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, 2017
or

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

For the transition period from _______ to_________

Commission File Number 0-4057

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

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

1100 Glendon Avenue, PH1, Los Angeles, California 90024
(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 and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

☒ Yes ☐ No

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act):

☐ Yes ☒ No

The number of shares outstanding of registrant's Common Stock, as of April 28, 2017 was 734,183.

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PART 1
FINANCIAL INFORMATION

Item 1 – Condensed Consolidated Financial Statements

PORTSMOUTH SQUARE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

As of	March 31, 2017	June 30, 2016
ASSETS		
Investment in Hotel, net	$ 35,887,000	$ 37,744,000
Investment in real estate	973,000	973,000
Investment in marketable securities	3,855,000	4,038,000
Other investments, net	394,000	359,000
Cash and cash equivalents	5,569,000	3,378,000
Restricted cash - mortgage impounds	2,337,000	898,000
Accounts receivable - Hotel, net	2,992,000	3,218,000
Other assets, net	937,000	1,274,000
Deferred tax asset	10,742,000	11,088,000
Total assets	$ 63,686,000	$ 62,970,000
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Liabilities:		
Accounts payable and other liabilities	$ 14,931,000	$ 17,181,000
Due to securities broker	750,000	291,000
Obligations for securities sold	381,000	29,000
Related party and other notes payable	13,006,000	11,246,000
Mortgage notes payable - Hotel, net	116,008,000	116,160,000
Total liabilities	145,076,000	144,907,000
Shareholders' deficit:		
Common stock, no par value: Authorized shares - 750,000; 734,183 shares issued and outstanding shares	2,092,000	2,092,000
Accumulated deficit	(76,960,000)	(77,365,000)
Total Portsmouth shareholders' deficit	(74,868,000)	(75,273,000)
Noncontrolling interest	(6,522,000)	(6,664,000)
Total shareholders' deficit	(81,390,000)	(81,937,000)
Total liabilities and shareholders' deficit	$ 63,686,000	$ 62,970,000

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

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

For the three months ended March 31,	**2017**	**2016**
Revenue - Hotel	$ 13,495,000	$ 14,481,000
Costs and operating expenses		
Hotel operating expenses	(10,333,000)	(11,831,000)
Hotel restructuring costs	-	(5,236,000)
Hotel depreciation and amortization expense	(641,000)	(731,000)
General and administrative expense	(141,000)	(163,000)
Total costs and operating expenses	(11,115,000)	(17,961,000)
Income (loss) from operations	2,380,000	(3,480,000)
Other income (expense)		
Interest expense - mortgage	(2,005,000)	(1,921,000)
Net loss on marketable securities	(250,000)	(166,000)
Impairment loss on other investments	(44,000)	(91,000)
Dividend and interest income	13,000	4,000
Trading and margin interest expense	(39,000)	(28,000)
Total other expense, net	(2,325,000)	(2,202,000)
Income (loss) before income taxes	55,000	(5,682,000)
Income tax (expense) benefit	(18,000)	1,970,000
Net income (loss)	37,000	(3,712,000)
Less: Net (income) loss attributable to the noncontrolling interest	(26,000)	369,000
Net income (loss) attributable to Portsmouth Square, Inc.	$ 11,000	$ (3,343,000)
Basic and diluted net income (loss) per share attributable to Portsmouth Square, Inc.	$ 0.01	$ (4.55)
Weighted average number of common shares outstanding - basic and diluted	734,183	734,183

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

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

For the nine months ended March 31,	**2017**	**2016**
Revenue - Hotel	$ 40,937,000	$ 43,332,000
Costs and operating expenses		
Hotel operating expenses	(30,515,000)	(34,993,000)
Hotel restructuring costs	-	(5,236,000)
Hotel depreciation and amortization expense	(2,065,000)	(2,153,000)
General and administrative expense	(439,000)	(536,000)
Total costs and operating expenses	(33,019,000)	(42,918,000)
Income from operations	7,918,000	414,000
Other income (expense)		
Interest expense - mortgage	(5,902,000)	(5,803,000)
Loss on disposal of assets	-	(30,000)
Net loss on marketable securities	(985,000)	(1,940,000)
Net unrealized loss on other investments	-	(32,000)
Impairment loss on other investments	(55,000)	(173,000)
Dividend and interest income	33,000	6,000
Trading and margin interest expense	(116,000)	(86,000)
Total other expense, net	(7,025,000)	(8,058,000)
Income (loss) before income taxes	893,000	(7,644,000)
Income tax (expense) benefit	(346,000)	2,752,000
Net income (loss)	547,000	(4,892,000)
Less: Net (income) loss attributable to the noncontrolling interest	(142,000)	366,000
Net income (loss) attributable to Portsmouth Square, Inc.	$ 405,000	$ (4,526,000)
Basic and diluted net income (loss) per share attributable to Portsmouth Square, Inc.	$ 0.55	$ (6.16)
Weighted average number of common shares outstanding - basic and diluted	734,183	734,183

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

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

For the nine months ended March 31,	**2017**	**2016**
Cash flows from operating activities:		
Net income (loss)	$ 547,000	$ (4,892,000)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Net unrealized loss on marketable securities	1,071,000	1,979,000
Deferred taxes	346,000	(2,752,000)
Unrealized loss on other investments	-	41,000
Impairment loss on other investments	55,000	173,000
Loss on disposal of assets	-	30,000
Depreciation	2,065,000	2,153,000
Amortization of loan costs	84,000	84,000
Changes in operating assets and liabilities:		
Investment in marketable securities	(888,000)	(107,000)
Accounts receivable	2,226,000	3,882,000
Other assets	337,000	939,000
Accounts payable and other liabilities	(2,250,000)	935,000
Due to securities broker	459,000	-
Obligations for securities sold	352,000	19,000
Net cash provided by operating activities	4,404,000	2,484,000
Cash flows from investing activities:		
Payments for hotel furniture, equipment and building improvements	(208,000)	(3,496,000)
Investment in other investments	(90,000)	-
Net cash used in investing activities	(298,000)	(3,496,000)
Cash flows from financing activities:		
Restricted cash - (payments to) withdrawal of mortgage impounds, net	(1,439,000)	193,000
Net (payments) proceeds from mortgage and other notes payable	(476,000)	5,057,000
Redemption of noncontrolling interest	-	(50,000)
Net cash provided by financing activities	(1,915,000)	5,200,000
Net increase in cash and cash equivalents	2,191,000	4,188,000
Cash and cash equivalents at the beginning of the period	3,378,000	1,077,000
Cash and cash equivalents at the end of the period	$ 5,569,000	$ 5,265,000
Supplemental information:		
Interest paid	$ 5,942,000	$ 5,804,000
Non-cash transaction:		
Key money incentive fee	2,000,000	-
Conversion of other investments to marketable securities	$ -	$ 4,410,000

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

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

NOTE 1 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements included herein have been prepared by Portsmouth Square, Inc. ("Portsmouth" or the "Company"), without audit, according to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the condensed consolidated financial statements prepared in accordance with generally accepted accounting principles (U.S. GAAP) have been condensed or omitted pursuant to such rules and regulations, although the Company believes the disclosures that are made are adequate to make the information presented not misleading. Further, the condensed consolidated financial statements reflect, in the opinion of management, all adjustments (which included only normal recurring adjustments) necessary for a fair statement of the financial position, cash flows and results of operations as of and for the periods indicated. It is suggested that these financial statements be read in conjunction with the audited financial statements of Portsmouth and the notes therein included in the Company's Annual Report on Form 10-K for the year ended June 30, 2016. The June 30, 2016 Condensed Consolidated Balance Sheet was derived from the Company's Form 10-K for the year ended June 30, 2016.

The results of operations for the three and nine months ended March 31, 2017 are not necessarily indicative of results to be expected for the full fiscal year ending June 30, 2017.

Portsmouth's primary business is conducted through its general and limited partnership interest in Justice Investors Limited Partnership, a California limited partnership ("Justice" or the "Partnership"). Portsmouth has a 93.1% limited partnership interest in Justice and is the sole general partner. The financial statements of Justice are consolidated with those of the Company.

As of March 31, 2017, Santa Fe Financial Corporation ("Santa Fe"), a public company, owns approximately 68.8% of the outstanding common shares of Portsmouth. Santa Fe is an 81.8%-owned subsidiary of The InterGroup Corporation ("InterGroup"), a public company. InterGroup also directly owns approximately 13.4% of the common stock of Portsmouth.

Justice, through its subsidiaries Justice Holdings Company, LLC ("Holdings"), a Delaware Limited Liability Company, Justice Operating Company, LLC ("Operating") and Justice Mezzanine Company, LLC ("Mezzanine"), owns a 543-room hotel property located at 750 Kearny Street, San Francisco California, known as the Hilton San Francisco Financial District (the "Hotel") and related facilities including a five level underground parking garage. Holdings and Mezzanine are both wholly-owned subsidiaries of the Partnership; Operating is a wholly-owned subsidiary of Mezzanine. Mezzanine is the borrower under certain mezzanine indebtedness of Justice, and in December 2013, the Partnership conveyed ownership of the Hotel to Operating. The Hotel is operated by the partnership as a full service Hilton brand hotel pursuant to a Franchise License Agreement with HLT Franchise Holding LLC (Hilton). Justice had a management agreement with Prism Hospitality L.P. ("Prism") to perform certain management functions for the Hotel. The management agreement with Prism had an original term of ten years, subject to the Partnership's right to terminate at any time with or without cause. Effective January 2014, the management agreement with Prism was amended by the Partnership to change the nature of the services provided by Prism and the compensation payable to Prism, among other things. Prism's management agreement was terminated upon its expiration date of February 3, 2017. Effective December 1, 2013, GMP Management, Inc. ("GMP"), a company owned by a Justice limited partner and a related party, also provided management services for the Partnership pursuant to a management services agreement, with a three year term, subject to the Partnership's right to terminate earlier for cause. In June 2016, GMP resigned. After a lengthy review process of several national third party hotel management companies, on February 1, 2017, Justice entered into a Hotel management agreement ("HMA") with Interstate Management Company, LLC ("Interstate") to manage the Hotel with an effective takeover date of February 3, 2017. The term of management agreement is for an initial period of 10 years commencing on the takeover date and automatically renews for an additional year not to exceed five years in the aggregate subject to certain conditions. The HMA also provides for Interstate to advance a key money incentive fee to the Hotel for capital improvements in the amount of $2,000,000 under certain terms and conditions described in a separate key money agreement. The $2,000,00 is included in accounts receivable in the condensed consolidated balance sheets as of March 31, 2017.

The parking garage that is part of the Hotel property was managed by Ace Parking pursuant to a contract with the Partnership. The contract was terminated with an effective termination date of October 4, 2016. The Company began managing the parking garage in-house after the termination of Ace Parking. Effective February 3, 2017, Interstate took over the management of the parking garage along with the Hotel.

Due to Securities Broker

Various securities brokers have advanced funds to the Company for the purchase of marketable securities under standard margin agreements. These advanced funds are recorded as a liability.

Obligations for Securities Sold

Obligation for securities sold represents the fair market value of shares sold with the promise to deliver that security at some future date and the fair market value of shares underlying the written call options with the obligation to deliver that security when and if the option is exercised. The obligation may be satisfied with current holdings of the same security or by subsequent purchases of that security. Unrealized gains and losses from changes in the obligation are included in the condensed consolidated statements of operations.

Income Tax

The Company consolidates Justice (“Hotel”) for financial reporting purposes and is not taxed on its non-controlling interest in the Hotel. The income tax (expense) benefit during the nine months ended March 31, 2017 and 2016 represents the income tax effect on the Company’s pretax income (loss) which includes its share in the net income (loss) of the Hotel.

FINANCIAL CONDITION AND LIQUIDITY

The Company’s cash flows are primarily generated from its Hotel operations. The Company also receives cash generated from the investment of its cash and marketable securities and other investments.
To fund the redemption of limited partnership interests and to repay the prior mortgage of $42,940,000, Justice obtained a $97,000,000 mortgage loan and a $20,000,000 mezzanine loan. The mortgage loan is secured by the Partnership’s principal asset, the Hotel. The mortgage loan bears an interest rate of 5.275% per annum with interest only payments due thru January 2017. Beginning in February 2017, the loan began to amortize over a thirty-year period thru its maturity date of January 2024. As additional security for the mortgage loan, there is a limited guaranty executed by the Company in favor of mortgage lender. The mezzanine loan is secured by the Operating membership interest held by Mezzanine and is subordinated to the Mortgage Loan. The mezzanine interest only loan bears interest at 9.75% per annum and matures in January 2024. As additional security for the mezzanine loan, there is a limited guaranty executed by the Company in favor of mezzanine lender.

Effective as of May 12, 2017, InterGroup agreed to become an additional guarantor under the limited guaranty and an additional indemnitor under the environmental indemnity for Justice Investors limited partnership’s $97,000,000 mortgage loan and the $20,000,000 mezzanine loan, in order to maintain certain minimum net worth and liquidity guarantor covenant requirements that Portsmouth was unable to satisfy independently as of March 31, 2017.

Despite an uncertain economy, the Hotel has continued to generate positive operating income. While the debt service requirements related the loans may create some additional risk for the Company and its ability to generate cash flows in the future, management believes that cash flows from the operations of the Hotel and the garage will continue to be sufficient to meet all of the Partnership’s current and future obligations and financial requirements.

The Company has invested in short-term, income-producing instruments and in equity and debt securities when deemed appropriate. The Company's marketable securities are classified as trading with unrealized gains and losses recorded through the consolidated statements of operations.

Management believes that its cash, marketable securities, and the cash flows generated from those assets and from the partnership management fees, will be adequate to meet the Company’s current and future obligations. Additionally, management believes there is significant appreciated value in the Hotel property to support additional borrowings, if necessary.

Recently Issued Accounting Pronouncements

In August 2014, the FASB issued ASU No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* that requires management to evaluate whether there are conditions and events that raise substantial doubt about the Company's ability to continue as a going concern within one year after the financial statements are issued on both an interim and annual basis. Management is required to provide certain footnote disclosures if it concludes that substantial doubt exists or when its plans alleviate substantial doubt about the Company's ability to continue as a going concern. ASU No. 2014-15 becomes effective for annual periods beginning after December 15, 2016 and for interim reporting periods thereafter. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

On June 16, 2016, the FASB issued ASU 2016-13, "*Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*." This ASU modifies the impairment model to utilize an expected loss methodology in place of the currently used incurred loss methodology, which will result in the more timely recognition of losses. ASU No. 2016-13 will be effective for us as of January 1, 2020. The Company is currently reviewing the effect of ASU No. 2016-13.

On August 26, 2016, the FASB issued ASU 2016-15, "*Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments (Topic230)*." This ASU is intended to reduce the diversity in practice around how certain transactions are classified within the statement of cash flows. The Company adopted ASU No. 2016-15 in the first quarter of 2017 with no material impact to our financial statements.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. ASU 2015-03 is effective for annual and interim periods within these annual periods beginning after December 15, 2015 and early application is permitted. The Company adopted this standard beginning with the quarter ended December 31, 2016 and reclassified the debt issuance costs of $840,000 from Other Assets to Mortgage notes payable – Hotel, net on the June 30, 2016 condensed consolidated balance sheet.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09), which amends the existing accounting standards for revenue recognition. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which delays the effective date of ASU 2014-09 by one year. The FASB also agreed to allow entities to choose to adopt the standard as of the original effective date. In March 2016, the FASB issued Accounting Standards Update No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* (ASU 2016-08) which clarifies the implementation guidance on principal versus agent considerations. The guidance includes indicators to assist an entity in determining whether it controls a specified good or service before it is transferred to the customers. The new revenue recognition standard will be effective for the Company in the first quarter of 2019, with the option to adopt it in the first quarter of 2018. We currently anticipate adopting the new standard effective July 1, 2019. The new standard also permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the modified retrospective method). The Company currently anticipates adopting the standard using the modified retrospective method. While the Company is still in the process of completing the analysis on the impact this guidance will have on the consolidated financial statements and related disclosures, the Company does not expect the impact to be material.

NOTE 2 – INVESTMENT IN HOTEL, NET

Investment in hotel consisted of the following as of:

March 31, 2017	Cost	Accumulated Depreciation	Net Book Value
Land	$ 1,124,000	$ -	$ 1,124,000
Furniture and equipment	27,674,000	(24,212,000)	3,462,000
Building and improvements	55,918,000	(24,617,000)	31,301,000
	$ 84,716,000	$ (48,829,000)	$ 35,887,000

June 30, 2016	Cost	Accumulated Depreciation	Net Book Value
Land	$ 1,124,000	$ -	$ 1,124,000
Furniture and equipment	28,857,000	(23,097,000)	5,760,000
Building and improvements	54,517,000	(23,657,000)	30,860,000
	$ 84,498,000	$ (46,754,000)	$ 37,744,000

NOTE 3 - INVESTMENT IN MARKETABLE SECURITIES

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

At March 31, 2017 and June 30, 2016, all of the Company's marketable securities are classified as trading securities. The change in the unrealized gains and losses on these investments are included in earnings. Trading securities are summarized as follows:

Investment	Cost	Gross Unrealized Gain	Gross Unrealized Loss	Net Unrealized Loss	Fair Value
As of March 31, 2017					
Corporate Equities	$ 7,744,000	$ 283,000	$ (4,172,000)	$ (3,889,000)	$ 3,855,000
As of June 30, 2016					
Corporate Equities	$ 6,877,000	$ 272,000	$ (3,111,000)	$ (2,839,000)	$ 4,038,000

As of March 31, 2017 and June 30, 2016, approximately 51% and 77%, respectively, of the investment marketable securities balance above is comprised of the common stock of Comstock Mining, Inc.

As of March 31, 2017 and June 30, 2016, the Company had $4,126,000 and $1,138,000, respectively, of unrealized losses related to securities held for over one year.

Net loss (gain) on marketable securities on the statement of operations is comprised of realized and unrealized gains (losses). Below is the composition of the two components for the three and nine months ended March 31, 2017 and 2016, respectively.

For the three months ended March 31,	**2017**	**2016**
Realized gain on marketable securities	$ 48,000	$ 64,000
Unrealized loss on marketable securities	(298,000)	(230,000)
Net loss on marketable securities	$ (250,000)	$ (166,000)

For the nine months ended March 31,	**2017**	**2016**
Realized gain on marketable securities	$ 86,000	$ 39,000
Unrealized loss on marketable securities	(1,071,000)	(1,979,000)
Net loss on marketable securities	$ (985,000)	$ (1,940,000)

NOTE 4 – OTHER INVESTMENTS, NET

The Company may also invest, with the approval of the securities investment committee and other Company guidelines, in private investment equity funds and other unlisted securities, such as convertible notes through private placements. Those investments in non-marketable securities are carried at cost on the Company's condensed balance sheets as part of other investments, net of other than temporary impairment losses.

Other investments, net consist of the following as of:

Type	March 31, 2017	June 30, 2016
Private equity hedge fund, at cost	$ 289,000	$ 333,000
Other investments	105,000	26,000
	$ 394,000	$ 359,000

NOTE 5 - FAIR VALUE MEASUREMENTS

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

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

As of Assets:	March 31, 2017 Total - Level 1	June 30, 2016 Total - Level 1
Investment in marketable securities:		
Basic materials	$ 2,014,000	$ 3,102,000
Energy	655,000	388,000
Other	1,186,000	548,000
	$ 3,855,000	$ 4,038,000

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

Financial assets that are measured at fair value on a non-recurring basis and are not included in the tables above include "Other investments, net (non-marketable securities)," that were initially measured at cost and have been written down to fair value as a result of impairment or adjusted to record the fair value of new instruments received (i.e., preferred shares) in exchange for old instruments (i.e., debt instruments). The following table shows the fair value hierarchy for these assets measured at fair value on a non-recurring basis as follows:

Assets	Level 3	March 31, 2017	Net loss for the nine months ended March 31, 2017
Other non-marketable investments	$ 394,000	$ 394,000	$ (55,000)

Assets	Level 3	June 30, 2016	Net loss for the nine months ended March 31, 2016
Other non-marketable investments	$ 359,000	$ 359,000	$ (173,000)

Other investments in non-marketable securities are carried at cost net of any impairment loss. The Company has no significant influence or control over the entities that issue these investments and holds less than 20% ownership in each of the investments. These investments are reviewed on a periodic basis for other-than-temporary impairment. The Company reviews several factors to determine whether a loss is other-than-temporary. These factors include but are not limited to: (i) the length of time an investment is in an unrealized loss position, (ii) the extent to which fair value is less than cost, (iii) the financial condition and near term prospects of the issuer and (iv) our ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in fair value.

NOTE 6 - SEGMENT INFORMATION

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

Information below represents reporting segments for the three and nine months ended March 31, 2017 and 2016, respectively. Segment income from Hotel operations consists of the operation of the hotel and operation of the garage. Income (loss) from investment transactions consist of net investment gain (loss), impairment loss on other investments, net unrealized gain (loss) on other investments, dividend and interest income and trading and margin interest expense. The other segment consists of corporate general and administrative expenses and the income tax expense for the entire Company.

As of and for the three months ended March 31, 2017	Hotel Operations	Investment Transactions	Corporate	Total
Revenues	$ 13,495,000	$ -	$ -	$ 13,495,000
Segment operating expenses	(10,333,000)	-	(141,000)	(10,474,000)
Segment income (loss)	3,162,000	-	(141,000)	3,021,000
Interest expense - mortgage	(2,005,000)	-	-	(2,005,000)
Depreciation and amortization expense	(641,000)	-	-	(641,000)
Loss from investments	-	(320,000)	-	(320,000)
Income tax expense	-	-	(18,000)	(18,000)
Net income (loss)	$ 516,000	$ (320,000)	$ (159,000)	$ 37,000
Total assets	$ 44,667,000	$ 4,249,000	$ 14,770,000	$ 63,686,000

As of and for the three months ended March 31, 2016	Hotel Operations	Investment Transactions	Other	Total
Revenues	$ 14,481,000	$ -	$ -	$ 14,481,000
Segment operating expenses	(17,067,000)	-	(163,000)	(17,230,000)
Segment loss	(2,586,000)	-	(163,000)	(2,749,000)
Interest expense - mortgage	(1,921,000)	-	-	(1,921,000)
Depreciation and amortization expense	(731,000)	-	-	(731,000)
Loss from investments	-	(281,000)	-	(281,000)
Income tax benefit	-	-	1,970,000	1,970,000
Net income (loss)	$ (5,238,000)	$ (281,000)	$ 1,807,000	$ (3,712,000)

As of and for the nine months ended March 31, 2017	Hotel Operations	Investment Transactions	Corporate	Total
Revenues	$ 40,937,000	$ -	$ -	$ 40,937,000
Segment operating expenses	(30,515,000)	-	(439,000)	(30,954,000)
Segment income (loss)	10,422,000	-	(439,000)	9,983,000
Interest expense - mortgage	(5,902,000)	-	-	(5,902,000)
Depreciation and amortization expense	(2,065,000)	-	-	(2,065,000)
Loss from investments	-	(1,123,000)	-	(1,123,000)
Income tax expense	-	-	(346,000)	(346,000)
Net income (loss)	$ 2,455,000	$ (1,123,000)	$ (785,000)	$ 547,000
Total assets	$ 44,667,000	$ 4,249,000	$ 14,770,000	$ 63,686,000

As of and for the nine months ended March 31, 2016	Hotel Operations	Investment Transactions	Corporate	Total
Revenues	$ 43,332,000	$ -	$ -	$ 43,332,000
Segment operating expenses	(40,229,000)	-	(536,000)	(40,765,000)
Segment income (loss)	3,103,000	-	(536,000)	2,567,000
Interest expense - mortgage	(5,803,000)	-	-	(5,803,000)
Loss on disposal of assets	(30,000)	-	-	(30,000)
Depreciation and amortization expense	(2,153,000)	-	-	(2,153,000)
Loss from investments	-	(2,225,000)	-	(2,225,000)
Incomt tax benefit	-	-	2,752,000	2,752,000
Net income (loss)	$ (4,883,000)	$ (2,225,000)	$ 2,216,000	$ (4,892,000)

NOTE 7 - RELATED PARTY TRANSACTIONS

On July 2, 2014, the Partnership obtained from InterGroup (a related party) an unsecured loan in the principal amount of $4,250,000 at 12% per year fixed interest, with a term of 2 years, payable interest only each month. InterGroup received a 3% loan fee. The loan may be prepaid at any time without penalty. The proceeds of the loan were applied to the July 2014 payments to Holdings as described in Note 2 of the Company’s June 30, 2016 10-K Report. The loan was extended to June 30, 2017. InterGroup is currently working on amending the loan agreement to extend the loan for a longer period.
In March 2017, Portsmouth obtained from InterGroup an unsecured loan in the principal amount of $2,700,000 at 5% per year fixed interest, with a term of 1 year, payable interest only each month. In April 2017, the balance of the loan was repaid along with all accrued interest.

In April 2017, Portsmouth obtained from InterGroup an unsecured short-term loan in the principal amount of $1,000,000 at 5% per year fixed interest, with a term of 5 months and maturing September 6, 2017. Accrued interest and monthly principal installments in the amount of $200,000 are due and payable commencing on May 1, 2017 and continuing on the first day of each calendar month thereafter, until five months after the date of the loan at which time any unpaid balance of principal and interest on the note is due and payable.

Justice has an outstanding accounts payable balance to InterGroup for approximately $316,000 for management fees related to the management of the Hotel from June to December of 2016.

Four of the Portsmouth directors serve as directors of InterGroup. Three of those directors also serve as directors of Santa Fe. The three Santa Fe directors also serve as directors of InterGroup.

John V. Winfield serves as Chief Executive Officer and Chairman of the Company, Santa Fe, and InterGroup. Depending on certain market conditions and various risk factors, the Chief Executive Officer, Santa Fe and InterGroup may, at times, invest in the same companies in which the Company invests. The Company encourages such investments because it places personal resources of the Chief Executive Officer and the resources of Santa Fe and InterGroup, at risk in connection with investment decisions made on behalf of the Company.

NOTE 8 – SUBSEQUENT EVENTS

Effective as of May 12, 2017, InterGroup agreed to become an additional guarantor under the limited guaranty and an additional indemnitor under the environmental indemnity for Justice Investors limited partnership’s $97,000,000 mortgage loan and the $20,000,000 mezzanine loan, in order to maintain certain minimum net worth and liquidity guarantor covenant requirements that Portsmouth was unable to satisfy independently as of March 31, 2017.

Item 1 – LEGAL PROCEEDINGS

We are involved from time to time in legal proceedings of types regarded as common in our business, including administrative or judicial proceedings, such as employment or labor disputes, breach of contract liability and premises liability litigation. Where appropriate, we may establish financial reserves for such proceedings. We also maintain insurance to mitigate certain of such risks.

In March 2017, the Company entered into a settlement agreement with RSUI Indemnity Company ("RSUI"), the insurer for the Company's Directors and Officers Liability Policies. Under this settlement agreement, Justice received $900,000 from RSUI to resolve allegations that RSUI had committed breach of contract and bad faith in handling a claim.

On May 5, 2016, Justice Investors and Portsmouth (parent Company) entered into a settlement agreement with Evon Corporation (“Evon”) and Holdings. Under this settlement agreement, the Partnership agreed to pay Evon $5,575,000 no later than January 10, 2017. As of January 10, 2017, all conditions of the settlement agreement have been satisfied by the Company.

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

FORWARD-LOOKING STATEMENTS AND PROJECTIONS

The Company may from time to time make forward-looking statements and projections concerning future expectations. When used in this discussion, the words “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “may,” “could,” “will”, “would” and similar expressions, are intended to identify forward-looking statements. These statements are subject to certain risks and uncertainties, such as national and worldwide economic conditions, including the impact of recessionary conditions on tourism, travel and the lodging industry, the impact of terrorism and war on the national and international economies, including tourism and securities markets, energy and fuel costs, natural disasters, general economic conditions and competition in the hotel industry in the San Francisco area, seasonality, labor relations and labor disruptions, actual and threatened pandemics such as swine flu, partnership distributions, the ability to obtain financing at favorable interest rates and terms, securities markets, regulatory factors, litigation and other factors discussed below in this Report and in the Company’s Annual Report on Form 10-K for the fiscal year ended June 30, 2016, that could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as to the date hereof. The Company undertakes no obligation to publicly release the results of any revisions to those forward-looking statements, which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

RESULTS OF OPERATIONS

The Company's principal business is conducted through its general and limited partnership interest in the Justice Investors Limited Partnership (“Justice” or the “Partnership”). Justice owns a 543 room hotel property located at 750 Kearny Street, San Francisco, California 94108, known as the “Hilton San Francisco Financial District” (the “Hotel” or the “Property”) and related facilities, including a five-level underground parking garage. The financial statements of Justice have been consolidated with those of the Company.

The Hotel is operated by the Partnership as a full service Hilton brand hotel pursuant to a Franchise License Agreement (the “License Agreement”) with HLT Franchise Holding LLC (“Hilton”). The Partnership entered into the License Agreement on December 10, 2004. The term of the License Agreement was for an initial period of 15 years commencing on the opening date, with an option to extend the License Agreement for another five years, subject to certain conditions. On June 26, 2015, the Partnership and Hilton entered into an amended franchise agreement which extended the License Agreement through 2030, modified the monthly royalty rate, extended geographic protection to the Partnership and also provided the Partnership certain key money cash incentives to be earned through 2030. The key money cash incentives were received on July 1, 2015.

Justice had a management agreement with Prism Hospitality L.P. (“Prism”) to perform certain management functions for the Hotel. The management agreement with Prism had an original term of ten years and can be terminated at any time with or without cause by the Partnership. Effective January 2014, the management agreement with Prism was amended by the Partnership to change the nature of the services provided by Prism and the compensation payable to Prism, among other things. Prism’s management agreement was terminated upon its expiration date of February 3, 2017. Effective December 1, 2013, GMP Management, Inc. (“GMP”), a company owned by a Justice limited partner and a related party, began to provide management services for the Partnership pursuant to a management services agreement with a term of three years, subject to the Partnership’s right to terminate earlier, for cause. In June 2016, GMP resigned. After a lengthy review process of several national third party hotel management companies, on February 1, 2017, Justice entered into a Hotel management agreement (“HMA”) with Interstate Management Company, LLC (“Interstate”) to manage the Hotel with an effective takeover date of February 3, 2017. The term of management agreement is for an initial period of 10 years commencing on the takeover date and automatically renews for an additional year not to exceed five years in the aggregate subject to certain conditions. The HMA also provides for Interstate to advance a key money incentive fee to the Hotel for capital improvements in the amount of $2,000,000 under certain terms and conditions described in a separate key money agreement. The $2,000,00 is included in accounts receivable in the condensed consolidated balance sheets as of March 31, 2017.

The parking garage that is part of the Hotel property was managed by Ace Parking pursuant to a contract with the Partnership. The contract was terminated with an effective termination date of October 4, 2016. The Company began managing the parking garage in-house after the termination of Ace Parking. Effective February 3, 2017, Interstate took over the management of the parking garage along with the Hotel.

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016

The Company had a net income of $37,000 for the three months ended March 31, 2017 compared to net loss of $3,712,000 for the three months ended March 31, 2016. The change is primarily attributable to the $5,236,000 of Hotel restructuring costs incurred during the three months ended March 31, 2016 and the decrease in Hotel operating expenses, partially offset by the decrease in Hotel revenues during the three months ended March 31, 2017.

Hotel Operations

The Company had net income from Hotel operations of $516,000 for the three months ended March 31, 2017 compared to a net loss of $5,238,000 for the three months ended March 31, 2016. The change is primarily due to the Hotel restructuring costs of $5,236,000 incurred during the three months ended March 31, 2016 related to the settlement with Evon and Holdings and the decrease in the related legal expenses during the three months ended March 31, 2017. Please see Note 17 of the Company's June 30, 2016 10-K report for further information. Additionally, during the quarter ended March 31, 2017, Justice reached a legal settlement with RSUI, the insurer for its Directors and Officers Liability Policies and received a payment in the amount of $900,000 from RSUI which was included as a reduction in operating expenses.

The following table sets forth a more detailed presentation of Hotel operations for the three months ended March 31, 2017 and 2016.

For the three months ended March 31,	**2017**	**2016**
Hotel revenues:		
Hotel rooms	$ 11,212,000	$ 11,764,000
Food and beverage	1,394,000	1,739,000
Garage	622,000	666,000
Other operating departments	267,000	312,000
Total hotel revenues	13,495,000	14,481,000
Operating expenses excluding depreciation and amortization	(10,333,000)	(11,831,000)
Hotel restructuring costs	-	(5,236,000)
Operating income (loss) before interest, depreciation and amortization	3,162,000	(2,586,000)
Interest expense - mortgage	(2,005,000)	(1,921,000)
Depreciation and amortization expense	(641,000)	(731,000)
Net income (loss) from Hotel operations	$ 516,000	$ (5,238,000)

For the three months ended March 31, 2017, the Hotel had operating income of $3,162,000 before interest, depreciation and amortization on total operating revenues of $13,495,000 compared to operating loss of $2,586,000 before interest, depreciation and amortization on total operating revenues of $14,481,000 for the three months ended March 31, 2016. Room revenues decreased by $552,000 for the three months ended March 31, 2017 compared to the three months ended March 31, 2016 primarily as the result of the decrease in group business. Food and beverage revenue decreased by $345,000 as the result of the reduction in the catering and banquet services from the decrease in the group business. Total operating expenses decreased by $1,498,000 during the quarter ended March 31, 2017 as compared to the same period ended March 31, 2016 as the result of the $900,000 received from RSUI noted above and to a lesser extent, the decrease in various other Hotel operating expenses.

The following table sets forth the average daily room rate, average occupancy percentage and room revenue per available room ("RevPAR") of the Hotel for the three months ended March 31, 2017 and 2016.

Three Months Ended March 31,	Average Daily Rate	Average Occupancy %	RevPAR
2017	$ 272	85%	$ 229
2016	$ 265	90%	$ 238

The Hotel's total revenues decreased by 6.8% this quarter as compared to the previous comparable quarter. Average daily rate increased by $7 and RevPAR decreased by $9 for the three months ended March 31, 2017 compared to the three months ended March 31, 2016. Average occupancy was 85% and 90%, for the respective comparable periods.

Investment Transactions

The Company had a net loss on marketable securities of $250,000 for the three months ended March 31, 2017 compared to a net loss on marketable securities of $166,000 for the three months ended March 31, 2016. For the three months ended March 31, 2017, the Company had approximately $356,000 in unrealized losses related to the Company's investment in the common stock of Comstock Mining, Inc. (Comstock). For the comparative three months ended March 31, 2016, the Company had approximately $267,000 in unrealized losses related to the Company's investment in the common stock of Comstock. For the three months ended March 31, 2017, the Company had a net realized gain of $48,000 and a net unrealized loss of $298,000. For the three months ended March 31, 2016, the Company had a net realized gain of $64,000 and a net unrealized loss of $230,000. Gains and losses on marketable securities may fluctuate significantly from period to period in the future and could have a significant impact on the Company's results of operations. However, the amount of gain or loss on marketable securities for any given period may have no predictive value and variations in amount from period to period may have no analytical value. For a more detailed description of the composition of the Company's marketable securities see the Marketable Securities section below.

The Company consolidates Justice ("Hotel") for financial reporting purposes and is not taxed on its non-controlling interest in the Hotel. The income tax (expense) benefit during the three months ended March 31, 2017 and 2016 represents the income tax effect on the Company's pretax income (loss) which includes its share in the net income (loss) of the Hotel.

Nine Months Ended March 31, 2017 Compared to Nine Months Ended March 31, 2016

The Company had net income of $547,000 for the nine months ended March 31, 2017 compared to net loss of $4,892,000 for the nine months ended March 31, 2016. The change is primarily due to the $5,236,000 of Hotel restructuring costs incurred during the nine months ended March 31, 2016 and the decrease in Hotel operating expenses, partially offset by the decrease in Hotel revenues and to a lesser extent, the decrease in investment related losses.

Hotel Operations

Net income from Hotel operations was $2,455,000 for the nine months ended March 31, 2017 compared to net loss of $4,883,000 for the nine months ended March 31, 2016. The change is due to the $5,236,000 of Hotel restructuring costs incurred during the nine months ended March 31, 2016 and the decrease in Hotel operating expenses, partially offset by the decrease in Hotel revenues.

The following table sets forth a more detailed presentation of Hotel operations for the nine months ended March 31, 2017 and 2016.

For the nine months ended March 31,	**2017**	**2016**
Hotel revenues:		
Hotel rooms	$ 34,007,000	$ 35,167,000
Food and beverage	4,349,000	5,247,000
Garage	1,946,000	2,025,000
Other operating departments	635,000	893,000
Total hotel revenues	40,937,000	43,332,000
Operating expenses excluding depreciation and amortization	(30,515,000)	(34,993,000)
Hotel restructuring costs	-	(5,236,000)
Operating income before loss on disposal of assets, interest, depreciation and amortization	10,422,000	3,103,000
Loss on disposal of assets	-	(30,000)
Interest expense - mortgage	(5,902,000)	(5,803,000)
Depreciation and amortization expense	(2,065,000)	(2,153,000)
Net income (loss) from Hotel operations	$ 2,455,000	$ (4,883,000)

For the nine months ended March 31, 2017, the Hotel had operating income of $10,422,000 before loss on disposal of assets, interest, depreciation and amortization on total operating revenues of $40,937,000 compared to operating income of $3,103,000 before loss on disposal of assets, interest, depreciation and amortization on total operating revenues of $43,332,000 for the nine months ended March 31, 2016. Room revenues decreased by $1,160,000 for the nine months ended March 31, 2017 compared to the nine months ended March 31, 2016 primarily as the result of the decrease in group business and the decrease in the average daily rate. Food and beverage revenue decreased by $898,000 as the result of the reduction in the catering and banquet services from the decrease in the group business.

Total operating expenses decreased by $4,478,000 for the nine months ended March 31, 2017 as compared to the comparable nine months ended March 31, 2016 primarily due to the decrease in operating expenses related to the decrease in legal expenses as the result of the settlement with Evon and Holdings, the resignation of GMP management and management efforts to reduce operating expenses in all areas.

The following table sets forth the average daily room rate, average occupancy percentage and room revenue per available room (“RevPAR”) of the Hotel for the nine months ended March 31, 2017 and 2016.

Nine months Ended March 31,	**Average Daily Rate**	**Average Occupancy %**	**RevPAR**
2017	$ 254	90%	$ 228
2016	$ 258	91%	$ 235

The Hotel’s total revenues decreased by 5.5% for the nine months ended March 31, 2017 as compared to the nine months ended March 31, 2016. Average daily rate decreased by $4 and RevPAR decreased by $7 for the nine months ended March 31, 2017 compared to the nine months ended March 31, 2016. Average occupancy decreased by 1% during the nine months ended March 31, 2017 versus the comparable period.

Investment Transactions

The Company had a net loss on marketable securities of $985,000 for the nine months ended March 31, 2017 compared to a net loss on marketable securities of $1,940,000 for the nine months ended March 31, 2016. For the nine months ended March 31, 2017, the Company had a net loss of approximately $1,155,000 related to the Company’s investment in the common stock of Comstock. For the comparative nine months ended March 31, 2016, the Company had a net loss of approximately $1,724,000 related to the Company’s investment in Comstock. For the nine months ended March 31, 2017, the Company had a net realized gain of $86,000 and a net unrealized loss of $1,071,000. For the nine months ended March 31, 2016, the Company had a net realized gain of 39,000 and a net unrealized loss of $1,979,000. Gains and losses on marketable securities may fluctuate significantly from period to period in the future and could have a significant impact on the Company’s results of operations. However, the amount of gain or loss on marketable securities for any given period may have no predictive value and variations in amount from period to period may have no analytical value. For a more detailed description of the composition of the Company’s marketable securities see the Marketable Securities section below.

The Company consolidates Justice ("Hotel") for financial reporting purposes and is not taxed on its non-controlling interest in the Hotel. The income tax (expense) benefit during the nine months ended March 31, 2017 and 2016 represents the income tax effect on the Company's pretax income (loss) which includes its share in the net income (loss) of the Hotel.

FINANCIAL CONDITION AND LIQUIDITY

The Company's cash flows are primarily generated from its Hotel operations. The Company also receives cash generated from the investment of its cash and marketable securities and other investments.

On December 18, 2013, the Partnership completed an Offer to Redeem any and all limited partnership interests not held by Portsmouth. As a result, Portsmouth, which prior to the Offer to Redeem owned 50% of the then outstanding limited partnership interests now controls approximately 93.1% of the voting interest in Justice and is now its sole General Partner.

To fund the redemption of limited partnership interests and to repay the prior mortgage of $42,940,000, Justice obtained a $97,000,000 mortgage loan and a $20,000,000 mezzanine loan. The mortgage loan is secured by the Partnership's principal asset, the Hotel. The mortgage loan bears an interest rate of 5.275% per annum with interest only payments due thru January 2017. Beginning in February 2017, the loan began to amortize over a thirty-year period thru its maturity date of January 2024. As additional security for the mortgage loan, there is a limited guaranty executed by the Company in favor of mortgage lender. The mezzanine loan is secured by the Operating membership interest held by Mezzanine and is subordinated to the Mortgage Loan. The mezzanine interest only loan bears interest at 9.75% per annum and matures in January 2024. As additional security for the mezzanine loan, there is a limited guaranty executed by the Company in favor of mezzanine lender.

Effective as of May 12, 2017, InterGroup agreed to become an additional guarantor under the limited guaranty and an additional indemnitor under the environmental indemnity for Justice Investors limited partnership's $97,000,000 mortgage loan and the $20,000,000 mezzanine loan, in order to maintain certain minimum net worth and liquidity guarantor covenant requirements that Portsmouth was unable to satisfy independently as of March 31, 2017.

On July 2, 2014, the Partnership obtained from InterGroup an unsecured loan in the principal amount of $4,250,000 at 12% per year fixed interest, with a term of 2 years, payable interest only each month. InterGroup received a 3% loan fee. The loan may be prepaid at any time without penalty. The proceeds of the loan were applied to the July 2014 payments to Holdings as described in Note 2 of the Company's June 30, 2016 10-K Report. The loan was extended to June 30, 2017. InterGroup is currently working on amending the loan agreement to extend the loan for a longer period.

In March 2017, Portsmouth obtained from InterGroup an unsecured loan in the principal amount of $2,700,000 at 5% per year fixed interest, with a term of 1 year, payable interest only each month. In April 2017, the balance of the loan was repaid along with all accrued interest.

In April 2017, Portsmouth obtained from InterGroup an unsecured short-term loan in the principal amount of $1,000,000 at 5% per year fixed interest, with a term of 5 months and maturing September 6, 2017. Accrued interest and monthly principal installments in the amount of $200,000 are due and payable commencing on May 1, 2017 and continuing on the first day of each calendar month thereafter, until five months after the date of the loan at which time any unpaid balance of principal and interest on the note is due and payable.

Despite an uncertain economy, the Hotel has continued to generate positive operating income. While the debt service requirements related the loans may create some additional risk for the Company and its ability to generate cash flows in the future, management believes that cash flows from the operations of the Hotel and the garage will continue to be sufficient to meet all of the Partnership's current and future obligations and financial requirements.

The Company has invested in short-term, income-producing instruments and in equity and debt securities when deemed appropriate. The Company's marketable securities are classified as trading with unrealized gains and losses recorded through the consolidated statements of operations.

Management believes that its cash, marketable securities, and the cash flows generated from those assets and from the partnership management fees, will be adequate to meet the Company's current and future obligations. Additionally, management believes there is significant appreciated value in the Hotel property to support additional borrowings, if necessary.

MARKETABLE SECURITIES

The following table shows the composition of the Company's marketable securities portfolio as of March 31, 2017 and June 30, 2016 by selected industry groups.

As of	3/31/2017	
Industry Group	Fair Value	% of Total Investment Securities
Basic materials	$2,014,000	52.2%
Energy	655,000	17.0%
Technology	590,000	15.3%
Other	596,000	15.5%
	$3,855,000	100.0%

As of	6/30/2016	
Industry Group	Fair Value	% of Total Investment Securities
Basic materials	$3,102,000	76.8%
Energy	388,000	9.6%
Financial services	198,000	4.9%
Other	350,000	8.7%
	$4,038,000	100.0%

As of March 31, 2017, the Company's investment in marketable securities portfolio consists primarily of 51% of the common stock of Comstock which is included in the basic materials industry group.

MATERIAL CONTRACTUAL OBLIGATIONS

The following table provides a summary as of March 31, 2017, the Company's material financial obligations which also including interest payments:

	Total	3 Months 2017	Year 2018	Year 2019	Year 2020	Year 2021	Thereafter
Mortgage notes payable	$ 116,764,000	$ 337,000	$ 1,393,000	$ 1,468,000	$ 1,547,000	$ 1,631,000	$ 110,388,000
Related party and other notes payable	11,006,000	7,284,000	317,000	317,000	317,000	317,000	2,454,000
Interest	46,344,000	1,892,000	7,003,000	6,928,000	6,849,000	6,765,000	16,907,000
Total	$ 174,114,000	$ 9,513,000	$ 8,713,000	$ 8,713,000	$ 8,713,000	$ 8,713,000	$ 129,749,000

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no material off balance sheet arrangements.

IMPACT OF INFLATION

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

CRITICAL ACCOUNTING POLICIES AND USE OF ESTIMATES

Critical accounting policies are those that are most significant to the portrayal of our financial position and results of operations and require judgments by management in order to make estimates about the effect of matters that are inherently uncertain. The preparation of these condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts in our consolidated financial statements. We evaluate our estimates on an on-going basis, including those related to the consolidation of our subsidiaries, to our revenues, allowances for bad debts, accruals, asset impairments, other investments, income taxes and commitments and contingencies. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. The actual results may differ from these estimates or our estimates may be affected by different assumptions or conditions. There have been no material changes to the Company's critical accounting policies during the nine months March 31, 2017. Please refer to the Company's Annual Report on Form 10-K for the year ended June 30, 2016 for a summary of the critical accounting policies.

Item 4. Controls and Procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

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

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

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

PART II.
OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) None.

(b) Not applicable.

(c) Purchases of equity securities by the small business issuer and affiliated purchasers.

Portsmouth did not repurchase any of its own securities during the third quarter of its fiscal year ending June 30, 2017 and does not have any publicly announced repurchase program. The following table reflects purchases of Portsmouth's common stock made by its parent company, The InterGroup Corporation, for its own account, during the third quarter of fiscal 2017. InterGroup can be considered an affiliated purchaser.

SMALL BUSINESS ISSUER PURCHASES OF EQUITY SECURITIES

Fiscal 2017 Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
Month #1 (January 1- January 31)	-	-	-	**N/A**
Month #2 (February 1- February 28)	-	-	-	**N/A**
Month #3 (March 1- March 31)	600	$ 60.00	-	**N/A**
TOTAL:	600	$ 60.00	-	**N/A**

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 XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema

101.CAL XBRL Taxonomy Extension Calculation Linkbase

101.DEF XBRL Taxonomy Extension Definition Linkbase

101.LAB XBRL Taxonomy Extension Label Linkbase

101.PRE XBRL Taxonomy Extension Presentation Linkbase

SIGNATURES

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

PORTSMOUTH SQUARE, INC.
(Registrant)

Date: May 15, 2017 by /s/ John V. Winfield
John V. Winfield, President,
Chairman of the Board and
Chief Executive Officer

Date: May 15, 2017 by /s/ David Nguyen
David Nguyen, Treasurer
and Controller

EXHIBIT 31.1

CERTIFICATION

I, John V. Winfield, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 15, 2017

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

EXHIBIT 31.2

CERTIFICATION

I, David Nguyen, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: May 15, 2017

/s/ David Nguyen
David Nguyen
Treasurer and Controller
(Principal Financial Officer)

EXHIBIT 32.1

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

In connection with the Quarterly Report of Portsmouth Square, Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2017, 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 5(d) of the Securities Exchange Act of 1934; and

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

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

Date: May 15, 2017

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

EXHIBIT 32.2

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

In connection with the Quarterly Report of Portsmouth Square, Inc. (the "Company") on Form 10-Q for the quarterly period ended March 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Nguyen, Treasurer and Controller of the Company, serving as its Principal Financial Officer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

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

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

/s/ David Nguyen
David Nguyen
Treasurer and Controller
(Principal Financial Officer)

Date: May 15, 2017

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