

INTERGROUP CORP
Form 10-Q
May 16, 2014

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
x ACT OF 1934**

For the quarterly period ended March 31, 2014

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 13-3293645
(State or other jurisdiction of (I.R.S. Employer
Incorporation or organization) Identification No.)

10940 Wilshire Blvd., Suite 2150, Los Angeles, California 90024

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(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

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 25, 2014 was 2,369,927.

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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, 2014	June 30, 2013
	(Unaudited)	
ASSETS		
Investment in hotel, net	\$ 40,956,000	\$ 41,728,000
Investment in real estate, net	64,135,000	65,262,000
Investment in marketable securities	10,623,000	12,624,000
Other investments, net	15,710,000	15,280,000
Cash and cash equivalents	1,545,000	1,453,000
Restricted cash - redemption	17,104,000	-
Restricted cash - mortgage impounds	3,588,000	2,448,000
Other assets, net	8,412,000	5,891,000
 Total assets	 \$ 162,073,000	 \$ 144,686,000
 LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY		
Liabilities:		
Accounts payable and other liabilities	\$ 2,944,000	\$ 3,666,000
Accounts payable and other liabilities - hotel	15,390,000	8,804,000
Redemption payable	17,104,000	-
Due to securities broker	2,415,000	2,762,000
Obligations for securities sold	-	2,565,000
Other notes payable - hotel	531,000	1,595,000
Mortgage notes and subordinated debt - hotel	117,000,000	43,413,000
Mortgage notes payable - real estate	72,416,000	73,512,000
Deferred income taxes	2,423,000	4,617,000
Total liabilities	230,223,000	140,934,000
 Commitments and contingencies		
 Shareholders' (deficit) equity:		
Preferred stock, \$.01 par value, 100,000 shares authorized; none issued	-	-
Common stock, \$.01 par value, 4,000,000 shares authorized; 3,371,653 and 3,363,361 issued; 2,369,927 and 2,361,835 outstanding, respectively	33,000	33,000

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Additional paid-in capital	9,034,000	9,714,000
Retained earnings (accumulated deficit)	(39,325,000)	9,899,000
Treasury stock, at cost, 1,001,726 and 1,001,526 shares	(11,818,000)	(11,813,000)
Total InterGroup shareholders' (deficit) equity	(42,076,000)	7,833,000
Noncontrolling interest	(26,074,000)	(4,081,000)
Total shareholders' (deficit) equity	(68,150,000)	3,752,000
Total liabilities and shareholders' (deficit) equity	\$ 162,073,000	\$ 144,686,000

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

THE INTERGROUP CORPORATION**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(UNAUDITED)**

For the three months ended March 31,	2014	2013
Revenues:		
Hotel	\$11,849,000	\$10,475,000
Real estate	4,024,000	3,904,000
Total revenues	15,873,000	14,379,000
Costs and operating expenses:		
Hotel operating expenses	(10,620,000)	(9,563,000)
Hotel restructuring adjustment	300,000	-
Real estate operating expenses	(2,194,000)	(2,101,000)
Depreciation and amortization expense	(1,030,000)	(1,144,000)
General and administrative expense	(581,000)	(549,000)
Total costs and operating expenses	(14,125,000)	(13,357,000)
Income from operations	1,748,000	1,022,000
Other income (expense):		
Interest expense - mortgages	(2,511,000)	(1,418,000)
Net gain on marketable securities	342,000	257,000
Net unrealized loss on other investments and derivative instruments	136,000	17,000
Dividend and interest income	9,000	13,000
Trading and margin interest expense	(465,000)	(435,000)
Other expense, net	(2,489,000)	(1,566,000)
Loss before income taxes	(741,000)	(544,000)
Income tax benefit	177,000	60,000
Net loss	(564,000)	(484,000)
Less: Net loss attributable to the noncontrolling interest	229,000	285,000
Net loss attributable to InterGroup	\$(335,000)	\$(199,000)
Net loss per share		
Basic	\$(0.24)	\$(0.21)
Diluted	\$(0.24)	\$(0.21)
Net loss per share attributable to InterGroup		
Basic	\$(0.14)	\$(0.08)
Diluted	\$(0.14)	\$(0.08)
Weighted average number of basic common shares outstanding	2,369,927	2,355,249
Weighted average number of diluted common shares outstanding	2,369,927	2,355,249

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

THE INTERGROUP CORPORATION**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(UNAUDITED)**

For the nine months ended March 31,	2014	2013
Revenues:		
Hotel	\$37,428,000	\$33,581,000
Real estate	12,260,000	11,657,000
Total revenues	49,688,000	45,238,000
Costs and operating expenses:		
Hotel operating expenses	(29,645,000)	(28,125,000)
Hotel restructuring costs	(6,995,000)	-
Hotel occupancy tax - penalty fees	(1,084,000)	-
Real estate operating expenses	(6,738,000)	(6,460,000)
Depreciation and amortization expense	(3,498,000)	(3,421,000)
General and administrative expense	(1,592,000)	(1,584,000)
Total costs and operating expenses	(49,552,000)	(39,590,000)
Income from operations	136,000	5,648,000
Other income (expense):		
Interest expense - mortgage	(5,447,000)	(4,761,000)
Interest expense - occupancy tax	(328,000)	-
Loss on extinguishment of debt	(3,910,000)	-
Loss on disposal of assets	(1,092,000)	-
Net gain (loss) on marketable securities	1,110,000	(326,000)
Net unrealized loss on other investments and derivative instruments	130,000	(221,000)
Dividend and interest income	524,000	582,000
Trading and margin interest expense	(1,357,000)	(1,260,000)
Other expense, net	(10,370,000)	(5,986,000)
Loss before income taxes	(10,234,000)	(338,000)
Income tax benefit	2,194,000	254,000
Net loss	(8,040,000)	(84,000)
Less: Net loss (income) attributable to the noncontrolling interest	2,516,000	(706,000)
Net loss attributable to InterGroup	\$(5,524,000)	\$(790,000)
Net loss per share		
Basic	\$(3.39)	\$(0.04)
Diluted	\$(3.39)	\$(0.04)
Net loss per share attributable to InterGroup		
Basic	\$(2.33)	\$(0.34)
Diluted	\$(2.33)	\$(0.34)
Weighted average number of common shares outstanding	2,368,507	2,353,846

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Weighted average number of diluted common shares outstanding	2,368,507	2,353,846
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The accompanying notes are an integral part of these condensed consolidated financial statements.

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THE INTERGROUP CORPORATION**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(UNAUDITED)**

For the nine months ended March 31,	2014	2013
Cash flows from operating activities:		
Net loss	\$(8,040,000)	\$(84,000)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	3,498,000	3,421,000
Net unrealized (gain) loss on marketable securities	(1,110,000)	591,000
Gain on insurance recovery	(249,000)	-
Unrealized (gain) loss on other investments and derivative instruments	(130,000)	221,000
Loss on extinguishment of debt	3,910,000	-
Loss on disposal of assets	1,092,000	-
Stock compensation expense	326,000	359,000
Changes in assets and liabilities:		
Investment in marketable securities	3,111,000	(4,573,000)
Other assets	(2,472,000)	(1,075,000)
Accounts payable and other liabilities	5,864,000	941,000
Due to securities broker	(347,000)	2,855,000
Obligations for securities sold	(2,565,000)	(6,000)
Deferred taxes	(2,194,000)	(254,000)
Net cash provided by operating activities	694,000	2,396,000
Cash flows from investing activities:		
Investment in hotel	(2,255,000)	(2,596,000)
Investment in real estate	(235,000)	(2,049,000)
Proceeds from (payments for) other investments	(300,000)	44,000
Investment in Santa Fe	(30,000)	(146,000)
Investment in Portsmouth	(2,000)	(75,000)
Restricted cash	219,000	246,000
Net cash used in investing activities	(2,603,000)	(4,576,000)
Cash flows from financing activities:		
Restricted cash - redemption payable and mortgage impounds	(18,463,000)	-
Redemption payments and dividends to noncontrolling interest	(47,048,000)	(638,000)
Borrowings from mortgage notes payable, net	68,581,000	2,167,000
Payments to other notes payable	(1,064,000)	(426,000)
Purchase of treasury stock	(5,000)	-
Net cash provided by financing activities	2,001,000	1,103,000
Net increase (decrease) in cash and cash equivalents	92,000	(1,077,000)
Cash and cash equivalents at the beginning of the period	1,453,000	2,100,000
Cash and cash equivalents at the end of the period	\$1,545,000	\$1,023,000

Supplemental information:

Interest paid

\$6,271,000

\$5,226,000

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

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THE INTERGROUP CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements included herein have been prepared by The InterGroup Corporation (“InterGroup” 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 InterGroup and the notes therein included in the Company's Annual Report on Form 10-K for the year ended June 30, 2013. The June 30, 2013 Condensed Consolidated Balance Sheet was derived from the Company's Form 10-K for the year ended June 30, 2013.

The results of operations for the three and nine months ended March 31, 2014 are not necessarily indicative of results to be expected for the full fiscal year ending June 30, 2014.

For the three and nine months ended March 31, 2014 and 2013, the Company had no components of comprehensive income other than net income itself.

Certain reclassifications have been made to the 2013 consolidated financial statement presentation to correspond to the current year's format. Total equity, net assets, and revenues over expenses are unchanged due to these reclassifications.

OWNERSHIP AND PROPERTIES

As of March 31, 2014, the Company had the power to vote approximately 84.6% of the voting shares of Santa Fe Financial Corporation (“Santa Fe”), a public company (OTCBB: SFEF). This percentage includes the power to vote an approximately 4% interest in the common stock in Santa Fe owned by the Company’s Chairman and President pursuant to a voting trust agreement entered into on June 30, 1998.

Santa Fe’s primary business is conducted through Portsmouth’s general and limited partnership interest in Justice Investors, a California limited partnership (“Justice” or the “Partnership”). Portsmouth has a 93% limited partnership interest in Justice and is the sole general partner. The financial statements of Justice are consolidated with those of the Company.

Justice 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. The Hotel is operated by the partnership as a full service Hilton brand hotel pursuant to a Franchise License Agreement with Hilton Hotels Corporation. Justice also has a Management Agreement with Prism Hospitality L.P. (Prism) to perform the day-to-day management functions of the Hotel. The parking garage that is part of the Hotel property is managed by Ace Parking pursuant to a contract with the Partnership.

Portsmouth also receives management fees as a general partner of Justice for its services in overseeing and managing the Partnership’s assets. Those fees are eliminated in consolidation.

In addition to the operations of the Hotel, the Company also generates income from the ownership of real estate. Properties include apartment complexes, commercial real estate, and two single-family houses as strategic investments. The properties are located throughout the United States, but are concentrated in Texas and Southern California. The Company also has investments in unimproved real property. All of the Company’s residential rental and commercial properties are managed by professional third party property management companies.

Basic loss per share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. The computation of diluted income per share is similar to the computation of basic earnings per share except that the weighted-average number of common shares is increased to include the number of additional common shares that would have been outstanding if potential dilutive common shares had been issued. The Company's only potentially dilutive common shares are stock options and restricted stock units (RSUs). For the three and nine months ended March 31, 2014 and 2013, the Company did not have diluted earnings per share as the Company had a net loss from continuing operations for the respective periods.

JUSTICE PARTNERSHIP REDEMPTION AND RESTRUCTURING

On December 18, 2013, Justice Investors, a California limited partnership (“Justice” or the “Partnership”), completed its Offer to Redeem any and all limited partnership interests not held by Portsmouth Square, Inc. (the “Company”), and the Loan Agreements, as defined below. In addition, the requisite approval of amendments to its Amended and Restated Agreement of Limited Partnership became effective upon the completion of the Offer to Redeem and the consummation of the Loan Agreements. Such amendments are described below. As a result, Portsmouth is now the sole General Partner of Justice and controls 93% of Justice.

Justice has accepted tenders, for cash, of approximately 29.173% of the limited partnership interests outstanding prior to the Offer to Redeem, and payments to the holders of such interests, in the amount of \$1,385,000 for each 1% tendered, are in the process of being distributed. In addition, Justice has accepted the election of holders of approximately 17.146% of the limited partnership interests outstanding prior to the Offer to Redeem to participate in the alternate redemption structure, which allows them to redeem their limited partnership interests at some time within the next 12 months for certain property or cash or a combination of property and cash. As of March 31, 2014, the current and deferred payments to holders of limited partnership interests are classified as restricted cash and, together with the expenses discussed below, totals \$17,104,000 and is classified on the balance sheet as redemption payable. The Company, which prior to the Offer to Redeem owned 50% of the then outstanding limited partnership interests, now owns approximately 93% of the limited partnership interests of Justice.

Justice incurred approximately \$6,995,000 in hotel restructuring costs relating to the Offer to Redeem and related financing transactions, including a one-time management fee of \$1,550,000, approximately \$445,000 in legal, accounting and other professional expenses, and a Documentary Transfer Tax fee of approximately \$5 million paid to the City of San Francisco. The Documentary Transfer Tax fee was assessed as a condition to recording the transfer of Justice Investors' principal asset to a subsidiary to consummate the redemption. While Justice believes the assessment of the Documentary Transfer tax was inappropriate, the tax was paid, under protest, on advice of Justice's counsel to allow for the consummation of the redemption. Justice intends to challenge the calculation of the tax. No prediction can be made as to whether the tax will be upheld, or whether any portion of the tax will be refunded. Justice allocated a portion of the Documentary Transfer Tax to certain former limited partners of Justice Investors as a cost of the transaction. Certain of these limited partners have objected to the allocation, and Justice and the limited partners are pursuing non-binding mediation in an attempt to resolve the dispute. No prediction can be given as to the outcome of the dispute.

On April 21, 2014, Justice Investors, a subsidiary of Registrant, commenced an arbitration action against Glaser Weil Fink Howard Avchen & Shapiro, LLP (formerly known as Glaser Weil Fink Jacobs Howard Avchen & Shapiro, LLP), Brett J. Cohen, Gary N. Jacobs, Janet S. McCloud, Paul B. Salvaty, and Joseph K. Fletcher III (collectively, the "Respondents") in connection with a Limited Partnership Interest Redemption Option Agreement, which is the subject of legal proceedings. The arbitration is pending before JAMS in Los Angeles. No prediction can be given as to the outcome of this matter.

Justice utilized the book value method to record the redemption of the limited partners. Under book value (bonus) method the remaining partners continue the existing partnership, recording no changes to the book values of the partnership's assets and liabilities. As a result, any revaluation of the existing partnership's assets or liabilities that might be undertaken is solely to determine the settlement price to the outgoing partner. The partner's withdrawal from the partnership is recorded by adjusting the remaining partners' capital accounts with the amount of the bonus, which is allocated according to their income-sharing ratio. The amount of adjustment is equal to the difference between the settlement price paid to the withdrawing partner and the book value of his share of total partnership capital at the time he withdraws. Justice Partner's capital was reduced by approximately \$64.1 million for the redemption.

In connection with the Offer to Redeem, Justice retired existing debt and replaced it with lower-yielding loans, the proceeds of which were used to fund the Offer to Redeem and to provide for additional working capital for the Hotel. Justice incurred a loss on the extinguishment of debt of \$3,910,000 which included a yield maintenance (prepayment penalty) expense of \$3,808,000 and a write-off of capitalized loan costs on the refinanced debt of approximately \$102,000.

The City of San Francisco's Tax Collector's office has claimed that Justice owes the City of San Francisco \$2.1 million based on the Tax Collector's interpretation of the San Francisco Business and Tax Regulations Code relating to Transient Occupancy Tax and Tourist Improvement District Assessment. This amount exceeds Justice's estimate of the taxes owed, and Justice has disputed the claim and is seeking to discharge all penalties and interest charges imposed by the Tax Collector. No prediction can be given at this time as to the outcome of this dispute. The Company paid the full amount during the quarter ended March 31, 2014 as part of the appeals process but is holding the amount on the balance sheet in other assets as it is currently under protest.

In December 2013, Justice determined to substantially demolish the Hotel's ground-level Spa (with the exception of the ceilings and certain mechanical systems) to build out additional meeting rooms, a technology lounge and re-locate Hotel offices. Justice believes this will result in a greater guest experience and increases in operating revenues. Justice recorded a loss of approximately \$738,000 as a disposal of assets on the closure of the Hotel's Spa on the lobby level.

Justice Loan Agreements

On December 18, 2013: (i) Justice Operating Company, LLC, a Delaware limited liability company ("Operating"), entered into a loan agreement ("Mortgage Loan Agreement") with Bank of America ("Mortgage Lender"); and (ii) Justice Mezzanine Company, a Delaware limited liability company ("Mezzanine"), entered into a mezzanine loan agreement ("Mezzanine Loan Agreement" and, together with the Mortgage Loan Agreement, the "Loan Agreements") with ISBI San Francisco Mezz Lender LLC ("Mezzanine Lender" and, together with Mortgage Lender, the "Lenders"). Justice is the sole member of Mezzanine, and Mezzanine is the sole member of Operating.

The Loan Agreements provide for a \$97,000,000 Mortgage Loan and a \$20,000,000 Mezzanine Loan. The proceeds of the Loan Agreements were used to fund the redemption of limited partnership interests described above and the pay-off of the prior mortgage.

The Mortgage Loan is secured by the Partnership's principal asset, the Hilton San Francisco-Financial District (the "Property"). The Mortgage Loan initially bears an interest rate of 5.28% per annum and matures in January 2024. The term of the loan is 10 years with interest only due in the first three years and principle and interest on the remaining seven years of the loan. The Mortgage Loan also requires payments for impounds related to property tax, insurance and capital improvement reserves. As additional security for the Mortgage Loan, there is a limited guaranty ("Mortgage

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 Loan initially bears interest at 9.75% per annum and matures in January, 2024. Interest only is payable monthly. As additional security for the Mezzanine Loan, there is a limited guaranty executed by the Company in favor of Mezzanine Lender (the “Mezzanine Guaranty” and, together with the Mortgage Guaranty, the “Guaranties”).

The Guaranties are limited to what are commonly referred to as “bad boy” acts, including: (i) fraud or intentional misrepresentations; (ii) gross negligence or willful misconduct; (iii) misapplication or misappropriation of rents, security deposits, insurance or condemnation proceeds; and (iv) failure to pay taxes or insurance. The Guaranties will be full recourse guaranties under identified circumstances, including failure to maintain “single purpose” status, transfer of the Property in violation of the applicable loan documents and the Property becoming subject to a bankruptcy proceeding. Pursuant to the Guaranties, Portsmouth is required to maintain a certain minimum net worth and liquidity. As of March 31, 2014, the Company is in compliance with both requirements.

Each of the Loan Agreements contains customary representations and warranties, events of default, reporting requirements, affirmative covenants and negative covenants, which impose restrictions on, among other things, organizational changes of the respective borrower, operations of the Property, agreements with affiliates and third parties. Each of the Loan Agreements also provides for mandatory prepayments under certain circumstances (including casualty or condemnation events) and voluntary prepayments, subject to satisfaction of prescribed conditions set forth in the Loan Agreements.

Limited Partnership Agreement Amendments

In conjunction with the Offer to Redeem, the Partnership solicited and obtained consents from holders of the requisite limited partnership interests to amendments to the Justice Amended and Restated Agreement of Limited Partnership, which became effective upon the completion of the Offer to Redeem and the consummation of the Loan Agreements. The amendments included the following changes to the Justice Amended and Restated Agreement of Limited Partnership:

- Providing for a single general partner;
- Providing for Class B limited partnership interests, which, if issued, would represent interests in the Partnership; and
- Permitting the General Partner to admit additional limited partners, subject to certain restrictions.

NOTE 2 – INVESTMENT IN HOTEL, NET

Investment in hotel consisted of the following as of:

March 31, 2014	Cost	Accumulated Depreciation	Net Book Value
Land	\$2,738,000	\$-	\$2,738,000
Furniture and equipment	22,863,000	(19,854,000)	3,009,000
Building and improvements	58,799,000	(23,590,000)	35,209,000
	\$84,400,000	\$(43,444,000)	\$40,956,000

June 30, 2013	Cost	Accumulated Depreciation	Net Book Value
Land	\$2,738,000	\$-	\$2,738,000
Furniture and equipment	22,271,000	(19,310,000)	2,961,000
Building and improvements	58,875,000	(22,846,000)	36,029,000
	\$83,884,000	\$(42,156,000)	\$41,728,000

NOTE 3 – INVESTMENT IN REAL ESTATE, NET AND NOTES PAYABLE

Investment in real estate consisted of the following:

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As of	March 31, 2014	June 30, 2013
Land	\$ 25,781,000	\$ 25,781,000
Buildings, improvements and equipment	73,937,000	73,453,000
Accumulated depreciation	(35,583,000)	(33,972,000)
Investment in real estate, net	\$ 64,135,000	\$ 65,262,000

In July 2013, the Company refinanced its \$466,000 adjustable rate mortgage note payable on its 8-unit apartment located in Los Angeles, California for a new 30-year mortgage in the amount of \$500,000. The interest rate on the new loan is fixed at 3.50% per annum for the first five years and variable for the remaining of the term. The note matures in July 2043.

In February 2014, the Company entered into a contract to sell its 249 unit apartment complex located in Austin, Texas and the adjacent unimproved land for \$15,800,000. The purchase/sale agreement provides that purchaser can terminate the agreement with or without cause, however, the potential purchaser would forfeit the earnest money of approximately \$158,000. The purchaser also has the option to extend the agreement.

In March 2014, the Company obtained a three month extension of its \$1,007,000 mortgage note payable on the first commercial building located in Los Angeles, California that matured in March 2014. The loan was extended to June 2014. Interest rate on the note remains the same.

In April 2014, the Company refinanced its \$526,000 mortgage note payable on the second commercial building located in Los Angeles, California for a new 3-year interest only mortgage in the amount of \$1,100,000. The Company received net proceeds of \$556,000. The interest rate on the new loan is fixed at 3.25% per annum and the note matures in May 2017.

NOTE 4 – INVESTMENT IN MARKETABLE SECURITIES

The Company's investment in marketable securities consists primarily of corporate equities. The Company has also 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, 2014 and June 30, 2013, 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 Gain	Fair Value
As of March 31, 2014					
Corporate Equities	\$9,504,000	\$ 2,888,000	\$ (1,769,000)	\$ 1,119,000	\$ 10,623,000
As of June 30, 2013					
Corporate Equities	\$11,314,000	\$ 3,391,000	\$ (2,081,000)	\$ 1,310,000	\$ 12,624,000

As of March 31, 2014 and June 30, 2013, the Company had unrealized losses of \$1,579,000 and \$1,670,000, respectively, related to securities held for over one year.

Net 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 respective periods:

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For the three months ended March 31,	2014	2013
Realized gain on marketable securities	\$769,000	\$484,000
Unrealized loss on marketable securities	(427,000)	(227,000)
Net gain on marketable securities	\$342,000	\$257,000
For the nine months ended March 31,	2014	2013
Realized gain on marketable securities	\$907,000	\$265,000
Unrealized gain (loss) on marketable securities	203,000	(591,000)
Net gain (loss) on marketable securities	\$1,110,000	\$(326,000)

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NOTE 5 – 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 balance sheet as part of other investments, net of other than temporary impairment losses. Other investments also include non-marketable warrants carried at fair value.

Other investments, net consist of the following:

Type	March 31, 2014	June 30, 2013
Preferred stock - Comstock, at cost	\$ 13,231,000	\$ 13,231,000
Private equity hedge fund, at cost	1,774,000	1,774,000
Corporate debt and equity instruments, at cost	269,000	269,000
Other preferred stock, at cost	296,000	-
Warrants - at fair value	140,000	6,000
	\$ 15,710,000	\$ 15,280,000

NOTE 6 - FAIR VALUE MEASUREMENTS

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

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

As of March 31, 2014

Assets:	Level 1	Level 2	Level 3	Total
Restricted cash - mortgage impounds	\$3,588,000	\$ -	\$-	\$3,588,000
Restricted cash - redemption	17,104,000	-	-	17,104,000
Other investments - warrants		-	140,000	140,000
Investment in marketable securities:				
Basic materials	6,278,000	-	-	6,278,000
REITs and real estate companies	1,100,000	-	-	1,100,000
Financial services	916,000	-	-	916,000

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Technology	572,000	-	-	572,000
Other	1,757,000	-	-	1,757,000
	10,623,000	-	-	10,623,000
	\$31,315,000	\$	-	\$140,000 \$31,455,000

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As of June 30, 2013

Assets:	Level 1	Level 2	Level 3	Total
Cash equivalents - money market	\$3,000	\$ -	\$-	\$3,000
Restricted cash - mortgage impounds	2,448,000	-	-	2,448,000
Other investments - warrants		-	6,000	6,000
Investment in marketable securities:				
Basic materials	4,733,000	-	-	4,733,000
Technology	2,698,000	-	-	2,698,000
Financial services	2,261,000	-	-	2,261,000
REITs and real estate companies	878,000	-	-	878,000
Other	2,054,000	-	-	2,054,000
	12,624,000	-	-	12,624,000
	\$15,075,000	\$ -	\$6,000	\$15,081,000

The fair values of investments in marketable securities are determined by the most recently traded price of each security at the balance sheet date. The fair value of the warrants was determined based upon a Black-Scholes option valuation model.

Financial assets that are measured at fair value on a non-recurring basis and are not included in the tables above include "Other investments in 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 1	Level 2	Level 3	March 31, 2014	Net loss for the nine months ended March 31, 2014
Other non-marketable investments	\$ -	\$ -	\$15,570,000	\$ 15,570,000	\$ -

Assets	Level 1	Level 2	Level 3	June 30, 2013	Net loss for the nine months ended March 31, 2013
Other non-marketable investments	\$ -	\$ -	\$15,379,000	\$ 15,379,000	\$ -

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 7 – STOCK BASED COMPENSATION PLANS

The Company follows Accounting Standard Codification (ASC) Topic 718 “Compensation – Stock Compensation”, which addresses accounting for equity-based compensation arrangements, including employee stock options and restricted stock units.

Please refer to Note 17 – Stock Based Compensation Plans in the Company's Form 10-K for the year ended June 30, 2013 for more detail information on the Company's stock-based compensation plans.

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On December 26, 2013, the Compensation Committee authorized, subject to shareholder approval, a grant of non-qualified and incentive stock options for an aggregate of 160,000 shares (the “Option Grant”) to the Company’s President and Chief Executive Officer, John V. Winfield. The stock option grant was approved by shareholders on February 19, 2014. The grant of stock options was made pursuant to, and consistent with, the 2010 Incentive Plan, as proposed to be amended. The non-qualified stock options are for 133,195 shares and have a term of ten years, expiring on December 26, 2023, with an exercise price of \$18.65 per share. The incentive stock options are for 26,805 shares and have a term of five years, expiring on December 26, 2018, with an exercise price of \$20.52 per share. In accordance with the terms of the 2010 Incentive Plan, the exercise prices were based on 100% and 110%, respectively, of the fair market value of the Company’s common stock as determined by reference to the closing price of the Company’s common stock as reported on the NASDAQ Capital Market on the date of grant. The stock options are subject to time vesting requirements, with 20% of the options vesting annually commencing on the first anniversary of the grant date.

During the three months ended March 31, 2014 and 2013, the Company recorded stock option compensation cost of \$135,000 and \$80,000, respectively, related to stock options that were previously issued. During the nine months ended March 31, 2014 and 2013, the Company recorded stock option compensation cost of \$239,000 and \$271,000, respectively, related to stock options that were issued. As of March 31, 2014, there was a total of \$1,714,000 of unamortized compensation related to stock options which is expected to be recognized over the weighted-average period of 4.40 years.

Option-pricing models require the input of various subjective assumptions, including the option’s expected life and the price volatility of the underlying stock. The expected stock price volatility is based on analysis of the Company’s stock price history. The Company has selected to use the simplified method for estimating the expected term. The risk-free interest rate is based on the U.S. Treasury interest rates whose term is consistent with the expected life of the stock options. No dividend yield is included as the Company has not issued any dividends and does not anticipate issuing any dividends in the future.

The following table summarizes the stock options activity from June 30, 2012 through March 31, 2014:

		Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Life	Aggregate Intrinsic Value
Oustanding at	June 30, 2012	242,000	\$ 14.55	7.46 years	\$ 2,050,000
Granted		-	-	-	-
Exercised		(5,000)	10.30	-	-
Forfeited		-	-	-	-
Exchanged		(15,000)	9.52	-	-
Oustanding at	June 30, 2013	222,000	\$ 14.98	6.89 years	\$ 1,353,000
Exercisable at	June 30, 2013	105,000	\$ 13.01	5.69 years	\$ 838,000
Vested and Expected to vest at	June 30, 2013	222,000	\$ 14.98	6.89 years	\$ 1,353,000

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Ousting at	June 30, 2013	222,000	\$ 14.98	6.89 years	\$ 1,353,000
Granted		160,000	18.96	9.75 years	-
Exercised		-	-	-	-
Forfeited		-	-	-	-
Exchanged		-	-	-	-
Ousting at	March 31, 2014	382,000	\$ 16.65	7.65 years	\$ 915,000
Exercisable at	March 31, 2014	107,000	\$ 11.37	4.63 years	\$ 753,000
Vested and Expected to vest at	March 31, 2014	382,000	\$ 16.65	7.65 years	\$ 915,000

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The table below summarizes the restricted stock units (RSUs) granted and outstanding.

		Number of RSUs	Weighted Average Grant Date Fair Value
RSUs outstanding as of	June 30, 2012	8,245	\$ 24.94
Granted		8,195	20.99
Converted to common stock		(8,245)	24.94
RSUs outstanding as of	June 30, 2013	8,195	20.99
Granted		-	-
Converted to common stock		(4,100)	20.99
RSUs outstanding as of	March 31, 2014	4,095	\$ 20.99

On July 1 of every year, as part of the Stock Compensation Plan for Non-employee Directors, each non-employee director received an automatic grant of a number of shares of Company's Common Stock equal in value to \$22,000 (\$88,000 total recorded as stock compensation expense) based on 100% of the fair market value of the Company's stock on the day of grant. During the nine months ended March 31, 2014 and 2013, the four non-employee directors of the Company received a total grant of 4,100 and 3,528 shares of common stock.

NOTE 8 – SEGMENT INFORMATION

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

Information below represents reported segments for the three and nine months ended March 31, 2014 and 2013. Operating income from hotel operations consist of the operation of the hotel and operation of the garage. Operating income for rental properties consist of rental income. Operating loss for investment transactions consist of net investment gain (loss) and dividend and interest income.

As of and for the three months ended March 31, 2014	Hotel Operations	Real Estate Operations	Investment Transactions	Other	Total
Revenues	\$ 11,849,000	\$ 4,024,000	\$ -	\$ -	\$ 15,873,000
Segment operating expenses	(10,320,000)	(2,194,000)	-	(581,000)	(13,095,000)
Segment income (loss) from operations	1,529,000	1,830,000	-	(581,000)	2,778,000
Interest expense - mortgage	(1,766,000)	(745,000)	-	-	(2,511,000)

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Depreciation and amortization expense	(491,000)	(539,000)	-	-	(1,030,000)
Gain from investments	-	-	22,000	-	22,000
Income tax benefit	-	-	-	177,000	177,000
Net income (loss)	\$(728,000)	\$546,000	\$22,000	\$(404,000)	\$(564,000)
Total assets	\$40,956,000	\$64,135,000	\$26,333,000	\$30,649,000	\$162,073,000

As of and for the three months ended March 31, 2013	Hotel Operations	Real Estate Operations	Investment Transactions	Other	Subtotal
Revenues	\$10,475,000	\$3,904,000	\$-	\$-	\$14,379,000
Segment operating expenses	(9,563,000)	(2,101,000)	-	(549,000)	(12,213,000)
Segment income (loss) from operations	912,000	1,803,000	-	(549,000)	2,166,000
Interest expense	(648,000)	(770,000)	-	-	(1,418,000)
Depreciation and amortization expense	(609,000)	(535,000)	-	-	(1,144,000)
Loss from investments	-	-	(148,000)	-	(148,000)
Income tax benefit	-	-	-	60,000	60,000
Net income (loss)	\$(345,000)	\$498,000	\$(148,000)	\$(489,000)	\$(484,000)
Total assets	\$41,458,000	\$65,513,000	\$28,359,000	\$9,184,000	\$144,514,000

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As of and for the nine months ended March 31, 2014	Hotel Operations	Real Estate Operations	Investment Transactions	Other	Total
Revenues	\$37,428,000	\$12,260,000	\$-	\$-	\$49,688,000
Segment operating expenses	(37,724,000)	(6,738,000)	-	(1,592,000)	(46,054,000)
Segment income (loss) from operations	(296,000)	5,522,000	-	(1,592,000)	3,634,000
Interest expense - mortgage	(3,168,000)	(2,279,000)	-	-	(5,447,000)
Interest expense - occupancy tax	(328,000)	-	-	-	(328,000)
Loss on extinguishment of debt	(3,910,000)	-	-	-	(3,910,000)
Loss on disposal of assets	(1,092,000)	-	-	-	(1,092,000)
Depreciation and amortization expense	(1,887,000)	(1,611,000)	-	-	(3,498,000)
Gain from investments	-	-	407,000	-	407,000
Income tax benefit	-	-	-	2,194,000	2,194,000
Net income (loss)	\$(10,681,000)	\$1,632,000	\$407,000	\$602,000	\$(8,040,000)
Total assets	\$40,956,000	\$64,135,000	\$26,333,000	\$30,649,000	\$162,073,000

As of and for the nine months ended March 31, 2013	Hotel Operations	Real Estate Operations	Investment Transactions	Other	Total
Revenues	\$33,581,000	\$11,657,000	\$-	\$-	\$45,238,000
Segment operating expenses	(28,125,000)	(6,460,000)	-	(1,584,000)	(36,169,000)
Segment income (loss) from operations	5,456,000	5,197,000	-	(1,584,000)	9,069,000
Interest expense	(1,972,000)	(2,789,000)	-	-	(4,761,000)
Depreciation and amortization expense	(1,834,000)	(1,587,000)	-	-	(3,421,000)
Loss from investments	-	-	(1,225,000)	-	(1,225,000)
Income tax benefit	-	-	-	254,000	254,000
Net income (loss)	\$1,650,000	\$821,000	\$(1,225,000)	\$(1,330,000)	\$(84,000)
Total assets	\$41,458,000	\$65,513,000	\$28,359,000	\$9,184,000	\$144,514,000

NOTE 9 – RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2014 and 2013, the Company received management fees from Justice Investors totaling \$113,000 and \$88,000, respectively. During the nine months ended March 31, 2014 and 2013, the Company received management fees from Justice Investors totaling \$333,000 and \$291,000, respectively. These amounts were eliminated in consolidation.

In connection with the redemption of limited partnership interests of Justice Investors, Limited Partnership described in Note 1 above, Justice Operating Company, LLC agreed to pay a total of \$1,550,000 in fees to certain officers and directors of the Company for services rendered in connection with the redemption of partnership interests, refinancing of Justice's properties and reorganization of Justice Investors. This agreement was superseded by a letter dated December 11, 2013 from Justice Investors, Limited Partnership, in which Justice Investors Limited Partnership assumed the payment obligations of Justice Operating Company, LLC. The first payment under this agreement was made concurrently with the closing of the loan agreements described in Note 1 above, with the remaining payments due upon Justice Investor's having adequate available cash as described in the letter.

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, Portsmouth and Santa Fe. Depending on certain market conditions and various risk factors, the Chief Executive Officer, his family, Portsmouth and Santa Fe 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 his family members, and the resources of Portsmouth and Santa Fe, at risk in connection with investment decisions made on behalf of the Company.

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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,” “could,” “might” 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, 2013, 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 sources of revenue continue to be derived from the investment of its 81.8% owned subsidiary, Portsmouth, in the Justice Investors limited partnership (“Justice” or the “Partnership”), rental income from its ownership and operations of multi-family real estate and commercial properties and income received from investment of its cash and securities assets.

Portsmouth has a 93% limited partnership interest in Justice and serves as the sole managing general partner of Justice. 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”) 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 with Hilton Hotels Corporation. The term of the Agreement is for a period of 15 years commencing on January 12, 2006, with an option to extend the license term for another five years, subject to certain conditions. Justice also has a Management Agreement with Prism Hospitality L.P. (“Prism”) to perform the day-to-day management functions of the Hotel.

The parking garage that is part of the Hotel property is managed by Ace Parking pursuant to a contract with the Partnership. Portsmouth also receives management fees as a general partner of Justice for its services in overseeing and managing the Partnership's assets. Those fees are eliminated in consolidation.

On December 18, 2013, Justice Investors completed its Offer to Redeem any and all limited partnership interests not held by Portsmouth Square, Inc. As a result, the Company is now the sole General Partner of Justice.

Justice has accepted tenders, for cash, of approximately 29.173% of the limited partnership interests outstanding prior to the Offer to Redeem, and payments to the holders of such interests, in the amount of \$1,385,000 for each 1% tendered, are in the process of being distributed. In addition, Justice has accepted the election of holders of approximately 17.146% of the limited partnership interests outstanding prior to the Offer to Redeem to participate in the alternate redemption structure, which allows them to redeem their limited partnership interests at some time within the next 12 months for certain property or cash or a combination of property and cash. As of March 31, 2014, the current and deferred payments to holders of limited partnership interests are classified as restricted cash and, together with the expenses discussed below, totals \$17,104,000 and is classified on the balance sheet as redemption payable. The Company, which prior to the Offer to Redeem owned 50% of the then outstanding limited partnership interests, now owns approximately 93% of the limited partnership interests of Justice.

On December 18, 2013, Justice Operating Company, LLC, a Delaware limited liability company (“Operating”), entered into a loan agreement (“Mortgage Loan Agreement”) with Bank of America (“Mortgage Lender”); and Justice Mezzanine Company, a Delaware limited liability company (“Mezzanine”), entered into a mezzanine loan agreement (“Mezzanine Loan Agreement” and, together with the Mortgage Loan Agreement, the “Loan Agreements”) with ISBI San Francisco Mezz Lender LLC (“Mezzanine Lender” and, together with Mortgage Lender, the “Lenders”). Justice is the sole member of Mezzanine, and Mezzanine is the sole member of Operating. The Loan Agreements provide for a \$97,000,000 Mortgage Loan and a \$20,000,000 Mezzanine Loan. A portion of the proceeds of the Loan Agreements was used to fund the redemption of limited partnership interests described in above. Please see Footnote 1 of the consolidated financial statements for further information on the loans.

In addition to the operations of the Hotel, the Company also generates income from the ownership and management of real estate. Properties include eighteen apartment complexes, two commercial real estate properties, and two single-family houses as strategic investments. The properties are located throughout the United States, but are concentrated in Texas and Southern California. The Company also has investments in unimproved real property. All of the Company’s residential rental and commercial properties are managed by professional third party property management companies.

The Company acquires its investments in real estate and other investments utilizing cash, securities or debt, subject to approval or guidelines of the Board of Directors. The Company also invests in income-producing instruments, equity and debt securities and will consider other investments if such investments offer growth or profit potential.

Three Months Ended March 31, 2014 Compared to the Three Months Ended March 31, 2013

The Company had a net loss of \$564,000 for the three months ended March 31, 2014 compared to a net loss of \$484,000 for the three months ended March 31, 2013. The change in the net loss is primarily attributable higher mortgage interest expense as the result of the higher mortgage balance partially offset by the continued improvement of Hotel operations and to a lesser extent the improvement from investing activities.

The Company had a net loss from hotel operations of \$728,000 for the three months ended March 31, 2014, compared to net loss of \$345,000 for the three months ended March 31, 2013. The change in the net loss is primarily attributable higher mortgage interest expense as the result of the higher mortgage balance. This is partially offset by the increase revenues at the Hotel resulting from higher average room rates.

The following table sets forth a more detailed presentation of Hotel operations for the three months ended March 31, 2014 and 2013.

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For the three months ended March 31,	2014	2013
Hotel revenues:		
Hotel rooms	\$9,655,000	\$8,139,000
Food and beverage	1,372,000	1,483,000
Garage	679,000	688,000
Other operating departments	143,000	165,000
Total hotel revenues	11,849,000	10,475,000
Operating expenses, excluding non-recurring charges, depreciation and amortization	(10,620,000)	(9,563,000)
Operating income before non-recurring charges, interest and depreciation and amortization	1,229,000	912,000
Hotel restructuring adjustment	300,000	-
Income before loss on extinguishment of debt, loss on disposal of assets , interest, depreciation and amortization	1,529,000	912,000
Interest expense - mortgage	(1,766,000)	(648,000)
Depreciation and amortization expense	(491,000)	(609,000)
Net loss from Hotel operations	\$(728,000)	\$(345,000)

For the three months ended March 31, 2014, the Hotel generated operating income of \$1,229,000 before non-recurring charges and interest and depreciation and amortization on total operating revenues of \$11,849,000 compared to operating income of \$912,000 before non-recurring charges and interest and depreciation and amortization on total operating revenues of \$10,475,000 for the three months ended March 31, 2013. Room revenues increased by \$1,516,000 for the three months ended March 31, 2014 compared to the three months ended March 31, 2013 primarily as the result of higher room rates. Food and beverage revenues decreased by \$111,000 and garage revenues decreased by \$9,000 for the same period.

Operating expenses remained relatively consistent with the prior comparable period.

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, 2014 and 2013.

	Three Months Ended March 31,	Average Daily Rate	Average Occupancy %	RevPar
2014		\$ 226	87	% \$ 197
2013		\$ 199	84	% \$ 167

Room revenues remained strong as the San Francisco market continued to have good demand for higher rated business. The Hotel’s average daily rate increased by \$27 for the three months ended March 31, 2014 compared to the three months ended March 31, 2013, while occupancy percentages increase to 87% from 84%. As a result, the Hotel was able to achieve a RevPar number that was \$30 higher than the comparative three month period.

Our highest priority is guest satisfaction. We believe that enhancing the guest experience differentiates the Hotel from our competition by building the most sustainable guest loyalty. During fiscal 2013, we completed a significant, “green” project that retrofits all of our guest room windows with new “double-pane” inserts that result in greater energy savings and better sound attenuation for our guests. We have also upgraded our common areas of the Hotel and improved our restaurant facilities, food and beverage services and now provide advanced technological amenities throughout our lobby. Our guest responses to these improvements have been very positive. The Hotel also remains a leader in implementing Hilton’s Huanying (“Welcome”) program that features a tailored experience for Chinese travelers. We continue taking steps that further develop our ties with the local Chinese community and the city of San Francisco, representing good corporate citizenship and promoting important, new business opportunities.

Moving forward, we will continue to focus on cultivating more international business, especially from China, and capturing a greater percentage of the higher rated business, leisure and group travel. We will also continue in our efforts to upgrade our guest rooms and facilities and explore new and innovative ways to differentiate the Hotel from its competition, as well as focusing on returning our food and beverage operations to profitability. During the last twelve months, we have seen steady improvement in business and leisure travel. If that trend in the San Francisco market and the hotel industry continues, it should translate into an increase in room revenues and profitability. However, like all hotels, it will remain subject to the uncertain domestic and global economic environment and other risk factors beyond our control, such as the effect of natural disasters.

Real estate operations remained relatively consistent during the current quarter. The Company’s had real estate revenues of \$4,024,000 for the three months ended March 31, 2014 compared to real estate revenues of \$3,904,000 for the three months ended March 31, 2013. Real estate operating expenses (excluding depreciation) were \$2,194,000 and \$2,101,000, respectively, for the comparative periods. Management continues to review and analyze the Company’s real estate operations to improve occupancy and rental rates and to reduce expenses and improve efficiencies.

The Company had a net gain on marketable securities of \$342,000 for the three months ended March 31, 2014 compared to a net gain on marketable securities of \$257,000 for the three months ended March 31, 2013. For the three months ended March 31, 2014, the Company had a net realized gain of \$769,000 and a net unrealized loss of \$427,000. For the three months ended March 31, 2013, the Company had a net realized gain of \$484,000 and a net unrealized loss of \$227,000. 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.

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The Company and its subsidiaries, Portsmouth and Santa Fe, compute and file income tax returns and prepare discrete income tax provisions for financial reporting. Since Portsmouth consolidates Justice (Hotel) for financial reporting purposes and is not taxed on its non-controlling interest in the Hotel, variability in the tax provision results from the relative significance of the non-controlling interest and the magnitude of the pretax income at the Company and its two principal subsidiaries. The income tax benefit during the three months ended March 31, 2014 and 2013 represents income tax benefit of InterGroup and its subsidiary, Portsmouth. The income tax of the Company's other subsidiary, Santa Fe, was zero due to the full valuation of its deferred income tax asset from net operating loss carryover.

Nine months ended March 31, 2014 Compared to Nine months ended March 31, 2013

The Company had a net loss of \$8,040,000 for the nine months ended March 31, 2014 compared to a net loss of \$84,000 for the nine months ended March 31, 2013. The significant increase in the net loss is primarily attributable the costs related to the restructuring and redemption of the limited partners of Justice Investors and the related refinancing of the mortgage note on the Hotel. This is partially offset by the continued improvement of Hotel operations prior to the non-recurring expenses, significant improvement in the income from investing activities and to a lesser extent, improvement in real estate operations.

The Company had a net loss from hotel operations of \$10,681,000 for the nine months ended March 31, 2014, compared to net income of \$1,650,000 for the nine months ended March 31, 2013. The change in the net (loss) income is primarily attributable the costs related to the restructuring and the redemption of the limited partners of Justice, the related refinancing of the mortgage note on the Hotel. This is partially offset by the increase revenues at the Hotel resulting from higher average room rates partially offset by the related increase in operating expenses.

The following table sets forth a more detailed presentation of Hotel operations for the nine months ended March 31, 2014 and 2013.

For the nine months ended March 31,	2014	2013
Hotel revenues:		
Hotel rooms	\$ 30,470,000	\$ 26,352,000
Food and beverage	4,268,000	4,502,000
Garage	2,178,000	2,107,000
Other operating departments	512,000	620,000
Total hotel revenues	37,428,000	33,581,000
Operating expenses, excluding non-recurring charges, depreciation and amortization	(29,645,000)	(28,125,000)
Operating income before non-recurring charges, interest and depreciation and amortization	7,783,000	5,456,000
Hotel restructuring costs	(6,995,000)	-
Hotel occupancy tax - penalty fees	(1,084,000)	-
	(296,000)	5,456,000

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Income (loss) before loss on extinguishment of debt, loss on disposal of assets , interest, depreciation and amortization		
Loss on extinguishment of debt	(3,910,000)	-
Loss on disposal of assets	(1,092,000)	-
Interest expense - mortgage	(3,168,000)	(1,972,000)
Interest expense - occupancy tax	(328,000)	-
Depreciation and amortization expense	(1,887,000)	(1,834,000)
Net (loss) income from Hotel operations	\$ (10,681,000)	\$ 1,650,000

For the nine months ended March 31, 2014, the Hotel generated operating income of \$7,783,000 before non-recurring charges and interest and depreciation and amortization on total operating revenues of \$37,428,000 compared to operating income of \$5,456,000 before non-recurring charges and interest and depreciation and amortization on total operating revenues of \$33,581,000 for the nine months ended March 31, 2013. Room revenues increased by \$4,118,000 for the nine months ended March 31, 2014 compared to the nine months ended March 31, 2013 primarily as the result of higher room rates. Food and beverage revenues decreased by \$234,000 and garage revenues increased by \$71,000 for the same period.

Major factors for the increase in operating expenses were an increase in contractual union wages and benefits in all operating departments and higher commissions paid for certain group and city-wide convention business in the current period. Franchise and management fees, which are based on a percentage of revenues, also increased as well as costs for certain promotions for Hilton Honors members during the current period. Franchise and management fees, which are based on a percentage of revenues, also increased as well as costs for certain promotions for Hilton Honors members during the current period.

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, 2014 and 2013.

Nine Months Ended March 31,	Average Daily Rate	Average Occupancy %	RevPar
2014	\$ 227	90	% \$ 205
2013	\$ 201	88	% \$ 177

Room revenues remained strong as the San Francisco market continued to have good demand for higher rated business. The Hotel's average daily rate increased by \$26 for the nine months ended March 31, 2014 compared to the nine months ended March 31, 2013, while occupancy percentages increase to 90% from 88%. As a result, the Hotel was able to achieve a RevPar number that was \$28 higher than the comparative nine month period.

Justice incurred approximately \$6,995,000 in hotel restructuring costs relating to the Offer to Redeem and related financing transactions, including a one-time management fee of \$1,550,000, approximately \$745,000 in legal, accounting and other professional expenses, and a Documentary Transfer Tax fee of approximately \$5 million paid to the City of San Francisco, partially offset by \$300,000 restructuring costs adjustment during the current quarter. The Documentary Transfer Tax fee was assessed as a condition to recording the transfer of Justice Investors' principal asset to a subsidiary to consummate the redemption. While Justice believes the assessment of the Documentary Transfer tax was inappropriate, the tax was paid, under protest, on advice of Justice's counsel to allow for the consummation of the redemption. Justice intends to challenge the calculation of the tax. No prediction can be made as to whether the tax will be upheld, or whether any portion of the tax will be refunded. Justice allocated a portion of the Documentary Transfer Tax to certain former limited partners of Justice Investors as a cost of the transaction. Certain of these limited partners have objected to the allocation, and Justice and the limited partners are pursuing non-binding mediation in an attempt to resolve the dispute. No prediction can be given as to the outcome of the dispute.

On April 21, 2014, Justice Investors, a subsidiary of Registrant, commenced an arbitration action against Glaser Weil Fink Howard Avchen & Shapiro, LLP (formerly known as Glaser Weil Fink Jacobs Howard Avchen & Shapiro, LLP), Brett J. Cohen, Gary N. Jacobs, Janet S. McCloud, Paul B. Salvaty, and Joseph K. Fletcher III (collectively, the "Respondents") in connection with a Limited Partnership Interest Redemption Option Agreement, which is the subject of legal proceedings. The arbitration is pending before JAMS in Los Angeles. No prediction can be given as to the

outcome of this matter.

The City of San Francisco's Tax Collector's office has claimed that Justice owes the City of San Francisco \$2.1 million based on the Tax Collector's interpretation of the San Francisco Business and Tax Regulations Code relating to Transient Occupancy Tax and Tourist Improvement District Assessment. This amount exceeds Justice's estimate of the taxes owed, and Justice has disputed the claim and is seeking to discharge all penalties and interest charges imposed by the Tax Collector. No prediction can be given at this time as to the outcome of this dispute.

In connection with the Offer to Redeem, Justice retired existing debt and replaced it with lower-yielding loans, the proceeds of which were used to fund the Offer to Redeem and to provide for additional working capital for the Hotel. Justice incurred a loss on the extinguishment of debt of \$3,910,000 which included a yield maintenance (prepayment penalty) expense of \$3,808,000 and a write-off of capitalized loan costs on the refinanced debt of approximately \$102,000.

In December 2013, Justice determined to substantially demolish the Hotel's ground-level Spa (with the exception of the ceilings and certain mechanical systems) to build out additional meeting rooms, a technology lounge and re-locate Hotel offices. Justice believes this will result in a greater guest experience and increases in operating revenues. Justice recorded a loss of approximately \$738,000 as a disposal of assets on the closure of the Hotel's Spa on the lobby level.

Our highest priority is guest satisfaction. We believe that enhancing the guest experience differentiates the Hotel from our competition by building the most sustainable guest loyalty. During fiscal 2013, we completed a significant, “green” project that retrofits all of our guest room windows with new “double-pane” inserts that result in greater energy savings and better sound attenuation for our guests. We have also upgraded our common areas of the Hotel and improved our restaurant facilities, food and beverage services and now provide advanced technological amenities throughout our lobby. Our guest responses to these improvements have been very positive. The Hotel also remains a leader in implementing Hilton’s Huanying (“Welcome”) program that features a tailored experience for Chinese travelers. We continue taking steps that further develop our ties with the local Chinese community and the city of San Francisco, representing good corporate citizenship and promoting important, new business opportunities.

Moving forward, we will continue to focus on cultivating more international business, especially from China, and capturing a greater percentage of the higher rated business, leisure and group travel. We will also continue in our efforts to upgrade our guest rooms and facilities and explore new and innovative ways to differentiate the Hotel from its competition, as well as focusing on returning our food and beverage operations to profitability. During the last twelve months, we have seen steady improvement in business and leisure travel. If that trend in the San Francisco market and the hotel industry continues, it should translate into an increase in room revenues and profitability. However, like all hotels, it will remain subject to the uncertain domestic and global economic environment and other risk factors beyond our control, such as the effect of natural disasters.

Revenue from real estate operations increased to \$12,260,000 for the nine months ended March 31, 2014 from \$11,657,000 for the nine months ended March 31, 2013. The increase in real estate revenues is primarily due to increased rents at our properties and a one-time \$249,000 storm damage insurance claim received by the Company on two of its properties. Real estate operating expenses increased to \$6,738,000 for the nine months ended March 31, 2014 from \$6,460,000 for the nine months ended March 31, 2013 primarily as the result of higher repairs and maintenance related costs and management fees. Management continues to review and analyze the Company’s real estate operations to improve occupancy and rental rates and to reduce expenses and improve efficiencies.

The Company had a net gain on marketable securities of \$1,110,000 for the nine months ended March 31, 2014 compared to a net loss marketable securities of \$326,000 for the nine months ended March 31, 2013. For the nine months ended March 31, 2014, the Company had a net realized gain of \$907,000 and a net unrealized gain of \$203,000. For the nine months ended March 31, 2013, the Company had a net realized gain of \$265,000 and a net unrealized loss of \$591,000. 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 and its subsidiaries, Portsmouth and Santa Fe, compute and file income tax returns and prepare discrete income tax provisions for financial reporting. Since Portsmouth consolidates Justice (Hotel) for financial reporting purposes and is not taxed on its non-controlling interest in the Hotel, variability in the tax provision results from the relative significance of the non-controlling interest and the magnitude of the pretax income at the Company and its

two principal subsidiaries. The income tax benefit during the nine months ended March 31, 2014 and 2013 represents income tax benefit of InterGroup and its subsidiary, Portsmouth. The income tax of the Company's other subsidiary, Santa Fe, was zero due to the full valuation of its deferred income tax asset from net operating loss carryover.

MARKETABLE SECURITIES

As of March 31, 2014 and June 30, 2013, the Company had investments in marketable equity securities of \$10,623,000 and \$12,624,000, respectively. The following table shows the composition of the Company's marketable securities portfolio by selected industry groups as:

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As of March 31, 2014		% of Total Investment Securities	
Industry Group	Fair Value		
Basic materials	\$6,278,000	59.1	%
REITs and real estate companies	1,100,000	10.4	%
Financial services	916,000	8.6	%
Technology	572,000	5.4	%
Other	1,757,000	16.5	%
	\$10,623,000	100.0	%

As of June 30, 2013		% of Total Investment Securities	
Industry Group	Fair Value		
Basic materials	\$4,733,000	37.5	%
Technology	2,698,000	21.4	%
Financial services	2,261,000	17.9	%
REITs and real estate companies	878,000	7.0	%
Other	2,054,000	16.2	%
	\$12,624,000	100.0	%

The Company's investment portfolio is diversified with 51 different equity positions. The Company holds three equity securities that are comprised of more than 10% of the equity value of the portfolio. The largest security represents 42.4% of the portfolio and consists of the common stock of Comstock Mining, Inc. ("Comstock" - NYSE MKT: LODE) which is included in the basic materials industry group. The amount of the Company's investment in any particular issuer may increase or decrease, and additions or deletions to its securities portfolio may occur, at any time. While it is the internal policy of the Company to limit its initial investment in any single equity to less than 10% of its total portfolio value, that investment could eventually exceed 10% as a result of equity appreciation or reduction of other positions. A significant percentage of the portfolio consists of common stock in Comstock that was obtained through dividend payments by Comstock on its 7.5% Series A-1 Convertible Preferred Stock. Marketable securities are stated at fair value as determined by the most recently traded price of each security at the balance sheet date.

The following table shows the net gain or loss on the Company's marketable securities and the associated margin interest and trading expenses for the respective years.

For the three months ended March 31,	2014	2013
Net gain on marketable securities	\$342,000	\$257,000
Net unrealized gain on other investments	136,000	17,000
Dividend and interest income	9,000	13,000
Margin interest expense	(138,000)	(172,000)
Trading and management expenses	(327,000)	(263,000)
	\$22,000	\$(148,000)

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For the nine months ended March 31,	2014	2013
Net gain (loss) on marketable securities	\$1,110,000	\$(326,000)
Net unrealized gain on other investments	130,000	(221,000)
Dividend and interest income	524,000	582,000
Margin interest expense	(496,000)	(465,000)
Trading and management expenses	(861,000)	(795,000)
	\$407,000	\$(1,225,000)

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FINANCIAL CONDITION AND LIQUIDITY

The Company's cash flows are primarily generated from its Hotel operations, real estate operations and from the investment of its cash in marketable securities and other investments.

On December 18, 2013, Justice Investors completed its Offer to Redeem any and all limited partnership interests not held by Portsmouth Square, Inc. As a result, the Company is now the sole General Partner of Justice.

Justice has accepted tenders, for cash, of approximately 29.173% of the limited partnership interests outstanding prior to the Offer to Redeem, and payments to the holders of such interests, in the amount of \$1,385,000 for each 1% tendered, are in the process of being distributed. In addition, Justice has accepted the election of holders of approximately 17.146% of the limited partnership interests outstanding prior to the Offer to Redeem to participate in the alternate redemption structure, which allows them to redeem their limited partnership interests at some time within the next 12 months for certain property or cash or a combination of property and cash. As of March 31, 2014, the current and deferred payments to holders of limited partnership interests are classified as restricted cash and, together with the expenses discussed below, totals \$17,104,000 and is classified on the balance sheet as redemption payable. The Company, which prior to the Offer to Redeem owned 50% of the then outstanding limited partnership interests, now owns approximately 93% of the limited partnership interests of Justice.

To fund redemption of limited partnership interests and to repay the prior mortgage, Justice obtained a \$97,000,000 mortgage loan and a \$20,000,000 mezzanine loan.

The mortgage loan are secured by the Partnership's principal asset, the Hilton San Francisco-Financial District. The mortgage loan initially bears an interest rate of 5.28% per annum and matures in 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 a secured by the Operating membership interest held by Mezzanine and is subordinated to the Mortgage Loan. The mezzanine loan initially 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.

The new Justice Compensation Agreement that became effective on December 1, 2008, when Portsmouth assumed the role of managing general partner of Justice, has provided additional cash flows to the Company. Under the new Compensation Agreement, Portsmouth is now entitled to 80% of the minimum base fee to be paid to the general partners of \$285,000, while under the prior agreement, Portsmouth was entitled to receive only 20% of the minimum base fee. The general partner fees paid to Portsmouth for the nine months ended March 31, 2014 and 2013 was \$333,000 and \$291,000, respectively.

Despite an uncertain economy, the Hotel has continued to generate positive cash flows. While the debt service requirements related the new 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. Management also believes that there is sufficient equity in the Hotel assets to support future borrowings, if necessary, to fund any new capital improvements and other requirements.

In April 2014, the Company refinanced its \$526,000 mortgage note payable on the second commercial building located in Los Angeles, California for a new 3-year interest only mortgage in the amount of \$1,100,000. The Company received net proceeds of \$556,000. The interest rate on the new loan is fixed at 3.25% per annum and the note matures in May 2017.

In March 2014, the Company obtained a three month extension of its \$1,007,000 mortgage note payable on the first commercial building located in Los Angeles, California that matured in March 2014. The loan was extended to June 2014. Interest rate on the note remains the same.

In February 2014, the Company entered into a contract to sell its 249 unit apartment complex located in Austin, Texas and the adjacent unimproved land for \$15,800,000. The purchase/sale agreement provides that purchaser can terminate the agreement with or without cause, however, the potential purchaser would forfeit the earnest money of approximately \$158,000. The purchaser also has the option to extend the agreement.

In July 2013, the Company refinanced its \$466,000 adjustable rate mortgage note payable on its 8-unit apartment located in Los Angeles, California for a new 30-year mortgage in the amount of \$500,000. The interest rate on the new loan is fixed at 3.50% per annum for the first five years and variable for the remaining of the term. The note matures in July 2043.

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 its hotel and real estate operations, partnership distributions and management fees, will be adequate to meet the Company's current and future obligations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off balance sheet arrangements.

MATERIAL CONTRACTUAL OBLIGATIONS

The following table provides a summary as of March 31, 2014, the Company's material financial obligations which also including interest payments.

	Total	3 Months 2014	Year 2015	Year 2016	Year 2017	Year 2018	Thereafter
Mortgage and subordinated notes payable	\$ 189,416,000	\$ 5,621,000	\$ 1,437,000	\$ 1,503,000	\$ 2,154,000	\$ 3,104,000	\$ 175,597,000

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Redemption payable	17,104,000	8,552,000	8,552,000	-	-	-	-
Other notes payable	531,000	256,000	130,000	45,000	51,000	49,000	-
Interest	181,011,000	2,645,000	10,253,000	10,173,000	10,000,000	9,714,000	138,226,000
Total	\$388,062,000	\$17,074,000	\$20,372,000	\$11,721,000	\$12,205,000	\$12,867,000	\$313,823,000

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 Prism has the power and ability under the terms of its management agreement to adjust hotel room rates on an ongoing basis, there should be minimal impact on partnership revenues due to inflation. 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.

The Company's residential rental properties provide income from short-term operating leases and no lease extends beyond one year. Rental increases are expected to offset anticipated increased property operating expenses.

CRITICAL ACCOUNTING POLICIES AND USE OF ESTIMATES

Critical accounting policies are those that are most significant to the presentation 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 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 three and nine months ended March 31, 2014. Please refer to the Company's Annual Report on Form 10-K for the year ended June 30, 2013 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 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.

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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 16, 2014 by/s/ John V. Winfield
John V. Winfield, President,
Chairman of the Board and
Chief Executive Officer

Date: May 16, 2014 by/s/ David T. Nguyen
David T. Nguyen, Treasurer
and Controller

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