REFINITIV

DELTA REPORT

10-K

SQFT - PRESIDIO PROPERTY TRUST,

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	3449
CHANGES	323
DELETIONS	1466
ADDITIONS	1660

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

FORM 10-K

(mark one) Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) (D) OF THE SECURITIES ACT OF 1934

For the fiscal year ended December 31, 2022 December 31, 2023

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 000-53673

Presidio Property Trust, Inc.

(Exact name of registrant as specified in its charter)

Maryland	33-0841255
(State of other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

4995 Murphy Canyon Road, Suite 300, San Diego, CA 92123
(Address of principal executive offices)

(760) 471-8536
(Registrant's Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol(s)	Name of each Exchange on Which Registered
Series A Common Stock, $0.01 par value per share	SQFT	The Nasdaq Stock Market LLC
9.375% Series D Cumulative Redeemable Perpetual Preferred Stock, $0.01 par value per share	SQFTP	The Nasdaq Stock Market LLC
Series A Common Stock Purchase Warrants to Purchase Shares of Common Stock	SQFTW	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. ☐ Yes ☒ No

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 last 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 ☒Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant’s registrant's knowledge, in definitive proxy or information statements incorporated by reference in part III of this Form 10-K or any amendment to this Form 10-K. ☒ Yes ☐ No

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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large "large accelerated filer,” “accelerated " "accelerated filer,” “smaller " "smaller reporting company,” " and “emerging "emerging growth company” company" in Rule 12b-2 of the Exchange Act.:

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 has filed a report on and attestation to its management’s management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 USC. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the common stock held by non-affiliates of the registrant as of June 30, 2022 June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $11.4 million based approximately $10.6 million based upon the closing price reported for such date on the Nasdaq Capital Market. Market. At March 27, 2023 April 15, 2024, the registrant had issued and outstanding 13,075,199 shares 14,463,802 shares of its Series A Common Stock $0.01 par value per share.

DOCUMENTS INCORPORATED BY REFERENCE

Part III, Items 10, 11, 12, 13 and 14 incorporate by reference certain specific portions of the definitive Proxy Statement for Presidio Property Trust’s Trust's 2024 Annual Meeting currently scheduled to of Stockholders. Such proxy statement will be held on June 1, 2023 to be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended December 31, 2023 pursuant to Regulation 14A. Only those portions of the proxy statement which are specifically incorporated by reference herein shall constitute a part of this annual report.

PRESIDIO PROPERTY TRUST, INC.

FORM 10-K – ANNUAL REPORT

For the year ended December 31, 2022 December 31, 2023

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CAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS, RISK FACTORS AND INDUSTRY DATA

This Form 10-K contains “forward-looking statements” "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, many of which are beyond our control. Our actual results could differ materially and adversely from those anticipated in such forward-looking statements as a result of certain factors, including those set forth in this Form 10-K. Important factors that may cause actual results to differ from projections include, but are not limited to:

- inherent risks associated with real estate investments and with the real estate industry;
- significant competition may decrease or prevent increases in our properties' occupancy and rental rates and may reduce the value of our properties;

- a decrease in demand for commercial space and model homes and/or an increase in operating costs;
- failure by any major tenant (or a substantial number of tenants) to make rental payments to us because of a deterioration of its financial condition, an early termination of its lease, a non-renewal of its lease, or a renewal of its lease on terms less favorable to us;
- challenging economic conditions facing us and our tenants may have a material adverse effect on our financial condition and results of operations;
- our failure to generate sufficient cash to pay dividends and to service or retire our debt obligations in a timely manner;
- our inability to borrow or raise sufficient capital to maintain or expand our real estate investment portfolio;
- adverse changes in the real estate financing markets, including potential increases in interest rates and/or borrowing costs;
- potential losses, including from adverse weather conditions, natural disasters and title claims, may not be covered by insurance;
- inability to complete acquisitions or dispositions and, even if these transactions are completed, failure to successfully operate acquired properties or sell properties without incurring significant defeasance costs;
- our reliance on third-party property managers to manage a substantial number of our properties and brokers and/or agents to lease our properties;
- decrease in supply and/or demand for single family homes, inability to acquire additional model homes, and increased competition to buy such properties;
- failure to continue to qualify as a REIT;
- adverse results of any legal proceedings;
- changes in laws, rules and regulations affecting our business;
- the other risks possibility that we may not comply with the continued listing requirements of the Nasdaq Capital Market ("Nasdaq"), which may result in our common stock being delisted, which could affect our common stock's market price and uncertainties discussed liquidity and reduce our ability to raise capital;
- the possibility that if any of the banking institutions in "Risk Factors" which we deposit funds ultimately fails, we may lose any amounts of our deposits over federally insured levels which could reduce the amount of cash we have available to distribute or invest and elsewhere herein; and could result in a decline in our value;
- the potential adverse effects of a resurgence of the COVID-19 pandemic or of new epidemics and ensuing economic turmoil on our financial condition, results of operations, cash flows and performance, particularly our ability to collect rent, on the financial condition, results of operations, cash flows and performance of our tenants, and on the global economy and financial markets; markets, adverse economic conditions in the real estate market and overall financial market fluctuations (including, without limitation, as a result of fluctuations); and
- the current COVID-19 pandemic). other risks and uncertainties discussed in "Risk Factors" and elsewhere herein

All statements, other than statements of historical facts, included in this Form 10-K regarding our strategy, future operations, financial position, estimated revenue or losses, projected costs, prospects, current expectations, forecasts, and plans and objectives of management are forward-looking statements. When used in this Form 10-K, the words "will," "may," "believe," "anticipate," "intend," "estimate," "expect," "should," "project," "plan," and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. All forward-looking statements speak only as of the date of this Form 10-K. We do not undertake any obligation to update any forward-looking statements or other information contained in this Form 10-K, except as required by federal securities laws. You should not place undue reliance on these forward-looking statements. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements in this Form 10-K are reasonable, we cannot assure you that these plans, intentions or expectations will be achieved. We have disclosed important factors that could cause our actual results to differ materially from our expectations under the "Risk Factors" section and elsewhere in this Form 10-K. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

Information regarding market and industry statistics contained in this Form 10-K is included based on information available to us that we believe is accurate. We have not reviewed or included data from all sources, and we cannot assure you of the accuracy or completeness of the data included in this Form 10-K. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. We undertake no obligation to update forward-looking information to reflect actual results or changes in assumptions or other factors that could affect those statements. See the "Risk Factors" section of this Form 10-K for a more detailed discussion of uncertainties and risks that may impact future results.

ITEM 1.

OVERVIEW AND CORPORATE STRUCTURE

Presidio Property Trust, Inc. ("we", "our", "us" or the "Company") is an internally-managed real estate investment trust ("REIT"). We were incorporated in the State of California on September 28, 1999, and in August 2010, we reincorporated as a Maryland corporation. In October 2017, we changed our name from "NetREIT, Inc." to "Presidio Property Trust, Inc." We are a publicly traded company on Nasdaq, and registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Through the Company, its subsidiaries and its partnerships, we own 12 commercial properties in fee interest and have partial interests in two commercial properties through our interests in various affiliates in which we serve as general partner, member and/or manager. Each of the limited partnerships is referred to as a "DownREIT." In each DownREIT, we have the right, through put and call options, to require our co-investors to exchange their interests for shares of our Series A Common Stock, or our common stock, at a stated price after a defined period (generally five years from the date they first invested in the entity's real property), the occurrence of a specified event or a combination thereof. The Company is a limited partner in five partnerships and sole shareholder in one corporation, which entities purchase and leaseback model homes to and from homebuilders.

MARKET AND BUSINESS STRATEGY

The Company invests in a diverse multi-tenant portfolio of real estate assets. Beginning in 2015, we began to focus our commercial portfolio primarily on office and industrial properties ("Office/Industrial Properties") and model homes ("Model Home Properties"), and have been managing the portfolio to transition out of retail properties. Our commercial properties are currently located in Colorado, North Dakota, California, Maryland and Texas. Our commercial property tenant base is highly diversified and consists of approximately 156 155 individual commercial tenants with an average remaining lease term of approximately 3 3.1 years as of December 31, 2022December 31, 2023. As of December 31, 2022December 31, 2023, two commercial tenantsone commercial tenant represented more than 5.0% of our annualized base rent, one of which represented 8.57% 6.43% of our annualized based rent, while our ten largest tenants represented approximately 37.46% 34.48% of our annualized base rent. On December 31, 2022, the lease for our former largest tenant at that time, Halliburton Energy Services, Inc. ("Halliburton"), expired. Halliburton Energy Services, Inc. was located in our Shea Center II property in Colorado, and made up approximately 8.57% of our annual base rent. The tenant rent as of December 31, 2022. Halliburton did not renew the lease, which expired on December 31, 2022, and we placed approximately $1.1 million in a reserve account with our lender to cover future mortgage payments, if necessary. necessary, none of which has been utilized as of December 31, 2023. Our management team is working to fill the 45,535 square foot space as quickly as possible, and has already leased approximately 20% of the space to a tenant during January 2023. 2023 and has reviewed various third party proposals for the remaining 80%. As of December 31, 2023, none of the third party proposals have fit into our long-term plans. We will continue to work on filling the space during 2024. In addition, our commercial property tenant base has limited exposure to any single industry. For more information, see Part II - Item 7. Management's Discussion and Analysis of Financial Condition and Result of Operations included elsewhere in this Annual Report on Form 10-K.

Our main objective is to maximize long-term stockholder value through the acquisition, management, leasing and selective redevelopment of high-quality officeour existing commercial property portfolio, and industrial properties. selectively acquiring future properties which are anticipated to provide accretive economic returns. We focus on regionally dominant markets across the United States which we believe have attractive growth dynamics driven in part by important economic factors such as strong office-using employment growth; net in-migration of a highly educated workforce; a large student population; the stability provided by major healthcare systems, systems; government or other large institutional employer presence; low rates of unemployment; and lower cost of living versus gateway markets. We seek to maximize returns through investments in markets with limited supply, high barriers to entry, and stable and growing employment drivers. Our model home portfolio supports the objective of maximizing stockholder value by focusing on purchasing new single-family model homes and leasing them back to experienced homebuilders. We operate the model home portfolio in markets where we can diversify by geography, builder size, and model home purchase price.

RECENT DEVELOPMENTS

Significant Transactions in 2022 2023 and 2021 2022

Acquisitions during the year ended December 31, 2023:

- We acquired 40 Model Home Properties and leased them back to the homebuilders under triple net leases during the year ended December 31, 2023. The purchase price for these properties was $21.9 million. The purchase price consisted of cash payments of $6.6 million and mortgage notes of $15.3 million.

Acquisitions during the year ended December 31, 2022:

- We acquired 31 Model Home Properties and leased them back to the homebuilders under triple net leases during the year ended December 31, 2022. The purchase price for these the properties was $15.6 million. The purchase price consisted of cash payments of $4.8 million and mortgage notes of $10.8 million.

Acquisitions during the year ended December 31, 2021:

- On August 17, 2021, the Company, through its 61.3% owned subsidiaries, NetREIT Palm Self Storage, LP and NetREIT Highland LLC, acquired a single story newly constructed 10,500 square foot building in Houston, Texas for a purchase price of approximately $4.9 million, in connection with a like-kind exchange transaction pursued under Section 1031 of the Internal Revenue Code of 1986, as amended (the "Code"). The building is 100% occupied under a 15-year triple net lease and was purchased with all cash.
- On December 22, 2021, the Company purchased a 31,752 square foot building in Baltimore, Maryland for a purchase price of approximately $8.9 million. The building is 100% occupied under a 5 year triple net lease to Johns Hopkins University's Bloomberg School of Public Health and was purchased with all cash.
- We acquired 18 Model Home Properties and leased them back to the homebuilders under triple net leases during the year ended December 31, 2021. The purchase price for the properties was $8.4 million. The purchase price consisted of cash payments of $2.7 million and mortgage notes of $5.7 million.

Dispositions during the year ended December 31, 2022:

We review our portfolio of investment properties for value appreciation potential on an ongoing basis, and dispose of any properties that no longer satisfy our requirements in this regard, taking into account tax and other considerations. The proceeds from any such property sale, after repayment of any associated mortgage or repayment of secured or unsecured indebtedness, are available for investing in properties that we believe will have a greater likelihood of future price appreciation.

Dispositions during the year ended December 31, 2023:

During year ended December 31, 2023, we disposed of the following properties:

- 22 model homes for approximately $11.7 million and the Company recognized a gain of approximately $3.2 million.

Dispositions during the year ended December 31, 2022:

During year ended December 31, 2022, we disposed of the following properties:

- World Plaza, which was sold on March 11, 2022, for approximately $10.0 million and the Company recognized a loss of approximately $0.3 million.
- 31 model homes for approximately $17.5 million and the Company recognized a gain of approximately $5.4 million.

Dispositions during the year ended December 31, 2021:

During year ended December 31, 2021, we disposed of the following properties:

- Waterman Plaza, which was sold on January 28, 2021, for approximately $3.5 million and the Company recognized a loss of approximately $0.2 million.
- Garden Gateway, which was sold on February 19, 2021, for approximately $11.2 million and the Company recognized a loss of approximately $1.4 million.
- Highland Court, which was sold on May 20, 2021, for approximately $10.2 million and the Company recognized a loss of approximately $1.6 million.
- Executive Office Park, which was sold on May 21, 2021, for approximately $8.1 million and the Company recognized a gain of approximately $2.5 million.
- 44 model homes for approximately $20.7 million and the Company recognized a gain of approximately $3.2 million.

Model Home Properties

Our Model Home properties are located in three five states throughout the United States. St ates. As of December 31, 2022December 31, 2023 , we owned 92 110 model homes with a net book value of approximately $37.9 million$50.8 million .

NetREIT DuboseOur Model Home REIT, Inc. business was started in March 2010 through the acquisition of certain assets and rights from Dubose Model Homes USA. Our model home business ("***NetREIT Dubose***") is engaged in the business of acquiring model homes from third party homebuilders in sale-leaseback transactions whereby a homebuilder sells the Model Home to NetREIT Dubose and leases back the Model Home under a triple net lease ("***NNN***") for use in marketing its residential development. Our Model Home business was started in March 2010 through the acquisition of certain assets and rights from Dubose Model Homes USA. Subsequent to its formation, NetREIT Dubose raised $10.6 million pursuant to a private placement of its common stock (the private placement terminated on December 31, 2013). As of December 31, 2022, NetREIT Dubose had sold all of its properties and distributed all available cash to its shareholders, including the Company.

We currently operate five six limited partnerships in connection with NetREIT Dubose: Dubose Model Home Investors #202, LP ("***DMHI #202***"), Dubose Model Home Investors #203, LP ("***DMHI #203***"), Dubose Model Home Investors #204, LP ("***DMHI #204***"), Dubose Model Home Investors #205, LP ("***DMHI #205***"), Dubose Model Home Investors #206, LP ("***DMHI #206***"), and Dubose Model Home Investors #206, #207, LP ("***DMHI #206 #207***"). The limited partnerships typically raise private equity to invest in Model Home Properties and lease them back to the homebuilders. When the model homes' lease ends, these properties are sold to independent third parties as residential homes. As of December 31, 2022December 31, 2023, the Company owned:

- 10.3% of DMHI #202, which raised $2.9 million, and was formed to raise up to $5.0 million through the sale of partnership units.
- 2.3% of DMHI #203, which raised $4.4 million, and was formed to raise up to $5.0 million through the sale of partnership units.
- 3.6% of DMHI #204, which raised $2.8 million, and was formed to raise up to $5.0 million through the sale of partnership units.
- 4.0% of DMHI #205, which has raised $2.5 million, and was formed in 2019 to raise up to $5.0 million through the sale of partnership units.
- 8.5% of DMHI #206, which has raised $1.2 million, and was formed in 2020 to raise up to $5.0 million through the sale of partnership units. This partnership continues to raise capital through the sale of additional limited partnership units.
- 3.8% of DMHI #207, which has raised $2.6 million, and was formed in 2023 to raise up to $5.0 million through the sale of partnership units. This partnership continues to raise capital through the sale of additional limited partnership units.
- 100% of NetREIT Model Homes, Inc.

We provide management services to our limited partnerships through our wholly-owned subsidiaries, NetREIT Advisors, LLC ("NetREIT Advisors") and Dubose Advisors LLC ("Dubose Advisors"), which we refer to collectively as the Advisors. For their services, each of the Advisors receives ongoing management fees, acquisition fees and has the right to receive certain other fees when a partnership sells or otherwise disposes of a model home. NetREIT Advisors manages NetREIT Dubose and NetREIT Model Homes, Inc. and Dubose Advisors manages DMHI #202, DMHI #203, DMHI #204, DMHI #205, DMHI #206, and DMHI #206. #207.

Share Repurchase Program

While we will continue to pursue value creating investments, the Board of Directors believes there is significant embedded value in our assets that is yet to be realized by the market. Therefore, returning capital to stockholders through a repurchase program is an attractive use of capital currently. On September 17, 2021, the Board of Directors authorized a stock repurchase program of up to $10 million of outstanding shares of our Series A Common Stock, which expired in September 2022. On September 15, 2022, the Board of Directors authorized a stock repurchase program of up to $6.0 million of outstanding shares of our Series A Common Stock and up to $4.0 million of our Series D Preferred Stock. Stock, which expired in September 2023. During the year ended December 31, 2021, the Company repurchased 29,721 shares of our Series A Common Stock at an average price of approximately $3.7223 per share, including a commission of $0.035 per share, for a total cost of $110,631. During the year ended December 31, 2022December 31, 2022, the Company repurchased 196,631 shares of our Series A Common Stock at an average price of approximately $1.59 per share, including a commission of $0.035 per share, and 6,013 shares of our Series D Preferred Stock at an average price of approximately $20.31 per share, including a commission of $0.035 per share, for a total cost of $313,578 for the Series A Common Stock and $122,141 for the Series D Preferred Stock. In November 2023, the Board of Directors authorized a stock repurchase program of up to $6.0 million of outstanding shares of our Series A Common Stock and up to $4.0 million of our Series D Preferred Stock which shall expire in November 2024. During the year ended December 31, 2023, the Company repurchased 23,041 shares of our Series D Preferred Stock at an average price of approximately $ 15.97 per share, including a commission of $0.035 per share, and no shares of our Series A Common Stock, for a total cost of $0.2 million for the Series D Preferred Stock. The repurchased shares will be treated as authorized and unissued in accordance with Maryland law and shown as a reduction of stockholders' stockholders' equity at cost. While we will continue to pursue value creating investments, the Board of Directors believes there is significant embedded value in our assets that is yet to be realized by the market. Therefore, returning capital to stockholders through a repurchase program is an attractive use of capital currently.

At-the-Market Offering

On November 8, 2021, we entered into an At-the-Market Offering Agreement (the "Sales Agreement") with The Benchmark Company, LLC (the "Manager") pursuant to which the Manager will act as the Company's sales agent with respect to the issuance and sale of up to $4,399,000 of our Series A Common Stock from time to time in an at-the-market public offering. Sales of our common stock, if any, through the Manager, will be by any method that is deemed to be an "at-the-market" equity offering as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made directly on or through the Nasdaq Capital Market or any other existing trading market for the common stock in the U.S. or to or through a market maker. The Manager may also sell the common stock in privately negotiated transactions, subject to our prior approval. The price per share will be at prevailing market prices. The Company will pay the Manager a commission equal to 3.5% of the gross proceeds from the sale of the Series A Common Stock pursuant to the Sales Agreement. As of December 31, 2022 December 31, 2023, there have been no sales under the Sales Agreement.

Sponsorship of Special Purpose Acquisition Company

On January 7, 2022, we announced our sponsorship, through our wholly-owned subsidiary, The Company served as the sponsor of Murphy Canyon Acquisition Sponsor, LLC (the “Sponsor”) Corp., of a former special purpose acquisition company (“SPAC” ("Murphy Canyon" or the “SPAC”), since the SPAC’s creation in October 2021 until its initial public offering. The registration statement business combination in September 2023. Certain officers and prospectus relating to directors of the initial public offering (“IPO”) Company also served as officers and directors of the SPAC during this period. On September 22, 2023, Murphy Canyon Acquisition Corp. completed its business combination with Conduit Pharmaceuticals Limited (“Murphy Canyon” Conduit Pharma”), was declared effective by and changed its name to Conduit Pharmaceuticals Inc. (“Conduit”). Immediately prior to the Securities business combination, the Company owned approximately 65% of the SPAC’s outstanding shares of common stock. Upon consummation of the business combination, the SPAC’s shares of Class B common stock were converted into shares of its Class A common stock and Exchange Commission (the “SEC”) on February 2, 2022 and SPAC units, consisting of one share the shares of Class A common stock par value $0.0001 per share, were then reclassified as a single class of Murphy Canyon Conduit common stock. As a result of the business combination, the Company was issued (i) 3,306,250 shares of Conduit’s common stock due to the conversion of the shares of the SPAC’s Class B common stock into shares of the SPAC’s Class A common stock and one redeemable warrant, with each whole warrant entitling then reclassification into shares of Conduit common stock, (ii) 754,000 shares of Conduit common stock, which prior to the holder thereof business combination were shares of the SPAC’s Class A common stock and (iii) private warrants to purchase one share 754,000 shares of Conduit common stock, at which prior to the business combination were warrants to purchase 754,000 shares of the SPAC’s Class A common stock. Also in the business combination, shareholders and debtholders of Conduit Pharma were issued 65,000,000 shares of Conduit common stock. Immediately following the consummation of the business combination, the Company transferred 45,000 shares of Conduit common stock and warrants to purchase 45,000 shares of Conduit common stock to the SPAC’s independent directors as compensation for their services. As a price result, the Company owned approximately 6.5% of $11.50 per share, began trading on Conduit’s common stock immediately following the Nasdaq Global Market on February 3, 2022. The Murphy Canyon IPO closed on February 7, 2022, raising gross proceeds for Murphy Canyon business combination and currently owns approximately 6.3% of $132,250,000, including the exercise in full by the underwriters of their over-allotment option. Conduit’s common stock. In connection with the IPO, we purchased, through business combination, the Sponsor, 754,000 placement units (the “placement units”) at a price Company’s officers and directors who also served as officers and directors of $10.00 per unit, for an aggregate purchase price the SPAC resigned from the SPAC, with the exception of $7,540,000. The Sponsor has agreed to transfer an aggregate of 45,000 placement units (15,000 each) to each of Murphy Canyon’s independent directors. the Company’s former Chief Financial Officer who resigned from the Company.

Immediately following the IPO, Murphy Canyon began to evaluate acquisition candidates. On November 8, 2022, Murphy Canyon entered into an agreement and plan of merger with Conduit Pharmaceuticals Limited, a Cayman Islands exempted company (“Conduit”), and Conduit Merger Sub, Inc., a Cayman Islands exempted company and Murphy Canyon’s wholly owned subsidiary. If the merger agreement is approved by Murphy Canyon’s stockholders and the transactions under the merger agreement are consummated, Murphy Canyon’s Cayman Island subsidiary will merge with and into Conduit, with Conduit surviving the merger as Murphy Canyon’s wholly owned subsidiary. Pursuant to the merger agreement, the outstanding ordinary shares (including the shares issued upon conversion of all outstanding convertible debt, which conversion shall have occurred prior to the consummation of the merger) of Conduit will be converted into an aggregate of 65,000,000 shares of Murphy Canyon’s newly issued common stock, with each such outstanding Conduit ordinary share (including the ordinary shares issued upon conversion of all outstanding convertible debt, which conversion shall have occurred prior to the consummation of the merger) converted into newly issued shares of Murphy Canyon’s common stock on a pro rata basis.

Initially, Murphy Canyon was required to complete its initial business combination transaction by 12 months from the consummation of its initial public offering or up to 18 months if it extended the period of time to consummate a business combination in accordance with its certificate of incorporation. On January 26, 2023, at a special meeting of the stockholders, the stockholders approved a proposal to amend the Murphy Canyon’s certificate of incorporation to extend the date by which it has to consummate a business combination up to 12 times, each such extension for an additional one month period, from February 7, 2023, to February 7, 2024. The stockholders also approved a related proposal to amend the trust agreement allowing Murphy Canyon to deposit into the trust account, for each one-month extension, one-third of 1% of the funds remaining in the trust account following the redemptions made in connection with the approval of the extension proposal at the special meeting. In connection with the stockholders’ vote at the special meeting, 11,037,272 shares of common stock were tendered for redemption, which were redeemed in February 2023. After the redemptions, there were 2,187,728 shares SPAC Class A common stock subject to possible redemption.

On March 3, 2023 we loaned Murphy Canyon $300,000 to fund its trust account and for operating expenses, and may lend up to $1.5 million in total. The loan is non-interest bearing, unsecured and will be repayable in full upon the earlier of (i) the date on which Murphy Canyon consummates its initial business combination and (ii) the date that its winding up is effective.

Warrant Dividend

In January 2022, we distributed the Series A Warrants to holders of our Series A Common Stock as of the record date of January 14, 2022. The Series A Warrants and the shares of Series A Common Stock issuable upon the exercise of the Series A Warrants were registered on a registration statement that was filed with the SEC Securities and Exchange Commission (the "SEC") and was declared effective January 21, 2022. The Series A Warrants commenced trading on the Nasdaq Capital Market under the symbol “SQFTW” on January 24, 2022 and were distributed on that date to persons who held shares of common stock and existing outstanding warrants as of the January 14, 2022 record date, or who acquired shares of Series A Common Stock in the market following the record date, and who continued to hold such shares at the close of trading on January 21, 2022. The Series A Warrants give the holder the right to purchase one share of Series A Common Stock at $7.00 per share, for a period of five years. Should warrantholders not exercise the Series A Warrants during that holding period, the Series A Warrants will automatically convert to 1/10 of a share of Series A Common Stock at expiration, rounded down to the nearest number of whole shares.

Preferred Stock Series D

On June 15, 2021, we completed an offering of 800,000 shares of our 9.375% Series D Cumulative Redeemable Perpetual Preferred Stock ("Series D Preferred Stock") for cash consideration of $25.00 per share to a syndicate of underwriters led by The Benchmark Company, LLC, as representative, resulting in approximately $18.1 million in net proceeds, after deducting the underwriting discounts and commissions and the offering expenses. We granted the underwriters a 45-day option to purchase up to an additional 120,000 shares of Series D Preferred Stock to cover over-allotments, which they exercised on June 17, 2021, resulting in approximately $2.7 million in net proceeds, after deducting the underwriting discounts and commissions and the offering expenses. In total, we issued 920,000 shares of Series D Preferred Stock with net proceeds of approximately $20.5 million, after deducting the underwriting discounts and commissions and the offering expenses.

Holders of shares of the Series D Preferred Stock are entitled to receive cumulative cash dividends at a rate of 9.375% per annum of the $25.00 per share liquidation preference (equivalent to $2.34375 per annum per share). Dividends are payable monthly on the 15th day of each month (each, a “dividend payment date”), provided that if any dividend payment date is not a business day, then the dividend that would otherwise have been payable on that dividend payment date may be paid on the next succeeding business day without adjustment in the amount of the dividend. Holders of shares of the Series D Preferred Stock will generally have no voting rights. However, if the Company does not pay dividends on the Series D Preferred Stock for eighteen or more monthly dividend periods (whether or not consecutive), the holders of the Series D Preferred Stock (voting separately as a class with the holders of all other classes or series of the Company’s preferred stock it may issue upon which like voting rights have been conferred and are exercisable and which are entitled to vote as a class with the Series D Preferred Stock in the election referred to below) will be entitled to vote for the election of two additional directors to serve on the Company’s Board of Directors until the Company pays, or declares and sets apart funds for the payment of, all dividends that it owes on the Series D Preferred Stock, subject to certain limitations. In addition, the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series D Preferred Stock (voting together as a class with all other series of parity preferred stock the Company may issue upon which like voting rights have been conferred and are exercisable) is required at any time for the Company to (i) authorize or issue any class or series of its stock ranking senior to the Series D Preferred Stock with respect to the payment of dividends or the distribution of assets on liquidation, dissolution or winding up or (ii) to amend any provision of the Company charter so as to materially and adversely affect any rights of the Series D Preferred Stock or to take certain other actions.

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of shares of Series D Preferred Stock will be entitled to be paid out of the assets we have legally available for distribution to our stockholders, subject to the preferential rights of the holders of any class or series of stock we may issue ranking senior to the Series D Preferred Stock with respect to the distribution of assets upon liquidation, dissolution or winding up, a liquidation preference of $25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of payment, before any distribution of assets is made to holders of our common stock or any other class or series of our stock we may issue that ranks junior to the Series D Preferred Stock as to liquidation rights. Commencing on or after June 15, 2026, we may redeem, at our option, the Series D Preferred Stock, in whole or in part, at a cash redemption price equal to $25.00 per share, plus any accumulated and unpaid dividends to, but not including the redemption date. Prior to June 15, 2026, upon a Change of Control (as defined in the Articles Supplementary classifying and designating the Series D Preferred Stock), we may redeem, at our option, the Series D Preferred Stock, in whole or part, at a cash redemption price of $25.00 per share, plus any accumulated and unpaid dividends to, but not including the redemption date. The Series D Preferred Stock has no stated maturity, will not be subject to any sinking fund or other mandatory redemption, and will not be convertible into or exchangeable for any of our other securities.

Use of Leverage

We use mortgage loans secured by our individual properties in order to maximize the return for our stockholders. Typically, these loans are for terms ranging from five to ten years. Currently, the majority of our mortgage loans are structured as non-recourse to us with limited exceptions that would cause a recourse event only upon occurrence of certain fraud, misconduct, environmental, or bankruptcy events. Non-recourse financing limits our exposure to the amount of equity invested in each property pledged as collateral thereby protecting the equity in our other assets. We can provide no assurance that the non-recourse financing will be available to us in the future on terms that are acceptable to us, or at all and there may be circumstances where lenders have recourse to our other assets. To a lesser extent, we use recourse financing. At December 31, 2022 December 31, 2023, $30.2 million $11.2 million of our total debt contained recourse to the Company, of which $24.8 million $5.9 million was related to the model homes properties.

We have used both fixed and variable interest rate debt to finance our properties. Wherever possible, we prefer to obtain fixed rate mortgage financing as it provides better cost predictability. As of December 31, 2022December 31, 2023, none of our mortgage loans include included variable interest rate provisions. In August 2023 and September 2023, we have two mortgage loans, on On August 5, 2023, the lender for our West Fargo Industries and Grand Pacific Center, which are subject to possible property increased the interest rate resets. to 6.70%. The loan agreement states that the lender may, upon not less than sixty (60) days prior, give written notice to the Company to increase the interest rates effective on August 5, 2023, and August 5, 2026, to the rate then being quoted by the lender for new three-year commercial mortgage loans of similar size and quality with like terms and security (provided that in no event shall the new rate be less than the initial rate).

In 2023, 2024, we have $6.8 million $13.1 million of principal payments on mortgage notes payable related to the model home properties, including $6.2 million $12.5 million payments related to mortgage notes payable that mature in 2023. 2024. We plan to refinance a significant portion of the mortgage notes payable or sell the model home properties to repay the mortgage notes payable. We have $1.5 million $10.4 million of principal payments on mortgage notes payable relating to commercial properties in 2023, none 2024, one of which are is maturing in 2023. 2024. The loan on Dakota Center matures in July 2024 and management has reached out to the lender seeking an extension and additional provision to change the terms of the loan and maturity date. We have also inquired with other lenders to refinance the property. If we are unsuccessful in refinancing the property or changing the terms of the original loan, management would consider selling the property and paying the loan in full or surrendering the property to the current lender.

Our short-term liquidity needs include satisfying the debt service requirements of our existing mortgages. Overall the commercial properties and Model Homes adequately covered their debt servicing needs during the year ended December 31, 2022 December 31, 2023, and management expect this to continue during the next twelve months. If our cash flow from operating activities is not sufficient to fund our short-term liquidity needs, we will fund a portion of these needs from additional borrowings of secured or unsecured unsecured indebtedness, from real estate sales, from sales of equity or debt securities, or we will reduce the rate of distribution to the stockholders.

PROPERTY MANAGEMENT

The Company, through its wholly owned subsidiary, NTR Property Management, Inc., is the primary property manager for all of its properties. The Company subcontracts with third party property management companies in California and North Dakota to render on-site management services, and internally manages our properties in Colorado, Maryland, and Texas.

COMPETITION

We compete with a number of other real estate investors, many of whom own similar properties in the same geographical markets. Competitors include other REITs, pension funds, insurance companies, investment funds and companies, partnerships and developers. Many of these competitors have substantially greater financial resources than we do and may be able to accept more risk than we can prudently manage, including risks with respect to the creditworthiness of a tenant or the geographic location of its investments. In addition, many of these competitors have capital structures that allow them to make investments at higher prices than what we can prudently offer while still generating a return to their investors that is commensurate with the returns we are seeking to provide our investors. If our competitors offer space at rental rates below current market rates, or below the rental rates we currently charge our tenants, we may lose potential tenants and we may be pressured to reduce our rental rates below those we currently charge or to offer more substantial rent abatements, tenant improvements, early termination rights or below-market renewal options in order to retain tenants when our leases expire. The concentration of our commercial properties in Colorado and North Dakota makes us susceptible to local market conditions in these areas.

To be successful, we must be able to continue to respond quickly and effectively to changes in local and regional economic conditions by adjusting rental rates of our properties as appropriate. If we are unable to respond quickly and effectively, our financial condition, results of operations, cash flow, and ability to satisfy our debt service obligations and pay dividends may be adversely affected.

REGULATION

Our management continually reviews our investment activity and monitors the proportion of our portfolio that is placed in various investments in order to prevent us from coming within the application of the Investment Company Act of 1940, as amended (the “Investment Company Act”). If at any time the character of our investments could cause us to be deemed an investment company for purposes of the Investment Company Act, we would be required to comply with the operating restrictions of the Investment Company Act, which are generally inconsistent with our normal operations. As such, we work to ensure that we are not deemed to be an “investment company.”

Various environmental laws govern certain aspects of the ongoing operation of our properties. Such environmental laws include those regulating the existence of asbestos-containing materials in buildings, management of surfaces with lead-based paint (and notices to tenants about the lead-based paint) and waste-management activities. Our failure to comply with such requirements could subject us to government enforcement action and/or claims for damages by a private party.

To date, we have not experienced a noticeable effect on our capital expenditures, earnings, or competitive position as a result of a lack of compliance with federal, state and local environmental protection regulations. All of our proposed acquisitions are inspected prior to such acquisition. These inspections are conducted by qualified environmental consultants, and we review in detail their reports prior to our acquisition of any property. Nevertheless, it is possible that our environmental assessments will not reveal all environmental liabilities, or that some material environmental liabilities exist of which we are unaware. In some cases, we may be required to abandon otherwise economically attractive acquisitions because the costs of removal or control of hazardous materials are considered to be prohibitive or we are unwilling to accept the potential risks involved. We do not believe we will be required to engage in any large-scale abatement at any of our current properties. We believe that through professional environmental inspections and testing for asbestos, lead paint and other hazardous materials, coupled with a relatively conservative posture toward accepting known environmental risk, we minimize our exposure to potential liability associated with environmental hazards.

We are unaware of any environmental hazards at any of our current properties that, individually or in the aggregate, may have a material adverse impact on our operations or financial position. We have not been notified by any governmental authority, and we are not otherwise aware of any material non-compliance, liability, or claim relating to environmental liabilities in connection with any of our properties. We do not believe that the cost of continued compliance with applicable environmental laws and regulations will have a material adverse effect on us, our financial condition or our results of operations. Future environmental laws, regulations, or ordinances, however, may require additional remediation of existing conditions that are not currently actionable. Also, if more stringent requirements are imposed on us in the future, the costs of compliance could have a material adverse effect on us and our financial condition.

LEGAL PROCEEDINGS

We are periodically subject to various legal proceedings and claims that arise in the ordinary course of business. While the resolution of these matters cannot be predicted with certainty, management believes the final outcome of such matters will not have a material adverse effect on our financial position, results of operation or liquidity.

MANAGEMENT OF THE COMPANY

Our Management

We refer to our executive officers and any directors who are affiliated with them as our "Management". Our Management is currently comprised of:

- Jack K. Heilbron, Chairman of the Board of Directors, Chief Executive Officer and President of the Company, President and Director of NetREIT Dubose, and President of NetREIT Advisors;
- Adam Sragovicz, Ed Bentzen, Chief Financial Officer of the Company and Dubose Advisors; Company;
- Gary M. Katz, Chief Investment Officer of the Company; and
- Steve Hightower, President of NetREIT Dubose. Dubose and member of the Board of Directors.

Mr. Heilbron has overall responsibility for the day-to-day activities of the Company. Mr. Sragovicz Benten oversees financial matters, including financial reporting, budgeting, forecasting, funding activities, tax and insurance. Mr. Hightower is responsible for managing the day-to-day activities of the Dubose Advisors, and NetREIT Advisors and the model homes division. Mr. Heilbron and Mr. Katz are responsible for recommending all Company property acquisitions and dispositions.

Our Board of Directors

Our Management is subject to the direction and supervision of our Board of Directors. Among other things, our Board of Directors must approve each real property acquisition our Management proposes. As of December 31, 2022 December 31, 2023, there were five six directors comprising our Board of Directors, four of whom are independent directors ("Independent Directors"). One Two of our directors, Mr. Heilbron is and Mr. Hightower, are not independent. Mr. Dubose, a previously non-independent director stepped down as a director in March 2022. See Item 9B Other Information, in Part II of this 10-K for more information.

OUR REIT STATUS

We elected to be taxed as a REIT for federal income tax purposes commencing with our taxable year ended December 31, 2000. To continue to be taxed as a REIT, we must satisfy numerous organizational and operational requirements, including a requirement that we distribute at least 90% of our REIT taxable income to our stockholders, as defined in the Code and calculated on an annual basis. As a REIT, we are generally not subject to federal income tax on income that we distribute to our stockholders. If we fail to qualify for taxation as a REIT in any year, our income will be taxed at regular corporate rates, and we may be precluded from qualifying for treatment as a REIT for the four-year period following our failure to qualify. Even though we qualify as a REIT for federal income tax purposes, we may still be subject to state and local taxes on our income and property and to federal income and excise taxes on our undistributed income. For more information, please see Risks Related to our Status as a REIT and Related Federal Income Tax Matters. We qualified as a REIT for the fiscal year ended December 31, 2022 December 31, 2023.

HUMAN CAPITAL RESOURCES

Due to the nature of our business, our performance depends on identifying, attracting, developing, motivating, and retaining a highly skilled workforce in multiple areas, including property management, asset management and strategy, accounting, business development and management. Our human capital management strategy, which we refer to as our people strategy, is tightly aligned with our business needs. During 2022, 2023, our human capital efforts were focused on retaining top talent, and continuing to increase our agility to meet the quickly changing needs of the business, considering the challenges of the global pandemic and social and political unrest and had no COVID-19 related layoffs. business. We use a variety of human capital measures in managing our business, including: workforce demographics; diversity metrics with respect to representation, attrition, hiring, promotions and leadership; and talent management metrics including retention rates of top talent and hiring metrics.

OFFICE AND EMPLOYEES

Our office is approximately 9,224 square feet and is located in San Diego, California.

As of December 31, 2022 December 31, 2023, we had a total of 18 15 full-time employees.

AVAILABLE INFORMATION

Access to copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, and other filings with the SEC, including amendments to such filings are available at *www.sec.gov* or on our website at *www.presidiopt.com* as soon as reasonably practicable after such materials are electronically filed with the SEC. They are also available for printing by any stockholder upon request.

Our office is located at 4995 Murphy Canyon Road, Suite 300, San Diego, CA 92123. Our telephone number is 866-781-7721. Our e-mail address is info@presidiopt.com or you may visit our website at www.presidiopt.com.

ITEM 1A. RISK FACTORS

Summary of Risk Factors

The following is a summary of the principal risk factors associated with an investment in us. The following should be read in conjunction with the more complete discussion of the risk factors we face, which are set forth more fully below. If any of the following risks occur, our business, financial condition, results of operations, cash flows, cash available for distribution, ability to service our debt obligations and prospects could be materially and adversely affected. In that case, the market price of our securities could decline and you may lose some or all of your investment. Some of these risks include:

- we face numerous risks associated with the real estate industry that could adversely affect our results of operations through decreased revenues or increased costs;
- disruptions in the financial markets and uncertain economic conditions could adversely affect the value of our real estate investments;
- our inability to sell a property at the time and on the terms we desire could limit our ability to realize a gain on our investments and pay distributions to our stockholders;
- we may acquire properties in joint ventures, partnerships or through limited liability companies, which could limit our ability to control or liquidate such holdings;
- we may acquire properties "as is," which increases the risk that we will have to remedy defects or costs without recourse to the seller;
- our model home business is substantially dependent on the supply and/or demand for single family homes;
- a significant percentage of our properties are concentrated in a small number of states, which exposes our business to the effects of certain regional events and occurrences;
- we currently are dependent on internal cash from our operations, financing and proceeds from property sales to fund future property acquisitions, meet our operational costs and pay dividends to our stockholders;
- we depend on key personnel, and the loss of such persons could impair our ability to achieve our business objectives;
- we may change our investment and business policies without stockholder consent, and such changes could increase our exposure to operational risks;

- provisions of Maryland law may limit the ability of a third party to acquire control of us by requiring our Board of Directors or stockholders to approve proposals to acquire our company or effect a change in control;
- our management faces certain conflicts of interest with respect to their other positions and/or interests outside of our company, which could hinder our ability to implement our business strategy and to generate returns to our stockholders;
- we have significant outstanding indebtedness, which requires that we generate sufficient cash flow to satisfy the payment and other obligations under the terms of our debt and exposes us to the risk of default under the terms of our debt;

- failure to qualify as a REIT could adversely affect our operations and our ability to pay distributions;

- as a REIT, we may be subject to tax liabilities that reduce our cash flow;

- the tax imposed on REITs engaging in “prohibited transactions” may limit our ability to engage in transactions that would be treated as sales for U.S. federal income tax purposes;

- our business, financial condition, results of operations and cash flows may be adversely affected by a resurgence of the recent COVID-19 pandemic or of new epidemics;

- our cash available for distributions may not be sufficient to pay distributions on the common stock at expected levels, and we cannot assure you of our ability to pay distributions in the future. We may use borrowed funds or funds from other sources to pay distributions, which may adversely impact our operations;

- a future issuance of stock could dilute the value of our common stock, Series D Preferred Stock or Series A Warrants, ;

- the value of our sponsorship equity investment in Conduit may decline due to factors outside of Murphy Canyon requires significant capital deployment, entails certain risks and may not be successful, our control, which would likely have a material adverse effect on our future expansion, revenues, and profits;
- the possibility that we may not comply with Nasdaq’s continued listing requirements, which may result in our common stock being delisted, which could affect our common stock’s market price and liquidity and reduce our ability to raise capital;
- the possibility that if any of the banking institutions in which we deposit funds ultimately fails, we may lose any amounts of our deposits over federally insured levels which could reduce the amount of cash we have available to distribute or invest and could result in a decline in our value;

- inflation may materially and adversely affect our income, cash flow, results of operations, financial condition, liquidity, the ability to service our debt obligations, the market price of our securities and our ability to pay dividends and other distributions to our stockholders; and
- actions of activist stockholders may cause us to incur substantial costs, divert management’s attention and resources, and have an adverse effect on our business.

Risks Related to our Business, Properties and Operations

We face numerous risks associated with the real estate industry that could adversely affect our results of operations through decreased revenues or increased costs.

As a real estate company, we are subject to various changes in real estate conditions, and any negative trends in such real estate conditions may adversely affect our results of operations through decreased revenues or increased costs. These conditions include:

- changes in national, regional and local economic conditions, which may be negatively impacted by concerns about inflation, deflation, government deficits, high unemployment rates, decreased consumer confidence and liquidity concerns, particularly in markets in which we have a high concentration of properties;

- fluctuations in interest rates, including anticipated potential interest rate increases in 2023, 2024, which could adversely affect our ability to obtain financing on favorable terms or at all, and negatively impact the value of properties and the ability of prospective buyers to obtain financing for properties we intend to sell;

- the inability of tenants to pay rent;

- the existence and quality of the competition, such as the attractiveness of our properties as compared to our competitors’ properties based on considerations such as location, rental rates, amenities and safety record;

- competition from other real estate investors with significant capital, including other real estate operating companies, publicly traded REITs and institutional investment funds;

- increased operating costs, including increased real property taxes, maintenance, insurance and utilities costs;

- weather conditions that may increase or decrease energy costs and other weather-related expenses;

- oversupply of commercial space or a reduction in demand for real estate in the markets in which our properties are located;
- changes in, or increased costs of compliance with, laws and/or governmental regulations, including those governing usage, zoning, the environment and taxes; and
- civil unrest, acts of war, terrorist attacks and natural disasters, including earthquakes, wind and hail damage and floods, which may result in uninsured and underinsured losses.

Moreover, other factors may adversely affect our results of operations, including potential liability under environmental and other laws and other unforeseen events, many of which are discussed elsewhere in the following risk factors. Any or all of these factors could materially adversely affect our results of operations through decreased revenues or increased costs.

Inflation may materially and adversely affect our income, cash flow, results of operations, financial condition, liquidity, the ability to service our debt obligations, the market price of our securities and our ability to pay dividends and other distributions to our stockholders.

Increased inflation could have a pronounced negative impact on our property operating expenses and general and administrative expenses, as these costs could increase at a rate higher than our rents. While our tenants are generally obligated to pay property-level expenses relating to the properties they lease from us (e.g., maintenance, insurance and property taxes), we incur other expenses, such as general and administrative expense, interest expense relating to our debt (some of which bears interest at floating rates) and carrying costs for vacant properties. These expenses would increase in an inflationary environment, and such increases may exceed any increase in revenue we receive under our leases. Inflation could also have an adverse effect on consumer spending which could impact our tenants' revenues and, in turn, our percentage rents, where applicable, and the willingness and ability of tenants to enter into or renew leases and/or honor their obligations under existing leases. Additionally, increased inflation may have an adverse impact on our tenants if increases in their operating expenses exceed increases in their revenue, which may adversely affect the tenants' ability to pay rent owed to us and meet other lease obligations, such as paying property taxes and insurance and maintenance costs.

Recent inflationary pressures could result in higher interest rates, which would have a negative impact on our business.

Rising inflation and elevated U.S. budget deficits and overall debt levels, including as a result of federal pandemic relief and stimulus legislation and/or economic or market and supply chain conditions, can put upward pressure on interest rates and could be among the factors that could lead to higher interest rates in the future. Higher interest rates could adversely affect our overall business, income, and our ability to pay dividends, including by reducing the fair value of many of our assets and adversely affecting our ability to obtain financing on favorable terms or at all, and negatively impacting the value of properties and the ability of prospective buyers to obtain financing for properties we intend to sell. This may affect our earnings results, reduce our ability to sell our assets, or reduce our liquidity. Furthermore, our business and financial results may be harmed by our inability to accurately anticipate developments associated with changes in, or the outlook for, interest rates.

Conditions in the financial markets could affect our ability to obtain financing on reasonable terms and have other adverse effects on our operations.

The financial markets could tighten with respect to secured real estate financing. Lenders with whom we typically deal may increase their credit spreads resulting in an increase in borrowing costs. Higher costs of mortgage financing may result in lower yields from our real estate investments, which may reduce our cash flow available for distribution to our stockholders. Reduced cash flow could also diminish our ability to purchase additional properties and thus decrease our diversification of real estate ownership.

Disruptions in the financial markets and uncertain economic conditions could adversely affect the value of our real estate investments.

Disruptions in the financial markets could adversely affect the value of our real estate investments. Concerns over economic recession, the recent COVID-19 pandemic, interest rate increases, policy priorities of the U.S. presidential administration, trade wars, labor shortages, or inflation may contribute to increased volatility and diminished expectations for the economy and markets. Additionally, concern over geopolitical issues may also contribute to prolonged market volatility and instability. For example, The economic and geopolitical ramifications of the conflict between Russia military conflicts in the Middle East and Ukraine, has lead to disruption, instability and volatility in global markets and industries. The U.S. government including sanctions, retaliatory sanctions, nationalism, supply chain disruptions and other governments in jurisdictions have imposed severe economic sanctions and export controls against Russia and Russian interests, have removed Russia from the SWIFT system, and have threatened additional sanctions and controls. The full impact of these measures, as well as potential responses to them by Russia, is unknown. Such conditions consequences, could impact commercial real estate fundamentals and result in lower occupancy, lower rental rates, and declining values in our real estate portfolio and in the collateral securing our loan investments. As a result, the value of our property investments could decrease below the amounts paid for such investments, the value of collateral securing our loans could decrease below the outstanding principal amounts of such loans, and revenues from our properties could decrease due to fewer and/or delinquent tenants or lower rental rates. These factors would significantly harm our revenues, results of operations, financial condition, business prospects and our ability to make distributions to our stockholders.

A decrease in real estate values could negatively affect our ability to refinance our existing mortgage obligations or obtain larger mortgages.

A decrease in real estate values would decrease the principal amount of secured loans we can obtain on a specific property and our ability to refinance our existing mortgage loans or obtain larger mortgage loans. In some circumstances, a decrease in the value of an existing property which secures a mortgage loan may require us to prepay or post additional security for that mortgage loan. This would occur where the lender's initial appraised value of the property decreases below the value required to maintain a loan-to-value ratio specified in the mortgage loan agreement. Thus, any sustained period of depressed real estate prices would likely adversely affect our ability to finance our real estate investments.

The current recent outbreak of the novel coronavirus (COVID-19), COVID-19, and the resulting volatility it has created, has disrupted our business and we expect that any resurgence in the COVID-19 pandemic may in the future significantly and adversely impact our business, financial condition and results of operations, and that other potential pandemics or outbreaks could materially adversely affect our business, financial condition, results of operations and cash flows. Further, the spread of the COVID-19 outbreak has caused severe disruptions in the U.S. and global economy and financial markets, and could potentially create additional widespread business continuity issues of an unknown magnitude and duration. To date our business has not been significantly impacted by the COVID-19 pandemic.duration if there is a resurgence of COVID-19.

The COVID-19 pandemic has had, and in the future may continue to have, repercussions across regional and global economies and financial markets. The global impact of the outbreak has been rapidly evolving and many Many countries, including the United States (including the states and cities that comprise the San Diego, California; Denver and Colorado Springs, Colorado; Fargo and Bismarck, North Dakota; and other metro regions where we own and operate properties) have had instituted quarantines, "shelter in place" mandates, and rules and restrictions on travel and the types of businesses that may continue to operate. While these restrictions have been lifted, new variants of the coronavirus and/or the continued spread of the virus could cause government authorities to extend, reinstitute and/or adopt new restrictions. As a result, the possibility remains that the COVID-19 pandemic may negatively impact almost every industry, both inside and outside these metro regions, directly or indirectly and has created business continuity issues. For instance, a number of our commercial tenants temporarily closed their offices or stores and requested temporary rent deferral or rent abatement during the pandemic. In addition, jurisdictions where we own and operate properties have had implemented or may implement, rent freezes, eviction freezes, or other similar restrictions. The full extent of the impacts on our business over the long term are largely uncertain and dependent on a number of factors beyond our control.

As a result of the effects of the COVID-19 pandemic, we have had been impacted and may continue to in the future be impacted by one or more of the following:following if there is a resurgence of COVID-19 or development of another pandemic:

- a decrease in real estate rental revenue (our primary source of operating cash flow), as a result of temporary rent deferrals, rent abatement and/or rent reductions, rent freezes or declines impacting new and renewal rental rates on properties, longer lease-up periods for both anticipated and unanticipated vacancies (in part, due to "shelter-in-place" mandates), lower revenue recognized as a result of waiving late fees, as well as our tenants' ability and willingness to pay rent, and our ability to continue to collect rents, on a timely basis or at all;

- a complete or partial closure of one or more of our properties resulting from government or tenant action (since Q1, 2021, all of our commercial properties were reopened);

- reductions in demand for commercial space and the inability to provide physical tours of our commercial spaces may result in our inability to renew leases, re-lease space as leases expire, or lease vacant space, particularly without concessions, or a decline in rental rates on new leases;

- the inability of one or more major tenants to pay rent, or the bankruptcy or insolvency of one or more major tenants, may be increased due to a downturn in its business or a weakening of its financial condition as a result of shelter-in-place orders, phased re-opening of its business, or other pandemic related causes;

- the inability to decrease certain fixed expenses at our properties despite decreased operations at such properties;

- the inability of our third-party service providers to adequately perform their property management and/or leasing activities at our properties due to decreased on-site staff;

- the effect of existing and future orders by governmental authorities in any of our markets, which might require homebuilders to cease operations for an uncertain or indefinite period of time, which could significantly affect new home orders and deliveries, and negatively impact their home sales revenue and ability to perform on their lease obligations to the Company in such markets;

- difficulty accessing capital on attractive terms, or at all, and a severe disruption and instability in the global financial markets or deterioration in credit and financing conditions, which may affect our access to capital and our commercial tenants' ability to fund their business operations and meet their obligations to us;

- the financial impact of the COVID-19 pandemic could negatively impact our future compliance with financial covenants of debt agreements;

- a decline in the market value of real estate may result in the carrying value of certain real estate assets exceeding their fair value, which may require us to recognize an impairment to those assets;

- future delays in the supply of products or services may negatively impact our ability to complete the renovations and lease-up of our buildings on schedule or for their original estimated cost;

- a general decline in business activity and demand for real estate transactions could adversely affect our ability or desire to grow or change the complexion of our portfolio of properties;

- our insurance may not cover loss of revenue or other expenses resulting from the pandemic and related shelter-in-place rules;

- unanticipated costs and operating expenses and decreased anticipated revenue related to compliance with regulations, such as additional expenses related to staff working remotely, requirements to provide employees with additional mandatory paid time off and increased expenses related to sanitation measures performed at each of our properties, as well as additional expenses incurred to protect the welfare of our employees, such as expanded access to health services;

- the potential for one or more members of our senior management team to become sick with COVID-19 and the loss of such services could adversely affect our business;

- the increased vulnerability to cyber-attacks or cyber intrusions while employees are working remotely has the potential to disrupt our operations or cause material harm to our financial condition; and

- complying with REIT requirements during a period of reduced cash flow could cause us to liquidate otherwise attractive investments or borrow funds on unfavorable conditions.

The financial aspects of the COVID-19 pandemic or any other pandemic are difficult to predict and may not directly correlate to the severity of outbreaks at a particular place or time. For example, there has been significant inflation in the price of lumber, largely as a result of supply shortages specific to the lumber industry resulting from the COVID-19 pandemic, that may affect has affected construction and renovation costs in our industry. Similarly, despite general economic concerns resulting from the COVID-19 pandemic, there has been home price inflation in many markets, which may affect our ability to purchase Model Homes at prices we consider to be reasonable.

The significance, extent and duration of the impact of COVID-19 remains largely uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the continued severity, duration, transmission rate and geographic spread of COVID-19, the extent and effectiveness of the containment measures taken, and the response of the overall economy, the financial markets and the population.

The rapid development and volatility of this situation precludes us from making any prediction as to the ultimate adverse impact of COVID-19. As a result, we cannot provide an estimate of the overall impact of the COVID-19 pandemic on our business or when, or if, we (or our tenants) will be able to resume fully normal operations. Nevertheless, COVID-19 presents material uncertainty and risk with respect to our business, financial performance and condition, operating results and cash flows.

Our portfolio of marketable securities, including covered call options, is subject to market, interest and credit risk that may reduce its value.

We maintain a portfolio of marketable securities. As of December 31, 2022December 31, 2023, we owned common shares of 183 different publicly traded REITs and an immaterial amount of no written covered call options in threeany of those same REITs. The gross fair market value on our publicly traded REIT securities was $798,206, with covered call options totaling $457. As of December 31, 2022, the net fair value of our publicly traded REIT securities was $797,749$45,149, based on the December 31, 2022December 31, 2023 closing price. prices. Changes in the value of our portfolio of marketable securities could adversely affect our earnings. In particular, the value of our investments may decline due to increases in interest rates, downgrades of the securities included in our portfolio, instability in the global financial markets that reduces the liquidity of securities included in our portfolio, declines in the value of collateral underlying the securities included in our portfolio and other factors. In addition, the COVID-19 pandemic, geopolitical instability and rising inflation have and may continue to adversely affect the financial markets. Each of these events may cause us to record charges to reduce the carrying value of our investment portfolio or sell investments for less than our acquisition cost. Although we attempt to mitigate these risks through diversification of our investments and continuous monitoring of our portfolio's overall risk profile, the value of our investments may nevertheless decline.

We may be adversely affected by unfavorable economic changes in the geographic areas where our properties are located.

Adverse economic conditions in areas where properties securing or otherwise underlying our investments are located (including business layoffs or downsizing, industry slowdowns, changing demographics and other factors) and local real estate conditions (such as oversupply or reduced demand) may have an adverse effect on the value of our real estate portfolio. The deterioration of any of these local conditions could hinder our ability to profitably operate a property and adversely affect the price and terms of a sale or other disposition of the property.

Competition for properties may limit the opportunities available to us and increase our acquisition costs, which could have a material adverse effect on our growth prospects and negatively impact our profitability.

The market for property acquisitions continues to be competitive, which may reduce suitable investment opportunities available to us and increase acquisition purchase prices. Competition for properties offering higher rates of returns may intensify if real estate investments become more attractive relative to other investments. In acquiring real properties, we may experience considerable competition from a field of other investors, including other REITs, private equity investors, institutional investment funds, and real estate investment programs. Many of these competitors are larger than we are and have access to greater financial resources and better access to lower costs of capital. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments. This competition may limit our ability to take advantage of attractive investment opportunities that are consistent with our objectives. Our inability to acquire desirable properties on favorable terms could adversely affect our growth prospects, financial condition, our profitability and our ability to pay dividends.

Our inability to sell a property at the time and on the terms we desire could limit our ability to realize a gain on our investments and pay distributions to our stockholders.

Generally, we seek to sell, exchange or otherwise dispose of our properties when we determine such action to be in our best interests. Many factors beyond our control affect the real estate market and could affect our ability to sell properties for the price, on the terms or within the time frame that we desire. These factors include general economic conditions, the availability of financing, interest rates, supply and demand, and tax considerations. Because real estate investments are relatively illiquid, we have a limited ability to vary our portfolio in response to changes in economic or other conditions. Therefore, our inability to sell properties at the time and on the terms we want could reduce our cash flow, affect our ability to service or reduce our debt obligations, and limit our ability to make distributions to our stockholders.

Lease default or termination by one of our major tenants could adversely impact our operations and our ability to pay dividends.

The success of our real estate investments depends on the financial stability of our tenants. A default or termination by a significant tenant (or a series of tenants) on its lease payments could cause us to lose the revenue associated with such lease and seek an alternative source of revenue to meet mortgage payments and prevent a foreclosure, if the property is subject to a mortgage. In the event of a significant tenant default or bankruptcy, we may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment. Additionally, we may be unable to lease the property for the rent previously received or sell the property without incurring a loss. These events could cause us to reduce the amount of distributions to our stockholders.

A property that becomes vacant could be difficult to sell or re-lease and could have a material adverse effect on our operations.

We expect portions of our properties to periodically become vacant by reason of lease expirations, terminations, or tenant defaults. If a tenant vacates a property, we may be unable to re-lease the property without incurring additional expenditures, or at all. If the vacancy continues for a long period of time, if the rental rates upon such re-lease are significantly lower than expected, or if our reserves for these purposes prove inadequate, we will experience a reduction in net income and may be required to reduce or eliminate distributions to our stockholders. In addition, because a property's market value depends principally upon the value of the leases associated with that property, the resale value of a property with high or prolonged vacancies could suffer, which could further reduce our returns.

We may incur substantial costs in improving our properties.

In order to re-lease or sell a property, substantial renovations or remodeling could be required. For instance, we expect that some of our properties will be designed for use by a particular tenant or business. Upon default or termination of the lease by such a tenant, the property might not be marketable without substantial capital improvements. The cost of construction in connection with any renovations and the time it takes to complete such renovations may be affected by factors beyond our control, including material and labor shortages, general contractor and/or subcontractor defaults and delays, permitting issues, weather conditions, and changes in federal, state and local laws. If we experience cost overruns resulting from delays or other causes in any construction project, we may have to seek additional debt financing. Further, delays in construction will cause a delay in our receipt of revenues from that property and could adversely affect our ability to meet our debt service obligations.

Uninsured and/or underinsured losses may adversely affect returns to our stockholders.

Our policy is to obtain insurance coverage for each of our properties covering loss from liability, fire, and casualty in the amounts and under the terms we deem sufficient to insure our losses. Under tenant leases on our commercial properties, we require our tenants to obtain insurance to cover casualty losses and general liability in amounts and under terms customarily obtained for similar properties in the area. However, in certain areas, insurance to cover some losses, generally losses of a catastrophic nature such as earthquakes, floods, wind, hail, terrorism and wars, is either unavailable or cannot be obtained at a reasonable cost. Consequently, we may not have adequate coverage for such losses. If any of our properties incurs a casualty loss that is not fully insured, we could lose some or all of our investment in the property. In addition, other than any working capital reserve or other reserves we may establish, we likely would have no source of funding to repair or reconstruct any uninsured or underinsured property.

Since we are not required to maintain specific levels of cash reserves, we may have difficulty in the event of increased or unanticipated expenses.

We do not currently have, nor do we anticipate that we will establish in the future, a permanent reserve for maintenance and repairs, lease commissions, or tenant improvements of real estate properties. To the extent that existing expenses increase or unanticipated expenses arise and accumulated reserves are insufficient to meet such expenses, we would be required to obtain additional funds through borrowing or the sale of property. There can be no guarantee that such additional funds will be available on favorable terms, or at all.

We may have to extend credit to buyers of our properties and a default by such buyers could have a material adverse effect on our operations and our ability to pay dividends.

In order to sell a property, we may lend the buyer all or a portion of the purchase price. When we provide financing to a buyer, we bear the risk that the buyer may default or that we may not receive full payment for the property sold. Even in the absence of a buyer default, the distribution of the proceeds of the sale to our stockholders, or the reinvestment of the proceeds in other property, will be delayed until the promissory note or collateral we may accept upon a sale is actually paid, sold, refinanced or otherwise disposed.

We may be adversely affected by trends in office real estate.

In 2022, 2023, approximately 63% 54% of our net operating income was from our office properties, and approximately 59% 63% in 2021. 2022. Work from home, flexible work schedules, open workplaces, videoconferencing, and teleconferencing are becoming more common, particularly as a result of the COVID-19 pandemic. These practices may enable businesses to reduce their office space requirements. There is also an increasing trend among some businesses to utilize shared office spaces and co-working spaces. A continuation of the movement towards these practices could, over time, erode the overall demand for office space and, in turn, place downward pressure on occupancy, rental rates and property valuations.

We may acquire properties in joint ventures, partnerships or through limited liability companies, which could limit our ability to control or liquidate such holdings.

We may hold properties indirectly with others as co-owners (a co-tenancy interest) or indirectly through an intermediary entity such as a joint venture, partnership or limited liability company. Also, we may on occasion purchase an interest in a long-term leasehold estate or we may enter into a sale-leaseback financing transaction (see risk factor titled “In a sale-leaseback transaction, we are at risk that our seller/lessee will default, which could impair our operations and limit our ability to pay dividends.”). Such ownership structures allow us to hold a more valuable property with a smaller investment, but may reduce our ability to control such properties. In addition, if our co-owner in such arrangements experiences financial difficulties or is otherwise unable or unwilling to fulfill its obligations, we may be forced to find a new co-owner on less favorable terms or lose our interest in such property if no co-owner can be found.

As a general partner or member in DownREIT entities, we could be responsible for all liabilities of such entities.

We own three of our properties indirectly through limited liability companies and limited partnerships under a DownREIT structure. In a DownREIT structure, as well as some joint ventures or other investments we may make, we may utilize a limited liability company or a limited partnership as the holder of our real estate investment. We currently own a portion of these interests as a member, general partner and/or limited partner and in the future may acquire all or a greater interest in such entity. As a sole member or general partner, we are or would be potentially liable for all of the liabilities of the entities, even if we do not have rights of management or control over its operations. Therefore, our liability could far exceed the amount or value of investment we initially made, or then had, in such entities.

Our ability to operate a property may be limited by contract, which could prevent us from obtaining the maximum value from such properties.

Some of our properties will likely be contiguous to other parcels of real property, for example, comprising part of the same shopping center development. In some cases, there could exist significant covenants, conditions and restrictions, known as CC&Rs, relating to such property and any improvements or easements related to that property. The CC&Rs would restrict our operation of that property and could adversely affect the value of such property, either of which could adversely affect our operating costs and reduce the amount of funds that we have available to pay dividends.

We may acquire properties “as is,” which increases the risk that we will have to remedy defects or costs without recourse to the seller.

We may acquire real estate properties “as is,” with only limited representations and warranties from the seller regarding matters affecting the condition, use and ownership of the property. If defects in the property or other matters adversely affecting the property are discovered post-closing, we may not be able to pursue a claim for any or all damages against the seller. Therefore, we could lose some or all of our invested capital in the property as well as rental income. Such a situation could negatively affect our financial condition and results of operations.

In a sale-leaseback transaction, we are at risk that our seller/lessee will default, which could impair our operations and limit our ability to pay dividends.

In our model homes business, we frequently lease model home properties back to the seller or homebuilder for a certain period of time. Our ability to meet any mortgage payments is subject to the seller/lessee's ability to pay its rent and other lease obligations, such as triple net expenses, on a timely basis. A default by the seller/lessee or other premature termination of its leaseback agreement with us and our subsequent inability to release the property could cause us to suffer losses and adversely affect our financial condition and ability to pay dividends.

Our model home business is substantially dependent on the supply and/or demand for single family homes.

Any significant decrease in the supply and/or demand for single family homes could have an adverse effect on our business. Reductions in the number of model home properties built by homebuilders due to fewer planned unit developments, rising construction costs or other factors affecting supply could reduce the number of acquisition opportunities available to us. The level of demand for single family homes may be impacted by a variety of factors, including changes in population density, the health of local, regional and national economies, mortgage rates, and the demand and use of model homes in newly developed communities by homebuilders and developers.

We may be unable to acquire and/or manage additional model homes at competitive prices or at all.

Model homes generally have a short life before becoming residential homes and there are a limited number of model homes at any given time. In addition, as each model home is unique, we need to expend resources to complete our due diligence and underwriting process on many individual model homes, thereby increasing our acquisition costs and possibly reducing the amount that we are able to pay for a particular property. Accordingly, our plan to grow our model home business by acquiring additional model homes to lease back to home builders may not succeed.

There are a limited number of model homes and competition to buy these properties may be significant.

We plan to acquire model homes to lease back to home builders when we identify attractive opportunities and have financing available to complete such acquisitions. We may face competition for acquisition opportunities from other investors. We may be unable to acquire a desired property because of competition from other well capitalized real estate investors, including private investment funds and others. Competition from other real estate investors may also significantly increase the purchase price we must pay to acquire properties.

A significant percentage of our properties are concentrated in a small number of states, which exposes our business to the effects of certain regional events and occurrences.

Our commercial properties are currently located in California, Colorado, Maryland, North Dakota and Texas. Our model home portfolio consists of properties currently located located in three five states, although a significant significant concentration of our model homes is located in Texas. As of December 31, 2022 2023, approximately 96% 91% of our model homes were located in Texas. This concentration of properties in a limited number of markets may expose us to risks of adverse economic developments that are greater than if our portfolio were more geographically diverse. These economic developments include regional economic downturns and potentially higher local property, sales and income taxes in the geographic markets in which we are concentrated. In addition, our properties are subject to the effects of adverse acts of nature, such as winter storms, hurricanes, hailstorms, strong winds, earthquakes and tornadoes, which may cause damage, such as flooding, to our properties. Additionally, we cannot assure you that the amount of casualty insurance we maintain would entirely cover damages caused by any such event, or in the case of our model homes portfolio or commercial triple net leases, that the insurance maintained by our tenants would entirely cover damages caused by any such event.

As a result of our geographic concentration of properties, we will face a greater risk of a negative impact on our revenues in the event these areas are more severely impacted by adverse economic and competitive conditions and extreme weather than other areas in the United States.

We may be required under applicable accounting principles and standards to make impairment charges against one or more of our properties.

Under current accounting standards, requirements, and principles, we are required to periodically evaluate our real estate investments for impairment based on a number of indicators. Impairment indicators include real estate markets, leasing rates, occupancy levels, mortgage loan status, and other factors which affect the value of a particular property. For example, a tenant's default under a lease, the upcoming termination of a long-term lease, the pending maturity of a mortgage loan secured by a property, and the unavailability of replacement financing are all impairment indicators. The presence of any of these indicators may require us to make a material impairment charge against the property so affected. If we determine an impairment has occurred, we are required to make an adjustment to the net carrying value of the property which could have a material adverse effect on our results of operations and financial condition for the period in which the impairment charge is recorded.

Discovery of toxic mold on our properties may adversely affect our results of operation.

Litigation and concern about indoor exposure to certain types of toxic molds have been increasing as the public becomes more aware that exposure to mold can cause a variety of health effects and symptoms, including allergic reactions. Toxic molds can be found almost anywhere; when excessive moisture accumulates in buildings or on building materials, mold growth will often occur, particularly if the moisture remains undiscovered or unaddressed. We attempt to acquire properties where there is no toxic mold or where there has not been any proceeding or litigation with respect to the presence of toxic mold. However, we cannot provide assurances that toxic mold will not exist on any of our properties or will not subsequently develop. The presence of toxic mold at any of our properties could require us to undertake a costly remediation program to contain or remove the mold from the affected property. In addition, the presence of toxic mold could expose us to liability from our tenants, employees of our tenants, and others if property damage or health concerns arise.

Our long-term growth may depend on obtaining additional equity capital.

Historically, we relied on cash from the sale of our equity securities to fund the implementation of our business plan, including property acquisitions and building our staff and internal management and administrative capabilities. We terminated our Series A Common Stock private placement on December 31, 2011 and closed on a preferred stock financing in August 2014, which financing was repaid in September 2020. Additionally, we consummated a preferred stock financing in June 2021 and in July 2021 completed a public offering of common stock and concurrent private placement of warrants. Our continued ability to fund real estate investments, our operations, and payment of dividends to our stockholders will likely be dependent upon our obtaining additional capital through the additional sales of our equity and/or debt securities. Without additional capital, we may not be able to grow our asset base to a size that is sufficient to support our planned growth, current operations, or to pay dividends to our stockholders at rates or at the levels required to maintain our REIT status (see risk factor titled “We may be forced to borrow funds on a short-term basis, to sell assets or to issue securities to meet the REIT minimum distribution or other requirements or for working capital purposes.”). There is no assurance as to when and under what terms we could successfully obtain additional funding through the sale of our equity and/or debt securities. Our access to additional equity or debt capital depends on a number of factors, including general market conditions, the market’s perception of our growth potential, our expected future earnings, and our debt levels. If we are unable to obtain such additional equity capital, it could have an adverse impact on our growth aspects and the market price of our outstanding securities.

We currently are dependent on internal cash from our operations, financing and proceeds from property sales to fund future property acquisitions, meet our operational costs and pay dividends to our stockholders.

To the extent the cash we receive from our real estate investments and re-financing of existing properties is not sufficient to pay our costs of operations, our acquisition of additional properties, or our payment of dividends to our stockholders, we would be required to seek capital through additional measures. We may incur additional debt or issue additional preferred and common stock for various purposes, including, without limitation, to fund future acquisitions and operational needs. Other measures of generating or preserving capital could include decreasing our operational costs through reductions in personnel or facilities, reducing or suspending our acquisition of real estate, and reducing or suspending dividends to our stockholders.

Reducing or suspending our property acquisition program would prevent us from fully implementing our business plan and reaching our investment objectives. Reducing or suspending the payment of dividends to our stockholders would decrease our stockholders’ return on their investment and possibly prevent us from satisfying the minimum distribution or other requirements of the REIT provisions (see risk factor titled “We may be forced to borrow funds on a short-term basis, to sell assets or to issue securities to meet the REIT minimum distribution or other requirements requirement or for working capital purposes.”). Any of these measures would likely have a substantial adverse effect on our financial condition, the value of our common stock, and our ability to raise additional capital.

There can be no assurance that distributions will be paid, maintained or increased over time.

There are many factors that can affect the availability and timing of cash distributions to our stockholders. Distributions are expected to be based upon our funds from operations, or FFO, financial condition, cash flows and liquidity, debt service requirements and capital or other expenditure requirements for our properties, and any distributions will be authorized at the sole discretion of our Board of Directors out of funds legally available therefor, and their form, timing and amount, if any, will be affected by many factors, such as our ability to acquire profitable real estate investments and successfully manage our real estate properties and our operating expenses. Other factors may be beyond our control. We can therefore provide no assurance that we will be able to pay or maintain distributions or that distributions will increase over time. For example, our distributions were suspended for the periods from the third quarter of 2017 through the third quarter of 2018 and for the final three quarters of 2019 through the third quarter of 2020. We have made quarterly distribution to our holders of Series A Common stockholders Stock since the fourth quarter of 2020 through the fourth quarter of 2022. 2023. If we do not have sufficient cash available for distributions, we may need to fund the shortage out of working capital or borrow to provide funds for such distributions, which would reduce the amount of proceeds available for real estate investments and increase our future interest costs. Our inability to pay distributions, or to pay distributions at expected levels, could result in a decrease in the per share trading price of our Series A Common Stock, Series D Preferred Stock or Series A Warrants.

If we are unable to find suitable investments, we may not be able to achieve our investment objectives or continue to pay distributions.

Our ability to achieve our investment objectives and to pay distributions on a regular basis is dependent upon our acquisition of suitable property investments and obtaining satisfactory financing arrangements. We cannot be sure that our management will be successful in finding suitable properties on financially attractive terms. If our management is unable to find such investments, we will hold the proceeds available for investment in an interest-bearing account or invest the proceeds in short-term, investment-grade investments. Holding such short-term investments will prevent us from making the long-term investments necessary to generate operating income to pay distributions. As a result, we will need to raise additional capital to continue to pay distributions until such time as suitable property investments become available (see risk factor titled “We may be forced to borrow funds on a short-term basis, to sell assets or to issue securities to meet the REIT minimum distribution or other requirements or for working capital purposes.”). In the event that we are unable to do so, our ability to pay distributions to our stockholders will be adversely affected.

We depend on key personnel, and the loss of such persons could impair our ability to achieve our business objectives.

Our success substantially depends upon the continued contributions of certain key personnel in evaluating and securing investments, selecting tenants and arranging financing. Our key personnel include Jack K. Heilbron, our Chief Executive Officer and President, Adam Sragovicz, Ed Bentzen, our Chief Financial Officer, and Gary Katz, our Chief Investment Officer, each of whom would be difficult to replace. If either of these individuals or any of the other members of our management team were to leave, the implementation of our investment strategies could be delayed or hindered, and our operating results could suffer.

We also believe that our future success depends, in large part, upon our ability to hire and retain skilled and experienced managerial and operational personnel. Competition for skilled and experienced professionals has intensified, and we cannot assure our stockholders that we will be successful in attracting and retaining such personnel.

We rely on third-party property managers to manage most of our properties and brokers or agents to lease our properties.

We rely on various third-party property managers to manage most of our properties and local brokers or agents to lease vacant space. These third-party property managers have significant decision-making authority with respect to the management of our properties. Although we are significantly engaged with our third-party property managers, our ability to direct and control how our properties are managed on a day-to-day basis may be limited. Major issues encountered by our property managers, broker or leasing agents could adversely impact the operation and profitability of our properties and, consequently, our financial condition, results of operations, cash flows, cash available for distributions and our ability to service our debt obligations.

We may change our investment and business policies without stockholder consent, and such changes could increase our exposure to operational risks.

Our Board of Directors may change our investment and business policies, including our policies with respect to investments, acquisitions, growth, operations, indebtedness, capitalization and distributions, at any time without the consent of our stockholders. Although our independent directors review our investment policies at least annually to determine that the policies we are following are in the best interests of our Company, a change in such policies could result in our making investments different from, and possibly riskier than, investments made in the past. A change in our investment policies may, among other things, increase our exposure to interest rate risk, default risk and real estate market fluctuations, all of which could materially affect our ability to achieve our investment objectives.

If we are deemed to be an investment company under the Investment Company Act, including due to our sponsorship of the Murphy Canyon SPAC, our stockholders' stockholders’ investment return may be reduced.

We are not registered as an investment company under the Investment Company Act, of 1940, based on exceptions we believe are available to us. Our investment in If at any time the Murphy Canyon SPAC discussed above character of our investments could give rise cause us to a determination that we are be deemed an investment company subject for purposes of the Investment Company Act, we could be required to registration register under the Investment Company Act. We intend to conduct our operations so that we will not be deemed to be an investment company. The SPAC IPO registration statement and related prospectus includes an exception permitting us to transfer our ownership in the founder shares at any time to the extent that we determine, in good faith, that such transfer is necessary to ensure that we comply Ac. Compliance with the Investment Company Act. Ac, as a registered investment company, would require us to significantly alter our business and could impair our ability to operate as REIT, with potential adverse impacts on our business, and, thus, our stockholders.

Provisions of Maryland law may limit the ability of a third party to acquire control of us by requiring our Board of Directors or stockholders to approve proposals to acquire our Company or effect a change in control.

Certain provisions of the Maryland General Corporation Law ("MGCL") may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change in control under circumstances that otherwise could provide our stockholders with the opportunity to realize a premium over the then-prevailing market price of their shares of common stock, including:

- "business combination" provisions that, subject to certain exceptions and limitations, prohibit certain business combinations between a Maryland corporation and an "interested stockholder" (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting stock or an affiliate or associate of ours who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of our then outstanding shares of stock) or an affiliate of any interested stockholder for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes two super-majority stockholder voting requirements on these combinations, unless, among other conditions, our common stockholders receive a minimum price, as defined in the MGCL, for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares of stock; and

- "control share" provisions that provide that, subject to certain exceptions, holders of "control shares" (defined as voting shares that, when aggregated with all other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a "control share acquisition" (defined as the direct or indirect acquisition of ownership or control of issued and outstanding "control shares") have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding shares owned by the acquirer, by our officers or by our employees who are also directors of our Company.

By resolution, our Board of Directors has exempted business combinations between us and any other person, provided that the business combination is first approved by our Board of Directors (including a majority of our directors who are not affiliates or associates of such person). We cannot assure you that our Board of Directors will not amend or repeal this resolution in the future. In addition, pursuant to a provision in our bylaws we have opted out of the control share provisions of the MGCL.

In addition, the "unsolicited takeover" provisions of Title 3, Subtitle 8 of the MGCL permit our Board of Directors, without stockholder approval and regardless of what is provided in our charter or bylaws, to implement certain takeover defenses, including adopting a classified board or increasing the vote required to remove a director. Such takeover defenses may have the effect of inhibiting a third party from making an acquisition proposal for us or of delaying, deferring or preventing a change in control of us under the circumstances that otherwise could provide our common stockholders with the opportunity to realize a premium over the then-current market price.

Our Board of Directors may approve the issuance of stock, including preferred stock, with terms that may discourage a third party from acquiring us.

Other than as set forth therein, our charter permits our Board of Directors, without any action by our stockholders, to authorize the issuance of stock in one or more classes or series. Our Board of Directors may also classify or reclassify any unissued preferred stock and set or change the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of any such stock, which rights may be superior to those of our common stock. Thus, our Board of Directors could authorize the issuance of shares of a class or series of stock with terms and conditions which could have the effect of discouraging a takeover or other transaction in which holders of some or a majority of our outstanding common stock might receive a premium for their shares over the then current market price of our common stock.

Our rights and the rights of our stockholders to take action against our directors and officers are limited.

Our charter eliminates the liability of our directors and officers to us and our stockholders for money damages to the maximum extent permitted under Maryland law. Under current Maryland law and our charter, our directors and officers will not have any liability to us or our stockholders for money damages other than liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or

- active and deliberate dishonesty by the director or officer that was established by a final judgment and is material to the cause of action adjudicated.

Our charter authorizes us and our bylaws obligate us to indemnify each of our directors or officers who is or is threatened to be made a party to, or witness in, a proceeding by reason of his or her service in those or certain other capacities, to the maximum extent permitted by Maryland law, from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her status as a present or former director or officer of us or serving in such other capacities. In addition, we may be obligated to pay or reimburse the expenses incurred by our present and former directors and officers without requiring a preliminary determination of their ultimate entitlement to *indemnification. As a result, we and our stockholders may have more limited rights to recover money damages from our directors and officers than might otherwise exist absent these provisions in our charter and bylaws or that might exist with other companies, which could limit your recourse in the event of actions that are not in our or your best interests.*

Our management faces certain conflicts of interest with respect to their other positions and/or interests outside of our Company, which could hinder our ability to implement our business strategy and to generate returns to our stockholders.

We rely on our management, including Mr. Heilbron, our Chief Executive Officer and President, for implementation of our investment policies and our day-to-day operations. Although the majority of his business time is spent working for our Company, Mr. Heilbron engages in other investment and business activities in which we have no economic interest. His responsibilities to these other entities could result in action or inaction that is detrimental to our business, which could harm the implementation of our business strategy. He may face conflicts of interest in allocating his time among us and his other business ventures and in meeting his obligations to us and those other entities. His determinations in these situations may be more favorable to other entities than to us.

Possible future transactions with our management or their affiliates could create a conflict of interest, which could result in actions that are not in the long-term best interests of our stockholders.

Under prescribed circumstances, we may enter into transactions with affiliates of our management, including the borrowing and lending of funds, the purchase and sale of properties and joint investments. Currently, our policy is not to enter into any transaction involving sales or purchases of properties or joint investments with management or their affiliates, or to borrow from or lend money to such persons. However, our policies in each of these regards may change in the future.

We face system security risks as we depend on automated processes and the Internet.

We are increasingly dependent on automated information technology processes. While we attempt to mitigate this risk through offsite backup procedures and contracted data centers that include, in some cases, redundant operations, we could be severely impacted by a catastrophic occurrence, such as a natural disaster or a terrorist attack.

In addition, an increasing portion of our business operations are conducted over the Internet, putting us at risk from cybersecurity attacks, including attempts to make unauthorized transfers of funds, gain unauthorized access to our confidential data or information technology systems, viruses, ransomware, and other electronic security breaches. Such cyber-attacks may involve more sophisticated security threats that could impact day-to-day operations. While we employ a number of measures to prevent, detect and mitigate these threats, there is no guarantee such efforts will be successful at preventing a cyber-attack. Cybersecurity incidents could compromise confidential information of our tenants, employees and vendors and cause system failures and disruptions of operations.

Risks related to cyber-attacks, cyber intrusions and other security breaches.

We face risks associated with security breaches, whether through cyber-attacks or cyber intrusions over the Internet, malware, computer viruses, attachments to e-mails, persons inside our organization or persons with access to systems inside our organization, and other significant disruptions of our IT networks and related systems. The risk of a security breach or disruption, particularly through cyber-attack or cyber intrusion has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. In addition, the risk of cyber-attack or cyber intrusion has increased and become more costly to monitor and manage with more of our employees and the employees of our vendors, customers or other business partners working remotely as a result of the ongoing pandemic. Our IT networks and related systems are essential to the operation of our business and our ability to perform day-to-day operations (including managing our building systems). We make efforts to maintain the security and integrity of our IT networks and systems and have implemented various measures to manage the risk of a security breach or disruption. However, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. A security breach or other significant disruption involving our IT networks and related systems could result in unauthorized access to proprietary, confidential, sensitive or otherwise valuable information, significantly disrupt our business operations, cause damage to our reputation and subject us to additional unforeseen costs and require significant time and resources to remedy. Any or all of the foregoing could have a material adverse effect on our results of operations, financial condition and cash flows.

Current legislative uncertainty and discourse could cause significant economic impact on markets, including the availability and access to capital markets and other funding sources, adverse changes in real estate values and increased interest rates. Such impacts could have a material adverse effect on our business, financial condition, results from operation and growth prospects.

In 2022 and 2023, the United States Federal Reserve raised interest rates multiple times over the course of the year and is expected may raise interest rates several times in 2023 2024 as well. An increase in the federal funds effective rate could cause an increase in rates related to lending for commercial real estate, which could have a material adverse effect on our business, including our ability to pay distributions. Further, the outcome of congressional and other elections creates uncertainty with respect to legal, tax and regulatory regimes in which we operate. These changes could result in sweeping reform in many laws and regulations, including without limitation, those relating to taxes and small business aid and recovery from the COVID-19 pandemic. aid. In addition, political discourse continues to be abrasive and an inability of the legislative and executive branches to engage in bipartisan politics may lead to instability on legislative, economic and social matters. These factors could have significant economic impacts on the markets, including without limitation, the stability, availability and access to capital markets and other funding sources, reduced real estate values and increases to interest rates. Such impacts could have a material adverse effect on our business, financial condition, results from operation and growth prospects.

Our sponsorship If any of Murphy Canyon requires significant capital deployment, entails the risk banking institutions in which we deposit funds ultimately fails, we may lose any amounts of losing our entire investment, deposits over federally insured levels which could reduce the amount of cash we have available to distribute or invest and could result in a decline in our value.

Continued uncertainty in the banking industry and additional bank failures could adversely impact our ability to maintain our business or access company funds. The banking industry is currently facing instability. We expect that the banking industry, particularly smaller banks, may continue to face potential failures. We currently hold a majority of our funds at a Western Alliance bank. We may need to coordinate and diversify banking relationships in order to have business continuity. If a bank where we hold funds experiences at bank failure, we may not be successful, able to access funds or may lose funds which would have a negative impact on the financial condition of the business and our ability to conduct business.

We have deployed significant capital to own equity of Conduit, and the value of our equity investment in Conduit may decline due to factors outside of our control, which would likely have a material adverse effect on our future expansion, revenues, and profits.

We In connection with our sponsorship of the SPAC, we purchased through the Sponsor, founder shares in Murphy Canyon the SPAC for an aggregate purchase price of $25,000. In $25,000 in 2021 and in connection with Murphy Canyon's the SPAC's IPO in 2022, we purchased through the Sponsor, 754,000 private placement units at a price of $10.00 per unit, for an aggregate purchase price of $7,540,000. We Following the SPAC's business combination with Conduit Pharma, we currently own approximately 65% 6.3% of Murphy Canyon's Conduit's outstanding shares. The founder shares and private placement units will be worthless if Murphy Canyon does not complete an initial business combination. In addition, the Sponsor has loaned or expect to loan Murphy Canyon up to $1,500,000. Accordingly, we will benefit from the completion of a business combination and may be incentivized to complete an acquisition of a less favorable target company or on terms less favorable to shareholders rather than liquidate.

The value of our equity investment in Murphy Canyon, Conduit, as carried on the consolidated balance sheet included in the financial statements accompanying this Form 10-K, is approximately $7.56 million, which we have computed in accordance with accounting principles generally accepted in the United States ("GAAP"), and which constitutes [a significant portion/ the majority] approximately 41% of the carrying value of our total assets as reflected on our consolidated balance sheet. If Murphy Canyon is unable to consummate its IBC successfully, then we would likely be unable to recover any portion sheet as of this equity investment. Further, even if Murphy Canyon is able to consummate its IBC, we December 31, 2023. We can provide no assurance that the value of this our equity investment in Conduit will not decline significantly based upon a variety of factors wholly outside of our control, including, without limitation, shareholder and the performance of Conduit's business, general market reaction to any IBC, redemption requests received from Murphy Canyon stockholders in connection with any proposed IBC, and Murphy Canyon economic conditions and stockholder dilution resulting from additional any capital raises or other financing transactions undertaken by Murphy Canyon in connection with its IBC.

Our officers, including our Chairman, Chief Executive Officer and President, Mr.Heilbron, will allocate some of their time to Murphy Canyon, thereby causing potential conflicts of interest in their determination as to how much time to devote to our affairs. This potential conflict of interest could have a negative impact on our operations.

Mr. Heilbron, our Chairman, Chief Executive Officer and President, Mr. Sragovicz, our Chief Financial Officer, and Mr. Bentzen, our Chief Accounting Officer, also serve in these positions for Murphy Canyon, and Mr. Heilbron and Mr. Sragovicz additionally serve as directors of Murphy Canyon. These officers may not commit their full time to our affairs, which may result in a conflict of interest in allocating their time between our operations and Murphy Canyon's operations. These officers are engaged in Murphy Canyon and are not obligated to contribute any specific number of hours per week to our affairs. While we do not believe that the time devoted to the SPAC will undermine their ability to fulfill their duties with respect to our Company, if the business affairs of Murphy Canyon require them to devote substantial amounts of time to such affairs, it could limit their ability to devote time to our affairs which may have a negative impact on our operations. Conduit.

Risks Related to our Indebtedness

We have significant outstanding indebtedness, which requires that we we generate sufficient cash flow to satisfy the payment and other obligations under the terms of our debt and exposes us to the risk of default under the terms of our debt.

Our total gross indebtedness as of December 31, 2022December 31, 2023 was approximately $97.8 million$108.5 million. We may incur additional debt for various purposes, including, without limitation, to fund future acquisitions and operational needs.

The terms of our outstanding indebtedness provide for significant principal and interest payments. Our ability to meet these and other ongoing payment obligations of our debt depends on our ability to generate significant cash flow in the future. Our ability to generate cash flow, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors, as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that capital will be available to us, in amounts sufficient to enable us to meet our payment obligations under our loan agreements and to fund our other liquidity needs. If we are not able to generate sufficient cash flow to service these obligations, we may need to refinance or restructure our debt, sell unencumbered assets subject to defeasance or yield maintenance costs (which we may be limited in doing in light of the relatively illiquid nature of our properties), reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet these payment obligations, which could materially and adversely affect our liquidity. Our *outstanding indebtedness, and the limitations imposed on us by the agreements that govern our outstanding indebtedness, could have significant adverse consequences, including the following:*

- make it more difficult for us to satisfy our obligations;
- limit our ability to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements, or to carry out other aspects of our business plan;
- limit our ability to refinance our indebtedness at maturity or impose refinancing terms that may be less favorable than the terms of the original indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to payments on obligations under our outstanding indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures and other general corporate requirements, or adversely affect our ability to meet REIT distribution requirements imposed by the Code;
- cause us to violate restrictive covenants in the documents that govern our indebtedness, which would entitle our lenders to charge default rates of interest and/or accelerate our debt obligations;
- cause us to default on our obligations, causing lenders or mortgagees to foreclose on properties that secure our loans and receive an assignment of our rents and leases;
- force us to dispose of one or more of our properties, possibly on unfavorable terms or in violation of certain covenants to which we may be subject;
- limit our ability to make material acquisitions or take advantage of business opportunities that may arise and limit our flexibility in planning for, or reacting to, changes in our business and industry, thereby limiting our ability to compete effectively or operate successfully; and
- cause us to not have sufficient cash flow to pay dividends to our stockholders or place restrictions on the payment of dividends to our stockholders.

If any one of these events was to occur, our business, results of operations and financial condition would be materially adversely affected.

Mortgage indebtedness and other borrowings increase our operational risks.

Loans obtained to fund property acquisitions will generally be secured by mortgages on our properties. The more we borrow, the higher our fixed debt payment obligations will be and the greater the risk that we will not be able to timely meet these payment obligations. At December 31, 2022 December 31, 2023, excluding our model home properties, we had a total of approximately $73.0 million $73.7 million of secured financing on our properties. If we are unable to make our debt payments as required, due to a decrease in rental or other revenues or an increase in our other costs, a lender could charge us a default rate of interest and/or foreclose on the property or properties securing its debt. This could cause an adverse effect on our results of operations and/or cause us to lose part or all of our investment, adversely affecting our financial condition by lowering the value of our real estate portfolio.

Lenders often require restrictive covenants relating to our operations, which adversely affects our flexibility and may affect our ability to achieve our investment objectives.

Some of our mortgage loans impose restrictions that affect our distribution and operating policies, our ability to incur additional debt and our ability to resell interests in properties. A number of loan documents contain covenants requiring us to maintain cash reserves or letters of credit under certain circumstances and limiting our ability to further mortgage the property, discontinue certain insurance coverage, replace the property manager, or terminate certain operating or lease agreements related to the property. Such restrictions may limit our ability to achieve our investment objectives.

Financing arrangements involving balloon payment obligations may adversely affect our ability to pay distributions.

Some of our mortgage loans require us to make a lump-sum or “balloon” payment at maturity. We may finance more properties that we acquire in this manner. Our ability to make a balloon payment at maturity could be uncertain and may depend upon our ability to obtain additional financing, to refinance the debt or to sell the property. When the balloon payment is due, we may not be able to refinance debt on favorable terms or sell the property at a price that would cover the balloon payment. The effect of a refinancing or sale could affect the rate of return to stockholders and the value of our common stock.

In addition, making a balloon payment may leave us with insufficient cash to pay the distributions that are required to maintain our qualification as a REIT. At December 31, 2022 December 31, 2023, excluding our model homes business, we have no mortgage that requires a balloon payment in 2023. The model homes division pays off the balance of its mortgages using proceeds from the sale of the underlying homes. Any deficiency in the sale proceeds would have to be paid from existing cash, reducing the amount available for distributions and operations.

Risks Related to our Status as a REIT and Related Federal Income Tax Matters

Failure to qualify as a REIT could adversely affect our operations and our ability to pay distributions.

We elected to be taxed as a REIT for federal income tax purposes commencing with our taxable year ended December 31, 2001. We believe that we have been organized and have operated in a manner that has allowed us to qualify for taxation as a REIT for federal income tax purposes commencing with such taxable year, and we expect to operate in a manner that will allow us to continue to qualify as a REIT for federal income tax purposes. However, the federal income tax laws governing REITs are extremely complex, and interpretations of the federal income tax laws governing qualification as a REIT are limited. Qualifying as a REIT requires us to meet various tests regarding the nature of our assets and our income, the ownership of our outstanding stock, and the amount of our distributions on an ongoing basis. While we intend to continue to operate so that we will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, including the tax treatment of certain investments and dispositions, and the possibility of future changes in our circumstances, no assurance can be given that we will qualify for any particular year. If we lose our REIT qualification, we would be subject to federal corporate income taxation on our taxable income, and we could also be subject to increased state and local taxes. Additionally, we would not be allowed a deduction for distributions paid to stockholders. Moreover, unless we are entitled to relief under applicable statutory provisions, we could not elect to be taxed as a REIT for four taxable years following the year during which we were disqualified. The income tax consequences could be substantial and would reduce our cash available for distribution to stockholders and investments in additional real estate. We could also be required to borrow funds or liquidate some investments in order to pay the applicable tax. If we fail to qualify as a REIT, we would not be required to make distributions to our stockholders.

As a REIT, we may be subject to tax liabilities that reduce our cash flow.

Even if we continue to qualify as a REIT for federal income tax purposes, we may be subject to federal, state and local taxes on our income or property, including the following:

- To continue to qualify as a REIT, we must distribute annually at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gains) to our stockholders. If we satisfy the distribution requirement but distribute less than 100% of our REIT taxable income (determined without regard to the dividends paid deduction and including net capital gains), we will be subject to corporate income tax on the undistributed income.

- We will be subject to a 4% nondeductible excise tax on the amount, if any, by which the distributions that we pay in any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income, and 100% of our undistributed income from prior years.

- If we have net income from the sale of foreclosure property that we hold primarily for sale to customers in the ordinary course of business or other non-qualifying income from foreclosure property, we must pay a tax on that income at the highest corporate income tax rate.

- If we sell a property, other than foreclosure property, that we hold primarily for sale to customers in the ordinary course of business, our gain will be subject to the 100% “prohibited transaction” tax.

- We may be subject to state and local taxes on our income or property, either directly or indirectly because of the taxation of entities through which we indirectly own our assets.

- Our subsidiaries that are “taxable REIT subsidiaries” will generally be required to pay federal corporate income tax on their earnings.

Our ownership of taxable REIT subsidiaries is subject to certain restrictions, and we will be required to pay a 100% penalty tax on certain income or deductions if our transactions with our taxable REIT subsidiaries are not conducted on arm’s length terms.

We own and may acquire direct or indirect interests in one or more entities that have elected or will elect, together with us, to be treated as our taxable REIT subsidiaries. A taxable REIT subsidiary is a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) other than a REIT in which a REIT directly or indirectly holds stock, and that has made a joint election with such REIT to be treated as a taxable REIT subsidiary. If a taxable REIT subsidiary owns more than 35% of the total voting power or value of the outstanding securities of another corporation, such other corporation will also be treated as a taxable REIT subsidiary. Other than some activities relating to lodging and health care facilities, a taxable REIT subsidiary may generally engage in any business, including the provision of customary or non-customary services to tenants of its parent REIT.

A taxable REIT subsidiary is subject to U.S. federal income tax as a regular C corporation. In addition, a 100% excise tax will be imposed on certain transactions between a taxable REIT subsidiary and its parent REIT that are not conducted on an arm's length basis.

A REIT's ownership of securities of a taxable REIT subsidiary is not subject to the 5% or 10% asset tests applicable to REITs. Not more than 25% of the value of our total assets could be represented by securities, including securities of taxable REIT subsidiaries, other than those securities includable in the 75% asset test. Further, for taxable years beginning after December 31, 2017, not more than 20% of the value of our total assets may be represented by securities of taxable REIT subsidiaries. We anticipate that the aggregate value of the stock and other securities of any taxable REIT subsidiaries that we own will be less than 20% of the value of our total assets, and we will monitor the value of these investments to ensure compliance with applicable asset test limitations. In addition, we intend to structure our transactions with any taxable REIT subsidiaries that we own to ensure that they are entered into on arm's length terms to avoid incurring the 100% excise tax described above. There can be no assurance, however, that we will be able to comply with these limitations or avoid application of the 100% excise tax discussed above.

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We may be forced to borrow funds on a short-term basis, to sell assets or to issue securities to meet the REIT minimum distribution or other requirements or for working capital purposes.

To qualify as a REIT, we must continually satisfy tests concerning, among other things, the nature and diversification of our assets, the sources of our income and the amounts we distribute to our stockholders. In order to maintain our REIT status or avoid the payment of income and excise taxes, we may need to borrow funds on a short-term basis to meet the REIT distribution requirements, even if the then-prevailing market conditions are not favorable for these borrowings. To qualify as a REIT, in general, we must distribute to our stockholders at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gains) each year. We have and intend to continue to make distributions to our stockholders. However, our ability to make distributions may be adversely affected by the risk factors described elsewhere herein. In the event of a decline in our operating results and financial performance or in the value of our asset portfolio, we may not have cash sufficient for distribution. Therefore, to preserve our REIT status or avoid taxation, we may need to borrow funds, sell assets or issue additional securities, even if the then-prevailing market conditions are not favorable. Moreover, we may be required to liquidate or forgo otherwise attractive investments in order to satisfy the REIT asset and income tests or to qualify under certain statutory relief provisions. If we are compelled to liquidate our investments to meet any of these asset, income or distribution tests, or to repay obligations to our lenders, we may be unable to comply with one or more of the requirements applicable to REITs or may be subject to a 100% tax on any resulting gain if such sales constitute prohibited transactions.

In addition, we require a minimum amount of cash to fund our daily operations. Due to the REIT distribution requirements, we may be forced to make distributions when we otherwise would use the cash to fund our working capital needs. Therefore, we may be forced to borrow funds, to sell assets or to issue additional securities at certain times for our working capital needs.

The tax imposed on REITs engaging in "prohibited transactions" may limit our ability to engage in transactions that would be treated as sales for U.S. federal income tax purposes.

A REIT's net income from prohibited transactions is subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. Although we do not intend to hold any properties that would be characterized as held for sale to customers in the ordinary course of our business unless a sale or disposition qualifies under certain statutory safe harbors, such characterization is a factual determination and no guarantee can be given that the Internal Revenue Service ("IRS") would agree with our characterization of our properties or that we will always be able to make use of the available safe harbors.

Legislative or other actions affecting REITs could have a negative effect on our investors or us.

The rules dealing with federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Department of the Treasury. Changes to the tax laws, with or without retroactive application, could adversely affect our investors or us. We cannot predict how changes in the tax laws might affect our investors or us. New legislation, Treasury Regulations, administrative interpretations or court decisions could significantly and negatively affect our ability to qualify as a REIT, the federal income tax consequences of such qualification, or the federal income tax consequences of an investment in us. Also, the law relating to the tax treatment of other entities, or an investment in other entities, could change, making an investment in such other entities more attractive relative to an investment in a REIT.

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The stock ownership limit imposed by the Code for REITs and our charter may discourage a takeover that could otherwise result in a premium price for our stockholders.

In order for us to maintain our qualification as a REIT, no more than 50% in value of our outstanding stock may be beneficially owned, directly or indirectly, by five or fewer individuals (including certain types of entities) at any time during the last half of each taxable year. To ensure that we do not fail to qualify as a REIT under this test, our charter restricts ownership by one person or entity to no more than 9.8% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock or more *than 9.8% in value of the aggregate outstanding shares of all classes and series of our capital stock. This restriction may have the effect of delaying, deferring or preventing a change in control, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price for holders of our common stock.*

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Dividends payable by REITs generally are taxed at the higher ordinary income rate, which could reduce the net cash received by stockholders and may be detrimental to our ability to raise additional funds through any future sale of our common stock.

Income from "qualified dividends" payable to U.S. stockholders that are individuals, trusts and estates is generally subject to tax at reduced rates. However, dividends payable by REITs to its stockholders generally are not eligible for the reduced rates for qualified dividends and are taxed at ordinary income rates (but U.S. stockholders that are individuals, trusts and estates generally may deduct 20% of ordinary dividends from a REIT for taxable years beginning after December 31, 2017 and before January 1, 2026). Although these rules do not adversely affect the taxation of REITs or dividends payable by REITs, to the extent that the reduced rates continue to apply to regular corporate qualified dividends, investors that are individuals, trusts and estates may perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could materially and adversely affect the value of the shares of REITs, including the per share trading price of our common stock, and could be detrimental to our ability to raise additional funds through the future sale of our common stock.

Tax-exempt stockholders will be taxed on our distributions to the extent such distributions are unrelated business taxable income.

Generally, neither ordinary nor capital gain distributions should constitute unrelated business taxable income ("UBTI") to tax-exempt entities, such as employee pension benefit trusts and individual retirement accounts. Our payment of distributions to a tax-exempt stockholder will constitute UBTI, however, if the tax-exempt stockholder has incurred debt to acquire its shares. Therefore, tax-exempt stockholders are not assured all dividends received will be tax-free.

We have identified a material weakness in our internal control over financial reporting. If our remediation of this material weakness is not effective, or if we experience additional material weakness in the future or otherwise fail to maintain an effective system of internal control over financial reporting in the future, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and, as a result, the value of our common stock, and our financial performance may be adversely impacted.

Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, requires that we maintain internal control over financial reporting that meets applicable standards. We may err in the design or operation of our controls, and all internal control systems, no matter how well designed and operated, can provide only reasonable assurance that the objectives of the control system are met. Because there are inherent limitations in all control systems, there can be no assurance that all control issues have been or will be detected.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our Management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. In connection with the preparation and audit of the financial statements as of and for the fiscal years ended December 31, 2023, a certain material weakness was identified in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis. This material weakness is primarily related to a non-recuring significant transaction for income tax provision and comprises the following:

- We lack a formal review and approval process in connection with the annual income tax provision, specifically related to REIT and non-REIT subsidiaries and the ownership of Conduit shares received by the Company in the de-SPAC transaction on September 22, 2023.
- We did not design adequate internal controls under an appropriate financial reporting framework, including monitoring controls and certain entity level controls with regards to the income tax provision.

If this material weakness is not remediated, it could potentially result in a misstatement of account balances or disclosures that would result in a material misstatement of our annual or interim financial statements that would not be prevented or detected.

The above material weakness will not be considered remediated until our remediation plan has been fully implemented. We cannot predict the success of such efforts to remediate the material weakness. Our efforts may not remediate this material weakness in our internal control over financial reporting, or additional material weaknesses may be identified in the future. A failure to implement and maintain effective internal control over financial reporting could result in errors in our financial statements that could result in a restatement of our financial statements and could cause us to fail to meet our reporting obligations, any of which could diminish investor confidence in us and cause a decline in the price of our common stock. As a result of this failure, we could also become subject to investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, and become subject to litigation from investors and stockholders, which could harm our reputation, financial condition or divert financial and management resources from our core business, and would have a material adverse effect on our business, financial condition and results of operations.

Risks Related to our Common Stock, Preferred Stock and Series A Warrants

If we are unable to comply with the continued listing requirements of the Nasdaq Capital Market, our common stock could be delisted, which could affect our common stock's market price and liquidity and reduce our ability to raise capital.

We are required to meet certain qualitative and financial tests to maintain the listing of our securities on Nasdaq. As of the date of this report, we are in compliance with all of Nasdaq's continued listing requirements. As previously disclosed, the Company received a written notice from Nasdaq on June 6, 2023 notifying the Company that it had failed to meet the $1.00 per share minimum bid price requirement for continued inclusion on Nasdaq. On December 21, 2023, the Company announced that it received formal notice from the Nasdaq Stock Market, LLC stating that the Company had regained compliance with the minimum bid price requirement set forth in Nasdaq Listing Rule 5550(a)(2).

There can be no assurance that we will be able to maintain compliance with the minimum bid price requirement or will otherwise be in compliance with other Nasdaq listing criteria. If we are unable to maintain compliance with the continued listing requirements of Nasdaq, our common stock could be delisted, making it more difficult to buy or sell our securities and to obtain accurate quotations, and the price of our securities could suffer a material decline. Delisting could also impair our ability to raise capital.

Our Series D Preferred Stock is subordinate to our existing and future debt, and your interests could be diluted by the issuance of additional preferred stock and by other transactions.

The Series D Preferred Stock ranks junior to all of our existing and future debt and to other non-equity claims on us and our assets available to satisfy claims against us, including claims in bankruptcy, liquidation or similar proceedings. Our future debt may include restrictions on our ability to pay distributions to preferred stockholders. Our charter currently authorizes the issuance of up to 1,000,000 shares of preferred stock in one or more classes or series. Subject to limitations prescribed by Maryland law and our charter, our Board of Directors is authorized to issue, from our authorized but unissued shares of stock, preferred stock in such classes or series as our Board of Directors may determine and to establish from time to time the number of shares of preferred stock to be included in any such class or series. The issuance of additional shares of Series D Preferred Stock or another series of preferred stock designated as ranking on parity with the Series D Preferred Stock would dilute the interests of the holders of shares of the Series D Preferred Stock, and the issuance of shares of any class or series of our stock expressly designated as ranking senior to the Series D Preferred Stock or the incurrence of additional indebtedness could affect our ability to pay distributions on, redeem or pay the liquidation preference on the Series D Preferred Stock. The Series D Preferred Stock do does not contain any terms relating to or limiting our indebtedness or affording the holders of shares of the Series D Preferred Stock protection in the event of a highly leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets, that might adversely affect the holders of shares of the Series D Preferred Stock, so long as the rights, preferences, privileges or voting power of the Series D Preferred Stock or the holders thereof are not materially and adversely affected.

As a holder of shares of the Series D Preferred Stock, you have extremely limited voting rights.

Your voting rights as a holder of shares of the Series D Preferred Stock will be limited. Our shares of common stock are the only class of our securities carrying full voting rights. Voting rights for holders of shares of the Series D Preferred Stock exist primarily with respect to adverse changes in the terms of the Series D Preferred Stock and the creation of additional classes or series of preferred shares that are senior to the Series D Preferred Stock. Other than these limited voting rights described herein, holders of shares of the Series D Preferred Stock will not have any voting rights.

Our cash available for distributions may not be sufficient to pay distributions on the Series D Preferred Stock at expected levels, and we cannot assure you of our ability to pay distributions in the future. We may use borrowed funds or funds from other sources to pay distributions, which may adversely impact our operations.

We have paid and intend to pay regular monthly distributions to holders of our Series D Preferred Stock. Distributions declared by us are and will be authorized by our Board of Directors in its sole discretion out of assets legally available for distribution and will depend upon a number of factors, including our earnings, our financial condition, restrictions under applicable law, our need to comply with the terms of our existing financing arrangements, the capital requirements of our Company and other factors as our Board of Directors may deem relevant from time to time. We may be required to fund distributions from working capital, proceeds of our equity offerings or a sale of assets to the extent distributions exceed earnings or cash flows from operations. Funding distributions from working capital would restrict our operations. If we are required to sell assets to fund distributions, such asset sales may occur at a time or in a manner that is not consistent with our disposition strategy. If we borrow to fund distributions, our leverage ratios and future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been. We may not be able to pay distributions in the future. In addition, some of our distributions may be considered a return of capital for income tax purposes. If we decide to make distributions in excess of our current and accumulated earnings and profits, such distributions would generally be considered a return of capital for federal income tax purposes to the extent of the holder’s adjusted tax basis in its shares. A return of capital is not taxable, but it has the effect of reducing the holder’s adjusted tax basis in its investment. If distributions exceed the adjusted tax basis of a holder’s shares, they will be treated as gain from the sale or exchange of such stock.

We could be prevented from paying cash dividends on the Series D Preferred Stock due to prescribed legal requirements.

Holders of shares of Series D Preferred Stock do not receive dividends on such shares unless authorized by our Board of Directors and declared by us. Under Maryland law, cash dividends on stock may only be paid if, after giving effect to the dividends, our total assets exceed our total liabilities and we are able to pay our indebtedness as it becomes due in the ordinary course of business. Unless we operate profitably, our ability to pay cash dividends on the Series D Preferred Stock may be negatively impacted. Our business may not generate sufficient cash flow from operations to enable us to pay dividends on the Series D Preferred Stock when payable. Further, even if we meet the applicable solvency tests under Maryland law to pay cash dividends on the Series D Preferred Stock described above, we may not have sufficient cash to pay dividends on the Series D Preferred Stock.

Furthermore, no dividends on Series D Preferred Stock shall be authorized by our Board of Directors or paid, declared or set aside for payment by us at any time when the authorization, payment, declaration or setting aside for payment would be unlawful under Maryland law or any other applicable law.

We may redeem the Series D Preferred Stock and you may not receive dividends that you anticipate if we redeem the Series D Preferred Stock.

On or after June 15, 2026, we may, at our option, redeem the Series D Preferred Stock, in whole or in part, at any time or from time to time. Also, upon the occurrence of a Change of Control, we may, at our option, redeem the Series D Preferred Stock, in whole or in part, within 120 days after the first date on which such Change of Control occurred. We may have an incentive to redeem the Series D Preferred Stock voluntarily if market conditions allow us to issue other preferred stock or debt securities at a rate that is lower than the dividend rate on the Series D Preferred Stock. If we redeem the Series D Preferred Stock, from and after the redemption date, dividends will cease to accrue on shares of Series D Preferred Stock, the shares of Series D Preferred Stock shall no longer be deemed outstanding and all rights as a holder of those shares will terminate, except the right to receive the redemption price plus accumulated and unpaid dividends, if any, payable upon redemption.

Holders of shares of the Series D Preferred Stock should not expect us to redeem the Series D Preferred Stock on or after the date they become redeemable at our option.

The Series D Preferred Stock is a perpetual equity security. This means that it has no maturity or mandatory redemption date and is not redeemable at the option of the holders. The Series D Preferred Stock may be redeemed only by us at our option either in whole or in part, from time to time, at any time on or after June 15, 2026, or within 120 days following the occurrence of a Change of Control. Any decision we may make at any time to propose a redemption of the Series D Preferred Stock will depend upon, among other things, our evaluation of our capital position, the composition of our stockholders' equity and general market conditions at that time.

The Series D Preferred Stock is not convertible into shares of our common stock, and investors will not realize a corresponding upside if the price of the common stock increases.

The Series D Preferred Stock is not convertible into shares of our common stock and earns dividends at a fixed rate. Accordingly, an increase in market price of our common stock will not necessarily result in an increase in the market price of our Series D Preferred Stock. The market value of the Series D Preferred Stock may depend more on dividend and interest rates for other preferred stock, commercial paper and other investment alternatives and our actual and perceived ability to pay dividends on, and in the event of dissolution satisfy the liquidation preference with respect to, the Series D Preferred Stock.

The Change of Control right may make it more difficult for a party to acquire us or discourage a party from acquiring us.

The Change of Control right allowing us to redeem the Series D Preferred Stock, in whole or in part, any time from time to time, for cash at a redemption price equal to $25.00 per share , plus any accumulated and unpaid dividends thereon to, but not including, the date of fixed redemption, may have the effect of discouraging a third party from making an acquisition proposal for us or of delaying, deferring or preventing certain of our change of control transactions under circumstances that otherwise could provide the holders of our Series D Preferred Stock with the opportunity to realize a premium over the then-current market price of such equity securities or that stockholders may otherwise believe is in their best interests.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, will be the sole and exclusive forum for certain actions, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with the Company.

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, will be the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of any duty owed by any of our directors, officers or other employees to us or to our stockholders, (c) any action asserting a claim against us or any of our directors, officers or other employees arising pursuant to any provision of the MGCL or our charter or bylaws or (d) any action asserting a claim against us or any of our directors, officers or other employees that is governed by the internal affairs doctrine. This forum selection provision in our bylaws may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or any our directors, officers or other employees.

Listing on Nasdaq does not guarantee an active market for the Series D Preferred Stock and the market price and trading volume of the Series D Preferred Stock may fluctuate significantly.

The Series D Preferred Stock is trading on the Nasdaq Capital Market but there is no guarantee that an active and liquid trading market to sell the Series D Preferred Stock will be sustained. Because the Series D Preferred Stock has no stated maturity date, investors seeking liquidity may be limited to selling their shares in the secondary market. If an active trading market is not sustained, the market price and liquidity of the Series D Preferred Stock may be adversely affected. Even if an active public market continues to exist, we cannot guarantee you that the market price for the Series D Preferred Stock will equal or exceed the price you pay for your Series D Preferred Stock.

The market determines the trading price for the Series D Preferred Stock and may be influenced by many factors, including our history of paying distributions on the Series D Preferred Stock, variations in our financial results, the market for similar securities, investors' perception of us, our issuance of additional preferred equity or indebtedness and *general economic, industry, interest rate and market conditions. Because the Series D Preferred Stock carries a fixed distribution rate, its value in the secondary market will be influenced by changes in interest rates and will tend to move inversely to such changes. In particular, an increase in market interest rates may result in higher yields on other financial instruments and may lead purchasers of Series D Preferred Stock to demand a higher yield on the price paid for the Series D Preferred Stock, which could adversely affect the market price of the Series D Preferred Stock.*

If the Series D Preferred Stock is delisted, the ability to transfer or sell shares of the Series D Preferred Stock may be limited and the market value of the Series D Preferred Stock will likely be materially adversely affected.

The Series D Preferred Stock does not contain provisions that are intended to protect investors if the Series D Preferred Stock is delisted from Nasdaq. If the Series D Preferred Stock is delisted from Nasdaq, investors' ability to transfer or sell shares of the Series D Preferred Stock will be limited and the market value of the Series D Preferred Stock will likely be materially adversely affected. Moreover, since the Series D Preferred Stock has no stated maturity date, investors may be forced to hold shares of the Series D Preferred Stock indefinitely while receiving stated dividends thereon when, as and if authorized by our Board of Directors and paid by us with no assurance as to ever receiving the liquidation value thereof.

Market interest rates may have an effect on the value of the Series D Preferred Stock.

One of the factors that will influence the price of the Series D Preferred Stock will be the distribution yield on the Series D Preferred Stock (as a percentage of the market price of the Series D Preferred Stock) relative to market interest rates. An increase in market interest rates may lead prospective purchasers of the Series D Preferred Stock to expect a higher distribution yield (and higher interest rates would likely increase our borrowing costs and potentially decrease funds available for distribution payments). Thus, higher market interest rates could cause the market price of the Series D Preferred Stock to decrease and reduce the amount of funds that are available and may be used to make distribution payments.

In the event of a liquidation, you may not receive the full amount of your liquidation preference.

In the event of our liquidation, the proceeds will be used first to repay indebtedness and then to pay holders of shares of the Series D Preferred Stock and any other class or series of our stock ranking senior to or on parity with the Series D Preferred Stock as to liquidation the amount of each holder's liquidation preference and accrued and unpaid distributions through the date of payment. In the event we have insufficient funds to make payments in full to holders of the shares of the Series D Preferred Stock and any other class or series of our stock ranking on parity with the Series D Preferred Stock as to liquidation, such funds will be distributed ratably among such holders and such holders may not realize the full amount of their liquidation preference.

We are generally restricted from issuing shares of other series of preferred stock that rank senior the Series D Preferred Stock as to dividend rights or rights to the distribution of assets upon our liquidation, dissolution or winding up, but may do so with the requisite consent of the holders of the Series D Preferred Stock; and, further, no such consent is required for an increase in the number of shares of Series D Preferred Stock or the issuance of additional shares of Series D Preferred Stock or series of preferred stock ranking pari passu with the Series D Preferred Stock.

We are allowed to issue shares of other series of preferred stock that rank senior to the Series D Preferred Stock as to dividend payments and rights upon our liquidation, dissolution or winding up of our affairs, only with the approval of the holders of at least two-thirds of the outstanding Series D Preferred Stock. However, we are allowed to increase the number of shares of Series D Preferred Stock or additional series of preferred stock that would rank equally to the Series D Preferred Stock as to dividend payments and rights upon our liquidation or winding up of our affairs without first obtaining the approval of the holders of our Series D Preferred Stock. The issuance of additional shares of Series D Preferred Stock or additional series of preferred stock could have the effect of reducing the amounts available to the Series D Preferred Stock upon our liquidation or dissolution or the winding up of our affairs. It also may reduce dividend payments on the Series D Preferred Stock if we do not have sufficient funds to pay dividends on all outstanding shares of Series D Preferred Stock and other classes or series of stock with equal or senior priority with respect to dividends. Future issuances and sales of senior or pari passu preferred stock, or the perception that such issuances and sales could occur, may cause prevailing market prices for the Series D Preferred Stock and our common stock to decline and may adversely affect our ability to raise additional capital in the financial markets at times and prices favorable to us.

The market price of the Series D Preferred Stock could be substantially affected by various factors.

The market price of the Series D Preferred Stock could be subject to wide fluctuations in response to numerous factors. The price of the Series D Preferred Stock in the market may be higher or lower than the price holders of the Series D Preferred stock paid for it depending on many factors, some of which are beyond our control and may not be directly related to our operating performance.

These factors include, but are not limited to, the following:

- prevailing interest rates, increases in which may have an adverse effect on the market price of the Series D Preferred Stock;
- trading prices of similar securities;
- our history of timely dividend payments;
- the annual yield from dividends on the Series D Preferred Stock as compared to yields on other financial instruments;
- general economic and financial market conditions;
- government action or regulation;
- the financial condition, performance and prospects of us and our competitors;
- changes in financial estimates or recommendations by securities analysts with respect to us or our competitors in our industry;
- our issuance of additional preferred equity or debt securities; and
- actual or anticipated variations in quarterly operating results of us and our competitors.

As a result of these and other factors, investors who purchase our Series D Preferred Stock may experience a decrease, which could be substantial and rapid, in the market price of the Series D Preferred Stock, including decreases unrelated to our operating performance or prospects.

The market price and trading volume of our Series D Preferred Stock may be volatile, and you could experience a loss if you sell your shares.

The market price of our Series D Preferred Stock may be volatile. In addition, the trading volume in our Series D Preferred Stock may fluctuate and cause significant price variations to occur. If the market price of our Series D Preferred Stock declines significantly, you may be unable to sell your shares at or above the public offering price. We cannot assure you that the market price of our Series D Preferred Stock will not fluctuate or decline significantly in the future.

Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our Series D Preferred Stock include:

- actual or anticipated variations in our quarterly results of operations or distributions, including as a result of the recent COVID-19 pandemic and its impact on our business, financial condition, results of operations and cash flows;
- changes in our FFO, earnings estimates or recommendations by securities analysts;
- publication of research reports about us or the real estate industry generally;

- the extent of investor interest;
- publication of research reports about us or the real estate industry;
- increases in market interest rates that lead purchasers of our shares to demand a higher yield;
- changes in market valuations of similar companies;
- strategic decisions by us or our competitors, such as acquisitions, divestments, spin-offs, joint ventures, strategic investments or changes in business strategy;

- the reputation of REITs generally and the reputation of REITs with portfolios similar to ours;
- the attractiveness of the securities of REITs in comparison to securities issued by other entities (including securities issued by other real estate companies);
- adverse market reaction to any additional debt that we incur or acquisitions that we make in the future;
- additions or departures of key management personnel;
- future issuances by us of our common stock or other equity securities;
- actions by institutional or activist stockholders;
- speculation in the press or investment community;
- the realization of any of the other risk factors presented in this annual report; and
- general market and economic conditions.

If a substantial number of shares become available for sale and are sold in a short period of time, the market price of our Series D Preferred Stock could decline.

A large volume of sales of shares of our Series D Preferred Stock could further decrease the prevailing market price of such shares and could impair our ability to raise additional capital through the sale of equity securities in the future. Even if sales of a substantial number of shares of our Series D Preferred Stock are not effectuated, the perception of the possibility of these sales could depress the market price for such shares and have a negative effect on our ability to raise capital in the future.

If our stockholders sell substantial amounts of our Series D Preferred Stock in the public market, following, the market price of our Series D Preferred Stock could decrease significantly. The perception in the public market that our stockholders might sell shares of Series D Preferred Stock could also depress our market price. A decline in the price of shares of our Series D Preferred Stock might impede our ability to raise capital through the issuance of additional shares of our Series D Preferred Stock or other equity securities and could result in a decline in the value of the shares of our Series D Preferred Stock.

Broad market fluctuations could negatively impact the market price of our Series D Preferred Stock.

Stock market price and volume fluctuations could affect the market price of many companies in industries similar or related to ours and that have been unrelated to these companies' operating performance. These fluctuations could reduce the market price of our Series D Preferred Stock. Furthermore, our results of operations and prospects may be below the expectations of public market analysts and investors or may be lower than those of companies with comparable market capitalizations. Either of these factors could lead to a material decline in the market price of our Series D Preferred Stock.

The market price of our Series D Preferred Stock could be adversely affected by our level of cash distributions.

The market's perception of our growth potential and our current and potential future cash distributions, whether from operations, sales or refinancing, as well as the real estate market value of the underlying assets, may cause our Series D Preferred Stock to trade at prices that differ from our net asset value per share. If we retain operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of our Series D Preferred Stock. Our failure to meet the market's expectations with regard to future earnings and cash distributions likely would adversely affect the market price of our Series D Preferred Stock.

Future offerings of debt, which would be senior to our Series D Preferred Stock upon liquidation, and any preferred equity securities that may be issued and be senior to our Series D Preferred Stock for purposes of dividend distributions or upon liquidation, may adversely affect the market price of our Series D Preferred Stock.

In the future, we may seek additional capital and commence offerings of debt or preferred equity securities, including medium-term notes, senior or subordinated notes and preferred stock. Upon liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings will receive distributions of our available assets prior to the holders of our common stock. Future shares of preferred stock, if issued, could have a preference on liquidating distributions or dividend payments that could limit our ability to pay a dividend or make another distribution to the holders of our Series D Preferred. Our decision to issue securities in any future offering will depend on market *conditions and other factors beyond our control, and consequently, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future offerings reducing the market price of our common stock and diluting their stock holdings in us.*

A future issuance of stock could dilute the value of our Series D Preferred Stock.

We may sell additional shares of Series D Preferred Stock, or securities convertible into or exchangeable for such shares, in subsequent public or private offerings. Future issuance of any new shares could cause further dilution in the value of our outstanding shares of Series D Preferred Stock. We cannot predict the size of future issuances of our Series D Preferred Stock, or securities convertible into or exchangeable for such shares, or the effect, if any, that future issuances and sales of shares of our Series A Common Stock or Series D Preferred Stock will have on the market price of our Series D Preferred Stock. Sales of substantial amounts of our Series D Preferred Stock, or the perception that such sales could occur, may adversely affect prevailing market prices of our Series D Preferred Stock.

The Series A Warrants may not have any value.

The Series A Warrants are immediately exercisable and may be exercised in accordance with their terms until their expiration at 5:00 p.m., New York City time, on the expiration date.

The Series A Warrants have an exercise price of $7.00 per share. This exercise price does not necessarily bear any relationship to established criteria for valuation of our Series A Common Stock, such as book value per share, cash flows, or earnings, and you should not consider this exercise price as an indication of the current or future market price of our Series A Common Stock. There can be no assurance that the market price of our Series A Common Stock will exceed $7.00 per share at any time on the expiration date of the Series A Warrants, January 24, 2027, or at any other time the Series A Warrants may be exercised. If the market price of our Series A Common Stock on such date does not exceed $7.00 per share prior to the expiration of the Series A Warrants, your warrants will be of no value except to the extent that there is a value in their automatic conversion at expiration of 0.1 shares of Series A Common Stock rounded down to the nearest whole share.

An active trading market for our warrants may not continue to exist or remain active.

Although our Series A Warrants were listed on the Nasdaq Capital Market on or around January 24, 2022 under the symbol SQFTW, an active trading market for our warrants may not be sustained. If an active market for our warrants does not continue, it may be difficult for you to sell the Series A Warrants without depressing the market price for such securities.

Holders of our warrants will have no rights as a common stockholder until such holders exercise their warrants and acquire shares of our Series A Common Stock.

Until warrant holders acquire shares of our Series A Common Stock upon exercise of the Series A Warrants, warrant holders will have no rights with respect to the shares of our Series A Common Stock underlying such warrants. Upon the acquisition of shares of our Series A Common Stock upon exercise of the Series A Warrants, the holders thereof will be entitled to exercise the rights of a holder of Series A Common Stock only as to matters for which the record date for the matter occurs after the exercise date of the Series A Warrants.

We could be prevented from paying cash dividends on the Series A Common Stock due to prescribed legal requirements.

Holders of shares of Series A Common Stock will not receive dividends on such shares unless authorized by our Board of Directors and declared by us. Furthermore, no dividends on Series A Common Stock shall be authorized by our Board of Directors or paid, declared or set aside for payment by us at any time when the authorization, payment, declaration or setting aside for payment would be unlawful under Maryland law or any other applicable law. Under Maryland law, cash dividends on stock may only be paid if, after giving effect to the dividends, our total assets exceed our total liabilities and we are able to pay our indebtedness as it becomes due in the ordinary course of business. Unless we operate profitably, our ability to pay cash dividends on the Series A Common Stock may be negatively impacted. Our business may not generate sufficient cash flow from operations to enable us to pay dividends on the Series A Common Stock when payable. Further, even if we meet the applicable solvency tests under Maryland law to pay cash dividends on the Series A Common Stock described above, we may not have sufficient cash to pay dividends on the Series A Common Stock. Additionally, provisions of the Series D Preferred Stock provide that, subject to certain exceptions, including dividends on the Series D Preferred Stock having been paid or set aside, we are restricted from paying dividends on our Series A Common Stock.

Actions of activist stockholders may cause us to incur substantial costs, divert management's attention and resources, and have an adverse effect on our business.

Our stockholders may from time to time engage in proxy solicitations, advance shareholder proposals or otherwise attempt to affect changes or acquire control over the Company. For example, on March 13, 2024, a stockholder announced that it intends to file a preliminary proxy statement and accompanying WHITE universal proxy card with the Securities and Exchange Commission to be used to solicit votes for the election of director nominees at our next annual meeting of stockholders. Activist stockholder activities could adversely affect our business because responding to proxy contests and reacting to other actions by activist stockholders can be costly and time-consuming, disrupt our operations and divert the attention of management and our employees. For example, we have or in the future may retain the services of various professionals to advise us on activist *stockholder matters, including legal, financial, strategic and communication advisors, the costs of which may negatively impact our future financial results. In addition, perceived uncertainties as to our future direction, strategy or leadership created as a consequence of activist stockholders' initiatives may result in the loss of potential business opportunities, harm our ability to attract new investors, business partners, and employees, and cause our stock price to experience periods of volatility or stagnation.*

Risks Related to Legal and Regulatory Requirements

Costs of complying with governmental laws and regulations may reduce our net income and the cash available for distributions to our stockholders.

Our properties are subject to various local, state and federal regulatory requirements, including those addressing zoning, environmental and land use, access for disabled persons, and air and water quality. These laws and regulations may impose restrictions on the manner in which our properties may be used or business may be operated, and compliance with these standards may require us to make unexpected expenditures, some of which could be substantial. Additionally, we could be subject to liability in the form of fines, penalties or damages for noncompliance, and any enforcement actions could reduce the value of a property. Any material expenditures, penalties, or decrease in property value would adversely affect our operating income and our ability to pay dividends to our stockholders.

The costs of complying with environmental regulatory requirements, of remediating any contaminated property, or of defending against claims of environmental liability could adversely affect our operating results.

Under various federal, state and local environmental laws, ordinances and regulations, an owner or operator of real property is responsible for the cost of removal or remediation of hazardous or toxic substances on its property. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated.

For instance, federal regulations require us to identify and warn, via signs and labels, of potential hazards posed by workplace exposure to installed asbestos-containing materials ("ACMs"), and potential ACMs on our properties. Federal, state, and local laws and regulations also govern the removal, encapsulation, disturbance, handling and disposal of ACMs and potential ACMs, when such materials are in poor condition or in the event of construction, remodeling, renovation or demolition of a property. There are or may be ACMs at certain of our properties. As a result, we may face liability for a release of ACMs and may be subject to personal injury lawsuits by workers and others exposed to ACMs at our properties. Additionally, the value of any of our properties containing ACMs and potential ACMs may be decreased.

Although we have not been notified by any governmental authority and are not otherwise aware of any material noncompliance, liability or claim relating to hazardous substances in connection with our properties, we may be found noncompliant in the future. Environmental laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of any hazardous substances. Therefore, we may be liable for the costs of removing or remediating contamination of which we had no knowledge. Additionally, future laws or regulations could impose an unanticipated material environmental liability on any of the properties that we purchase.

The presence of contamination, or our failure to properly remediate contamination of our properties, may adversely affect the ability of our tenants to operate the contaminated property, may subject us to liability to third parties, and may inhibit our ability to sell or rent such property or borrow money using such property as collateral. Any of these occurrences would adversely affect our operating income.

Compliance with the Americans with Disabilities Act may require us to make unintended expenditures that could adversely impact our results of operations.

Our properties are generally required to comply with the Americans with Disabilities Act of 1990, or the ADA. The ADA has separate compliance requirements for "public accommodations" and "commercial facilities," but generally requires that buildings be made accessible to people with disabilities. Compliance with ADA requirements could require removal of access barriers and non-compliance could result in imposition of fines by the U.S. government or an award of damages to private litigants. The parties to whom we lease properties are obligated by law to comply with the ADA provisions, and we believe that these parties may be obligated to cover costs associated with compliance. If required changes to our properties involve greater expenditures than anticipated, or if the changes must be made on a more accelerated basis than anticipated, our tenants may to be able to cover the costs and we could be required to expend our own funds to comply with the provisions of the ADA. Any funds used for ADA compliance will reduce our net income and the amount of cash available for distributions to our stockholders.

Our property taxes could increase due to property tax rate changes, reassessments or changes in property tax laws, which would adversely impact our cash flows.

We are required to pay property taxes for our properties, which could increase as property tax rates increase or as our properties are assessed or reassessed by taxing authorities. In California, under current law, reassessment occurs primarily as a result of a "change in ownership". A potential reassessment may take a considerable amount of time, during which the property taxing authorities make a determination of the occurrence of a "change of ownership", as well as the actual reassessed value. In addition, from time to time, there have been proposals to base property taxes on commercial properties on their current market value, without any limit based on purchase price. If any similar proposal were adopted, the property taxes we pay could increase substantially. In California, pursuant to an existing state law commonly referred to as Proposition 13, properties are reassessed to market value only at the time of change in ownership or completion of construction, and thereafter, annual property reassessments are limited to 2% of previously assessed values. As a result, Proposition 13 generally results in significant below-market assessed values over time. From time to time, including recently, lawmakers and political coalitions have initiated efforts to repeal or amend Proposition 13 to eliminate its application to commercial and industrial properties. If successful, a repeal of Proposition 13 could substantially increase the assessed values and property taxes for our properties in California.

Our ability We are subject to attract and retain qualified members of our Board of Directors may be impacted due to new recently enacted state laws including recently enacted quotas related to in California that require gender and underrepresented communities. diversity quotas for boards of directors of public companies

headquartered in California.

In September 2018, California enacted Senator Bill 826 (“SB 826”), which generally requires public companies with principal executive offices in California to have at least two female directors on its board of directors if the company has at least five directors, and at least three female directors on its board of directors if the company has at least six directors. SB 826 has been challenged in legal proceedings and on May 13, 2022, the Superior Court of California for the County of Los Angeles entered an order striking down SB 826, holding that the statute violates the Equal Protection Clause of the California Constitution. The California Secretary of State has appealed the order and such appeal is currently pending. On September 16, 2022, the appellate court ruled to temporarily stay enforcement of the trial court'scourt’s order, which prevented the California Secretary of State from collecting diversity data on corporate disclosure forms pursuant to SB 826, pending a further order of the appellate court. On December 1, 2022, the appellate court vacated the temporary stay order and on February 3, 2023, a record on appeal was filed and such appeal is currently pending. To the extent that this ruling of the appellate court permits the Secretary of State of California to collect and report diversity data, we may be required to comply with additional disclosure requirements. However, ultimate enforceability of SB 826 remains uncertain.

Additionally, on September 30, 2020, California enacted Assembly Bill 979 (“AB 979”), which generally requires public companies with principal executive offices in California to include specified numbers of directors from “underrepresented communities”. A director from an “underrepresented community” means a director who self-identifies as Black, African American, Hispanic, Latino, Asian, Pacific Islander, Native American, Native Hawaiian, Alaska Native, gay, lesbian, bisexual or transgender. By December 31, 2021, each public company with principal executive offices in California was required to have at least one director from an underrepresented community. By December 31, 2022, a public company with more than four but fewer than nine directors will be required to have a minimum of two directors from underrepresented communities, and a public company with nine or more directors will need to have a minimum of three directors from underrepresented communities. On April 1, 2022, the Superior Court of California for the County of Los Angeles entered an order striking down AB 979, holding that the statute violates the Equal Protection Clause of the California Constitution. On June 6, 2022, a notice of appeal was filed. On September 16, 2022, the appellate court ruled to temporarily stay enforcement of the trial court'scourt’s order, which prevented the California Secretary of State from collecting diversity data on corporate disclosure forms pursuant to AB 979, pending a further order of the appellate court.

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On December 1, 2022, the appellate court vacated the temporary stay order and on February 3, 2023, a record on appeal was filed and such appeal is currently pending. To the extent that this ruling of the appellate court permits the Secretary of State of California to collect and report diversity data, we may be required to comply with additional disclosure requirements. In June 2023, the federal district court for the Eastern District of California granted the plaintiffs a summary judgment and determined that AB 979 was unconstitutional on its face. The Eastern District of California’s decision is currently on appeal. Litigation regarding AB 979 will continue.

We cannot assure that we can recruit, attract and/or retain qualified members of our Board of Directors and meet gender and diversity quotas under Nasdaq Listing Rules or any California law that may become applicable to us, the Company, which may expose us to financial penalties and adversely affect our reputation.

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The costs of complying with environmental regulatory requirements, of remediating any contaminated property, or of defending against claims of environmental liability could adversely affect our operating results.

Under various federal, state and local environmental laws, ordinances and regulations, an owner or operator of real property is responsible for the cost of removal or remediation of hazardous or toxic substances on its property. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated.

For instance, federal regulations require us to identify and warn, via signs and labels, of potential hazards posed by workplace exposure to installed asbestos-containing materials (“ACMs”), and potential ACMs on our properties. Federal, state, and local laws and regulations also govern the removal, encapsulation, disturbance, handling and disposal of ACMs and potential ACMs, when such materials are in poor condition or in the event of construction, remodeling, renovation or demolition of a property. There are or may be ACMs at certain of our properties. As a result, we may face liability for a release of ACMs and may be subject to personal injury lawsuits by workers and others exposed to ACMs at our properties. Additionally, the value of any of our properties containing ACMs and potential ACMs may be decreased.

Although we have not been notified by any governmental authority and are not otherwise aware of any material noncompliance, liability or claim relating to hazardous substances in connection with our properties, we may be found noncompliant in the future. Environmental laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release of any hazardous substances. Therefore, we may be liable for the costs of removing or remediating contamination of which we had no knowledge. Additionally, future laws or regulations could impose an unanticipated material environmental liability on any of the properties that we purchase.

The presence of contamination, or our failure to properly remediate contamination of our properties, may adversely affect the ability of our tenants to operate the contaminated property, may subject us to liability to third parties, and may inhibit our ability to sell or rent such property or borrow money using such property as collateral. Any of these occurrences would adversely affect our operating income.

ITEM 1B. UNRESOLVED STAFF COMMENTS

We have no unresolved staff comments regarding our periodic or current reports.

ITEM 1C. CYBERSECURITY

Presidio Property Trust has a cross-departmental approach to addressing cybersecurity risk, including input from senior management, employees, external consultants, and our Board of Directors (the "Board"). Senior management devote significant resources to cybersecurity and risk management processes to adapt to the changing cybersecurity landscape and respond to emerging threats in a timely and effective manner, including providing periodic training to staff and periodic review of the Company's current posture to protect against threats. The Audit Committee of the Board of Directors oversees the steps taken by Presidio Property Trust's management to monitor and mitigate cybersecurity risks. Senior management briefs the Audit Committee and the Board of Directors on cybersecurity matters as necessary.

The Company operates almost exclusively in a Software-as-a-Service (SaaS) IT environment. In addition to assessing our own cybersecurity preparedness, we also consider and evaluate cybersecurity risks associated with the use of third-party service providers. The internal business owners of the hosted applications are required to document quarterly user access reviews and obtain a System and Organization Controls (SOC) 1 or SOC 2 report from our SaaS vendors. With assistance from an external consultant, management conducts an annual review of third-party SOC reports with a specific focus on their data protection procedures. If a third-party vendor is not able to provide a SOC 1 report, management takes additional steps to assess their cybersecurity preparedness and assess our relationship with them on that basis. Our assessment of risks associated with the use of third-party providers is a significant part of the Company's overall cybersecurity risk management framework.

The Company has also engaged a third-party managed service provider to manage server, network, and email security, including continuous monitoring and industry-leading antivirus software. Presidio Property Trust has robust business continuity and disaster recovery procedures in place, and an insurance policy that provides for network security liability, event response and recovery, direct business interruption, contingent business interruption, cyber extortion, social engineering, and computer fraud should an incident occur.

In addition, we have Company-wide policies and procedures concerning cybersecurity matters, including access security, system change management, development lifecycle, incident management and business continuity/disaster recovery policies. These policies go through an annual internal review process and are approved by appropriate members of management. Presidio Property Trust uses a third-party consultant to assess the Company's compliance with Sarbanes Oxley.

Presidio Property Trust faces risks from cybersecurity threats that could have a material adverse effect on its business, financial condition, results of operations, cash flows or reputation. The Company has not, to date, experienced cyber incidents in the normal course of its business, nor have prior cybersecurity incidents had a material adverse effect on the Company's business, financial condition, results of operations, or cash flows. For more information about the cybersecurity risks we face, see the risk factor entitled "Risks related to cyber-attacks, cyber intrusions and other security breaches" in Item 1A- Risk Factors.

ITEM 2. PROPERTIES

General Information

We invest in a diverse multi-tenant portfolio of real estate assets primarily consisting of office/industrial, retail, and model home properties located primarily in the western United States. As of December 31, 2022 December 31, 2023, we owned or had an equity interest in nine office/industrial buildings totaling approximately 756,265 758,175 rentable square feet and three retail centers totaling approximately 65,242 rentable square feet. In addition, through our Model Home subsidiary and our investments in five six limited partnerships and one corporation, we own a total of 92 110 Model Home properties located in three five states. We directly manage the operations and leasing of our properties. Substantially all of our revenues consist of base rents received under leases that generally have terms that range from one to five years. The majority of our existing leases as of December 31, 2022 December 31, 2023 contain contractual rent increases that provide for increases in the base rental payments. Our tenants consist of local, regional and national businesses. Our properties generally attract a mix of diversified tenants creating lower risk in periods of economic fluctuations. Our largest tenant represented approximately 8.57% 6.43% of total revenues for the year ended December 31, 2022 December 31, 2023.

Geographic Diversification Table

The following table shows a list of properties we owned as of December 31, 2022 December 31, 2023, grouped by the state where each of our investments is located.

Office/Industrial and Retail Properties:

State	*No. of Properties*	*Aggregate Square Feet*	*Approximate % of Square Feet*	*Current Base Annual Rent*	*Approximate % of Aggregate Annual Rent*
California	*1*	*57,807*	*7.0 %*	*$ 1,217,582*	*11.0 %*
Colorado (1)	*5*	*324,245*	*39.4 %*	*5,476,502*	*49.7 %*
Maryland	*1*	*31,752*	*3.9 %*	*696,321*	*6.3 %*
North Dakota	*4*	*397,203*	*48.4 %*	*3,303,274*	*30.0 %*
Texas	*1*	*10,500*	*1.3 %*	*329,385*	*3.0 %*
Total	*12*	*821,507*	*100.0 %*	*$ 11,023,064*	*100.0 %*

State	No. of Properties	Aggregate Square Feet	Approximate % of Square Feet	Current Base Annual Rent	Approximate % of Aggregate Annual Rent
California	1	57,807	7.0 %	$ 1,425,269	12.9 %
Colorado	5	324,245	39.4 %	4,883,335	44.2 %
Maryland	1	31,752	3.9 %	710,248	6.4 %
North Dakota (1)	4	399,113	48.4 %	3,687,043	33.5 %
Texas	1	10,500	1.3 %	335,973	3.0 %
Total	12	823,417	100.0 %	$ 11,041,868	100.0 %

(1) In February December 2023, the Annual Base Rent for Colorado dropped to approximately $4.9 million due to the loss of Halliburton Energy Services, Inc. which was located in our Shea Center II property. JLK Engineering moved into a North Dakota property under a 10-year lease, with rent commencing on February 28, 2024.

Model Home Properties:

Geographic Region	No. of Properties	Aggregate Square Feet	Approximate % of Square Feet	Current Base Annual Rent	Approximate % of Aggregate Annual Rent	No. of Properties	Aggregate Square Feet	Approximate % of Square Feet	Current Base Annual Rent	Approximate % of Aggregate Annual Rent
Midwest	2	6,153	2.2 %	$ 80,844	2.7 %	4	12,307	3.7 %	$ 182,748	4.3 %
Southeast	2	3,978	1.4 %	78,492	2.6 %	4	9,875	2.9 %	172,428	4.0 %
Southwest	88	268,749	96.4 %	2,824,404	94.7 %	102	312,174	93.4 %	3,926,124	91.7 %
Total	92	278,880	100.0 %	$ 2,983,740	100.0 %	110	334,356	100.0 %	$ 4,281,300	100.0 %

The following table summarizes information relating to our properties (excluding model homes) at December 31, 2022 December 31, 2023:

Property Summary

($ in000's) Property Location	Sq., Ft.	Date Acquired	Year Property Constructed	Purchase Price (1)	Occupancy	Percent Ownership	Mortgage On property	Sq., Ft.	Date Acquired	Year Property Constructed	Purchase Price (1)	Occupancy	Percent Ownership	Mortga On proper
Office/Industrial Properties:														
Genesis Plaza, San Diego, CA (2)	57,807	08/10	1989	10,000	96.2 %	76.4 %	6,056	57,807	08/10	1989	$ 10,000	100.0%	76.4%	$ 5,9
Dakota Center, Fargo, ND	119,434	05/11	1982	9,575	71.8 %	100.0 %	9,443	119,554	05/11	1982	9,575	58.1%	100.0%	9,1
Grand Pacific Center, Bismarck, ND (4) (3)	93,153	03/14	1976	5,350	56.4 %	100.0 %	3,496	94,943	03/14	1976	5,350	89.7%	100.0%	5,4
Arapahoe Center, Colorado Springs, CO	79,023	12/14	2000	11,850	100.0 %	100.0 %	7,602	79,023	12/14	2000	11,850	88.0%	100.0%	7,4
West Fargo Industrial, West Fargo, ND	150,099	08/15	1998/2005	7,900	94.3 %	100.0 %	4,030	150,099	08/15	1998/2005	7,900	96.0%	100.0%	3,9
300 N.P., West Fargo, ND	34,517	08/15	1922	3,850	75.5 %	100.0 %	-	34,517	08/15	1922	3,850	66.4%	100.0%	

One Park Centre, Westminster CO	69,174	08/15	1983	9,150	84.9 %	100.0 %	6,163	69,174	08/15	1983	9,150	75.0%	100.0%	6,0
Shea Center II, Highlands Ranch, CO (5)	121,306	12/15	2000	25,325	95.4 %	100.0 %	17,230	121,306	12/15	2000	25,325	67.1%	100.0%	16,9
Baltimore, Baltimore, MD	31,752	12/21	2006	8,892	100.0 %	100.0 %	5,670	31,752	12/21	2006	8,892	100.0%	100.0%	5,6
Total Office/Industrial Properties	756,265			$91,892	85.5 %		$59,690	758,175			$ 91,892	81.0%		$ 60,6
Retail Properties:														
Union Town Center, Colorado Springs, CO	44,042	12/14	2003	11,212	72.9 %	100.0 %	8,025	44,042	12/14	2003	11,212	79.5%	100.0%	7,8
Research Parkway, Colorado Springs, CO	10,700	08/15	2003	2,850	88.8 %	100.0 %	1,648	10,700	08/15	2003	2,850	100.0%	100.0%	1,5
Mandolin, Houston, TX (3) (4)	10,500	08/21	2021	4,892	100.0 %	61.3 %	3,636	10,500	08/21	2021	4,892	100.0%	61.3%	3,5
Total Retail Properties	65,242			$18,954	79.9 %		$13,309	65,242			$ 18,954	86.2%		$ 13,0

(1) Prior to January 1, 2009, "Purchase Price" includes our acquisition related costs and expenses for the purchase of the property. After January 1, 2009, acquisition related costs and expenses expenses were expensed when incurred.

(2) Genesis Plaza is owned by two tenants-in-common, each of which own 57% and 43%, respectively, and we beneficially own an aggregate of 76.4%, based on our ownership percentages of each tenant-in-common.

(3) Grand Pacific Center, Bismarck, ND, was removed from held for sale after signing a major lease with KLJ Engineering on December 7, 2022 for approximately 33,296 usable square feet, a term of 122 months, and starting annualized rent of $532,736. KLJ Engineering moved into the building during December 2023, with rent commencing on February 28, 2024.

(4) Mandolin is owned by NetREIT Palm Self-Storage LP, through its wholly owned subsidiary NetREIT Highland LLC, and the Company is the sole general partner and owns 61.3% of NetREIT Palm Self-Storage LP.

(4) Grand Pacific Center, Bismarck, ND, was removed from held for sale after signing a major lease with KLJ Engineering on December 7, 2022 for approximately 33,296 usable square feet, a term of 122 months, starting annualized rent of $532,736, and a commencement date estimated to be between November 1, 2023 and March 1, 2024.

(5) The loss of Halliburton Energy Services, Inc. from our Shea Center II property in Colorado, has dropped the occupancy to approximately 66% in February 2023.

Top Ten Tenants Physical Occupancy Table

The following table sets forth certain information with respect to our top 10 tenants at our Office/Industrial and Retail Properties.

As of December 31, 2022 Tenant	Number of Leases (1)	Annualized Base Rent	% of Total Annualized Base Rent
Halliburton Energy Services, Inc.	1	944,851	8.57 %
Johns Hopkins University	1	696,321	6.32 %

As of March, 2023 Tenant	Number of Leases	Annualized Base Rent	% of Total Annualized Base Rent

John Hopkins University					1	710,248	6.43 %
KLJ Engineering LLC				(1)	1	536,080	4.85 %
Finastra USA Corporation	1	507,360	4.60 %		1	525,480	4.76 %
MasTec North America, Inc.	1	353,258	3.20 %		1	362,182	3.28 %
L&T Care LLC	1	329,385	2.99 %		1	335,973	3.04 %
Wells Fargo Bank, N.A.	1	289,751	2.63 %				
Wells Fargo Bank, NA					1	293,742	2.66 %
Republic Indemnity of America					1	270,710	2.45 %
Nova Financial & Investment Corporation	1	263,240	2.39 %		1	269,155	2.44 %
Republic Indemnity of America	1	262,825	2.39 %				
Meissner Jacquet Real Estate Management Group, Inc.	1	247,134	2.24 %		1	255,177	2.31 %
Fredrikson & Byron P.A.	1	234,999	2.13 %		1	249,270	2.26 %
		$ 4,129,124	37.46 %			$ 3,808,017	34.48 %

(1) On December 31, 2022, Grand Pacific Center, Bismarck, ND, signed a major lease with KLJ Engineering on December 7, 2022 for approximately 33,296 usable square feet, a term of 122 months, and starting annualized rent of $532,736. KLJ Engineering moved into the lease for our largest tenant, Halliburton Energy Services, Inc., expired. Halliburton Energy Services, Inc. was located in our Shea Center II property in Colorado, and made up approximately 8.57% of our annual base rent. We placed approximately $1.1 million in a reserve account building during December 2023, with our lender to cover future mortgage payments, if necessary. Our management team is working to fill the 45,535 square foot space as quickly as possible, and has already leased approximately 20% of the space to a tenant during January 2023.rent commencing on February 28, 2024.

Lease Expirations Tables

The following table sets forth lease expirations for our properties as of December 31, 2022 December 31, 2023, assuming that none of the tenants exercise their renewal options.

Office/Industrial and Retail Properties:

Expiration Year	Number of Leases Expiring	Square Footage	Annual Re

Expiration Year

2023 (1)

2024

2025

2026

2027

2028

Thereafter

Totals

(1) One lease at our Dakota Center property in Fargo, ND expired on December 31, 2023 and was not renewed. This tenant made u various options to replace the loss of this tenant.

Model Home Properties:

Expiration Year (1)

2022 (1) **2024**

2023

2024

2025

2026

2027

Thereafter

Totals

(1) On December 31, 2022, three of our leases expired and were not renewed. One of them was Halliburton Energy Services, In approximately $1.1 million in a reserve account with our lender to cover future mortgage payments, if necessary. Our manag of the space to a tenar

Model Home Properties:

Expiration Year (1)
2023
2024

(1) These leases are subject to extensions by the home builder depending on sales of the total development. All model home

Physical Occupancy Table for Last 5 Years

The following table presents the percentage occupancy for each of our properties, excluding our Model Home Properties, as of Decen

	Date	Percentage Occupa	
	Acquired	2018	2019
Office/ Industrial Properties:			
Garden Gateway Plaza (1)	03/07	68.1 %	76.4 %
Executive Office Park (1)	07/08	99.9 %	100.0 %
Genesis Plaza	08/10	58.3 %	78.5 %
Dakota Center	05/11	98.2 %	86.0 %
Grand Pacific Center	03/14	72.6 %	71.8 %
Arapahoe Center	12/14	100.0 %	100.0 %
West Fargo Industrial	08/15	75.9 %	77.1 %
300 N.P.	08/15	82.3 %	73.0 %
Highland Court (1)(2)	08/15	78.5 %	70.1 %
One Park Centre	08/15	72.7 %	79.1 %
Shea Center II (4)	12/15	88.2 %	90.9 %
Baltimore	12/21	N/A	N/A
Retail Properties:			
World Plaza (3) (1)	09/07	22.6 %	100.0 %
Waterman Plaza (1)	08/08	100.0 %	90.7 %
Union Town Center	12/14	100.0 %	100.0 %
Research Parkway	08/15	100.0 %	100.0 %
Mandolin (2)	08/21	N/A	N/A

(1) Property was sold during the year ended December 31, 2021. prior in previous periods.

(2) A portion of the proceeds from the sale of Highland Court were used in like-kind exchange transactions pursued under S through its wholly owned subsidiary NetREIT Highland LLC, and the Company is the sole general partner and owns 61.3% of

(3) Property was sold during the year ended December 31, 2022.

(4) The loss of Halliburton Energy Services, Inc. from our Shea Center II property in Colorado, has dropped the occupancy to ap

Annualized Base Rent Per Square Foot for Last 5 Years

The following table presents the average effective annual rent per square foot for each of our properties, excluding our Model Home F

	Annualized Base Rent per Square Foot (1) For the Years Ended Decembe							
	2018		2019		2020		2021	
Office/ Industrial Properties:								
Garden Gateway Plaza (3)	$	10.60	$	12.62	$	13.45	N/A	
Executive Office Park (3)	$	12.34	$	13.29	$	13.65	N/A	
Genesis Plaza (4)	$	20.62	$	28.15	$	22.97	$ 25.71	$
Dakota Center	$	14.21	$	12.87	$	13.24	$ 13.22	$
Grand Pacific Center (5)	$	14.29	$	13.97	$	13.71	$ 13.79	$
Arapahoe Center	$	14.22	$	14.69	$	15.18	$ 11.87	$
West Fargo Industrial	$	6.78	$	6.65	$	6.77	$ 6.81	$
300 N.P.	$	16.51	$	13.67	$	14.86	$ 14.89	$
Highland Court (5) (6)	$	24.59	$	19.33	$	22.33	N/A	
One Park Centre	$	20.27	$	19.51	$	21.85	$ 23.42	$
Shea Center II (6) (4)	$	18.53	$	18.47	$	19.24	$ 20.37	$
Baltimore		N/A		N/A		N/A	$ 21.50	$
Retail Properties:								
World Plaza (4) (3)	$	4.64	$	13.63	$	9.93	$ 14.28	
Waterman Plaza (3)	$	18.88	$	16.30	$	12.42	N/A	
Union Town Center	$	24.91	$	25.63	$	23.73	$ 23.86	$
Research Parkway	$	22.07	$	22.58	$	29.09	$ 22.69	$
Mandolin (5) (6)		N/A		N/A		N/A	$ 30.75	$

(1) Annualized Base Rent (defined as cash rent including abatements) divided by the percentage occupied divided by rentable s

(2) Annualized Base Rent is based upon actual rents due as of December 31, 2022 December 31, 2023.

(3) Property was sold during the year ended December 31, 2021. prior periods.

(4) Property was sold Annualized base rent at Genesis Plaza and Shea Center II does not include space rent by the Company, wh

(5) Grand Pacific Center, Bismarck, ND, signed a major lease with KLJ Engineering on December 7, 2022 for approximately 3 building during the year ended December 31, 2022 December 2023, with rent commencing on February 28, 2024.

(5) (6) A portion of the proceeds from the sale of Highland Court were used in like-kind exchange transactions pursued under S through its wholly owned subsidiary NetREIT Highland LLC, and the Company is the sole general partner and owns 61.3% of

(6) The Annualized Base Rent for Shea Center II, includes Halliburton Energy Services, Inc. which totals $944,851 for the year en

ITEM 3. LEGAL PROCEEDINGS

We are subject From time to time, we may become involved in various lawsuits or legal proceedings and claims that which arise in certainty, management believes the final outcome of such matters will not have a Company's properties are presently subject to any n litigation nor, to the Company's knowledge, is there any material threatened litigation.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable. applicable.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUERS PURCHASES OF EQUI

Market Information

Our Series A Common Stock has been listed on the Nasdaq Capital Market under the symbol "SQFT" since October 7, 2020. Our S
January 24, 2022, our Series A Warrants began trading on the Nasdaq Capital Market under the symbol "SQFTW".

Performance Graph

Not required.

Number of Common Stockholders

As of March 27, 2023 March 27, 2024, there were approximately 6,000 holders of our Series A Common Stock.

Dividend Payments

The following is a summary of distributions declared per share of our Series A Common Stock and for our Series D Preferred Stock f
to our common stockholders on a quarterly basis, and on a monthly basis for holders of Series D Preferred Stock going forward, but i

Series A Common Stock

Quarter Ended
March 31
June 30
September 30
December 31
Total

Series D Preferred Stock

Month
January
February
March
April
May
June
July
August
September
October
November
December 31
Total

Warrant Dividend

We set a record date of January 14, 2022 with respect to the distribution of the Series A Warrants. The Series A Warrants and the s
was filed with the SEC and was declared effective January 21, 2022. The Series A Warrants commenced trading on the Nasdaq Cap
common stock and existing outstanding warrants as of the January 14, 2022 record date, or who acquired shares of common stock

The Series A Warrants give the holder the right to purchase one share of common stock at $7.00 per share, for a period of five years.
convert to 1/10 of a common share at expiration, rounded down to the nearest number of whole shares.

Dividend Policy

We plan to pay at least 90% of our annual REIT taxable income to our stockholders in order to maintain our status as a REIT. We inten
Our goal is to make cash dividend distributions out of our operating cash flow and proceeds from the sale of properties. During 2022
During 2021, 2022, we paid dividends to our holders of Series A Common Stock of approximately $1.0 million related to 2021. $3.1 mill

To the extent that we make pay dividends in excess of our earnings and profits, as computed for federal income tax purposes, these
as a return of capital for federal income tax purposes generally will not be taxable as a dividend to a U.S. stockholder, but will redu
upon a subsequent sale of such shares. Return of capital dividends in excess of a stockholder's basis generally will be treated as ga

We provide each of our stockholders a statement detailing dividends paid during the preceding year and their characterization
2023 and December 31, 2021 December 31, 2022, all dividends to holders of our Series A Common Stock were non-taxable as they we

Equity Compensation Plan Information
Securities authorized for issuance under equity compensation plans

We established the 1999 Flexible Incentive Plan ("1999 Plan") Information regarding securities authorized for the purpose of attracti
that the maximum number of shares to be issued issuance under the 1999 Plan would be an amount equal to 10% Company's equity c
aggregate number of common stock that may be issued under the 2017 Plan is 2,500,000 shares. At December 31, 2022, approxima
Restricted Stock as defined in the 2017 Plan had been issued under such plan. At December 31, 2022, the amount of shares of comm
this Annual Report.

Issuer Purchases of Equity Securities

While we will continue to pursue value creating investments, the Board of Directors believes there is significant embedded value in ou
an attractive use of capital currently. On September 17, 2021, the Board of Directors authorized a stock repurchase program of up to
the Board of Directors authorized a stock repurchase program of up to $6.0 million of outstanding shares of our Series A Common S
December 31, 2021, the Company repurchased 29,721 shares of our Series A Common Stock at an average price of approximately $3.
2022December 31, 2022, the Company repurchased 196,631 shares of our Series A Common Stock at an average price of approxim
average price of approximately $20.31 per share, including a commission of $0.035 per share, for a total cost of $313,578 for the Se
stock repurchase program of up to $6.0 million of outstanding shares of our Series A Common Stock and up to $4.0 million of ou
repurchased 23,041 shares of our Series D Preferred Stock at an average price of approximately $ 15.97 per share, including a con
Preferred Stock. The repurchased shares will be treated as authorized and unissued in accordance with Maryland law and shown a
Board of Directors believes there is significant embedded value in our assets that is yet to be realized by the market. Therefore, retur

The following tables contain information for shares of Series A Common Stock and Series D Preferred Stock repurchased during the

Series A Common Stock:

Month
January 2022
February 2022
March 2022
April 2022
May 2022
June 2022
July 2022

August 2022
September 2022
October 2022
November 2022
December 2022
Total

Month
January 2023
February 2023
March 2023
April 2023
May 2023
June 2023
July 2023
August 2023
September 2023
October 2023
November 2023 (1)
December 2023
Total

(1) On November 17, 2023, the Board of Directors authorized a stock repurchase program of up to $6.0 million of outstanding shares c

Series D Preferred Stock:

Month	Total Number c Purchas
January 2022	
February 2022	
March 2022	
April 2022	
May 2022	
June 2022	
July 2022	
August 2022	
September 2022	
October 2022	
November 2022	
December 2022	
Total	

Month	Total Number (Purchas
January 2023	
February 2023	
March 2023	
April 2023	
May 2023	
June 2023	
July 2023	
August 2023	
September 2023	
October 2023	
November 2023 (1)	
December 2023	
Total	

(1) On November 17, 2023, the Board of Directors authorized a stock repurchase program of up to $6.0 million of outstanding shares o

ITEM 6. RESERVED

Not required.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion relates to our financial statements and should be read in conjunction with the financial statements and Financial Condition and Results of Operations" that are not historical facts may be forward-looking statements. Such statements are the information presented is forward-looking in nature, including information concerning projected future occupancy rates, renta expectations, actual results could vary from expectations stated in this report. Numerous factors will affect our actual results, some o of commercial and residential markets, competitive market conditions, and fluctuations in availability and cost of construction materi cautioned not to place undue reliance on this information, which speaks only as of the date of this report. We assume no obligation t to the extent we are required to do so in connection with our ongoing requirements under federal securities laws to disclose materia that could cause actual results and events to differ materially from results and events referred to in the forward-looking information. S

OVERVIEW

The Company operates as an internally managed diversified real estate investment trust, or REIT. The Company invests in a multi-te back to the homebuilder located primarily in the western United States. As of December 31, 2022 December 31, 2023, including proper

- *Eight office buildings and one industrial building ("Office/Industrial Properties") which total approximately 756,265 758,175 r*
- *Three retail shopping centers ("Retail Properties") which total approximately 65,242 rentable square feet, and*
- *92 110 model homes owned by five six affiliated limited partnerships and one corporation ("Model Home Properties").*

Presidio Property Trust's office, industrial and retail properties are located California, Colorado, Maryland, North Dakota and Texas. C we anticipate will be stabilized within two or three years of acquisition. We consider a property to be stabilized once it has achieved enables us to reduce our operating costs through economies of scale by servicing a number of properties with less staff, but it also m

Most of our office and retail properties are leased to a variety of tenants ranging from small businesses to large public companies, agreements for real estate having net leases that require the tenant to pay all of the operating expense (NNN Leases) or pay increas increases. Our model homes are typically leased for 2 to 3 years to the homebuilder on a triple net lease. Under a triple net lease, property.

We seek to diversify our portfolio by commercial real estate segments to reduce the adverse effect of a single under-performing segm varies by tenant class. For example, our commercial and industrial tenants tend to be corporations or individual individually owned b the circumstance), and run credit reports for any prospective tenant to support our decision to enter into a rental arrangement. We homebuilders with established credit histories. These tenants are subjected to financial review and analysis prior to us entering into significant credit losses.

SIGNIFICANT TRANSACTIONS INSignificant Transactions in 2023 and 2022 and 2021

Acquisitions during the year ended December 31, 2023:

- *We acquired 40 Model Home Properties and leased them back to the homebuilders under triple net leases during the year payments of $6.6 million and mortgage notes of $15.3 million.*

Acquisitions during the year ended December 31, 2022:

- *We acquired 31 Model Home Properties and leased them back to the homebuilders under triple net leases during the yea cash payments of $4.8 million and mortgage notes of $10.8 million.*

Acquisitions during the year ended December 31, 2021:

- *On August 17, 2021, the Company, through its 61.3% owned subsidiaries NetREIT Palm Self Storage, LP and NetREIT Hig approximately $4.9 million, in connection with a like-kind exchange transaction pursued under Section 1031 of the Intern purchased with all cash.*
- *On December 22, 2021, the Company purchased a 31,752 square foot building in Baltimore, Maryland for a purchase pric Bloomberg School of Public Health and was purchased with all cash.*
- *We acquired 18 Model Home Properties and leased them back to the homebuilders under triple net leases during the ye payments of $2.7 million and mortgage notes of $5.7 million.*

Dispositions during the year ended December 31, 2022:

We review our portfolio of investment properties for value appreciation potential on an ongoing basis, and dispose of any properties any such property sale, after repayment of any associated mortgage or repayment of secured or unsecured indebtedness, are availab

Dispositions during the year ended December 31, 2023:

During year ended December 31, 2023, we disposed of the following properties:

- *22 model homes for approximately $11.7 million and the*

Dispositions during the year ended December 31, 2022:

During year ended December 31, 2022, we disposed of the following properties:

- *World Plaza, which was sold on March 11, 2022, for approximately $10.0 million and the Company recognized a loss of app*

- *31 model homes for approximately $17.5 million and the Company recognized a gain of approximately $5.4 million.*

Dispositions during the year ended December 31, 2021:

During year ended December 31, 2021, we disposed of the following properties:

- *Waterman Plaza, which was sold on January 28, 2021, for approximately $3.5 million and the Company recognized a loss of a*
- *Garden Gateway, which was sold on February 19, 2021, for approximately $11.2 million and the Company recognized a loss o*
- *Highland Court, which was sold on May 20, 2021, for approximately $10.2 million and the Company recognized a loss of appr*
- *Executive Office Park, which was sold on May 21, 2021, for approximately $8.1 million and the Company recognized a gain o*
- *44 model homes for approximately $20.7 million and the Company recognized a gain of approximately $3.2 million.*

Sponsorship of Special Purpose Acquisition Company

On January 7, 2022, we announced our sponsorship, through our wholly-owned subsidiary, Murphy Canyon Acquisition Sponsor, Acquisition Corp. ("Murphy Canyon" or the "SPAC") raised $132,250,000 in capital investment to acquire an operating business. We, t initial public offering being declared effective and consummated (excluding the private placement units described below), and that publicly traded entity. The SPAC offered $132,250,000 units, with each unit consisting of one share of common stock and three-quarte

The Sponsor purchased an aggregate of 828,750 units (the "placement units") of the SPAC at a price of $10.00 per unit, for an aggre closing of the SPAC initial public offering. The Sponsor has agreed to transfer an aggregate of 45,000 placement units (15,000 each) to

On November 8, 2022, the SPAC entered into an agreement and plan of merger with Conduit Pharmaceuticals Limited, a Cayman Isl and the SPAC's wholly owned subsidiary. If the The merger agreement is approved by the SPAC's stockholders and the transactions Conduit Pharma, with Conduit Pharma surviving the merger as the SPAC's wholly owned subsidiary. Pursuant to subsidiary and convertible debt, which conversion shall have occurred prior to the consummation of the merger) of Conduit will be converted into share (including the ordinary shares issued upon conversion of all outstanding convertible debt, which conversion shall have occur basis. public company renamed "Conduit Pharmaceuticals Inc." ("Conduit").

Initially, the SPAC was required to complete its initial business combination transaction by 12 months from the consummation o accordance with its certificate of incorporation. On January 26, 2023, at a special meeting of the stockholders, the stockholders a business combination up to 12 times, each such extension for an additional one month one-month period, from February 7, 2023, to deposit into the trust account, for each one-month extension, one-third of 1% of the funds remaining in the trust account following the made in connection with the special meeting, we owned approximately 65% of the issued and outstanding equity of the SPAC.

On March 3, 2023 Throughout 2023, we loaned Murphy Canyon $300,000 $1.0 million to fund its trust account and for operating be repayable was repaid in full upon the earlier of (i) on the date on which of Murphy Canyon's business combination with Conduit Pha On September 22, 2023, Murphy Canyon consummates completed its initial business combination with Conduit Pharma and cha approximately 65% of the SPAC's outstanding common stock. Upon consummation of the business combination, the SPAC's shares were then reclassified as a single class of Conduit common stock. As a result of the business combination, the Company was issue into shares of the SPAC's Class A common stock and then reclassification into shares of Conduit common stock, (ii) 754,000 shares SPAC's Class A common stock and (iii) private warrants to purchase 754,000 shares of Conduit common stock, which prior to the b combination, shareholders and debtholders of Conduit Pharma were issued 65,000,000 shares of Conduit common stock. Immedia stock and warrants to purchase 45,000 shares of Conduit common stock to the SPAC's independent directors as compensation for business combination and currently owns approximately 6.3% of Conduit's common stock. In connection with the business combin with the exception of the Company's former Chief Financial Officer who resigned from the Company.

ECONOMIC ENVIRONMENT

ECONOMIC ENVIRONMENT

According to Nareit's, the National Association of Real Estate Investment Trusts, 2023 2024 REIT Market Outlook, for the Economy, pu REIT share prices, will likely be an ongoing theme in 2024. For example, as the U.S. economy will continue 10-year Treasury yield economic growth results, waning job gains, elevated inflation, and higher interest rates. The confluence of these factors has resu forecast survey placed the odds of a U.S. recession within the next 12 months at 62.5%; the likelihood was 15% at the start of the yea December 1, 2023. As of softening going into 2023. The industrial, retail, and apartment property types maintained elevated occup dropping nearly 3% from its 2019 average. Four-quarter rent growth rates remained healthy for the industrial, retail, and apartmen commercial real estate transaction volume. The combination of high rates and weak valuations resulted in a dearth of REIT capita appraisals have been slow to adjust to current market conditions. For example:

- *The REIT implied and private transaction-based cap rate spread was 170 bps.*
- *The REIT implied and private appraisal-based cap rate spread was 216 bps.*

According to Nareit, these great divides indicate serious disparities between today's public and private real estate valuations. Th significant. All else equal, closing the REIT implied–transaction gap would require private value write-downs of more than 25%; th represent extreme scenarios, significant rises in transaction and appraisal cap rates are warranted and further material write-downs a 2024 and beyond:

- *REITs have typically enjoyed strong absolute and relative total return performances after monetary policy tightening cycl*

- *The valuation divergence between REITs and private real estate will likely converge in 2024, making REITs an attractive o*
- *Solid balance sheets will enable REITs to navigate ongoing economic uncertainty while providing an advantage in terms*

CREDIT MARKET ENVIRONMENT

Current market rates in February 2024 on fixed rate mortgages on homes range from 6.15% - 7.29%, depending on the term(1). Curre building (retail/industrial/office)(2). Interest rates increased in 2023 compared to 2022 due to the Federal Reserve raising interest rate Federal Reserve chose not to raise rates in September 2023, November 2023, December 2023, and January 2024, most recently noting last year but remain strong, and the unemployment rate has remained low. Inflation has eased over the past year but remains eleva mortgages on new homes or commercial properties at its lowest level since 2009. the same rate we have historically when they com credit.

(1) Source: https://www.bankrate.com/finance/mortgages/current-interest-rates.aspx

(2) Source: https://selectcommercial.com/commercial-mortgage-rates.php

(3) Source: https://www.federalreserve.gov/newsevents/pressreleases/monetary20240131a.htm

CREDIT MARKET ENVIRONMENT

As noted by Colliers Securities in Nareit's "2023 its February 2024 Industry Notes: Going forward the Federal Reserve has put the RI 2023, we anticipate the transaction market should return as interest rates stabilize or move lower. This should allow many REITs to transaction market is sellers' need to adjust their price expectations. Borrowing at rates of approximately 3% are no longer realis opportunities for acquisitions may make sense for many REITs' cost of capital. The Collier Securities report further noted the followi

Industrial - The industrial sector, marked by its resilience, witnessed a steady increase in cap rates from March to September, reach January the trend reversed, and industrial cap rates surpassed those of other sectors, now being the sector with the highest cap sector. In January, the industrial real estate sector exhibited a range of noteworthy changes in cap rates across cities. San Antoni were observed in Houston, with a significant rise from 7.08% in December 2022, to 7.50% in January. Similarly, San Antonio experie to 3.95%, and Salt Lake City exhibited resilience with a drop from 6.40% to 6.10%. The diverse spread in cap rates highlights varied local market dynamics. While the industrial sector, overall, demonstrates a broad upward trend in November cap rates, with an avera Retail - The retail sector underwent a series of fluctuations, showcasing the odds of most significant variance among the sectors However in January, the retail sector experienced a recession decline in cap rates, which shows just how much these cap rates c property market has shown some signs of softening as we enter 2023. Higher interest rates and debt costs continue to slow comme Nashville experiences the lowest at 4.30%. Noteworthy changes from December to January include Houston's cap rate increasing REIT capital raising. In the third quarter of 2022, REIT capital raising was at December to 4.76% in January and from 6.13% to 5.20%,

Our ability position with notable cap rate expansions from 7.00% to execute our business strategies, and in particular to make new include the issuance of our equity securities and mortgages secured by properties. The market for mortgages has remained strong, mortgage-backed securities ("CMBS") market, life insurance companies and regional banks. Although these lenders are cautious ab though we have been successful in procuring equity financing and secured mortgages financing in the past, we cannot be assured th

Rising inflation and elevated U.S. budget deficits and overall debt levels, including Office - In January, office cap rates decreased t cities exhibiting slight shifts in market dynamics. The office real estate market demonstrates city-specific dynamics, with wide-rang Indianapolis stands out with the highest cap rate at 9.62%, followed by Los Angeles with a cap rate of 7.74%, a significant increase range as there is a result of federal pandemic relief and stimulus legislation and/or economic or market and supply chain conditi interest rates in the future. Prolonged higher interest rates could adversely affect our overall business, income, and our ability to pa on favorable terms or at all, and negatively impacting the value of properties and the ability of prospective buyers to obtain financ liquidity. Furthermore, our business and financial results may be harmed by our inability to accurately anticipate developments ass

MANAGEMENT EVALUATION OF RESULTS OF OPERATIONS

Management's evaluation of operating results includes an assessment of our ability to generate cash flow necessary to pay operat management's assessment of operating results gives less emphasis to the effects of unrealized gains and losses and other non-cas comparable periods but have no impact on cash flows. Management's evaluation of our potential for generating cash flow include portfolio, our future operating cash flow from anticipated acquisitions, and the proceeds from the sales of our real estate assets or ot

In addition, management evaluates the results of the operations of our portfolio and individual properties with a primary focus on efforts on improving underperforming assets through re-leasing efforts, including negotiation of lease renewals and rental rates. Pr with the equity reinvested in new acquisitions or otherwise allocated in a manner we believe is accretive to our stockholders. Our abi to identify appropriate investments.

Our results of operations for the years ended December 31, 2022 December 31, 2023 and 2021 are 2022 may not be indicative of thos
last 24 months expenses and interest income, resulting from our investment in and consolidation of Murphy Canyon Acquisition Corp
June and July 2021, management is working to increase the number of properties September 2023. The de-SPAC resulted in the portf
2023, with new acquisitions. However, a cost basis of approximately $7.5 million. The Company entered into a lock-up agreement w
which ended March 20, 2024. Management is still considering the best course of action to monetize our investment. During 2
compressing capitalization rates have made it challenging to acquire properties that fit our portfolio needs. As a result, we did
Properties. acquire 40 model home properties. Management will continue to evaluate potential acquisitions in an effort to increase ou

CRITICAL ACCOUNTING POLICIES

As a company primarily involved in owning income generating real estate assets, management considers the following accounting po
and because they are important for understanding and evaluating our reported financial results. These judgments affect the repor
statements and the reported amounts of revenue and expenses during the reporting periods. With different estimates or assumpt
different estimates that may impact the comparability of our results of operations to those of companies in similar businesses.

Real Estate Assets and Lease Intangibles. Land, buildings and improvements are recorded at cost, including tenant improvements an
that replaces, improves, or otherwise extends the economic life of an asset, while ordinary repairs and maintenance are expens
(consisting of land, building, tenant improvements, land purchase options, and long-term debt) and identified intangible assets ar
origination costs and tenant relationships), based in each case on their respective fair values.

We allocate the purchase price to tangible assets of an acquired property based on the estimated fair values of those tangible asset
factors, including, but not limited to, comparisons to other properties sold in the same geographic area and independent third-pa
marketing and leasing activities in estimating the fair values of the tangible and intangible assets and liabilities acquired.

The value allocated to acquired lease intangibles is based on management's evaluation of the specific characteristics of each tenan
business relationships with the tenant, growth prospects for developing new business with the tenant, the remaining term of the leas

The value allocable to the above-market or below-market market component of an acquired in-place lease is determined based upon
lease over its remaining term, and (ii) management's estimate of rents that would be paid using fair market rates over the remaining te

The value of in-place leases and unamortized lease origination costs are amortized to expense over the remaining term of the resp
based on management's assessment of lost revenue and costs incurred for the period required to lease the "assumed vacant" prop
what we would have paid to a third party to secure a new tenant reduced by the expired term of the respective lease.

Real Estate Held for Sale and Discontinued Operations. Real estate sold or to be sold during the current period is classified as "r
Mortgage notes payable related to the real estate sold during the current period is classified as "notes payable related to real estate
we record the operating results related to real estate that has been disposed of as discontinued operations for all periods prese
involvement in the operations of the property following the sale.

Impairment of Real Estate Assets. We review the carrying value of each property to determine if circumstances that indicate impairm
possibility of impairment, we prepare a projection of the undiscounted future cash flows, without interest charges, of the specific p
property is written down to its estimated fair value based on our best estimate of the property's discounted future cash flows.

Goodwill and Intangible Assets. Intangible assets, including goodwill and lease intangibles, are comprised of finite-lived and inde
representing the estimated value of in-place leases, unamortized lease origination costs, tenant relationships and land purchase op
Indefinite-lived assets are not amortized.

We test for impairment of goodwill and other definite and indefinite lived assets at least annually, and more frequently as circumsta
from its undiscounted cash flows and is measured as the difference between the carrying amount and the estimated fair value of the a

Sales of Real Estate Assets. Generally, our sales of real estate would be considered a sale of a nonfinancial asset as defined by ASC
meets the criteria to be accounted for as a contract, we would derecognize the asset and recognize a gain or loss on the sale of the re

Revenue Recognition. We recognize minimum rent, including rental abatements, lease incentives and contractual fixed increases a assured and record amounts expected to be received in later years as deferred rent receivable. If the lease provides for tenant impro we are the owner of the tenant improvements, rental revenue begins when the tenant takes possession or has control of the phy possession or have control of the physical use of the leased asset until the tenant improvements are substantially completed. When t take in the form of cash or a credit against its rent) that is funded is treated as a lease incentive and amortized as a reduction of reven

- *whether the lease stipulates how a tenant improvement allowance may be spent;*
- *whether the amount of a tenant improvement allowance is in excess of market rates;*
- *whether the tenant or landlord retains legal title to the improvements at the end of the lease term;*
- *whether the tenant improvements are unique to the tenant or general-purpose in nature; and*
- *whether the tenant improvements are expecte*

We record property operating expense reimbursements due from tenants for common area maintenance, real estate taxes, and other

We make estimates of the collectability of our tenant receivables related to base rents, including deferred rent receivable, expense re bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when evaluating the adequ of the expected recovery of pre-petition and post-petition claims in assessing the estimated collectability of the related receivable. In debt reserve for the tenant's receivable balance and generally will not recognize subsequent rental revenue until cash is received or u

Sales of real estate are recognized generally upon the transfer of control, which usually occurs when the real estate is legally sold. met for all real estate sold during the periods presented.

Income Taxes. We have elected to be taxed as a REIT under Sections 856 through 860 of the Code, for federal income tax purpo stockholders and meet the various other requirements imposed by the Code relating to such matters as operating results, asset holdi generally not subject to corporate level income tax on the earnings distributed currently to our stockholders that we derive from ourselves of certain savings provisions set forth in the Code, all of our taxable income would be subject to federal income tax at regu

We, together with one of our entities, have elected to treat such subsidiaries as taxable REIT subsidiaries (a "TRS") for federal inco tenants, and holding assets that we cannot hold directly. A TRS is subject to federal and state income taxes.

Fair Value Measurements. Certain assets and liabilities are required to be carried at fair value, or if long-lived assets are deemed to b of inputs within the following hierarchy:

- *Level 1: unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or lia*
- *Level 2: quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in mark in active markets; and*
- *Level 3: prices or valuation techniques where little or no market data is available that requires inputs that are both signific*

When available, we utilize quoted market prices from independent third-party sources to determine fair value and classify such items nonbinding quoted market price, observable inputs might not be relevant and could require us to make a significant adjustment to de Additionally, in an inactive market, a market price quoted from an independent third-party may rely more on models with inputs ba owned by us to be illiquid or when market transactions for similar instruments do not appear orderly, we use several valuation so assigning weights to the various valuation sources.
As of December 31, 2022 December 31, 2023 and December 31, 2021 December 31, 2022, our marketable securities (excluding our ir sheet were measured at fair value using Level 1 market prices and totaled approximately $0.8 million $45,149 and $1.5 million $0 Additionally, the funds held in the Trust Account for the SPAC Class A common stockholders included a money market portfolio that

totaled approximately $0 million and $136.9 million as of December 31, 2023 and December 31, 2022, respectively. Our investments i
value using Level 1 market prices, which are currently held at Conduit's transfer agent, taking into account the adoption of ASU 20
million as of December 31, 2023, with a cost basis of approximately $7.5 million. The Company entered into a lock-up agreement with
ended March 20, 2024. There were no financial liabilities measured at fair value as of December 31, 2022 December 31, 2023 and Dece

The following table presents as of December 31, 2023 the Company's assets subject to measurement at fair value on a nonrecurring b

	Fair Value Measurements as of Dec		
	Level 1	Level 2	Lev
Assets:			
Goodwill for Dubose Model Homes	$ -	$ -	$ 1,
Goodwill for NTR Property Management	-	-	
Total Assets	$ -	$ -	$ 1,

The following table presents as of December 31, 2022 the Company's assets subject to measurement at fair value on a nonrecurring b

	Fair Value Measurements as of Dec		
	Level 1	Level 2	Lev
Assets:			
Goodwill for Dubose Model Homes	$ -	$ -	$ 1,
Goodwill for NTR Property Management	-	-	1,
Total Assets	$ -	$ -	$ 2,

Additionally, when determining the fair value of a liability in circumstances in which a quoted price in an active market for an identi
liability when traded as an asset or quoted prices for similar liabilities when traded as assets or (ii) another valuation technique that i
assumptions or estimation methodologies can have a material effect on these estimated fair values. In this regard, the derived fair va
immediate settlement of the instrument.

Depreciation and Amortization. The Company records depreciation and amortization expense using the straight-line method over the
of improvements are amortized over the shorter of the estimated life of the asset or term of the tenant lease (which range from 1 to 10
and equipment are depreciated over 4 to 5 years.

Earnings per share ("EPS"). The EPS on common stock has been computed pursuant to the guidance in FASB ASC Topic 260, Earni
receive non-forfeitable dividends, as participating securities requiring the two-class method of computing net income per share of co
less net income attributable to unvested restricted shares by the weighted average number of shares of common stock outstandin
shares of common stock and potentially dilutive securities outstanding in accordance with the treasury stock method.

Dilutive common stock equivalents include the dilutive effect of in-the-money stock equivalents, which are calculated based on the a
would be anti-dilutive. In periods in which a net loss has been incurred, all potentially dilutive common stock shares are considered a
dilutive common stock, because their inclusion would have been antidilutive, are:

Common Stock Warrants
Placement Agent Warrants
Series A Warrants
Unvested Common Stock Grants
Total potentially dilutive shares

RESULTS FROM OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2022 2023 AND 2021 2022

Our results from operations for 20222023 and 20212022 are not indicative of those expected in future periods as we expect that rental will significantly change in future periods as a result of the assets sold over the last two years.

Revenues. Total revenue was approximately $17.8 million$17.6 million for the year ended December 31, 2022December 31, 2023, million$0.2 million or 7%1%. The decrease in rental income reported in 20222023 compared to 20212022 is directly related to the associated with those properties, and the sale of World Plaza our largest tenant, in March of 2022. The CAM reduction for the year en Center II at December 31, 2022. The decrease in rental income is also connected to the reduction of model homes in 2021 (going from number of homes as of December 31, 2021. The decrease in rental income This was partially offset by the acquisition of increase in portfolio grew from 92 at December 31, 2022 to 110 at December 31, 2023.

Rental Operating Costs. Rental operating costs were approximately $5.8 million$6.0 million for the year ended December 31, 2022Dec of approximately $0.3 million$121,522 or 5%2%. Rental operating costs as a percentage of total revenue was 32.9%33.8% and 32.2% increase, specifically insurance costs. As of December 31, 2023 our model home assets made up 35% of our total real estate a approximately 23% of our total revenue. This percentage is expected to increase in 2024 as the percentage of our model home re ended December 31, 2023, respectively. The decrease resulting in rental operating costs for an expected decreases in the years percen estate assets in the near future. During the year ended December 31, 2022 compared December 31, 2023, the material impact to 2021 i

Segment
Office/Industrial
Model Home
Retail

Segment
Office/Industrial
Model Home
Retail

General and Administrative. General and administrative ("G&A") expenses were approximately $6.2 million$6.8 million for the yea 2021, 2022, representing a decrease an increase of approximately $62,000 $0.6 million or 1% 10%. As a percentage of total reven 31, December 31, 2023 and 2022, and 2021, respectively. The G&A expense for the years ended December 31, 2022 was affected by a decreased stock compensation, off set offset by the increase in D&O insurance for the SPAC totaling approximately $465,000 and 2023 leading to higher overall payroll costs. Consolidated G&A expenses related to SPAC totaled approximately $1.0 million and $0.9

Depreciation and Amortization. Depreciation and amortization expenses were approximately $5.5 million$5.4 million for the year 2021. 2022.

Asset Impairments. We review the carrying value of goodwill and each of our real estate properties annually to determine if circum 2023, we recognized a non-cash impairment charge of approximately $0.6 million $3.2 million on Highland Court goodwill and 300 N. Center property, approximately $0.4 million was related to eight model homes, and approximately $0.8 million was related to goodwi market value based on sales comparable of like property in the same geographical area as well as an evaluation of future cash flo prices for these specific model homes in 2024 as a result of an abnormally short hold period, less than two years, on model homes p We do not believe these losses are indicative of our overall model home portfolio. As noted above in the Overview section, during th of approximately $3.2 million. We expect to record a net gain on model home sales in the first quarter of 2024 as well. The impairme flows. The Company did not recognize a non-cash goodwill or real estate impairment during the year ended December 31, 2022 Decer

Interest Expense-mortgage notes. Interest expense, including amortization of deferred finance charges was approximately $4.7 millio million for the same period in 2021 , 2022, an increase of approximately $0.2 million $0.3 million, or 4% 6%. The increase in mortgage April 2022, we added approximately $9.3 million in the year ended 2023 our total mortgage debt related increased from $97.8 million at approximately $2.6 million, $108.5 million at December 31, 2023 in connection with the acquisition of new model home sales homes an December 31, 2022 and 2021 , respectively.

Interest Expense-note payable. On September 17, 2019, to 5.18% over the Company executed a Promissory Note pursuant to which P fixed rate of 8% per annum and required monthly interest-only payments. Interest expense, including amortization of the deferred o

December 31, 2021. The Polar Note was paid in full during March 2021, and no similar expenses were recorded during the year ended

Gain on Sale of Real Estate Assets. For the year ended December 31, 2022December 31, 2023, the change in gain on sale relates to t
Operations—Significant Transactions in 2022 2023 and 2021 2022 above for further detail.

Gain on Extinguishment of Government Debt. On April 30, 2020, the Company received a Paycheck Protection Program ("PPP") lo
during the COVID-19 pandemic. The PPP loan, less $10,000 related to the Economic Injury Disaster Loan ("EIDL") received on April
holdback requirements. The gain on extinguishment of government debt totaled $0 and $10,000 for the years end December 31, 2022

Income Tax Expense / Credit. For the year ended December 31, 2022December 31, 2023, the Company recorded an expense of appr
homes held by the taxable REIT subsidiary compared to a recorded an income tax credit of approximately $47,620, $1.2 million, for th
homes in 2023 as compared to 2022 as well as the deconsolidation of the SPAC, and the SPAC's income tax expense, in September
ended December 31, 2023 and 2022, respectively.

Income allocated to non-controlling interests. Income allocated to non-controlling interests for the years ended December 31, Decem
impacted by the sale of 19 13 and 34 19 model homes during the years ended December 31, December 31, 2023 and 2022, and 2021, re

Gain on deconsolidation of SPAC and remeasurement. Following the completion of the Murphy Canyon IPO in February 2022, we de
did not have enough equity at risk to finance its activities without additional subordinated financial support. Since the business
stockholders have substantive rights and we no longer have control of Conduit's activity. Since we are no longer the controlling part
financial statements. In connection with the deconsolidation we recorded a gain of approximately $40.3 million. Of the total gain re
Canyon via the Sponsor shares which converted into shares of Conduit's common stock on September 22, 2023, and approximately $
Since deconsolidating Conduit, on September 22, 2023, our investments in Conduit's common stock and common stock warrants pr
adoption of ASU 2022-03 Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions, and totaled approxim
up agreement with Conduit regarding the common stock held by the Company, for 180 days from the closing of the business combin

Geographic Diversification Tables

The following table shows a list of commercial properties owned by the Company grouped by state and geographic region as of Dece

State	No. of Properties	Aggregate Square Feet	Approximate % o Square Feet
California	1	57,807	7
Colorado (1)	5	324,245	39
Maryland	1	31,752	3
North Dakota (1)	4	397,203	48
Texas	1	10,500	1
Total	12	821,507	100

The following table shows a list of our Model Home properties by geographic region as of December 31, 2022 December 31, 2023:

Geographic Region	No. of Properties	Aggregate Square Feet	Approximate % Square Feet
Midwest	2	6,153	
Southeast	2	3,978	
Southwest	88	268,749	9
Total	92	278,880	10

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our anticipated future sources of liquidity may include existing cash and cash equivalents, cash flows from operations, refinancing o in Conduit Pharma, and the sale of our equity or issuance of debt securities. Management believes that the number of commercial r and resulting cash generated thereby may not be indicative of our future strategic plans. We intend to grow our portfolio with approximately $16.5 6.5 million. Our future capital needs include paying down existing borrowings, maintaining our existing prop deposits), and the payment of dividends to our stockholders. We also are actively seeking model home investments that are likely to credit to provide short-term liquidity. stockholders. To ensure that we can effectively execute these objectives, we routinely review ou

Our short-term liquidity needs include paying our current operating costs, satisfying the debt service requirements of our existing principal payments due on our mortgage notes payables during 2023, 2024, total approximately $8.3 23.5 million, of which $6.8 13.1 Research Parkway, Arapahoe Service Center and Union Town Center, have mortgage loans with maturity dates, totaling approxima loans. Additionally, management may consider selling these properties if we are unsuccessful in extending the maturity dates or are has recourse to the Company. Management expects certain model home and commercial properties homes will be sold, and that Company has done in the past. Additional principal payments will be made with cash flows from ongoing operations. On March 1 unrelated third party. This property was not encumbered by any debt and net cash proceeds will be used for future cash needs. On D Services, Inc. was located in our Shea Center II property in Colorado and made up approximately 8.57% of our annual base as of Dec with our lender to cover future mortgage payments, if necessary. necessary, in connection with Halliburton's vacant space, none of cash" on the balance sheet. Our management team is working to fill the 45,535 square foot space as quickly as possible, and has fi first quarter remaining 80%. As of 2023. December 31, 2023, none of the third party proposals have fit into our long-term plans. We wi

While we will continue to pursue value creating investments, the Board of Directors believes there is significant embedded value in o an attractive use of capital currently. On September 17, 2021, the Board of Directors authorized a stock repurchase program of up to the Board of Directors authorized a stock repurchase program of up to $6.0 million of outstanding shares of our Series A Common December 31, 2021, the Company repurchased 29,721 shares of our Series A Common Stock at an average price of approximately $3. 2022December 31, 2022, the Company repurchased 196,631 shares of our Series A Common Stock at an average price of approxin average price of approximately $20.31 per share, including a commission of $0.035 per share, for a total cost of $313,578 for the Se stock repurchase program of up to $6.0 million of outstanding shares of our Series A Common Stock and up to $4.0 million of o repurchased 23,041 shares of our Series D Preferred Stock at an average price of approximately $ 15.97 per share, including a con Preferred Stock. The repurchased shares will be treated as authorized and unissued in accordance with Maryland law and shown a Board of Directors believes there is significant embedded value in our assets that is yet to be realized by the market. Therefore, retur

There can be no assurance that the Company will refinance loans, take out additional financing or capital will be available to the funding, it will most likely be required to reduce its plans, or reduce certain discretionary spending or even sell properties, which co on hand, cash flow from our existing portfolio, distributions from joint ventures in Model Home Partnerships and property sales durin next twelve months. If our cash flow from operating activities is not sufficient to fund our short-term liquidity needs, we plan to fund of debt instruments, additional investors, or we may reduce or suspend the rate of dividends to our stockholders.

Our long-term liquidity needs include proceeds necessary to grow and maintain our portfolio of investments. We believe that the reviewing our existing portfolio to determine which properties have met our short- and long-term goals and reinvesting the proc refinancing of maturing mortgages and assumption of existing debt collateralized by some or all of our real property in the future to or sell securities to the public we may not be able to acquire additional properties to meet our long-term objectives.

The following is a summary of distributions declared per share of our Series A Common Stock and for our Series D Preferred Stock f to our common stockholders on a quarterly basis, and on a monthly basis for the Series D Preferred stockholders going forward, but

Quarter Ended

March 31
June 30
September 30

December 31

Total

Month	Distributi
January	$
February	
March	
April	
May	
June	
July	
August	
September	
October	
November	
December 31	
Total	$

Month	Distributi
January	$
February	
March	
April	
May	
June	
July	
August	
September	
October	
November	
December 31	
Total	$

Cash, Cash Equivalents and Restricted Cash

At December 31, 2022 2023 and December 31, 2021December 31, 2022, we had approximately $16.5 6.5 million and $14.7 million$16. cash equivalents and restricted cash consist of invested cash, cash in our operating accounts and cash held in bank accounts at thi access to our cash or cash equivalents. equivalents. Approximately $4.1 million $1.2 million of our cash and restricted cash balance the next 12 months of 2023. This includes approximately $3.2 million related to tenant improvements and building improvements building in Bismarck, North Dakota. We plan on financing a portion of the Bismark construction costs with a new loan that will al equivalents for asset/property acquisitions, reduction of principal debt, general corporate purposes, common stock repurcha Corp. stockholders.

Secured Debt

As of December 31, 2022 2023, all our commercial properties, except 300 NP which has no debt, had fixed-rate mortgage notes paya
with loan terms at issuance ranging from 7 to 22 10 years. The weighted-average interest rate on these mortgage notes payable a
commercial properties was approximately 54.3% 60.6%. During the next 12 months four of our commercial property loans, totaling a
2023.

As of December 31, 2022 2023, the Company had fixed-rate mortgage notes payable related to model homes in the aggregate princi
Homes and five intercompany loans from the Company to our Model Home entities, Dubose Model Home Investors #202, LP and D
generally have a term at issuance of three to five years. As of December 31, 2022 2023, the average loan balance per home outstand
4.69%5.81%, respectively. Our debt to estimated market value on all our model home properties is approximately 58% 66.6%, excludir
and we have not experienced any notable difficulties financing our acquisitions. The Company anticipates that any new mortgages
average interest rate. As of December 31, 2023, we had issued two promissory notes to our majority owned subsidiaries, Dubose M
Texas and Wisconsin, for approximately $0.5 million with interest rates ranging from 3.0% to 5.55% per annum and maturity dates b
income related to these promissory notes, are eliminated through consolidation on our financial statements.

Cash Flows for the years ended December 31, 2022December 31, 2023 and December 31, 2021 December 31, 2022

Operating Activities: Net cash provided by operating activities for the years ended December 31, December 31, 2023 and 2022 and 202
change in net cash provided in operating activities is mainly due to changes in net income, including operating activities of the SPAC
rent. Consolidated operating expenses related to the SPAC totaled approximately $1.45 million and $1.50 million for the years ended
deconsolidation in September 2023.

Investing Activities: Net cash used in from investing activities for the year ended December 31, 2022December 31, 2023 was approxi
approximately $126.4 million during the same period in 2021. 2022. The change from each period was primarily related to the gr
million $137 million. Additionally, proceeds from sale of real estate, net, were down approximately $23.8 million $15 million in 2022
approximately $6.0 $10.5 million.

We currently project that we could spend up to $4.1 million $1.2 million (some of which is held in deposits reserve accounts by our le
the year. Capital expenditures may fluctuate in any given period subject to the nature, extent, and timing of improvements requi
improvements and leasing costs may also fluctuate in any given year depending upon factors such as the property, the term of the lea

Financing Activities: Net cash provided by used in financing activities during the year ended December 31, 2022 December 31, 2023 w
period in 2021 2022 and was primarily due to the following activities for the year ended December 31, 2022December 31, 2023:

- *Proceeds Payments on redemptions of approximately $132.3 million from public issuance $137.2 million for Murphy Canyo*
- *The payment of Series A Common Stock and Series D Preferred Stock dividends totaling approximately $1.2 million and $*
- *Net decrease in repayment of mortgage notes payable and notes payable totaling approximately $38.8 million $10.1 millior*
- *Net increase in proceeds from mortgage notes payable totaling Distributions to noncontrolling interest of approximately $*
- *A net decrease The repurchase of dividends paid to Series A Common stockholders of approximately $1.4 million.*
- *A net decrease of distributions to noncontrolling interest of approximately $3.2 million.*

These increases to cash provided by financing activities were offset by the following:

- *Net increase of payment of deferred offering costs totaling approximately $2.6 million, mainly related to offering costs for*
- *The issuance of Series A Common Stock and Series D Preferred Stock totaling approximately $8.9 million and $20.5 millio*
- *The increase in cash used to repurchase Series A Common Stock and Series D Preferred stock increased approximately $*
- *Net increase in cash dividend payments to Series D Preferred Stockholders of approximately $1.2 million (the Series D Pr*

These decreases to cash used in financing activities were offset by proceeds from mortgage notes payable, net of issuance costs of a

Off-Balance Sheet Arrangements

On July 12, 2021, the Company entered into a securities purchase agreement with a single U.S. institutional investor for the purchas Series A Common Stock and Pre-Funded Warrants to purchase up to 1,000,000 shares of Series A Common Stock. Each share of Co share of Common Stock and accompanying Pre-Funded Warrant were sold together at a combined offering price of $4.99. The Pre-F Warrants have an exercise price of $5.50 per share, were exercisable upon issuance and will expire five years from the date of issuan

In connection with this additional offering, we agreed to issue the Placement Agent Warrants to purchase up to 80,000 shares of Seri exercise of the Pre-Funded Warrants. The Placement Agent Warrants were issued in August 2021, post exercise of the Pre-Funded W

Common Stock Warrants: If all the potential Common Stock Warrants outstanding at December 31, 2022 December 31, 2023, were e issue an additional 2,000,000 shares of common stock.

Placement Agent Warrants: If all the potential Placement Agent Warrants outstanding at December 31, 2022 December 31, 2023, were issue an additional 80,000 shares of common stock.

January 14, 2022 was the record date with respect to the distribution of five-year listed warrants (the "Series A Warrants"). The Se registration statement that was filed with the SEC and was declared effective January 21, 2022. The Series A Warrants commenced persons who held shares of common stock and existing outstanding warrants as of the January 14, 2022 record date, or who acqu trading on January 21, 2022. The Series A Warrants give the holder the right to purchase one share of common stock at $7.00 per sh A Warrants will automatically convert to 1/10 of a common share at expiration, rounded down to the nearest number of whole shares.

Series A Warrants: If all the potential Series A Warrants outstanding at December 31, 2022 December 31, 2023, were exercised at t additional 14,450,069 shares of common stock.

Inflation

Leases generally provide for limited increases in rent as a result of fixed increases, increases in the consumer price index (typicall result in rent increases over time. During times when inflation is greater than increases in rent, as provided for in the leases, rent inc

However, our use of net lease agreements tends to reduce our exposure to rising property expenses due to inflation because the clie in their operating expenses exceed increases in revenue.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, we are not required to provide disclosure pursuant to this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required by this item are filed with this report as described under Item 15.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exch forms, and that such information is accumulated and communicated to Management, including our Chief Executive Officer and Chie "disclosure controls and procedures" in Rule 13a-14(c). In designing and evaluating the disclosure controls and procedures, Manag assurance of achieving the desired control objectives, and Management necessarily was required to apply its judgment in evaluating

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of o
operation of our disclosure controls and procedures. Based upon In connection with the preparation and audit of the financial state
financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting su
not be prevented or detected on a timely basis. This material weakness primarily relates to a non-recuring significant transaction for i

- *We lack a formal review and approval process in connection with the annual income tax provision, specifically related t on September 22, 2023.*
- *We did not design adequate internal controls under an appropriate financial reporting framework, including monitoring*

If this material weakness is not remediated, it could result in a misstatement of account balances or disclosures that would resul implementing measures designed to improve our Chief Executive Officer and Chief Financial Officer concluded that our disclosure c they have not been fully remediated as of the end date of this filing.

The material weakness will not be considered remediated until our remediation plan has been fully implemented, the applicable contr controls are operating effectively. We commenced the remediation plan and will be documenting and implementing such plan, followe period covered by remediation efforts. Our efforts may not remediate this report. material weakness in our internal control over financ internal control over financial reporting could result in errors in our financial statements that could result in a restatement of our finan in us and cause a decline in the price of our common stock.

Changes in Internal Control over Financial Reporting

We are adding controls around the calculation and preparation of income tax provisions and expenses, we are engaging with third p no additional changes in our internal control over financial reporting that occurred during the fiscal year ended December 31, 2022 D reporting. Furthermore, we do not believe that these controls have been impacted by COVID-19 related circumstances, including remo

Management's Management's Report on Internal Control over Financial Reporting

Our Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on our evaluation under the framework in Inter was were not effective as of December 31, 2022 December 31, 2023.

This annual report on Form 10-K does not include an attestation report of the Company's independent registered public accounting fi

ITEM 9B. OTHER INFORMATION

None. None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

Part III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is set forth under the captions "Board of Directors" and "Executive Officers of the Company" Meeting of Stockholders, to be filed with the SEC within 120 days of the fiscal year ended December 31, 2023 pursuant to Regulation 1

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is set forth under the caption "Executive Compensation" in our definitive Proxy Statement for t 2023 pursuant to Regulation 14A, and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item will be set forth under the caption “Security Ownership of Certain Beneficial Owners and Mana
120 days of the fiscal year ended December 31, 2023 pursuant to Regulation 14A, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by this item is set forth under the caption “Related Party Transactions” in our definitive Proxy Statement for
2023 pursuant to Regulation 14A, and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this item is set forth under the caption “Independent Registered Public Accounting Firm Fees and Serv
days of the fiscal year ended December 31, 2023 pursuant to Regulation 14A, and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

(1) Financial Statements - the following documents are filed as part of this report:

- Report of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets as of December 31, 2022 December 31, 2023 and 2021 2022
- Consolidated Statements of Operations for the years ended December 31, 2022 December 31, 2023 and 2021 2022
- Consolidated Statements of Equity for the years ended December 31, 2022 December 31, 2023 and 2021 2022
- Consolidated Statements of Cash Flows for the years ended December 31, 2022 December 31, 2023 and 2021 2022
- Notes to Consolidated Financial Statements

(2) Financial Statement Schedules - the following documents are filed as part of this report:

- Schedule III - Real Estate Assets and Accumulated Depreciation and Amortization as of December 31, 2022 Decembe

All other financial statement schedules have been omitted for the reason that the required information is presented in the fina

(3) Exhibits - an index to the Exhibits as filed as part of this Form 10-K is set forth below.

Number	Description
3.1	Articles of Merger filed with the Maryland State Department of Assessments and Taxa Current Report on Form 8-K filed on August 10, 2010).
3.2	Articles of Amendment and Restatement of the Articles of Incorporation, dated as of 2010).
3.3	Articles Supplementary filed on August 4, 2014 (incorporated by reference to Exhibit 3.
3.4	Articles of Amendment of Presidio Property Trust, Inc. (incorporated by reference to Ex
3.5	Articles Supplementary classifying and designating the Series C Common Stock (incor
3.6	Articles of Amendment effecting the reverse stock split (incorporated by reference to E
3.7	Articles Supplementary classifying and designating 805,000 shares of the Series D Pref

3.8	Articles Supplementary classifying and designating an additional 115,000 shares of the June 15, 2021).
3.9	Second Amended and Restated Bylaws of Presidio Property Trust, Inc. (incorporated by
3.10	Articles Supplementary relating to election to be subject to Section 3-803 of the Marylar March 22, 2024).
4.1	Form of Series A Common Stock Certificate (incorporated by reference to Exhibit 4.1 of
4.2	Description of Securities (incorporated by reference to Exhibit 4.2 of the Company's An
4.3	Form of Common Stock Warrant (incorporated by reference to Exhibit 4.1 of the Compa
4.4	Form of Placement Agent Warrant (incorporated by reference to Exhibit 4.2 of the Comp
4.5	Form of Pre-Funded Warrant (incorporated by reference to Exhibit 4.3 of the Company's
4.6	Form of Warrant (incorporated by reference to Exhibit 4.5 of the Company's Registratio
4.7 4.6	Form of Warrant Agent Agreement (incorporated by reference to Exhibit 4.6 of the Com
10.1+	1999 Flexible Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's
10.2	Dividend Reinvestment Plan (incorporated by reference to Exhibit 10.2 of the Company'
10.3	Promissory Note, dated as of September 17, 2019, by and between Presidio Property Tr Form 8-K filed on September 23, 2019).
10.4	Agreement, dated as of September 17, 2019, by and between Presidio Property Trust, In 8-K filed on September 23, 2019).
10.5+	Employment Agreement for Mr. Heilbron, effective as of October 18, 2017 (incorporated
10.7	Purchase and Sale Agreement and Joint Escrow Instructions among NetREIT Highland LP, dated as of February 6, 2015; as amended by the First Amendment dated Februar Current Report on Form 8-K filed on April 15, 2015).
10.8 10.3+	Form of Restricted Stock Agreement under 1999 Flexible Incentive Plan (incorporated b
10.9+	Amended and Restated Presidio Property Trust, Inc. 2017 Incentive Award Plan (incorp 2017 April 17, 2023).
10.10+ 10.4+	Form of Restricted Stock Agreement under 2017 Incentive Award Plan (incorporated by
10.11 10.5	Form of Placement Agency Agreement, dated as of July 12, 2021, by and between the C filed on July 14, 2021).
10.12 10.6	Form of Securities Purchase Agreement, dated as of July 12, 2021, by and between the on July 14, 2021).
10.13 10.7	At-The-Market Offering Agreement dated November 8, 2021, by and between Presidio P Report on Form 8-K filed on November 9, 2021).
10.14 10.8	Ninth Amendment to Loan Agreement signed August 19, 2021 (incorporated by referenc
10.15 10.9	Loan Agreement dated February 26, 2016, together with Second Amendment to Loan A Amendment to Loan Agreement dated as of February 20, 2018, Fifth Amendment to L Joinder and Seventh Amendment to Loan Agreement dated as May 22, 2020 and Eigh Current Report on Form 8-K filed on August 25, 2021).

10.16 10.10	Form of Indemnification Agreement entered into between the Company and each of its Form S-11 filed on September 18, 2017).
10.17 10.11	Tenth Amendment to Loan Agreement signed October 12, 2022 (incorporated by refere
10.18 10.12	Tenth Amendment to Guaranty Agreement signed October 12, 2022 (incorporated by ref
10.13+	Employment agreement with Jack Heilbron (incorporated by reference to Exhibit 10.1 of
10.14+	Employment agreement with Ed Bentzen (incorporated by reference to Exhibit 10.3 of th
10.15+	Employment agreement with Gary Katz (incorporated by reference to Exhibit 10.2 of the
10.16+	Employment agreement with Steven Hightower (incorporated by reference to Exhibit 10
14	Code of Ethics (incorporated by reference to Exhibit 14 of the Company's Annual Repor
21.1	Subsidiaries of the Registrant (incorporated by reference to Exhibit 21.1 of the Compan
23.1	Consent of Independent Registered Public Accounting Firm *
31.1	Certificate of the Company's Chief Executive Officer (Principal Executive Officer) pursu
31.2	Certification of the Company's Chief Financial Officer pursuant to Exchange Act Rules
31.3	Certification of the Company's Principal Accounting Officer pursuant to Exchange Act R
32.1	Certification of Chief Executive Officer, Chief Financial Officer and Principal Accounting
97.1	Clawback Policy of the Company *
101.INS	Inline XBRL Instance Document (the Instance Document does not appear in the Interact
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith

\+ Denotes a compensatory plan or arrangement

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on

Signature	Tit
/s/ Jack K. Heilbron Jack K. Heilbron	Director, Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
/s/ Adam Sragovicz Ed Bentzen Adam Sragovicz Ed Bentzen	Chief Financial Officer
/s/ Ed Bentzen Steven Hightower Ed Bentzen Steven Hightower	Chief Accounting Officer Director (Principal Accounting Officer)
/s/ Jennifer A. Barnes Jennifer A. Barnes	Director
/s/ David T. Bruen David T. Bruen	Director
/s/ James R. Durfey James R. Durfey	Director
/s/ Sumner J. Rollings Tracie Hager Sumner J. Rollings Tracie Hager	Director

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Report of Independent Registere

To the shareholders and the board of directors of
Presidio Property Trust, Inc. and Subsidiaries Subsidiaries:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Presidio Property Trust, Inc. and Subsidiaries (the "Company") Co and cash flows, for the years then ended, and the related notes to the consolidated financial statements and schedule in It "consolidated consolidated financial statements") statements). In our opinion, the consolidated financial statements present fairly, in the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted i

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an o with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to t Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the a whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal contro reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial repor

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whe test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included ev presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was co material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communicatio we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accour

Real Estate Asset and Lease Intangible Impairment Assessment

Critical Audit Matter Description

As described in Notes 4 and 12, to the consolidated financial statements, At December 31, 2023, the Company's consolidated net Company periodically evaluates its long-lived assets, including its investment in real estate, properties for impairment. The judgr operational performance, market conditions, legal and environmental concerns, and the Company's intent and ability to hold the r impairment loss is recognized for the difference between the estimated fair value and the carrying amount.
Auditing the Company's process to evaluate indicators of impairment was approximately $131 million at December 31, 2022. Real esta property level. Management continually monitors identification of events and or changes in circumstances that could may indicate th suggest that the carrying value of real estate assets may not be recoverable, management assesses the recoverability by estimating the eventual disposition of the investment. In some instances, there may be various potential outcomes for an investment and its po several assumptions and are probability-weighted based on management's best estimates as of the date of evaluation. These assu generally based on management's experience and assessment of market participants in its local real estate markets, and the effe assumptions judgments could have a significant material impact on either the cash flows or fair value of the real estate assets, the am
We identified the real estate asset impairment assessment as a critical audit matter. The Company experienced fluctuations in improvements, and other economic factors. In turn, auditing management's judgments regarding forecasts of future revenue an judgement and subjectivity. Company's analysis.

How We Addressed the Matter in Our Audit

The primary procedures we performed to address this critical audit matter included:

- *Obtaining an understanding Evaluated the judgements used by management to identify whether indicators of mana estate assets, including management's identification of significant assumptions and sensitivity completeness and ac*
- *Testing the completeness, accuracy, relevance, and reliability of underlying data used in management's undiscounte*

- Evaluating We compared the reasonableness of management's assessment of events and changes in circumstances
carrying amounts of its real estate investments may not be recoverable by considering the consistency with the curr
- Evaluating the reasonableness of management's significant assumptions used by management to current market da
- We also held discussions with management and read minutes of meetings of the Board of Directors and related com
in the undiscounted future cash flows disposal of real estate investments with potential impairment by considering a
real estate investments, the consistency with external market and industry data, and whether these significant assum

its useful life.

/s/ Baker Tilly US, LLP

We have served as the Company's auditor since 2009.

Irvine, California

March 28, 2023 April 15, 2024

Presidio Property Trust, In
Consolidated Bala

		December 31, 2022
ASSETS		
Real estate assets and lease intangibles:		
Land	$	19,[illegible]
Buildings and improvements		125,[illegible]
Tenant improvements		13,[illegible]
Lease intangibles		4,[illegible]
Real estate assets and lease intangibles held for investment, cost		163,[illegible]
Accumulated depreciation and amortization		(34,[illegible]
Real estate assets and lease intangibles held for investment, net		128,[illegible]
Real estate assets held for sale, net		2,[illegible]
Real estate assets, net		130,[illegible]
Other assets		
Other assets:		
Cash, cash equivalents and restricted cash		16,[illegible]
Deferred leasing costs, net		1,[illegible]
Goodwill		2,[illegible]
Investment in Conduit Pharmaceuticals marketable securities (see Notes 2 & 9)		
Deferred tax asset		
Other assets, net (see Note 6)		3,[illegible]
Total other assets		23,[illegible]
Investments held in Trust (see Notes 2 & 9)		136,[illegible]
TOTAL ASSETS	$	291,[illegible]
LIABILITIES AND EQUITY		
Liabilities:		
Mortgage notes payable, net	$	95,[illegible]
Mortgage notes payable related to properties held for sale, net		[illegible]
Mortgage notes payable, total net		96,[illegible]
Accounts payable and accrued liabilities		4,[illegible]
Accounts payable and accrued liabilities of SPAC (see Notes 2 & 9)		5,[illegible]

Accrued real estate taxes	1,8
Dividends payable preferred stock	1
Dividends payable	
Lease liability, net	
Below-market leases, net	
Total liabilities	108,
Commitments and contingencies (Note 2 & 9)	
SPAC Class A common stock subject to possible redemption; 13,225,000 shares (at $10.34 per share), net of issuance cost of approximately $6,400,000	130,
Commitments and contingencies (Note 2 & 9):	
SPAC Class A common stock subject to possible redemption; none as of December 31, 2023 and 13,225,000 shares as of December 31, 2022 (at $10.45 per share), net of issuance cost of approximately $6,400,000	
Equity:	
Series D Preferred Stock, $0.01 par value per share; 1,000,000 shares authorized; 916,061 shares issued and outstanding (liquidation preference $25.00 per share) as of December 31, 2022 and December 31, 2021, respectively	
Series A Common Stock, $0.01 par value per share, shares authorized: 100,000,000; 11,655,583 shares and 11,599,720 shares were issued and outstanding at December 31, 2022 and December 31, 2021, respectively	1
Series D Preferred Stock, $0.01 par value per share; 1,000,000 shares authorized; 898,940 shares issued and outstanding (liquidation preference $25.00 per share) as of December 31, 2023 and 913,987 shares issued and outstanding as of December 31, 2022	
Series A Common Stock, $0.01 par value per share, shares authorized: 100,000,000; 11,859,726 shares and 11,807,893 shares were issued and outstanding at December 31, 2023 and December 31, 2022, respectively	
Additional paid-in capital	182,
Dividends and accumulated losses	(138,
Total stockholders' equity before noncontrolling interest	43,8
Noncontrolling interest	9,
Total equity	52,8
TOTAL LIABILITIES AND EQUITY	$ 291,

See Notes to Consolidated F

Presidio Property Trust, In

Consolidated Statemen

Revenues:	
Rental income	
Fees and other income	
Total revenue	
Costs and expenses:	
Rental operating costs	
General and administrative	
Depreciation and amortization	
Impairment of real estate assets	
Impairment of goodwill and real estate assets	

Total costs and expenses

Other income (expense):

Interest expense - mortgage notes

Interest expense - note payable

Gain on sale of marketable securities, net

Interest and other (expense), net

Gain on sale of marketable securities, net (excluding Conduit marketable securities)

Interest and other income, net

Gain on sales of real estate, net

Gain on extinguishment of government debt

Income tax (expense) credit

Total other income (expense), net

Net income (loss)

Loss on Conduit marketable securities (see footnote 9)

Gain on deconsolidation of SPAC (see footnote 9)

Income tax (expense) benefit

Total other income, net

Net income

Less: Income attributable to noncontrolling interests

Net loss attributable to Presidio Property Trust, Inc. stockholders

Net income (loss) attributable to Presidio Property Trust, Inc. stockholders

Less: Preferred Stock Series D dividends

Less: Series A Warrant dividend

Net loss attributable to Presidio Property Trust, Inc. common stockholders

Net income (loss) attributable to Presidio Property Trust, Inc. common stockholders

Net loss per share attributable to Presidio Property Trust, Inc. common stockholders:

Net income (loss) per share attributable to Presidio Property Trust, Inc. common stockholders:

Basic & Diluted

Diluted

Weighted average number of common shares outstanding - basic & diluted

Weighted average number of common shares outstanding - basic & dilutive

See Notes to Consolidated F

Presidio Property Trust, In

Consolidated Statem

	Preferred Stock Series D		Common Stock		Additional Paid-in	Dividends and Accumulated	Total Stockholders’	Non-controlling
	Shares	Amount	Shares	Amount	Capital	Losses	Equity	Interests
Balance, December 31, 2020	—	$ —	9,508,363	$ 95,038	$ 156,463,146	$ (121,674,505)	$ 34,883,679	$ 15,238,902
Net loss	—	—	—	—	—	(3,625,582)	(3,625,582)	2,162,140
Dividends paid to Series A Common Stockholders	—	—	—	—	—	(4,473,399)	(4,473,399)	—

Dividends to Series D Preferred Stockholders	—	—	—	—	—	(1,173,948)	(1,173,948)	—
Issuance of Common Stock, net of issuance costs, including warrants exercised with offering *	—	—	2,000,000	20,000	8,851,879	—	8,871,879	—
Issuance of Series D Preferred Stock, net of issuance costs	920,000	9,200	—	—	20,480,603	—	20,489,803	—
Distributions in excess of contributions received	—	—	—	—	—	—	—	(7,588,197)
Repurchase of Common Stock, at cost	—	—	(29,721)	(252)	(110,379)	—	(110,631)	—
Vesting of restricted Series A Common Stock	—	—	121,078	1,211	806,763	—	807,974	—
Balance, December 31, 2021	920,000	$ 9,200	11,599,720	$ 115,997	$ 186,492,012	$ (130,947,434)	$ 55,669,775	$ 9,812,845
Net income	—	—	—	—	—	(2,127,119)	(2,127,119)	3,612,647
Net (loss) income								
Vesting of restricted stock	—	—	404,804	4,048	1,884,945	—	1,888,993	—
Dividends paid to Series A Common Stockholders	—	—	—	—	—	(3,114,456)	(3,114,456)	—
Dividends to Series D Preferred Stockholders	—	—	—	—	—	(2,152,741)	(2,152,741)	—
Remeasurement of SPAC common stock subject to possible redemption upon IPO, Public Warrants and Private Placement Units, net of offering costs	—	—	—	—	(4,023,113)	—	(4,023,113)	—
Remeasurement of SPAC shares to redemption value	—	—	—	—	(1,876,183)	—	(1,876,183)	—
Distributions in excess of contributions received	—	—	—	—	—	—	—	(4,412,046)
Repurchase of Series A Common Stock, at cost	—	—	(196,631)	(1,966)	(311,423)	—	(313,389)	—

Repurchase of Series D Preferred Stock, at cost	(6,013)	(60)	—	—	(122,081)	—	(122,141)	—
Balance, December 31, 2022	913,987	$ 9,140	11,807,893	$ 118,079	$ 182,044,157	$ (138,341,750)	$ 43,829,626	$ 9,013,446
Net income								
Vesting of restricted stock								
Dividends paid to Series A common stockholders								
Dividends to Series D preferred stockholders								
Distributions in excess of contributions received								
Remeasurement of SPAC shares to redemption value								
Repurchase of Series D preferred stock, at cost								
Balance, December 31, 2023								

* See Additional Offerings & Warrants in Note 1. ORGANIZATION AND BASIS OF PRESENTATION

See Notes to Consolidated F

Presidio Property Trust, In
Consolidated Statement

Cash flows from operating activities:

Net income (loss)

Adjustments to reconcile net income (loss) to net cash provided by operating activities:

Net income

Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation and amortization

Stock compensation

Bad debt expense

Gain on sale of real estate assets, net

Gain on extinguishment of government debt

Gain on deconsolidation of SPAC investment

Net change in Conduit fair value marketable securities

Net change in fair value marketable securities

Net change in fair value SPAC Trust Account

Impairment of real estate assets

Impairment of goodwill and real estate assets

Amortization of financing costs

Amortization of above-market leases

Amortization of below-market leases

Straight-line rent adjustment

Changes in operating assets and liabilities:

Other assets

Deferred tax asset

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities for the SPAC

Accrued real estate taxes

Net cash provided operating activities

Net cash provided by operating activities

Cash flows from investing activities:

Real estate acquisitions

Additions to buildings and tenant improvements

Investment in marketable securities

Proceeds from sale of marketable securities

Investment of SPAC IPO proceeds into Trust Account

Additions to deferred leasing costs

Withdrawals from Trust Account for SPAC taxes

Withdrawals from Trust Account for Redemption of SPAC Shares

Deletions / (additions) to deferred leasing costs

Proceeds from sales of real estate, net

Net cash (used in) provided by investing activities

Net cash provided by (used in) investing activities

Cash flows from financing activities:

Proceeds from mortgage notes payable, net of issuance costs

Repayment of mortgage notes payable

Repayment of note payable

Payment of deferred offering costs

Distributions to noncontrolling interests, net

Proceeds from initial public offering of SPAC

SPAC offering non-controlling interest adjustment

Issuance of Series A Common Stock, net of offering costs

Issuance of Series D Preferred Stock, net of offering costs

Redemption of SPAC shares

Repurchase of Series A Common Stock, at cost

Repurchase of Series D Preferred Stock, at cost

Dividends paid to Series D Preferred Stockholders

Dividends paid to Series A Common Stockholders

Net cash provided by (used in) financing activities

Net increase in cash, cash equivalents and restricted cash

Net cash (used in) provided by financing activities

Net (decrease) increase in cash equivalents and restricted cash

Cash, cash equivalents and restricted cash - beginning of period

Cash, cash equivalents and restricted cash - end of period

Supplemental disclosure of cash flow information:

Interest paid-mortgage notes payable

Interest paid-notes payable

Income taxes paid

Non-cash financing activities:

Unpaid deferred financing costs

Potentially convertible common stock for SPAC

Dividends payable - Preferred Stock Series D

See Notes to Consolidated F

Presidio Property Trust, In
Notes to Consolidated Fin

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization. Presidio Property Trust, Inc. (“we”, “our”, “us” or the “Company”) is an internally-managed real estate investment trust on September 28, 1999, and in August 2010, we reincorporated as a Maryland corporation. In October 2017, we changed our na partnerships, we own 12 commercial properties in fee interest, two of which we own as a partial interest in various affiliates, in whic September 2023) as noted below.

The Company or one of its affiliates operates the following partnerships during the periods covered by these consolidated financial s

- *The Company is the sole general partner and limited partner in two limited partnerships (NetREIT Palm Self-Storage LP and producing real estate. The Company refers to these entities collectively as the "NetREIT Partnerships".*

- *The Company is the general and limited partner in fivesix limited partnerships that purchase model homes and lease them b Investors #204, LP, Dubose Model Home Investors #205, LP, Dubose Model Home Investors #206, LP, and Dubose Model Hor*

The Company has determined that the limited partnerships in which it owns less than 100% should be included in the Company’s con

Unit-based information used herein (such as references to square footage or property occupancy rates) is unaudited.

We have elected to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code of our REIT taxable income to our stockholders and meet the various other requirements imposed by the Code relating to such m qualification for taxation as a REIT, we are generally not subject to corporate-level income tax on the earnings distributed currently taxable year and are unable to avail ourselves of certain savings provisions set forth in the Code, all our taxable income would be certain state and local income taxes.

We, together with one of our entities, have elected to treat our certain subsidiaries as a taxable REIT subsidiary (a “TRS”) for federal our tenants, and holding assets that we cannot hold directly. A TRS is subject to federal and state income taxes. The Company has Company nor its subsidiaries have been assessed any significant interest or penalties for tax positions by any tax jurisdictions.

Additional Offerings & Warrants. Our Form S-3 Registration Statement was declared effective by the SEC on April 27, 2021. Unde apply (such as under Rule 415 of the Securities Act of 1933) various securities of the Company for total gross proceeds of up to $20 purchase and sale of 1,000,000 shares of our Series A Common Stock, warrants (“Common Stock Warrants”) to purchase up to 2,000 of Series A Common Stock. The shares of Series A Common Stock, Pre-Funded Warrants and shares of Series A Common Stoc Registration Statement, with the Common Stock Warrants issued in a concurrent private placement. Each share of Series A Commo each share of Common Stock and accompanying Pre-Funded Warrants were sold together at a combined offering price of $4.99. The Stock Warrants have an exercise price of $5.50 per share, were exercisable upon issuance, and will expire five years from the date of In connection with this additional offering, we agreed to issue the Placement Agent Warrants to purchase up to 80,000 shares (the “Pl A Common Stock issuable upon exercise of the Pre-Funded Warrants. The Placement Agent Warrants were issued in August 2021, p The Company registered for resale Series A Common Stock issuable upon exercise of Common Stock Warrants and Placement Agen the SEC on September 14, 2021.
The Company evaluated the accounting guidance in ASC 480 - Distinguishing Liabilities from Equity and ASC 815 - Derivatives and equity or a liability and ultimately determined that it should be classified as permanent equity. As of December 31, 2022, none of the C Preferred Stock Series D. On June 15, 2021, the Company completed its secondary offering of 800,000 shares of our 9.375% Series D a syndicate of underwriters led by The Benchmark Company, LLC, as representative, resulting in approximately $18.1 million in net p Company granted the underwriters a 45-day option to purchase up to an additional 120,000 shares of Series D Preferred Stock to

deducting the underwriting discounts and commissions and the offering expenses paid by the Company. In total, the Company
underwriting discounts and commissions and the offering expenses paid by the Company and deferred offering costs. The Company
Warrant Dividend. In January 2022, we distributed five-year listed warrants (the "Series A Warrants") to holders of our Series A Co
Warrants were registered on a registration statement that was filed with the SEC and was declared effective January 21, 2022. The Se
distributed on that date to persons who held Series A Common Stock and existing outstanding warrants as of the January 14, 2022 re
shares at the close of trading on January 21, 2022. The Series A Warrants give the holder the right to purchase one share of comm
holding period, the Series A Warrants will automatically convert to 1/10 of a common share at expiration, rounded down to the near
public market.

Liquidity. The Company's anticipated future sources of liquidity may include existing cash and cash equivalents, cash flows fro
securities. Future capital needs include paying down existing borrowings, maintaining our existing properties, funding tenant impro
dividends to our stockholders. The Company is also seeking investments that are likely to produce income and achieve long-
liquidity. stockholders. To ensure that we can effectively execute these objectives, we routinely review our liquidity requirements
alternatives, such as bridge loans, refinancing an unencumbered property or a bank line of credit depending on the credit environmen

Short-term liquidity needs include paying our current operating costs, satisfying the debt service requirements of existing mortgag
payments due on mortgage notes payables, during the year ended December 31, 2023, 2024, total approximately $8.3 23.5 million, of w
and that the underlying mortgage notes will be paid off with sales proceeds while other mortgage notes can be refinanced, as the Co
operations. The mortgage note payable for 300 N.P. was an amortizing loan with a balloon payment of $2.2 million due at maturi
Company has committed to provide additional funds, or obtain financing, if needed to a special purpose acquisition company, or "SP

As the Company continues its operations, it may re-finance, or seek additional financing. financing or restructure. However, there ca
at all. If events or circumstances occur such that the Company does not obtain additional funding, it will most likely be required to r
achieve its intended business objectives. Management believes that the combination of working capital on hand and the ability to ref
the issuance of these audited financial statements.

Segments. The Company acquires and operates income producing properties in three business segments including Office/Industrial

Customer Concentration. Concentration of credit risk with respect to tenant receivables is limited due to the large number of tenant
total rental income for the year ended December 31, 2023 and one tenant accounted for 8.57% of total rental income for the year ende
2022, the lease for our largest tenant at that time, Halliburton Energy Services, Inc. ("Halliburton"), expired. Halliburton Energy Serv
million in a reserve account with our lender to cover future mortgage payments, if necessary, in connection with Halliburton's vacant
equivalents and restricted cash" on the balance sheet. Our management team is working to fill the 45,535 square foot space as quick
and has reviewed various proposals for the remaining 80%. As of December 31, 2023, none of the third party proposals have fit into o

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation. The accompanying financial statements have been prepared in accordance with accounting principles generall
Accounting Standards Codification ("ASC").

Principles of Consolidation. The accompanying consolidated financial statements include the accounts of Presidio Property Trust, In
Model Home REIT, Inc. The consolidated financial statements also include the results of the NetREIT Partnerships and the Model
subsidiaries, and the partnerships. All significant intercompany balances and transactions have been eliminated in consolidation.

The condensed consolidated financial statements also include the accounts of (a) Murphy Canyon Acquisition Corp. (" up until Septe
we serve served as the financial sponsor (as described below) herein), and which is was deemed to be controlled by us as a result of
and significant influence and operational control that we currently could exercise over the funding and acquisition of new operat
deconsolidation and loss of control on September 22, 2023, have been eliminated in consolidation.

The Company classifies the noncontrolling interests in the NetREIT Partnerships as part of consolidated net (loss) income (loss) in 20
in February 2010. If a change in ownership of a consolidated subsidiary results in loss of control and deconsolidation, any retained o
Management has evaluated the noncontrolling interests and determined that they do not contain any redemption features.

Use of Estimates. The preparation of financial statements were prepared in accordance conformity with U.S. GAAP, which requires m of contingent assets and liabilities as of at the date of the financial statements, and the reported amounts of revenues revenue and e acquisitions between land, building and intangible assets acquired including their useful lives; valuation of long-lived assets, and t differ from those estimates.

Real Estate Assets and Lease Intangibles. Land, buildings and improvements are recorded at cost, including tenant improvements ar expenditure that replaces, improves, or otherwise extends the economic life of an asset, while ordinary repairs and maintenance are e and liabilities (consisting of land, buildings, tenant improvements, and long-term debt) and identified intangible assets and liabilitie costs and tenant relationships), in each case based on their respective fair values.

The Company allocates the purchase price to tangible assets of an acquired property based on the estimated fair values of those t based on many factors, including, but not limited to, comparisons to other properties sold in the same geographic area and indepen Company also considers information obtained about each property as a result of its pre-acquisition due diligence, marketing and leas

The value allocated to acquired lease intangibles is based on management's evaluation of the specific characteristics of each tenan extent of the existing business relationships with the tenant, growth prospects for developing new business with the tenant, the rema

The value allocable attributable to the above-market or below-market component of an acquired in-place lease is determined based u the lease over its remaining term, and (ii) management's estimate of rents that would be paid using fair market rates over the rema increase or reduction of rental income over the remaining non-cancelable term of the respective leases. Amortization of above a $18,000 for the years ended December 31, 2022 2023 and 2021 2022, respectively.

The value of in-place leases and unamortized lease origination costs are amortized to expenses over the remaining term of the respe based on management's assessment of lost revenue and costs incurred for the period required to lease the "assumed vacant" prop what the Company would have paid to a third-party to secure a new tenant reduced by the expired term of the respective lease. The a expense related to these assets was approximately $0.2 million $18,000 and $0.3 million $0.2 million for years ended December 31, 202

Real Estate Held for Sale and Discontinued Operations. We generally reclassify assets to held "held for sale sale" when the dispositio and the disposition is considered probable within one year. Additionally, real estate sold during the current period is classified as Mortgage notes payable related to the real estate sold during the current period is are classified as "notes payable relatec statements. Additionally, we record the operating results related to real estate that has been disposed of as discontinued operatio significant continuing involvement in the operations of the property following the sale. As of December 31, 2023, no commercial prop

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Impairments of Real Estate Assets. We regularly review for impairment on a property-by-property basis. Impairment is recognized on time the property is written-down to fair value. The calculation of both discounted and undiscounted cash flows requires managemen development expenditures, market conditions, demand for space by tenants and rental rates over long periods. Since our propertie management judgment. Actual results could be significantly different from the estimates. These estimates have a direct impact c anticipated cash flows is highly subjective and is based in part on assumptions regarding future occupancy, rental rates and capita lower of the carrying amount or the expected sales price less costs to sell. Although our strategy is to hold our properties over th recognized to reduce the property to fair value and such loss could be material.

During We review the fourth quarter of 2020, the Company recorded its Highland Court property ("Highland Court") as held for sale book carrying value of approximately $10.5 million prior each of our real estate properties annually to entering into the PSA. The final cash determine if circumstances indicate an impairment in the accompanying condensed consolidated statement carrying value of op 31, 2021, 2023 , we recognized a non-cash impairment charge of approximately $2.0 million on One Park Center and approximately estimate of the Company recorded fair market value based on sales comparable of like property in the same geographical area as we homes reflects the estimated sales prices for these specific model homes in 2024 as a result of an abnormally short hold period, appraisal. There were no 2022, impairments recorded where the builder changed their product type in these neighborhoods after we h in the Overview section, during the year ended December 31, 2023, we sold 22 model homes for approximately $11.7 million and the quarter of 2024 as well. The Company did not recognize a non-cash impairment during the year ended December 31, 2022. to our real

Intangible Assets. Intangible assets, including goodwill and lease intangibles, are comprised of finite-lived and indefinite-lived ass estimated value of in-place leases, unamortized lease origination costs, tenant relationships and land purchase options. Intangible assets are not amortized. Amortization expense of intangible assets that are not deemed to have an indefinite useful life was approx 2021 and is included in depreciation and amortization in the accompanying consolidated statements of operation.

The Company is required to perform a test for impairment of goodwill and other definite and indefinite lived assets at least annually, a considered to be unrecoverable from its undiscounted cash flows and is measured as the difference between the carrying amount and As of December 31, 2023, prior to any adjustment, the carrying value of the goodwill for NTR Property Management was $1.3 million. Flow method and Merger and Acquisition method show an indication of impairment to the goodwill. Management expects to hold th expenses along with increased interest rates. The current market outlook for the Office sector of commercial real estate has been indication and concluded an enterprise value of NTR Property Management at $451,000. With an assumed fair market value of $451,0 approximately $0.8 millionas of December 31, 2023. No other impairment was deemed to exist to goodwill at December 31, 2022 2023

Depreciation and Amortization. The Company records depreciation and amortization expense using the straight-line method over the of improvements are amortized over the shorter of the estimated life of the asset or term of the tenant lease (which range from 1 to 10 and equipment are depreciated over 4 to 5 years. Depreciation and amortization expense for the years ended December 31, 2022 2 depreciation and amortization in the accompanying consolidated statements of operations.

Cash, Cash Equivalents and Restricted Cash. At December 31, 2022 2023 and December 31, 2021 2022, we had approximately $16.5 considers all short-term, highly liquid investments that are both readily convertible to cash and have an original maturity of three mo Cash balances in individual banks may exceed the federally insured limit of $250,000 by the Federal Deposit Insurance Corpora approximately $0.7 million in deposits in financial institutions that exceeded the federally insurable limits. Restricted cash consists payment of property taxes, insurance, leasing costs, mortgage payment reserves, and capital expenditures. As of December 31, 2023, million in deposits in financial institutions that exceeded the federally insurable limits. Restricted cash consists of funds held in es taxes, insurance, leasing costs and capital expenditures. As of December 31, 2022, the Company has approximately $4.4 million of exceeded the federally insurable limits. Restricted cash consists of funds held in escrow for Company lenders for properties held expenditures. As of December 31, 2021, the Company has approximately $4.7 million of restricted cash.

Accounts Receivables. The Company periodically evaluates the collectability of amounts due from tenants and maintains an allowan agreements. In addition, the Company Company maintains an allowance for deferred rent receivable that arises from straight lining o status of its tenants in developing these estimates. As of December 31, 2023 and 2022 and 2021, the balance of allowance for pos approximately $92,000 and $138,000, and $70,000, respectively.

Deferred Leasing Costs. Costs incurred in connection with successful property leases are capitalized as deferred leasing costs and from one to five years. Deferred leasing costs consist of third-party leasing commissions. Management re-evaluates the remaining us determines the estimated remaining life of the respective lease has changed, the amortization amortization period is adjusted. A million and $1.3 million $1.5 million, respectively. Total amortization expense for the years ended December 31, 2023 and 2022 and 20

Deferred Financing Costs. Costs incurred, including legal fees, origination origination fees, and administrative fees, in connecti approximates the effective interest method, over the contractual term of the respective loans and recorded as an offset to the carrying payable were approximately $0.9 million $0.8 million and $0.6 million $0.9 million. For the years ended December 31, 2023 a approximately $0.2 million $0.3 million and $0.9 million $0.2 million , respectively.Amortization of deferred financing costs are included

Deferred Offering Costs. Deferred offering costs represent legal, accounting and other direct costs related to our offerings. offerings the end of each period. $5,000. These costs are related to various registration statements and our offering of common and preferred (the “Sponsor”), of a special purpose acquisition company (“SPAC”) initial public offering as of December 31, 2021. As of December were fully expensed during the year ended sale of our common stock that has December 31, 2022. not been finalized. As of Decembe

Income Taxes. We have elected to be taxed as a REIT under Sections 856 through 860 of the Code, for federal income tax purpo stockholders and meet the various other requirements imposed by the Code relating to such matters as operating results, asset holdi generally not subject to corporate level income tax on the earnings distributed currently to our stockholders that we derive from ourselves of certain savings provisions set forth in the Code, all of our taxable income would be subject to federal income tax at regu As of December 31, 2022 2023, we have estimated approximately approximately $18.0 million of Federal net operating loss (NOLs) carr be able to realize fully the tax benefits of our NOL carry-forwards.

We, together with one of our subsidiary, NetREIT Dubose, entities, have elected to treat such subsidiary certain subsidiaries as a taxa
TRS, such as non-customary services for our tenants, and holding assets that we cannot hold directly. A TRS is subject to federal anc
The Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. Nei
tax jurisdictions.

Fair Value Measurements. Certain assets and liabilities are required to be carried at fair value, or if long-lived assets are deemed to be
of inputs within the follo

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- Level 1: unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or lia

- Level 2: quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in mark
in active markets; and

- Level 3: prices or valuation techniques where little or no market data is available that requires inputs that are both signific

When available, we utilize quoted market prices from independent third-party sources to determine fair value and classify such items
nonbinding quoted market price, observable inputs might not be relevant and could require us to make a significant adjustment to de
Additionally, in an inactive market, a market price quoted from an independent third-party may rely more on models with inputs ba
owned by us to be illiquid or when market transactions for similar instruments do not appear orderly, we use several valuation so
assigning weights to the various valuation sources.

As of December 31, 2022 2023 and December 31, 2021 2022, our marketable securities (excluding our investments in Conduit's com
value using Level 1 market prices and totaled approximately $0.8 million $45,149 and $1.5 million $0.8 million, respectively, with a cost
Account for the SPAC Class A common stockholders included a money market portfolio that was comprised of U.S. Treasury secur
$136.9 million as of December 31, 2023 and December 31, 2022, respectively. Our investments in Conduit's common stock and com
which are currently held at Conduit's transfer agent, taking into account the adoption of ASU 2022-03Fair Value Measurement of Equi
cost basis of approximately $7.5 million. The Company entered into a lock-up agreement with Conduit regarding the common stock
no financial liabilities measured at fair value as of December 31, 2022 2023 and December 31, 2021 2022.

Additionally, when determining The following table presents as of December 31, 2023 the Company's assets subject to measurement

	Fair Value Measurements as of Dec		
	Level 1	Level 2	Lev
Assets:			
Goodwill for Dubose Model Homes	$ -	$ -	$ 1,
Goodwill for NTR Property Management	-	-	
Total Assets	$ -	$ -	$ 1,

The following table presents as of December 31, 2022 the Company's assets subject to measurement at fair value on a liability nonrec

	Fair Value Measurements as of Dec		
	Level 1	Level 2	Lev
Assets:			
Goodwill for Dubose Model Homes	$ -	$ -	$ 1,
Goodwill for NTR Property Management	-	-	1,
Total Assets	$ -	$ -	$ 2,

Earnings per share ("EPS"). The EPS on common stock has been computed pursuant to the guidance in circumstances FASB ASC
contains rights to receive non-forfeitable dividends, as participating securities requiring the two-class method of computing net in
dividing the net income less net income attributable to unvested restricted shares by the weighted average number of shares of comm
weighted average shares of common stock and potentially dilutive securities outstanding in accordance with the treasury stock meth
Dilutive common stock equivalents include the dilutive effect of in-the-money stock equivalents, which are calculated based on the a
would be anti-dilutive. In periods in which a quoted price in an active market for an identical liability is not available, we measure fair
anti-dilutive and thus are excluded from the calculation. Securities that uses are excluded from the quoted price calculation of the ide
technique that is consistent with the principles of fair value measurement, such as the income approach or the market approach.
would have a material effect on these estimated fair values. In this regard, the derived fair value estimates cannot be substanti
instrument. been antidilutive, are:

	For the Year Ended December 31,	
	2023	2022
Common Stock Warrants	2,000,000	2,000,000
Placement Agent Warrants	80,000	80,000
Series A Warrants	14,450,069	14,450,069
Unvested Common Stock Grants	760,995	349,042
Total potentially dilutive shares	17,291,064	16,879,111

Income (Loss) per Common Share. Basic income (loss) per common share (Basic EPS) is computed by dividing net income (loss) av during the period. Diluted loss per common share (Diluted EPS) is similar to the computation of Basic EPS except that the Denomina common shares had been issued. In addition, in computing the dilutive effect of convertible securities, the Numerator is adjusted to Diluted EPS does not assume exercise or conversion of securities that would have an anti-dilutive effect on net earnings per share. securities were determined to be anti-dilutive, and for the year ended December 31, 2022 the basic and diluted net loss per share are potentially dilutive securities to be anti-dilutive.

Sales of Real Estate Assets. Effective January 1, 2018, we adopted the guidance of ASC 610-20, Other Income - Gains and Loss nonfinancial assets or in substance nonfinancial assets that do not meet the definition of a business. Generally, our sales of real esta

ASC 610-20 refers to the revenue recognition principles under ASU No. 2014-9. Under ASC 610-20, if we determine we do not have a contract, we would derecognize the asset and recognize a gain or loss on the sale of the real estate when control of the underlying as

Revenue Recognition and Accounts Receivables. We recognize minimum rent, including rental abatements, lease incentives and c collectability is reasonably assured and record amounts expected to be received in later years as deferred rent receivable. If the leas the tenant or by us. When we are the owner of the tenant improvements, rental revenue begins when the tenant takes possession o have taken physical possession or have control of the physical use of the leased asset until the tenant improvements are substa amounts that the tenant can take in the form of cash or a credit against its rent) that is funded is treated as a lease incentive and amo including, but not limited to:

- *whether the lease stipulates how a tenant improvement allowance may be spent;*
- *whether the amount of a tenant improvement allowance is in excess of market rates;*
- *whether the tenant or landlord retains legal title to the improvements at the end of the lease term;*
- *whether the tenant improvements are unique to the tenant or general-purpose in nature; and*
- *whether the tenant improvements are expected to have any residual value at the end of the lease.*

We record property operating expense reimbursements due from tenants for common area maintenance, real estate taxes, and other

We make estimates of the collectability of our tenant receivables related to base rents, including deferred rent receivable, expense re bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when evaluating the adequ of the expected recovery of pre-petition and post-petition claims in assessing the estimated collectability of the related receivable. In debt reserve for the tenant's receivable balance and generally will not recognize subsequent rental revenue until cash is received or u

Variable Interest Entity. We determine whether an entity is a Variable Interest Entity ("VIE") and, if so, whether it should be consolid hold a direct or indirect variable interest is a VIE is based on several factors, including whether we participated in the design of th additional subordinated financial support. We make judgments regarding the sufficiency of the equity at risk based first on a qualitati

We analyze any investments in VIEs to determine if we are the primary beneficiary. In evaluating whether we are the primary benefi beneficiary if it holds a controlling financial interest in the VIE. Determining which reporting entity, if any, has a controlling financia direct the activities of a VIE that most significantly impact such entity's economic performance; and (ii) the obligation to absorb los analysis requires the exercise of judgment.

We consider a variety of factors in identifying the entity that holds the power to direct matters that most significantly impact the VIE consider the rights of other investors to participate in those decisions. We determine whether we are the primary beneficiary of a VIE VIE of which we are the primary beneficiary.

The Company is was involved in the formation of an entity considered to be a VIE. VIE, prior to September 22, 2023, when Murphy pursuant to ASC Topic 810 relating to the consolidation of such VIE. The Company's determination of whether it is the primary bene direct activities of the VIE and are exposed to the majority of the risks and rewards of the entity.

Following the completion of the Murphy Canyon IPO in January 2022, we determined that Murphy Canyon is was a VIE in which we h Canyon does did not have enough equity at risk to finance its activities without additional subordinated financial support. We hav constitutes constituted temporary equity, outside of permanent equity, in accordance with ASC 480-10-S99-3A. As such, we have co we have had the right to receive benefits or the obligation to absorb losses of the entity, as well as the power to direct a majority beneficiary, Murphy Canyon is was consolidated into our consolidated financial statements. See Note 9 Commitments and Contingen

Shares Subject to Possible Redemption. The Company accounts for common stock issued by the SPAC (which is consolidated in o ASC Topic 480 "Distinguishing Liabilities from Equity." Under ASC 480, shares of common stock subject to mandatory redemptio (including shares of common stock that feature redemption rights that are either within the control of the holder or subject to redem all other times, shares of common stock are classified as shareholders' equity.

All of the Public Shares of Murphy Canyon SPAC (Class A Common Shares) contain a redemption feature which allows for the re connection with the SPAC's initial business combination and in connection with certain amendments to the SPAC's amended and res codified in ASC 480-10-S99, redemption provisions not solely within the control of a company require common stock subject to rede as temporary equity, outside the shareholder's equity section of the Company's December 31, 2022 consolidated balance sheet.

Given that the Public Shares were issued with other freestanding instruments (i.e., public warrants which were classified as permane was allocated in accordance with ASC 470-20. The Murphy Canyon Class A common stock is subject to ASC 480-10-S99. In additio changes in the redemption value over the period from the date of issuance (or from the date that it becomes became probable that the redemption value immediately as they occur occurred and adjust the carrying amount of the instrument to equal the redemption valu immediately during the year three months ended December March 31, 2022. 2022, and every quarter since then, until September 22, 20

Excise Tax. In accordance with the Inflation Reduction Act of 2022, the Company accrues the expected excise tax obligation at the Charter Amendment Proposal for the SPAC, holders of 11,037,272 shares of SPAC Class A Common Stock properly exercised their SPAC had recorded a 1% excise tax liability in the amount of $1,140,683 during January 2023. The liability did not impact the state accumulated deficit. On September 22, 2023, Murphy Canyon completed its business combination with Conduit Pharma and shareh recorded in connection with the January 2023 redemptions was reversed in full by the issuance of Conduit shares on September 22, 2

Warrant Instruments SPAC. The Company and Murphy Canyon account accounted for warrants in accordance with the guidance co criteria for equity treatment are recorded in stockholder's equity. The warrants are subject to re-evaluation of the proper classificatio be recorded as a liability and remeasured each period with changes recorded in the statement statements of operations. The w combination, is completed, which occurred on September 22, 2023, at which point the common shares are no longer redeemable and 9 Commitments and Contingencies for additional details regarding Murphy Canyon. Canyon / Conduit.

Income (Loss) per Common Share. Basic income (loss) per common share (Basic EPS) is computed by dividing net income (loss) av during the period. Diluted loss per common share (Diluted EPS) is similar to the computation of Basic EPS except that the Denomina common shares had been issued. In addition, in computing the dilutive effect of convertible securities, the Numerator is adjusted to Diluted EPS does not assume exercise or conversion of securities that would have an anti-dilutive effect on net earnings per share. per share because the Company had incurred a net loss attributable to common stockholders causing any potentially dilutive securit
Subsequent Events. We evaluate subsequent events up until the date the condensed consolidated financial statements are issued.

Recently Issued and Adopted Accounting Pronouncements.In June 2017, 2022, the FASB issued ASU No. 2016 2022- 13, 03, Financial in to (February 2020 with ASU No.2020- 02,Financial Instruments— Credit Losses (Topic 326 1) clarify the guidance in Topic 820, Fair sale of an equity security, (2) to amend a related illustrative example, and Leases (Topic (842 3). ASU 2016- 13 introduces a to intr maturity debt securities, and net investments in direct financing leases, amongst other financial instruments. ASU 2016- 13 also mod

securities subject to contractual sale restrictions that are measured at fair value in accordance with Topic 820. The update clarifies
losses. While ASU 2016- 13 was effective for periods beginning after December 15, 2019, the issuance of ASU 2020- 02 has allowed f
after December 15, 2022. Retrospective adjustments shall be applied through a cumulative-effect adjustment to retained earnings
considered in measuring fair value. It also requires the following disclosures for equity securities subject to our financial statements

1. The fair value of equity securities subject to contractual sale restrictions reflected in the balance shee
2. The nature and remaining duration of the restriction(s), and
3. The circumstances that could cause a lapse in the restriction(s).

In August 2020, the FASB issued ASU No.2020-06,Debt—Debt with Conversion and Other Options(Subtopic 470-20) and Derivatives a
by removing major separation models required under current U.S. GAAP. Consequently, more convertible debt instruments will be
accounting for embedded conversion features. The ASU removes certain settlement conditions that are required for equity contracts
the diluted earnings per share (EPS) calculation in certain areas. The amendments in ASU No.2020-06 are effective for For public bus
by the SEC, amendments in this ASU are effective for fiscal years beginning after December 15, 2021, 2023, including and interim peric
2024, and interim periods within those fiscal years. Early adoption is permitted but for both interim and annual financial statements t
the three months ended September 30, 2023 and will apply it to fair value measurements as of September 30, 2023.

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09,Income
operations, and to disaggregate existing income tax disclosures. The guidance is effective for annual periods beginning after Decemb
have not yet adopted ASU 2023-09 and are currently evaluating the impact on our financial statement disclosures.
In November 2023, FASB issued Accounting Standards Update ASU 2023-07,Segment Reporting, establishing improvements to report
identify and aggregate operating segments and apply quantitative thresholds to determine their reportable segments. This ASU also r
entity level disclosures. The guidance will be effective for fiscal years beginning after December 15, 2020, 2023 including and interim p
applied retrospectively to all periods presented in the financial statements. We have not yet adopted this guidance with ASU no 2023-0
In March 2020, the FASB issued Accounting Standards Update No.2020-04 - Reference Rate Reform (Topic 848): Facilitation of the Effe
order to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting as it r
contained LIBOR rates without evaluating whether the modification constituted a new contract. The expedients and exceptions pro
after December 31, 2022 and are used on a prospective basis upon adoption. In December 2022, the FASB issued Accounting Standa
deferred the sunset date of Topic 848 from December 31, 2022 to December 31, 2024 after which entities will no longer be permitted t
impact to the financial statements and does not expect the update in ASU 2022-06 to have a material impact to our financial statemen
statement disclosures.

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3. RECENT REAL ESTATE

Significant Transactions in 2023 and 2022

Acquisitions during the year ended December 31, 2023:

- We acquired 40 Model Home Properties and leased them back to the homebuilders under triple net leases during the yea payments of $6.6 million and mortgage notes of $15.3 million.

Acquisitions during the year ended December 31, 2022:

- We acquired 31 Model Home Properties and leased them back to the homebuilders under triple net leases during the yea cash payments of $4.8 million and mortgage notes of $10.8 million.

Acquisitions during the year ended December 31, 2021:

- On August 17, 2021, the Company, through its 61.3% owned subsidiaries NetREIT Palm Self Storage, LP and NetREIT Hig approximately $4.9 million, in connection with a like-kind exchange transaction pursued under Section 1031 of the Intern purchased with all cash.
- On December 22, 2021, the Company purchased a 31,752 square foot building in Baltimore, Maryland for a purchase pric Bloomberg School of Public Health and was purchased with all cash.
- We acquired 18 Model Home Properties and leased them back to the homebuilders under triple net leases during the ye payments of $2.7 million and mortgage notes of $5.7 million.

Dispositions during the year ended December 31, 2022:

We review our portfolio of investment properties for value appreciation potential on an ongoing basis, and dispose of any properties
any such property sale, after repayment of any associated mortgage or repayment of secured or unsecured indebtedness, are availab

Dispositions during the year ended December 31, 2023:

During year ended December 31, 2023, we disposed of the following properties:

- *22 model homes for approximately $11.7 million and the*

Dispositions during the year ended December 31, 2022:

During year ended December 31, 2022, we disposed of the following properties:

- *World Plaza, which was sold on March 11, 2022, for approximately $10.0 million and the Company recognized a loss of app*
- *31 model homes for approximately $17.5 million and the Company recognized a gain of approximately $5.4 million.*

Dispositions during the year ended December 31, 2021:

During year ended December 31, 2021, we disposed of the following properties:

- *Waterman Plaza, which was sold on January 28, 2021, for approximately $3.5 million and the Company recognized a loss of a*
- *Garden Gateway, which was sold on February 19, 2021, for approximately $11.2 million and the Company recognized a loss o*
- *Highland Court, which was sold on May 20, 2021, for approximately $10.2 million and the Company recognized a loss of app*
- *Executive Office Park, which was sold on May 21, 2021, for approximately $8.1 million and the Company recognized a gain o*
- *44 model homes for approximately $20.7 million and the Company recognized a gain of approximately $3.2 million.*

4. REAL ESTATE ASSETS

The Company owns a diverse portfolio of real estate assets. The primary types of properties the Company invests in are office, ind North Dakota, one in Southern California, one in Texas and one in Maryland. Our model home properties are located in three states. A

- *Eight office buildings and one industrial building ("Office/Industrial Properties") which total approximately rentable 756,265 7*
- *Three retail shopping centers ("Retail Properties") which total approximately 65,242 rentable square feet;*
- *92 110 model homes owned by our affiliated limited partnerships and one corporation ("Model Homes" or "Model Hom and one wholly-owned corporation.*

A summary of the properties owned by the Company as of December 31, 2022 2023 and 2021 2022 is as follows:

Property Name	*Date Acquired*	*Location*
World Plaza (1)	*September 2007*	*San Bernardino, CA*
Genesis Plaza (2)	*August 2010*	*San Diego, CA*
Genesis Plaza (1)		
Dakota Center	*May 2011*	*Fargo, ND*
Grand Pacific Center (6)	*March 2014*	*Bismarck, ND*
Grand Pacific Center (2)		
Arapahoe Center	*December 2014*	*Centennial, CO*
Union Town Center	*December 2014*	*Colorado Springs, CO*

West Fargo Industrial	August 2015	Fargo, ND
300 N.P.	August 2015	Fargo, ND
Research Parkway	August 2015	Colorado Springs, CO
One Park Center	August 2015	Westminster, CO
Shea Center II (5)	December 2015	Highlands Ranch, CO
Mandolin (3)	August 2021	Houston, TX
One Park Center (3)		
Shea Center II (4)		
Mandolin (5)		
Baltimore	December 2021	Baltimore, MD
Presidio Property Trust, Inc. properties		
Model Home properties (4)	2017 - 2022	FL, TX, WI
Model Home properties (6)		
Total real estate assets and lease intangibles, net		

(1) This property was sold during the year ended December 31, 2022.

(2) Genesis Plaza is owned by two tenants-in-common, each of which own 57% and 43%, respectively, and we

(2) Grand Pacific Center, Bismarck, ND, was removed from held for sale after signing a major lease with KLJ Engineering on Decem Engineering moved into the building during December 2023, with rent commencing on February 28, 2024.

(3) During the year ended December 31, 2023, we recorded a $2.0 million impairment charge for One Park Center that reflects mana as well as an evaluation of future cash flows or an executed purchase sale agreement.

(4) On December 31, 2022, the lease for our largest tenant, Halliburton, expired. Halliburton was located in our Shea Center II pro placed approximately $1.1 million in a reserve account with our lender to cover future mortgage payments, if necessary, none has leased approximately 20% of the space to a tenant during 2023 and has reviewed various proposals for the remaining 80% filling the space during 2024.

(5) A portion of the proceeds from the sale of Highland Court were used in like-kind exchange transactions pursued under Section its wholly owned subsidiary NetREIT Highland LLC, and the Company is the sole general partner and owns 61.3% of NetREIT Pa

(4 6) Includes six Model Homes listed as held

(5) On During the year ended December 31, 2022, 2023 we recorded a $0.4 million impairment charge for eight model homes that Services, Inc. was located these specific model homes in our Shea Center II property 2024 as a result of an abnormally short hol rent. The tenant did not 2022, renew where the lease and builder changed their product type in these neighborhoods after we p management team is working to fill had purchased the 45,535 square foot space as quickly as pos

(6) Grand Pacific Center, Bismarck, ND, was removed from held for sale after signing a major lease with KLJ Engineering on Dece commencement date estimated to be between

5. LEASE INTANGIBLES

The following table summarizes the net value of other intangible assets acquired and the accumulated amortization for each class of i

	December 31, 2022			Dece	
	Lease Intangibles	Accumulated Amortization	Lease Intangibles, net	Lease Intangibles	A A
In-place leases	$ 2,515,264	$ (2,485,234)	$ 30,030	$ 2,515,264	$

Leasing costs	1,261,390	(1,236,591)	24,799	1,261,390	
Above-market leases	333,485	(333,485)	—	333,485	
	$ 4,110,139	$ (4,055,310)	$ 54,829	$ 4,110,139	$

At December 31, 2022 2023 and 2021 2022, there were no gross lease intangible assets and accumulated amortization related to the lea

The net value of acquired intangible liabilities was approximately $18,240 $13,266 and $73,130 $18,240 relating to below-market leases

Future aggregate approximate amortization expense for the Company's lease intangible assets is as follows:

2023	
2024	
2025	
2026	
2027	
Thereafter	
Total	
2024	
2025	
2026	
Total	

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6. OTHER ASSETS

Other assets consist of the following:

	December 31, 2022
Deferred rent receivable	$ 1,
Accounts receivable, net	
Prepaid expenses, deposits and other	
Investment in marketable securities	
Accounts receivable, net	
Notes receivable	
Investment in marketable securities (not including Conduit)	
Right-of-use assets, net	
Deferred offering costs	
Other intangibles, net	
Notes receivable	
Deferred offering costs	
Total other assets	$ 3,

Periodically, the Company may sell an option in the marketable securities it holds to unrelated third parties for the right to purcha primarily to increase the total return associated with holding the related securities as earning assets by using fee income generated fr and, accordingly, changes in fair values of these contracts, are reported in other income (expense). There are several risks associate markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objecti events. When we write a covered call option, we forgo, during the option's life, the opportunity to profit from increases in the market of loss should the price of the underlying security decline. The writer of an option has no control over the time when it may be requ deliver the underlying security in exchange for the strike price.

As of December 31, 2023, we owned common shares of 3 different publicly traded REITs and no written covered call options in any 2023 closing prices. As of December 31, 2022, we owned common shares and options of 18 different publicly traded REITs and an REIT securities was $798,206, with covered call options totaling $457. As of December 31, 2022, the net fair value of our publicly trad shares and options of 19 different publicly traded REITs and an immaterial amount of covered call options in ten of those san totaling $14,702. As of December 31, 2021, the net fair value of our publicly traded REIT securities was $1,514,483 based on the Dece

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7. MORTGAGE NOTES PAYABLE

Mortgage notes payable consist of the following:

	Principal as of		
	December 31,	December 31,	
Mortgage note property	2022	2021	
300 N.P. (2)	-	2,232,923	
Dakota Center	9,442,976	9,677,108	
Dakota Center (2)			
Research Parkway	1,648,237	1,705,438	
Arapahoe Service Center	7,602,273	7,770,887	
Union Town Center	8,025,300	8,173,568	
One Park Centre	6,163,177	6,276,849	
Genesis Plaza	6,055,682	6,168,604	
Shea Center II	17,229,573	17,494,527	
West Fargo Industrial (6)	4,030,297	4,148,405	
Grand Pacific Center (3)	3,496,330	3,619,695	
West Fargo Industrial (3)			
Grand Pacific Center (4)			
Baltimore	5,670,000	—	
Mandolin	3,635,362	—	
Subtotal, Presidio Property Trust, Inc. Properties	$ 72,999,207	$ 67,268,004	
Model Home mortgage notes (4) (5)	24,752,448	22,154,128	Fixe
Model Home mortgage notes (5)			
Mortgage Notes Payable	$ 97,751,655	$ 89,422,132	
Unamortized loan costs	(852,956)	(562,300)	
Mortgage Notes Payable, net	$ 96,898,699	$ 88,859,832	

(1) Interest rates as of December 31, 2022 2023.

(2) The mortgage note payable for loan on Dakota Center matures in 300 July 2024 N.P. is and Management has reached out to have also inquired with a balloon payment other lenders to refinance the property. If we are unsuccessful in refinancing th loan, Management would consider selling the property and paying the loan in full on May 11, 2022 with available cash on han

(3) Interest On August 5, 2023, the lender increased the interest rate is subject to possible reset on September 1, 2023. 6.70%. T increase the interest rate effective on September 1, 2023 and September 1, 2030 to the rate then being quoted by the Lende event shall the new rate be less than the initial rate).

(4) As of December 31, 2022, there were six model h

(5) Our model homes have stand-alone mortgage notes at interest rate

(6) The lender may, upon not less than sixty (60) days prior written notice to the Company, increase the interest rate effective or loans of similar size and quality with like terms and security (prov

(4) On May 5, 2023, the Company, through its subsidiary, refinanced the mortgage loan on our Grand Pacific Center property occupy 33,296 square feet of the building. The refinanced loan is for approximately $3.8 million, a term of 10 years, with ar approximately $2.7 million, a term of 10 years, and will begin amortizing in year three, with an interest rate of 6.35%, for the $1.7 million on the construction loan.

(5) As of December 31, 2023, there were 15 model homes included as real estate assets held for sale. Our model homes

(6) These mortgage loans mature within the next twelve months and management is reviewing various options for the loan m maturity date the Company will finalize our plans.

The loan agreement between NetREIT Model, Homes, Inc. ("NRMH") and their Lender has a covenant for a Fixed Charge Coverage F Distributions for the period ended as of such date divided by (b) the sum of (ii) Principal Payments Paid for the period ended as of su end of each fiscal quarter. As of December 31, 2023, NRMH was in compliance with this covenant. The Company and stand alon compliance with all material conditions and covenants of its on those mortgage notes payable. payable as of December 31, 2023.

Scheduled principal payments of mortgage notes payable were as follows as of December 31, 2022 2023:

Years ending December 31:	Presidio Pr Trust, I Notes Pay
2023	$
2024	
2025	
2026	
2027	
2028	
Thereafter	
Total	$

8. NOTE NOTES PAYABLE

On April 22, 2020, the Company received an Economic Injury Disaster Loan of $10,000 from the Small Business Administration (stipulations on use, and has been recorded as fees and other income in the condensed consolidated statements of operations durin principal and interest payments are deferred for twelve months from the date of issuance, and interest accrues at 3.75% per year. caused by the COVID-19 pandemic, which economic injury included abating or deferring rent to certain tenants (primarily retail tenant

As of December 31, 2022, 2023, we have had issued six two promissory notes to our majority owned subsidiaries, Dubose Model Hom and Wisconsin, for approximately $1.36 million $0.5 million with interest rates ranging from 3.0% to 5.76% 5.55% per annum. These lo and notes receivable, including interest expense and interest income related to these promissory notes, are eliminated through Decer

On August 17, 2021, we issued a promissory note to our majority owned subsidiary, NetREIT Highland, for the acquisition of the Mar 2022. This note payable and note receivable, including interest expense and interest income related to this promissory note, were e third-party bank totaling $3.7 million, with the proceeds being used to pay back our $1.56 million promissory note.

On December 20, 2021, we issued a promissory note to our majority owned subsidiary, PPT Baltimore, for the acquisition of the I December 20, 2022. This note payable and note receivable, including interest expense and interest income related to this promissory loan from a third-party lender totaling $5.67 million, with the proceeds being used to pay back our $5.65 million promissory note.

9. COMMITMENTS AND CONTINGENCIES

The Company is obligated under certain tenant leases to fund tenant improvements and the expansion of the underlying leased prop net of any construction financing, during the rest of 2024.

On March 13, 2024, a stockholder announced that it intends to file a preliminary proxy statement and accompanying WHITE universa our next annual meeting of stockholders. Activist stockholder activities could adversely affect our business because responding

operations and divert the attention of management and our employees. We have or in the future may retain the services of various pr
costs of which may negatively impact our future financial results. In addition, perceived uncertainties as to our future direction, stra
opportunities, harm our ability to attract new investors, business partners, and employees, and cause our stock price to experience p
estimable at this time. The Company and the Board of Directors will review all legal means necessary to defend the company from ac

Litigation. From time to time, we may become involved in various lawsuits or legal proceedings which arise in the ordinary course of
Company's knowledge, is there any material threatened litigation.

Environmental Matters. The Company monitors its properties for the presence of hazardous or toxic substances. While there can be
liability with respect to the properties that would have a material effect on the Company's financial condition, results of operations
respect to an environmental liability that the Company believes would require additional disclosure or recording of a loss contingenc

Financial Markets. The Company monitors concerns over economic recession, the COVID-19 pandemic, interest rate increases, polic
increased volatility and diminished expectations for the economy and markets. Additionally, concern over the economic and geopoliti
between Russia military conflicts in the Middle East and Ukraine, could lead to disruption, instability and volatility in global markets a
other governments consequences, could impact commercial real estate fundamentals and result in jurisdictions have imposed seve
estate portfolio and Russian interests, have removed Russia from in the SWIFT system, and have threatened additional sanctions and
our loan investments. We have not currently experienced a direct material impact to our Company or operations; however, we will co

Sponsorship of Special Purpose Acquisition Company. On January 7, 2022, we announced our sponsorship, through our wholly
("SPAC") initial public offering. The registration statement SPAC raised $132,250,000 in capital investment to acquire one or more
to outstanding stock in the entity upon the initial public offering ("IPO") of the SPAC, Murphy Canyon Acquisition Corp. ("Murphy Can
February 2, 2022 and private placement units described below). The SPAC offered 132,250,000 units, with each unit consisting of o
warrant, with each whole warrant entitling warrant. The warrants were evaluated using the holder thereof guidance in ASC 480 "Disti
common stock and meet the criteria to be classified in stockholders' equity.
The Murphy Canyon IPO of 13,225,000 units of common stock at a price of $11.50 per share, began trading on the Nasdaq Global M
Murphy Canyon of $132,250,000, including the exercise in full by the underwriters of their over-allotment option. In connection with t
an aggregate purchase price of $7,540,000. The Sponsor has agreed to transfer an aggregate These proceeds were deposited in a tr
directors. Canyon public shareholders and are included in Investments held in Trust. In connection with the initial public offering
$4,628,750 of deferred underwriting fees and $464,411 of other offering costs. These costs were allocated to temporary and permane

We, through our wholly-owned subsidiary, owned approximately 23.5% of the issued and outstanding stock in the entity upon
below). Following the completion of its initial public offering, the SPAC has operated as a separately managed, publicly traded ent
redeemable warrant. The warrants were evaluated using the guidance in ASC 480 "Distinguishing Liabilities from Equity" and
stockholders' equity.
On November 8, 2022, the SPAC entered into an agreement and plan of merger with Conduit Pharmaceuticals Limited, a Cayman Isl
and the SPAC's wholly owned subsidiary. If the The merger agreement is approved by the SPAC's stockholders and the transactions
Conduit Pharma, with Conduit Pharma surviving the merger as the SPAC's wholly owned subsidiary. Pursuant to subsidiary and
convertible debt, which conversion shall have occurred prior to the consummation of the merger) of Conduit will be converted into
share (including the ordinary shares issued upon conversion of all outstanding convertible debt, which conversion shall have occur
basis. public company renamed "Conduit Pharmaceuticals Inc." ("Conduit").

Initially, the SPAC was required to complete its initial business combination transaction by 12 months from the consummation o
accordance with its Certificate of Incorporation. On January 26, 2023, at a special meeting of the stockholders, the stockholders
business combination up to 12 times, each such extension for an additional one month -month period, from February 7, 2023, to Febr
into the trust account, for each one-month extension, one-third of 1% of the funds remaining in the trust account following the redem
to provide providing additional funds if needed to make such a deposit for the extension. In connection with the stockholders' vote
2023. Approximately $114.1 million in cash was removed from the Trust Account to pay such stockholders and, accordingly, after giv
the Trust Account was approximately $23.3 million. After the redemptions, there were 2,187,728 shares of SPAC Class A common sto

On March 3, January 27, 2023, we the merger agreement was amended to provide for only one class of authorized common stock of t
as set forth in the original merger agreement. On May 11, 2023 the merger agreement was further amended to provide for (i) removal

that that the SPAC either (a) be exempt from the provisions of Rule 419 promulgated under the Securities Act of 1933, as amended
upon consummation of the merger, and (iii) extension of the outside date for the closing of the merger from May 31, 2023, to February

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The investments held in Trust for the SPAC Class A common stockholders generated approximately $1.2 million of income during th
statement of operations. During the nine months ended September 30, 2022, the trust investment generated approximately $0.8 mil
interest on the funds was much less for the firstnine months of that year, with an annual expected yield of 0.97%. Also, the depo
September 30, 2022. As of September 22, 2023, the Trust account balance had been deconsolidated along with the other Conduit ass
As of immediately prior to the consummation of the SPAC's business combination, which occurred on September 22, 2023, the Co
operating expenses, and may lend up to $1.5 million in total. expenses. The loan is was non-interest bearing, unsecured and w
2023. This notes payable and notes receivable related to the SPAC consummates were eliminated through consolidation on our financ
On September 22, 2023, the SPAC completed its initial business combination with Conduit Pharma and changed its name to Conduit
the SPAC's outstanding common stock. Upon consummation of the business combination, the SPAC's shares of Class B common st
as a single class of Conduit common stock. As a result of the business combination, the Company was issued (i) 3,306,250 shares of
Class A common stock and then reclassification into shares of Conduit common stock, (ii) 754,000 shares of Conduit common sto
purchase 754,000 shares of Conduit common stock, which prior to the business combination were warrants to purchase 754,000 s
Pharma were issued 65,000,000 shares of Conduit common stock. Immediately following the consummation of the business combin
common stock to the SPAC's independent directors as compensation for their services. As a result, the Company owned approxima
6.3% of Conduit's common stock. In connection with the date business combination, the Company's officers and directors who als
Financial Officer who resigned from the Company.

Following the completion of the Murphy Canyon IPO in February 2022, we determined that Murphy Canyon is a Variable Interest Entity
up is effective. activities without additional subordinated financial support. Since the business combinations with Conduit on Septen
we no longer have control of Conduit's activity. Since we are no longer the controlling party, or have a majority of the issued and out
the deconsolidation we recorded a gain of approximately $40.3 million. Of the total gain recognized on deconsolidation, approxima
converted into shares of Conduit's common stock on September 22, 2023, and approximately $6.2 million relates to the deconsolidati
Since deconsolidating Conduit, on September 22, 2023, our investments in Conduit's common stock and common stock warrants pr
adoption of ASU 2022-03Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions, and totaled approxima
up agreement with Conduit regarding the common stock held by the Company, for 180 days from the closing of the business combina

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10. STOCKHOLDERS' EQUITY

Preferred Stock. The Company is authorized to issue up to 1,000,000 shares of Preferred Stock (the "Preferred Stock"). The Preferr
shares of any series of the Preferred Stock, to determine the designation of any such series, and to set the preferences, conversio
conditions of redemption for each series of Preferred Stock.

On June 15, 2021, the Company completed its secondary offering of 800,000 shares of our Series D Preferred Stock for cash consi
$18.1 million in net proceeds, after deducting the underwriting discounts and commissions and the offering expenses paid by the C
Preferred Stock to cover over-allotments, which they exercised on June 17, 2021, resulting in approximately $2.7 million in net proce
the Company issued 920,000 shares of Series D Preferred Stock with net proceeds of approximately $20.5 million, after deducting th
Series D Preferred Stock is listed for trading on The Nasdaq Capital Market under the symbol SQFTP. The Company has used these
the key terms of the Series D Preferred Stock:

Dividends:
Holders of shares of the Series D Preferred Stock are entitled to receive cumulative cash dividends at a rate of 9.375% per annum o
on the 15th day of each month (each, a "Dividend Payment Date"), provided that if any Dividend Payment Date is not a busines
succeeding business day without adjustment in the amount of the dividend.

Voting Rights:
Holders of shares of the Series D Preferred Stock will generally have no voting rights. However, if the Company does not pay divide
of the Series D Preferred Stock (voting separately as a class with the holders of all other classes or series of the Company's preferr
a class with the Series D Preferred Stock in the election referred to below) will be entitled to vote for the election of two additiona
payment of, all dividends that it owes on the Series D Preferred Stock, subject to certain limitations.

In addition, the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series D Preferred Stock (voting
been conferred and are exercisable) is required at any time for the Company to (i) authorize or issue any class or series of its st

liquidation, dissolution or winding up or (ii) to amend any provision of the Company charter so as to materially and adversely affect

Liquidation Preference:

In the event of the Company's voluntary or involuntary liquidation, dissolution or winding up, the holders of shares of Series D Pre subject to the preferential rights of the holders of any class or series of its stock the Company may issue ranking senior to the preference of $25.00 per share, plus any accumulated and unpaid dividends to, but not including, the date of payment, before any it may issue that ranks junior to the Series D Preferred Stock as to liquidation rights.

In the event that, upon any such voluntary or involuntary liquidation, dissolution or winding up, the Company's available assets ar corresponding amounts payable on all shares of other classes or series of the Company's stock that it issues ranking on parity wit classes or series of stock shall share ratably in any such distribution of assets in proportion to the full liquidating distributions to w

Redemption:

Commencing on or after June 15, 2026, the Company may redeem, at its option, the Series D Preferred Stock, in whole or in part, redemption date. Prior to June 15, 2026, upon a Change of Control (as defined in the Articles Supplementary), the Company may r accumulated and unpaid dividends to, but not including the redemption date. The Series D Preferred Stock has no stated maturity any of our other securities.

In accordance with the terms of the Series D Preferred Stock, the Series D monthly dividend has been approved by the Board of stockholders of record of Series D Preferred Stock as of the last day of the prior month. Total dividends paid to Series D Prefe million and $1.2 million $2.2 million, respectively.

Common Stock. The Company is authorized to issue up to 100,000,000 shares of Series A Common Stock, 1,000 shares of Series B C per share. Each class of Common Stock has identical rights, preferences, terms, and conditions except that the holders of Series B C of Series B or Series C Common Stock have been issued. Each share of Common Stock entitles the holder to one vote. Shares o rights. The Company's charter contains restrictions on the ownership and transfer of the Common Stock that prevents one person fro

On July 12, 2021, the Company entered into a securities purchase agreement with a single U.S. institutional investor for the purchas Series A Common Stock and Pre-Funded Warrants to purchase up to 1,000,000 shares of Series A Common Stock. Each share of Co share of Common Stock and accompanying Pre-Funded Warrants were sold together at a combined offering price of $4.99. The Pre-F Warrants have an exercise price of $5.50 per share, were exercisable upon issuance and will expire five years from the date of issua shares of Series A Common Stock, representing 4.0% of the Series A Common Stock and shares of Series A Common Stock issuabl Pre-Funded Warrants with an exercise price of $6.25 and will expire five years from the date of issuance.

The Company evaluated the accounting guidance in ASC 480 and ASC 815 regarding the classification of the Pre-Funded Warrant, classified as permanent equity. As of December 31, 2022 2023, none of the Common Stock Warrants and Placement Agent Warrants h

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Stock Repurchase Program. While we will continue to pursue value creating investments, the Board of Directors believes there is s through a repurchase program is an attractive use of capital currently. On September 17, 2021, the Board of Directors authorize September 2022. On September 15, 2022, the Board of Directors authorized a stock repurchase program of up to $6.0 million of outst September 2023. During the year ended December 31, 2021, 2022, the Company repurchased 29,721 shares of our Series A Common $110,631. During the year ended December 31, 2022, the Company repurchased 196,631 shares of our Series A Common Stock at an Preferred Stock at an average price of approximately $20.31 per share, including a commission of $0.035 per share, for a total cost Directors authorized a stock repurchase program of up to $6.0 million of outstanding shares of our Series A Common Stock and up t the Company repurchased 23,041 shares of our Series D Preferred Stock at an average price of approximately $ 15.97 per share, in the Series D Preferred Stock. The repurchased shares will be treated as authorized and unissued in accordance with Maryland la investments, the Board of Directors believes there is significant embedded value in our assets that is yet to be realized by the market.

Cash Dividends. For the years ended December 31, 2022 2023 and December 31, 2021 2022 the Company declared and paid Series A years ended December 31, 2022 2023 and December 31, 2021 2022 the Company declared and paid Series D Preferred Stock cash d distributions declared per share of our Series A Common Stock and for our Series D Preferred Stock for the years ended December

basis, and on a monthly basis to holders of our Series D Preferred Stock going forward, but there can be no guarantee the Board of
Common Stock and for our Series D Preferred Stock for the years ended December 31, 2022 2023 and December 31, 2021 2022.

Series A Common Stock

Quarter Ended
March 31
June 30
September 30
December 31
Total

Series D Preferred Stock

Month
January
February
March
April
May
June
July
August
September
October
November
December 31
Total

Partnership Interests. Through the Company, its subsidiaries, and its partnerships, we own 12 commercial properties in fee intere
member and/or manager. Each of the limited partnerships is referred to as a "DownREIT." In each DownREIT, we have the right, thro
price after a defined period (generally five years from the date they first invested in the entity's real property), the occurrence of a s
corporation, which entities purchase and leaseback model homes from homebuilders.

Warrant Dividend. In January 2022, we distributed the Series A Warrants to holders of our Series A Common Stock. The Series A W
registration statement that was filed with the SEC and was declared effective January 21, 2022. The Series A Warrants commenced
persons who held shares of common stock and existing outstanding warrants as of the January 14, 2022 record date, or who acquir
close of trading on January 21, 2022. The Series A Warrants give the holder the right to purchase one share of Series A Common S
during that holding period, the Series A Warrants will automatically convert to 1/10 of a share of Series A Common Stock at expiratio
14,450,069 warrants in the public market.

Dividend Reinvestment Plan. The Company adopted a distribution reinvestment plan (the "DRIP") that allowed stockholders to have
Stock. The Company registered 3,000,000 shares of Common Stock pursuant to the DRIP. The purchase price per share used in the p
paid on shares sold through the DRIP. The Company may amend, suspend or terminate the DRIP at any time. Any such amendment, s
termination is sent to all participants at least thirty (30) days prior to such record date. The DRIP became effective on January 23, 201
change in transfer agent and registrar. As of December 31, 2022 2023, approximately $17.4 million or approximately 917,074 shares of
in 2018.

11. SHARE-BASED INCENTIVE PLAN

The Company maintains a restricted stock incentive plan for the purpose of attracting and retaining officers, employees, and non-em
issuance. Non-vested shares have voting rights and are eligible for any dividends paid to common shares. The Company recogniz
using the straight-line method. Prior to our IPO, the value of non-vested shares was calculated based on the offering price of the sh
costs, which management believed approximated fair market value as of the date of grant. Upon our IPO, the value of non-vested s
Annual Stockholders meeting, held on May 26, 2022, the Company's 2017 Incentive Award Plan was amended to increase the avail
Company's 2017 Incentive Award Plan was amended to increase the available shares for issuance from 2.5 million to 3.5 million add a
common stock available under the plan to 15% of the Company's outstanding shares of common stock, if on such date 3,500,000 (as a

A summary of the activity for the Company's restricted stock was as follows:

Outstanding shares:

Balance at December 31, 2021 December 31, 2022

Granted

Forfeited

Vested

Balance at December 31, 2022 December 31, 2023

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The non-vested restricted shares outstanding as of December 31, 2022 2023 will vest over the next one to five years.

Share-based compensation expense for the years ended December 31, 2022 2023 and 2021 2022 was approximately $1.2 million
compensation related to unvested shares totaled approximately $1.5 million and $1.6 million $1.5 million, respectively.

12. SEGMENTS

The Company's reportable segments consist of three types of real estate properties for which the Company's decision-makers inte
Properties. The Company also has certain corporate-level activities including accounting, finance, legal administration, and managem
The Company evaluates the performance of its segments based upon net operating income ("NOI"), which is a non-GAAP su
reimbursements and other operating income) less property and related expenses (property operating expenses, real estate taxes, ins
to be controllable in connection with the management of an asset such as non-property income and expenses, depreciation and am
NOI to evaluate the operating performance of the Company's real estate investments and to make decisions regarding allocation of re

The Company evaluates the performance of its segments based upon net operating income ("NOI"), which is a non-GAAP su
reimbursements and other operating income) less property and related expenses (property operating expenses, real estate taxes, in
items that are not considered to be controllable in connection with the management of an asset such as non-property income and e
expenses. The Company uses NOI to evaluate the operating performance of the Company's real estate investments and to make decis

The following tables compare the Company's segment activity to its results of operations and financial position as of and for the year

Office/Industrial Properties:

Rental, fees and other income

Property and related expenses

Net operating income, as defined

Model Home Properties:

Rental, fees and other income

Property and related expenses

Net operating income, as defined

Retail Properties:

Rental, fees and other income
Property and related expenses
Net operating income, as defined
Reconciliation to net income (loss):
Reconciliation to net income:
Total net operating income, as defined, for reportable segments
Goodwill impairment
General and administrative expenses
Depreciation and amortization
Interest expense
Gain on extinguishment of government debt
Other income (expense), net
Gain on marketable securities
Loss on Conduit marketable securities
Gain on deconsolidation of SPAC
Other income, net
Income tax expense
Gain on sale of real estate
Net income (loss)
Net income

Assets by Reportable Segment:
Office/Industrial Properties:
Land, buildings and improvements, net (1)
Total assets (2)
Model Home Properties:
Land, buildings and improvements, net (1)
Total assets (2)
Retail Properties:
Land, buildings and improvements, net (1)
Total assets (2)
Reconciliation to Total Assets:
Total assets for reportable segments
Other unallocated assets:
Cash, cash equivalents and restricted cash
Other assets, net
Total Assets

(1) Includes lease intangibles and the land purchase option related to property acquisitions.

(2) Includes land, buildings and improvements, cash, cash equivalents, and restricted cash, current receivables, deferred rent re

Capital Expenditures by Reportable Segment
Office/Industrial Properties:
Acquisition of operating properties
Capital expenditures and tenant improvements
Capital expenditures and tenant improvements, office
Model Home Properties:

Acquisition of operating properties

Acquisition of operating properties, model home

Retail Properties:

Acquisition of operating properties

Capital expenditures and tenant improvements

Capital expenditures and tenant improvements, retail

Totals:

Acquisition of operating properties, net

Capital expenditures and tenant improvements

Total real estate investments

13. INCOME TAX PROVISION

The Company accounts for income taxes under the asset and liability method under which it recognizes deferred income taxes, net
carrying amounts of existing assets and liabilities and its tax bases and net operating loss and tax credit carryforwards. The Compa
have been minimal and immaterial to its financial results. In the event the Company has such an assessment from a taxing authority,
entities, have elected to treat certain subsidiaries as a taxable REIT subsidiary (a "TRS") for federal income tax purposes. Certain ac
that we cannot hold directly. A TRS is subject to federal and state income taxes. The Company has concluded that there are no signi
been assessed any significant interest or penalties for tax positions by any tax jurisdictions.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which tho
in tax rates is recognized in income in the period that includes the enactment date.

The provision (benefit) for income taxes consists of the following for the years ended December 31, 2023 and 2022:

Current income tax expense (benefit)
Federal
State
Total current income tax expense (benefit)
Deferred income tax expense (benefit)
Federal
State
Total deferred income tax expense (benefit)
Change in Valuation Allowance
Total income tax (benefit) expense

Income tax provision differed from the amount computed by applying the U.S. federal income tax rate of 21% to income (loss) before t

Taxes at federal statutory rate
State Taxes
REIT entities not subject to tax
Pass through entities not subject to tax
Deconsolidation adjustment
Non-controlling interest
True Up Adjustment
Change In Valuation Allowance
Total income tax (benefit) expense

The tax effects of temporary differences which give rise to significant portions of deferred tax assets are as follows as of December 3

For The

		2023
Deferred Tax Assets		
Deferred Revenue	$	42,792
State Taxes		781
Fixed Asset		278,646
Start up costs		24,543
Total deferred tax asset		346,762
Deferred Tax Liabilities		
Basis difference in investments		-
Net deferred tax assets		346,762
Valuation allowance		-
Net deferred tax assets (liability)	$	346,762

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In 2022, the Company recognized a valuation allowance of $211,627 against the deferred tax assets generated by the Murphy Canyon and no longer have a valuation allowance recorded to the company's deferred tax asset. Management assessed the available positive deferred tax assets. A significant piece of objective positive evidence evaluated was the history of cumulative income for Model Hom valuation allowance to be recorded for the year ended December 31, 2023.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company is no longer subje

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which improv taxes paid by jurisdiction. The amendment is effective for fiscal years beginning after December 15, 2024 and early adoption is per currently evaluating the impact of adopting this ASU on our disclosures.

14.RELATED PARTY TRANSACTIONS

During the years ended December 31, 2023 and 2022, the Company leased a portion of its corporate headquarters to a company th Company and it is consolidated into Puppy Toes, Inc. This is a continuation of the same related party transaction from 2020, whic Company since November 2008. Rent billed to these entities from the Company totaled $10,752, in both years ended December 31, 20 Additionally, we received full payroll reimbursement for employee services relate to Centurion Counsel and Puppy Toes, Inc. duri reimbursements were at cost and were not marked up or discounted. As of December 31, 2023 and 2022, we had a reimbursemen respectively.

13. 15. SUBSEQUENT EVENTS

Sponsorship The Company evaluated subsequent events and transactions that occurred after the balance sheet date through the dat subsequent events that would have required adjustment or disclosure in the financial statements other than disclosed below.

On December 31, 2023, our investments in Conduit's common stock ("CDT") and common stock warrants ("CDTTW") presented on t $0.069 per warrant. As of Special Purpose Acquisition CompanyApril 12, 2024, CDT and Trust ExtensionCDTTW closed at $3.18 per s

Initially, the SPAC was required to complete its initial business combination transaction by 12 months from the consummation o accordance with its certificate of incorporation. On January 26, 2023, at a special meeting of the stockholders, the stockholders a business combination up to 12 times, each such extension for an additional one month period, from February 7, 2023, to February 7, 2 trust account, for each one-month extension, one-third of 1% of the funds remaining in the trust account following the redempti stockholders also approved a proposal to amend the SPAC's certificate of incorporation to expand the methods that it may employ to 11,037,272 shares of common stock were tendered for redemption for a redemption price of approximately $10.33 per share, leavin combination.

On March 3, 2023 we loaned Murphy Canyon $300,000 to fund its trust account and for operating expenses, and may lend up to $1.5 which the SPAC consummates its initial business combination and (ii) the date that its winding up is effective.

On March 7, 2023, the Company, though it subsidiary, entered into a $1.5 million promissory note with Murphy Canyon Acquisition C funds as necessary under the promissory note. These loans are non-interest bearing, unsecured and will be repayable in full upon th date that their winding up is effective.

Presidio Property Trust, In

Schedule III - Real Estate and Accumulated Depreciation

All amounts are in thousands		Initial Cost				Total Cost			(1)			
Property Name/ Location	Encumbrances	Land Cost	Building & Improvements	Acquisition Price	Capitalized Improvements	Land Cost	Building & Improvements	Total Cost	Accumulated Depreciation & Amortization	Reserve for Impairment	NBV Real Estate	Date Acquired
Genesis Plaza, San Diego, CA	$ 6,056	$ 1,400	$ 8,600	$ 10,000	$ 2,976	$ 1,400	$ 11,576	$ 12,976	$ 4,980	$ —	$ 7,996	08/10
Dakota Center, Fargo, ND	9,443	832	8,743	9,575	3,199	832	11,942	12,774	4,205	—	8,570	05/11
Grand Pacific Center, Bismarck, ND	3,496	413	4,926	5,339	2,165	413	7,091	7,504	2,276	—	5,228	03/14
Arapahoe Center, Centennial, CO	7,602	1,420	10,430	11,850	675	1,420	11,105	12,525	3,860	—	8,665	12/14
West Fargo Industrial, Fargo, ND	4,030	1,693	6,207	7,900	462	1,693	6,669	8,362	1,469	—	6,893	08/15
300 N.P., Fargo, ND	—	135	3,715	3,850	363	135	4,078	4,213	1,006	308.0	2,899	08/15
One Park Centre, Westminster, CO	6,163	1,206	7,944	9,150	1,927	1,206	9,871	11,077	3,085	—	7,992	08/15
Shea Center II, Highlands Ranch, CO	17,230	2,214	23,747	25,961	2,754	2,214	26,501	28,715	9,213	—	19,502	12/15
McElderry, Baltimore, MD	5,670	215	8,677	8,892	29	215	8,705	8,920	230		8,691	12/20
Total Office/ Industrial properties	59,690	9,528	82,989	92,517	14,551	9,528	97,539	107,067	30,323	308.0	76,436	
Union Town Center, Colorado Springs, CO	8,025	1,750	9,462	11,212	174	1,750	9,636	11,386	2,347	—	9,039	12/14
Research Parkway, Colorado Springs, CO	1,648	408	2,442	2,850	(44)	408	2,398	2,806	486	—	2,320	08/16
Mandolin, Houston, TX	3,635	1,330	3,562	4,892	15	1,330	3,577	4,907	122	—	4,784	08/21
Total Retail properties	13,309	3,488	15,466	18,954	145	3,488	15,611	19,099	2,955	—	16,143	
Model Homes-DMH LP #202	178	189	918	1,107	—	189	918	1,107	113	—	994	2017-2018

Model Homes-DMH LP #203	1,870	564	2,490	3,055	—	564	2,490	3,055	247	—	2,808	2017-2019
Model Homes-DMH LP #204	1,169	542	2,799	3,340	—	542	2,799	3,340	251	—	3,089	2018-2020
Model Homes-DMH LP #205	3,655	1,115	4,719	5,834	—	1,115	4,719	5,834	371	—	5,463	2019-2020
Model Homes-DMH LP #206	1,471	289	2,002	2,292	—	289	2,002	2,292	107	—	2,184	2020-2021
Model Homes-DMH LP #207												
Model Homes-NMH Inc.	16,410	3,475	20,357	23,831	—	3,475	20,357	23,831	436	—	23,396	2018-2022
Total Model Home properties	24,752	6,174	33,285	39,459	—	6,174	33,285	39,459	1,525	—	37,934	
CONSOLIDATED TOTALS:	$ 97,752	$ 19,190	$ 131,739	$ 150,930	$ 14,695	$ 19,190	$ 146,435	$ 165,625	$ 34,804	$ 308	$ 130,513	

(1) (1) Depreciation is computed on a straight-line basis using useful lives up to 39 years.

Presidio Property Trust, In

Schedule III - Real Estate and Accumulated Depreciation and A

Real estate	
Balance at the beginning of the year	$
Acquisitions	
Improvements	
Impairments	
Dispositions of real estate	
Balance at the end of the year	$
Accumulated depreciation and amortization	
Balance at the beginning of the year	$
Depreciation and amortization expense	
Dispositions of real estate	
Balance at the end of the year	$
Real estate assets, net	$

Real estate	
Balance at the beginning of the year	$
Acquisitions	
Improvements	
Impairments	
Dispositions of real estate	
Balance at the end of the year	$
Accumulated depreciation and amortization	

Balance at the beginning of the year	$
Depreciation and amortization expense	
Dispositions of real estate	
Balance at the end of the year	$
Real estate assets, net	$

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Subsidiaries of the Registrant

Subsidiary	State or other j
Dubose Advisors, LLC	
Dubose Model Home Investors #202, LP	
Dubose Model Home Investors #203 LP	
Dubose Model Home Investors #204 LP	
Dubose Model Home Investors #205 LP	
Dubose Model Home Investors #206 LP	
Dubose Model Home Investors #207 LP	
NetREIT 300 NP, LLC	
NetREIT Advisors, LLC	
NetREIT Arapahoe, LLC	
NetREIT Bismarck, LLC	
NetREIT Casa Grande LP	
NetREIT Centennial, LLC	
NetREIT Dubose Model Home REIT, Inc.	
NetREIT Dubose Model Home REIT, LP	
NetREIT Executive, LLC	
NetREIT Fargo, LLC	
NetREIT Garden Gateway LP	
NetREIT Garden Gateway, LLC	
NetREIT Genesis, LLC	
NetREIT Genesis II, LLC	
NetREIT H Court, LLC	
NETREIT HIGHLAND, LLC	
NetREIT Model Homes, Inc.	
NetREIT Palm Self Storage LP	
NetREIT SC II, LLC	
NetREIT UTC, LLC	
NetREIT Waterman, LLC	
NetREIT West Fargo, LLC	
NetREIT Westminster, LLC	
NetREIT World, LLC	
NTR PROPERTY MANAGEMENT, INC.	
PPT Baltimore, LLC	
Murphy Canyon Management Group, Inc	
Murphy Canyon Acquisition Sponsor, LLC	

Consent of Independent Registere

We consent to the incorporation by reference in the Registration Statements (No. on Form S-3 (File No. 333-251779, No. 333-179029 211443 and No. 333-261958) on Form S-8 of Presidio Property Trust, Inc. of our report dated March 28, 2023 April 15, 2024, relating to annual report on Form 10-K of Presidio Property Trust, Inc. for the year ended December 31, 2022 December 31, 2023.

/s/ BAKER TILLY US, LLP
Irvine, California
March 28, 2023 April 15, 2024

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY
ACT OF 2002

I, Jack K. Heilbron, certify that:

1. *I have reviewed this Annual Report on Form 10-K of Presidio Property Trust, 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 n 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 r presented in this report;*

4. *The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and proce Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:*

   (a) *Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be desigr subsidiaries, is made known to us by others within those entities, particularly during the period in which this report i*

   (b) *Designed such internal control over financial reporting, or caused such internal control over financial reporting to be preparation of financial statements for external purposes in accordance with generally accepted accounting principle*

   (c) *Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our co report based on such evaluation;*

   (d) *Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during tl material affected, or is reasonably likely to materially effect, the registrant's internal control over financial reporting; a*

5. *The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over fir performing the equivalent functions):*

   (a) *All significant deficiencies and material weaknesses in the design or operation of internal control over financial repo information; and*

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the r

Date: March 28, 2023 April 15, 2024

CERTIFICATION OF CHIEF FINANCIAL
OFFICER PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Adam Sragovicz, certify that:

1. I have reviewed this Annual Report on Form 10-K of Presidio Property Trust, 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 n 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 r presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and proce Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be design subsidiaries, is made known to us by others within those entities, particularly during the period in which this report i

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be preparation of financial statements for external purposes in accordance with generally accepted accounting principle

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our c report based on such evaluation;

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during th material affected, or is reasonably likely to materially effect, the registrant's internal control over financial reporting; a

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over fin performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial repo information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the r

Date: March 28, 2023

CERTIFICATION OF CHIEF ACCOUNTING OFFICER PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Ed Bentzen, certify that:

1. I have reviewed this Annual Report on Form 10-K of Presidio Property Trust, 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 n 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 r presented in this report;

4. *The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and proce Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:*

   (a) *Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be desig subsidiaries, is made known to us by others within those entities, particularly during the period in which this report i*

   (b) *Designed such internal control over financial reporting, or caused such internal control over financial reporting to be preparation of financial statements for external purposes in accordance with generally accepted accounting principl*

   (c) *Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our c report based on such evaluation;*

   (d) *Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during t material affected, or is reasonably likely to materially effect, the registrant's internal control over financial reporting;*

5. *The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over fi performing the equivalent functions):*

   (a) *All significant deficiencies and material weaknesses in the design or operation of internal control over financial repo information; and*

   (b) *Any fraud, whether or not material, that involves management or other employees who have a significant role in the*

Date: March 28, 2023 April 15, 2024

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

Each of the undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, in their capacities as CEO, CFO and CAO, CFO, respecti

   (i) *the Annual Report for the year ended December 31, 2022 December 31, 2023 of the Company on Form 10-K (the "Rep*

   (i) *the information contained in the Report fairly presents, in all material respects, the financial condition and the result*

Date: March 28, 2023 April 15, 2024

Date: March 28, 2023
April 15, 2024

Date: March 28, 2023

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise a
906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commiss

PRESIDIO PROPERTY TRUS

CLAWBACK

Introduction

The Board of Directors of the Company (the "Board") believes that it is in the best interests of the Company and its shareholde
performance compensation philosophy. The Board has therefore adopted this policy which provides for the recoupment of certa
reporting requirements under the federal securities laws (the "Policy"). This Policy is designed to comply with Section 10D of the Se

Administration

This Policy shall be administered by the Board or, if so designated by the Board, the Compensation Committee, in which case re
Board shall be final and binding on all affected individuals.

Covered Executives

This Policy applies to the Company's current and former executive officers, as determined by the Board in accordance with Section
listed, and such other senior executives/employees who may from time to time be deemed subject to the Policy by the Board ("Cove

Recoupment; Accounting Restatement

In the event the Company is required to prepare an accounting restatement of its financial statements due to the Company's materi
forfeiture of any excess Incentive Compensation received by any Covered Executive during the three completed fiscal years immedi

Incentive Compensation

For purposes of this Policy, Incentive Compensation means any of the following; provided that, such compensation is granted, earn

- Annual bonuses and other short- and long-term cash incentives.
- Stock options.
- Stock appreciation rights.
- Restricted stock.
- Restricted stock units.
- Performance shares.
- Performance units.

Financial reporting measures may include any or all of the following:

- Company stock price.
- Total shareholder return.
- Revenues.
- Net income.
- Earnings before interest, taxes, depreciation, and amortization (EBITDA).
- Funds from operations.
- Liquidity measures such as working capital or operating cash flow.
- Return measures such as return on invested capital or return on assets.
- Earnings measures such as earnings per share.

Excess Incentive Compensation: Amount Subject to Recovery

The amount to be recovered will be the excess of the Incentive Compensation paid to the Covered Executive based on the error
restated results, as determined by the Board.

If the Board cannot determine the amount of excess Incentive Compensation received by the Covered Executive directly from the
the accounting restatement.

Method of Recoupment

The Board will determine, in its sole discretion, the method for recouping Incentive Compensation hereunder which may include, wi *(a) requiring reimbursement of cash Incentive Compensation previously paid;*

(b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based

(c) offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive;

(d) cancelling outstanding vested or unvested equity awards; and/or

(e) taking any other remedial and recovery action permitted by law, as determined by the Board.

No Indemnification

The Company shall not indemnify any Covered Executives against the loss of any incorrectly awarded Incentive Compensation.

Interpretation

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisab requirements of Section 10D of the Exchange Act and any applicable rules or standards adopted by the Securities and Exchange Co

Effective Date

This Policy shall be effective as of the date it is adopted by the Board (the "Effective Date") and shall apply to Incentive Compensati

Amendment; Termination

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect fi with any rules or standards adopted by a national securities exchange on which the Company's securities are listed. The Board may

Other Recoupment Rights

The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agr grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. Any right of recoupment Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement a

Impracticability

The Board shall recover any excess Incentive Compensation in accordance with this Policy unless such recovery would be impr national securities exchange on which the Company's securities are listed.

Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators