of June 30, 2025		%
Industry Group	Fair Value	of Total Investment Securities
REITs and real estate companies	\$ 966,000	100%
Technology	3,000	0%
	<u>\$ 969,000</u>	<u>100%</u>

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

For the three months ended March 31,	2026	2025
Net loss on marketable securities	\$ (49,000)	\$ (1,097,000)
Dividend and interest income	12,000	35,000
Trading and management expenses	(305,000)	(317,000)
Net loss from investment transactions	<u>\$ (342,000)</u>	<u>\$ (1,379,000)</u>
For the nine months ended March 31,	2026	2025
Net gain (loss) on marketable securities	\$ 48,000	\$ (1,566,000)
Dividend and interest income	16,000	156,000
Trading and management expenses	(905,000)	(978,000)
Net loss from investment transactions	<u>\$ (841,000)</u>	<u>\$ (2,388,000)</u>

FINANCIAL CONDITION AND LIQUIDITY

As of March 31, 2026, the Company had cash and cash equivalents of \$9,283,000, restricted cash of \$8,040,000, and marketable securities (net of margin balances) of \$1,096,000, compared to \$5,092,000, \$10,103,000, and \$969,000, respectively, as of June 30, 2025. For the comparative period, cash, cash equivalents, and restricted cash include amounts associated with assets classified as held for sale.

Parent Company (InterGroup) – Liquidity and Capital Resources

InterGroup's parent-level liquidity is generated primarily from cash flows from its multifamily and commercial real estate operations and cash on hand, and is for corporate overhead, income taxes, debt service on non-hotel mortgages, and capital expenditures across its real estate portfolio. InterGroup does not rely on Portsmouth for parent-level liquidity. In December 2025, the Company sold a non-core 12-unit multifamily property in Los Angeles County that had been classified as held for sale at June 30, 2025. Net proceeds from the sale of approximately \$2.6 million were used for general corporate purposes, including working capital.

Related-Party Credit Facility (InterGroup as lender; Portsmouth as borrower)

Portsmouth maintains an unsecured revolving credit facility with InterGroup as a contingency source of liquidity. As of March 31, 2026, the outstanding balance was \$38,108,000. The facility bears interest at 9%, matures July 31, 2027, and is payable at maturity; amounts due under the facility are eliminated in consolidation. See Note 12 – Related Party Transactions.

Cash receipts at the Hotel are subject to a lender-controlled cash-management/lockbox arrangement at Portsmouth's subsidiaries, which may limit distributions upstream while in effect (see Note 13 – Mortgage Notes Payable and Mezzanine Financing).

See the Company's Annual Report on Form 10-K for the year ended June 30, 2025 and Portsmouth's Annual Report on Form 10-K for the year ended June 30, 2025 for additional information regarding the March 2025 refinancing and related cash-management provisions.

See Note 11 through 13 for additional information.

OFF-BALANCE SHEET ARRANGEMENTS

As of March 31, 2026, the Company had no material off-balance sheet arrangements as defined in Item 303(a) of Regulation S-K.

MATERIAL CONTRACTUAL OBLIGATIONS

As of March 31, 2026, the Company's material contractual obligations (including estimated interest) totaled \$230,598,000, consisting of \$195,017,000 of mortgage and subordinated notes payable, \$1,554,000 of other notes payable, and \$34,027,000 of interest. The largest concentration of these obligations occurs in fiscal year 2027, reflecting scheduled maturities and payments totaling \$120,740,000. The Company expects to address these obligations through a combination of property-level cash flows, cash on hand, and, as applicable, refinancing or extension alternatives consistent with the terms of its debt arrangements. There can be no assurance that refinancing or extension alternatives, as applicable, under its debt arrangements.

Of the amounts shown, Hotel-related mortgage and mezzanine obligations are obligations of Portsmouth's subsidiaries; InterGroup's parent-level mortgages relate to its non-Hotel real estate portfolio.

	Total	3 Months 2026	Year 2027	Year 2028	Year 2029	Year 2030	Thereafter
Mortgage and subordinated notes payable	\$ 195,017,000	\$ 296,000	\$ 104,858,000	\$ 6,589,000	\$ 1,846,000	\$ 16,033,000	\$ 65,395,000
Other notes payable	1,554,000	142,000	463,000	317,000	317,000	315,000	-
Interest	34,027,000	2,909,000	15,419,000	2,643,000	2,578,000	2,434,000	8,044,000
Total	<u>\$ 230,598,000</u>	<u>\$ 3,347,000</u>	<u>\$ 120,740,000</u>	<u>\$ 9,549,000</u>	<u>\$ 4,741,000</u>	<u>\$ 18,782,000</u>	<u>\$ 73,439,000</u>

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. Under the Aimbridge management agreement, Aimbridge may adjust hotel room rates on an ongoing basis, and management believes there has not been a material adverse impact on the Hotel's 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. However, inflationary pressures on wages, utilities, food and beverage costs, and other operating expenses could adversely affect operating margins to the extent such increases cannot be offset through pricing actions or operating efficiencies.

The Company's residential rental properties provide income from short-term operating leases and no lease extends beyond one year. Accordingly, management believes the Company generally has the ability to adjust rental rates over time to reflect changes in operating costs, although there can be no assurance that rental-rate increases will fully offset inflationary costs pressure.

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 to make estimates about the effect of matters that are inherently uncertain. The preparation of these unaudited condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates on an ongoing basis, including those related to consolidation, revenue recognition, allowance for credit losses, accrued liabilities, impairment assessments, investments, income taxes, and contingencies. Actual results could differ from those estimates. There have been no material changes to the Company's critical accounting policies during the nine months ended March 31, 2026. For a discussion of the Company's critical accounting policies and estimates, see the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2025.

INCOME TAXES

We apply ASC 740 in accounting for income taxes. Significant judgment is required to estimate the future tax consequences of events recognized in our condensed consolidated financial statements and tax returns, including the realizability of deferred tax assets and the effects of changes in tax laws or their interpretation. Our income tax returns are subject to examination by the IRS and other taxing authorities; changes in our assessment of these matters could materially affect our condensed consolidated financial statements. We evaluate tax positions taken or expected to be taken on a tax return and recognize benefits only when it is more-likely-than-not that the position will be sustained upon examination, based on the technical merits and assuming full knowledge by the taxing authority. For positions that meet this threshold, the recognized benefit is measured as the largest amount of tax benefit that is greater than 50% likely to be realized upon settlement. Positions that do not meet the recognition threshold are not recognized. Changes in these judgments could materially affect our condensed consolidated financial statements. We recognize interest and penalties related to uncertain tax positions in income tax expense.

DEFERRED INCOME TAXES – VALUATION ALLOWANCE

We assess the realizability of deferred tax assets (“DTA”) each reporting period on a jurisdiction-by-jurisdiction basis. A valuation allowance is recorded when it is more-likely-than not that some or all DTAs will not be realized. In forming this conclusion, we weigh all available positive and negative evidence, placing significant weight on objectively verifiable evidence, including recent financial results.

Cumulative pre-tax losses over the preceding three years constitute significant negative evidence that DTAs may not be realizable, while cumulative pre-tax income provides objective positive evidence of our ability to generate taxable income. Consistent with GAAP, when there is a recent history of pre-tax losses, limited or no weight is placed on forecasts in assessing DTA realizability. When relevant, we use systematic and logical scheduling to estimate the timing of reversal of temporary differences (i.e., when deferred tax liabilities will generate taxable income and when DTAs will generate deductions). These assessments require assumptions and judgments and are inherently complex and subjective. Significant judgment is also required to determine the timing and amount of any future release of the valuation allowance should our evidence change.

HOTEL ASSETS AND DEFINITE-LIVED INTANGIBLE ASSETS

We review hotel property and equipment and definite-lived intangible assets (together, “long-lived assets”) each quarter and whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. We generally assess recoverability at the property (asset-group) level (the lowest level for which identifiable cash flows are largely independent).

When indicators of impairment exist, we compare the carrying amount to the sum of the asset group’s undiscounted cash flows expected from use and eventual disposition. If the carrying amount is not recoverable, an impairment loss is measured as the excess of the carrying amount over fair value. Fair value is estimated using market and/or income approaches, which require significant judgment, including assumptions about occupancy, ADR/RevPAR, operating margins, required capital expenditures, terminal values, and market discount and capitalization rates. Our indicators of impairment assessments consider industry conditions, property location, market dynamics, historical performance, and property-specific facts available at the time; conclusions may vary from period to period as facts change.

Changes in economic or operating conditions, or in the estimates and assumptions used in our analysis, could result in future impairment charges.

No impairment losses were recorded for the nine months ended March 31, 2026 and 2025, respectively.

STOCK-BASED COMPENSATION

We account for stock-based compensation by measuring and recognizing as compensation cost the fair value of all share-based payment awards made to employees, including employee stock options, restricted stock awards and purchases under our Employee Stock Purchase Plan (“ESPP”), based on estimated grant-date fair values. The determination of fair value involves significant judgment. We use the Black-Scholes option pricing model to estimate the value of employee stock options which require assumptions, including the expected volatility of our stock and employee exercise behavior, which are based on historical data as well as expectations of future developments over the term of the options.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are a “smaller reporting company” and therefore are not required to provide the information required by this Item.

Item 4. Controls and Procedures.**EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES**

The Company’s management, with the participation of the Chief Executive Officer and Principal Financial Officer, evaluated the effectiveness of the Company’s disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, management concluded that the Company’s disclosure controls and procedures were not effective due to a previously identified material weakness in internal control over financial reporting.

The material weakness related to the design and operation of controls over the interpretation and accounting for stock-based compensation.

During the quarter ended March 31, 2026, the Company implemented remediation measures, including the adoption of an equity management tool to support the calculation and accounting for stock-based compensation. This tool is intended to enhance the accuracy and consistency of valuation and expense recognition; however, these measures have not yet been in place for a sufficient period to conclude that the material weakness has been remediated.

In light of the material weakness, management performed additional analyses and other procedures to ensure that the financial statements included in this Form 10-Q are prepared in conformity with U.S. GAAP. Management believes that the financial statements included in this report present fairly, in all material respects, the Company’s financial position, results of operations, and cash flows for the periods presented.

Management will continue to evaluate the effectiveness of the enhanced controls, including the use of the equity management tool, and will consider the material weakness remediated only after the controls have operated for a sufficient period and have been tested successfully.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the quarter ended March 31, 2026, the Company implemented changes to its internal control over financial reporting related to the remediation of the previously identified material weakness in stock-based compensation. These changes included the implementation of an equity management tool to improve the calculation, tracking, and accounting for stock-based compensation; however, the material weakness will be considered remediated only after the enhanced controls have operated for a sufficient period and have been tested successfully.

Other than the remediation efforts described above, there were no changes in the Company’s internal control over financial reporting 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 Justice Investors Operating Company, LLC (the “Company”), owns the real property at 750 Kearny Street in San Francisco, which is improved with a 27-story building that houses a Hilton-branded hotel (the “Property”). In connection with City approvals in the early 1970s, the Company constructed an ornamental overhead pedestrian bridge spanning Kearny Street to the City’s Portsmouth Square park and underground garage (the “Bridge”), pursuant in part to a Major Encroachment Permit (the “Permit”).

On May 24, 2022, the City purported to revoke the Permit and, on June 13, 2022, directed the Company to submit a general bridge removal and site restoration plan (the “Plan”) at the Company’s expense. The Company disputes the legality of the purported revocation and the existence of any obligation to fund removal. Company representatives participated in meetings with the City on and after August 1, 2019 regarding a potential collaborative removal process; until the 2022 purported revocation, City representatives repeatedly indicated that the City would bear the costs of any removal.

Without waiving any rights, and to evaluate available options and respond to the City’s directives, the Company has engaged a project manager, structural engineer, and architect to advise on the Plan for Bridge removal and reconstruction of the Property’s Kearny Street frontage. The Company continues to work with the City on approvals and permits and is discussing both process and financial responsibility. Those discussions are expected to continue at least through the calendar first two quarters of 2026. A final Plan is not expected to be completed and approved until the second calendar quarter 2026; and demolition is unlikely to commence before July 2026 at the earliest.

At this time, the Company cannot reasonably estimate a loss or range of loss related to this matter, and no liability has been recorded. The Company disputes that it has any obligation to fund Bridge removal and continues to engage with the City regarding process and financial responsibility. No liability has been recorded in the accompanying financial statements.

Item 1A. RISK FACTORS

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

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

There were no unregistered sales of equity securities during the nine months ended March 31, 2026. Accordingly, there were no proceeds from unregistered sales of equity securities during the period.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

During the nine months ended March 31, 2026, none of the Company’s directors or officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K. There is no other information required to be disclosed in 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.

THE INTERGROUP CORPORATION
(Registrant)

Date: May 11, 2026

by /s/ John V. Winfield
John V. Winfield
President, Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

Date: May 11, 2026

by /s/ Ann Marie Blair
Ann Marie Blair
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 The InterGroup Corporation;

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 (a) disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and (b) 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: May 11, 2026

/s/ John V. Winfield

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

EXHIBIT 31.2

CERTIFICATION

I, Ann Marie Blair, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The InterGroup Corporation;

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 (a) disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and (b) 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: May 11, 2026

/s/ Ann Marie Blair
Ann Marie Blair
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 The InterGroup Corporation (the "Company") on Form 10-Q for the quarter ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John V. Winfield, President and 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 15(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
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 11, 2026

A signed original of this written statement required by Section 906 has been provided to The InterGroup Corporation and will be retained by The InterGroup Corporation 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 The InterGroup Corporation (the "Company") on Form 10-Q for the quarter ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ann Marie Blair, Principal Financial 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 15(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/ Ann Marie Blair

Ann Marie Blair
Principal Financial Officer

Date: May 11, 2026

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