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

FORM 10-Q

(Mark One)

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

For the Quarterly period ended June 30, 2019

OR

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

For the transition period from ___________________ to

Commission file number 1-7865

HMG/COURTLAND PROPERTIES, INC.
(Exact name of small business issuer as specified in its charter)

Delaware	59-1914299
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1870 S. Bayshore Drive, Coconut Grove, Florida	33133
(Address of principal executive offices)	(Zip Code)

305-854-6803
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).
Yes ☒ No ☐

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

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

Emerging growth company ☐

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock - Par value $1.00 per share	HMG	NYSE

APPLICABLE ONLY TO CORPORATE ISSUERS:

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. 1,013,292 Common shares were outstanding as of August 14, 2019.

HMG/COURTLAND PROPERTIES, INC.

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Cautionary Statement. This Form 10-Q contains certain statements relating to future results of the Company that are considered "forward-looking statements" within the meaning of the Private Litigation Reform Act of 1995. Actual results may differ materially from those expressed or implied as a result of certain risks and uncertainties, including, but not limited to, changes in political and economic conditions; interest rate fluctuation; competitive pricing pressures within the Company's market; equity and fixed income market fluctuation; technological change; changes in law; changes in fiscal, monetary, regulatory and tax policies; monetary fluctuations as well as other risks and uncertainties detailed elsewhere in this Form 10-Q or from time-to-time in the filings of the Company with the Securities and Exchange Commission. Such forward-looking statements speak only as of the date on which such statements are made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2019
AND DECEMBER 31, 2018

	June 30, 2019 (UNAUDITED)	December 31, 2018
ASSETS		
Investment properties, net of accumulated depreciation:		
Office building and other commercial property	$ 870,216	$ 875,198
Total investment properties, net	870,216	875,198
Cash and cash equivalents	18,400,535	19,738,174
Investments in marketable securities	3,559,383	3,075,718
Other investments	6,153,233	6,039,456
Investment in affiliate	1,428,193	1,637,985
Loans, notes and other receivables	1,785,828	1,796,926
Investment in residential real estate partnership, Fort Myers, FL	450,000	200,000
Other assets	58,205	73,477
TOTAL ASSETS	$ 32,705,593	$ 33,436,934
LIABILITIES		
Margin payable	$ 9,958,174	$ 9,857,918
Dividends payable	-	506,646
Accounts payable, accrued expenses and other liabilities	416,270	370,632
Amounts due to Adviser for incentive fee	-	40,426
Note payable to affiliate	1,000,000	1,340,000
Deferred income taxes payable	50,832	47,888
TOTAL LIABILITIES	11,425,276	12,163,510
STOCKHOLDERS' EQUITY		
Excess common stock, $1 par value; 100,000 shares authorized: no shares issued	-	-
Common stock, $1 par value; 1,050,000 shares authorized, 1,013,292 and outstanding as of June 30, 2019 and 1,046,393 shares issued as of December 31, 2018	1,013,292	1,046,393
Additional paid-in capital	23,850,806	24,157,986
Less: Treasury shares at cost 33,101 shares as of December 31, 2018	-	(340,281)
Undistributed gains from sales of properties, net of losses	54,642,764	54,642,764
Undistributed losses from operations	(58,475,373)	(58,473,807)
Total stockholders' equity	21,031,489	21,033,055
Noncontrolling interest	248,828	240,369
TOTAL EQUITY	21,280,317	21,273,424
TOTAL LIABILITIES AND EQUITY	$ 32,705,593	$ 33,436,934

See notes to the condensed consolidated financial statements

HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018 (UNAUDITED)

	For the three months ended June 30, 2019	For the three months ended June 30, 2018	For the six months ended June 30, 2019	For the six months ended June 30, 2018
REVENUES				
Real estate rentals and related revenue	$ 18,786	$ 18,091	$ 37,572	$ 36,183
EXPENSES				
Operating expenses:				
Rental and other properties	31,539	28,646	45,013	39,720
Adviser's base fee	165,000	165,000	330,000	330,000
General and administrative	28,412	35,498	109,502	120,141
Professional fees and expenses	42,594	19,040	122,025	121,292
Directors' fees and expenses	20,661	19,866	38,161	40,366
Depreciation and amortization	3,850	3,850	7,699	7,699
Interest expense	14,286	28,256	29,301	49,230
Total expenses	306,342	300,156	681,701	708,448
Loss before other income, income taxes and gain on sale of real estate	(287,556)	(282,065)	(644,129)	(672,265)
Net realized and unrealized gains from investments in marketable securities	60,082	45,223	240,556	24,462
Net income from other investments	97,126	72,705	174,981	290,408
Interest, dividend and other income	152,964	97,935	238,428	188,543
Equity loss from operations of residential real estate partnership	-	-	-	(143,890)
Total other income	310,172	215,863	653,965	359,523
Income (loss) before income taxes and gain on sale of real estate	22,616	(66,202)	9,836	(312,742)
Provision for income taxes	(7,416)	(6,374)	(2,944)	(33,579)
Net income (loss) before gain on sale of real estate	15,200	(72,576)	6,892	(346,321)
Gain on sale of real estate, net	-	-	-	5,473,887
Net income (loss)	15,200	(72,576)	6,892	5,127,566
Gain from non-controlling interest	(5,650)	(1,663)	(8,458)	(10,913)
Net income (loss) attributable to the company	$ 9,550	$ (74,239)	$ (1,566)	$ 5,116,653
Weighted average common shares outstanding-basic and diluted	1,013,292	1,013,292	1,013,292	1,010,362
Net income (loss) per common share:				
Basic and diluted net income (loss) per share	$ 0.01	$ (0.07)	$ (0.00)	$ 5.06

See notes to the condensed consolidated financial statements

HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018 (Unaudited)

	Common Stock		Additional	Undistributed Gains from Sales of Properties	Undistributed Losses from	Treasury Stock		Total Stockholders'
	Shares	Amount	Paid-In Capital	Net of Losses	Operations	Shares	Cost	Equity
Balance as of January 1, 2018	$ 1,035,493	$ 1,035,493	$ 24,076,991	$ 52,208,754	$ (57,120,991)	$ 33,101	$ (340,281)	$ 19,859,966
Net income (loss) for three months ended March 31, 2018	-	-	-	5,473,887	(282,995)	-	-	5,190,892
Stock options exercised, net of 1,600 re-load shares	10,900	10,900	80,995	-	-	-	-	91,895
Dividend paid -$2.50 per share	-	-	-	(2,533,230)	-	-	-	(2,533,230)
Balance as of March 31, 2018	1,046,393	$ 1,046,393	$ 24,157,986	$ 55,149,411	$ (57,403,986)	33,101	$ (340,281)	$ 22,609,523
Net loss for three months ended June 30, 2018	-	-	-	-	(74,238)	-	-	(74,238)
Balance as of June 30, 2018	$ 1,046,393	$ 1,046,393	$ 24,157,986	$ 55,149,411	$ (57,478,224)	33,101	$ (340,281)	$ 22,535,285

	Common Stock		Additional	Undistributed Gains from Sales of Properties	Undistributed Losses from	Treasury Stock		Total Stockholders'
	Shares	Amount	Paid-In Capital	Net of Losses	Operations	Shares	Cost	Equity
Balance as of January 1, 2019	1,046,393	$ 1,046,393	$ 24,157,986	$ 54,642,764	$ (58,473,807)	33,101	$ (340,281)	$ 21,033,055
Net loss for three months ended March 31, 2019	-	-	-	-	(11,116)	-	-	(11,116)
Balance as of March 31, 2019	1,046,393	$ 1,046,393	$ 24,157,986	$ 54,642,764	$ (58,484,923)	33,101	$ (340,281)	$ 21,021,939
Net income for three months ended June 30, 2019	-	-	-	-	9,550	-	-	9,550
Retired 33,101 treasury shares	(33,101)	(33,101)	(307,180)	-	-	(33,101)	340,281	-
Balance as of June 30, 2019	1,013,292	$ 1,013,292	$ 23,850,806	$ 54,642,764	$ (58,475,373)	-	$ -	$ 21,031,489

HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income attributable to the Company	$ (1,566)	$ 5,116,653
Adjustments to reconcile net (loss) income attributable to the Company to net cash used in operating activities:		
Depreciation expense	7,699	7,699
Net income from other investments, excluding impairment losses	(174,981)	(290,408)
Equity gain on sale of residential real estate partnership	-	(5,473,887)
Equity loss from operations of residential real estate partnership	-	143,890
Net gains from investments in marketable securities	(240,556)	(24,462)
Net gain attributable to non-controlling interest	8,458	10,913
Deferred income tax expense	2,944	33,579
Changes in assets and liabilities:		
Other assets and other receivables	20,182	5,026
Accounts payable, accrued expenses and other liabilities	5,211	(548,357)
Total adjustments	(371,043)	(6,136,007)
Net cash used in operating activities	(372,609)	(1,019,354)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net proceeds from sales and redemptions of securities	836,411	1,035,099
Investments in marketable securities	(779,519)	(1,351,425)
Distribution from investment in residential real estate partnership, Orlando, FL	6,187	7,525,000
Contribution to investment in residential real estate partnership, Fort Myers, FL	(250,000)	-
Distributions from other investments	404,971	1,338,178
Contributions to other investments	(654,873)	(667,646)
Proceeds from collections of mortgage loans, notes, and other receivables	-	500,000
Distribution from affiliate	220,899	193,286
Purchases and improvements of properties	(2,718)	(19,797)
Net cash (used in) provided by investing activities	(218,642)	8,552,695
CASH FLOWS FROM FINANCING ACTIVITIES:		
Margin borrowings, net of repayments	100,258	9,645,643
Dividends paid	(506,646)	(2,533,230)
Repayment of note payable to affiliate	(340,000)	(210,000)
Proceeds from stock options exercised	-	91,895
Net cash (used in) provided by financing activities	(746,388)	6,994,308
Net (decrease) increase in cash and cash equivalents	(1,337,639)	14,527,649
Cash and cash equivalents at beginning of the period	19,738,174	5,223,995
Cash and cash equivalents at end of the period	$ 18,400,535	$ 19,751,644
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	$ 29,000	$ 49,000
NON-CASH INVESTING AND FINANCING ACTIVITES:		
Retirement of treasury stock during period	$ 340,281	$ -

See notes to the condensed consolidated financial statements

HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements prepared in accordance with instructions for Form 10-Q, include all adjustments (consisting only of normal recurring accruals) which are necessary for a fair presentation of the results for the periods presented. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the Company's Annual Report for the year ended December 31, 2018. The balance sheet as of December 31, 2018 was derived from audited consolidated financial statements as of that date. The results of operations for the three and six months ended June 30, 2019 are not necessarily indicative of the results to be expected for future periods or the full year.

The condensed consolidated financial statements include the accounts of HMG/Courtland Properties, Inc. (the "Company") and entities in which the Company owns a majority voting interest or controlling financial interest. All material transactions and balances with consolidated and unconsolidated entities have been eliminated in consolidation or as required under the equity method.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers when it satisfies performance obligations. In February 2017, the FASB issued ASU No. 2017-05, Other Income: Gains and Losses from the Derecognition of Nonfinancial Assets, which amends ASC Topic 610-20. ASU No. 2017-05 provides guidance on how entities recognize sales, including partial sales, of nonfinancial assets (and in-substance nonfinancial assets) to non-customers. ASU No. 2017-05 requires the seller to recognize a full gain or loss in a partial sale of nonfinancial assets, to the extent control is not retained. Any noncontrolling interest retained by the seller would, accordingly, be measured at fair value. This guidance became effective January 1, 2018 and did not have a material impact on the Company's consolidated financial statements.

In June 2018, the FASB issued ASU 2018-07, "Compensation – Stock Compensation (Topic 718)." ASU 2018-07 simplifies the accounting for nonemployee stock-based payment transactions. This ASU is effective for public entities for interim and annual reporting periods beginning after December 15, 2018, and early application is permitted. The Company has adopted the guidance as of January 1, 2019 and there was no impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases," which created a new Topic, ASC Topic 842 and established the core principle that a lessee should recognize the assets, representing rights-of-use, and liabilities to make lease payments that arise from leases. For leases with a term of 12 months or less, a lessee is permitted to make an election under which such assets and liabilities would not be recognized, and lease expense would be recognized generally on a straight-line basis over the lease term. This ASU is effective for public entities for interim and annual reporting periods beginning after December 15, 2018, and early application is permitted. The adoption of this guidance on January 1, 2019 did not have an impact on the Company's consolidated financial statements.

The Company does not believe that any recently issued, but not yet effective accounting standards, if currently adopted, will have a material effect on the Company's consolidated financial position, results of operations and cash flows.

3. INVESTMENTS IN MARKETABLE SECURITIES

Investments in marketable securities consist primarily of large capital corporate equity and debt securities in varying industries or issued by government agencies with readily determinable fair values. These securities are stated at market value, as determined by the most recent traded price of each security at the balance sheet date. Consistent with the Company's overall current investment objectives and activities its entire marketable securities portfolio is classified as trading. Accordingly, all unrealized gains (losses) on this portfolio are recorded in income. Included in investments in marketable securities is approximately $1.95 million and $1.76 million of large capital real estate investment trusts (REITs) as of June 30, 2019 and December 31, 2018, respectively.

Net realized and unrealized gain from investments in marketable securities for the three and six months ended June 30, 2019 and 2018 is summarized below:

	Three months ended June 30,		Six months ended June 30,	
Description	2019	2018	2019	2018
Net realized gain (loss) from sales of securities	$ 16,000	$ 4,000	$ (11,000)	$ (4,000)
Unrealized net gain in trading securities	44,000	41,000	252,000	28,000
Total net gain from investments in marketable securities	$ 60,000	$ 45,000	$ 241,000	$ 24,000

For the three months ended June 30, 2019, net realized gain from sales of marketable securities was approximately $16,000 which consisted of $18,000 of gross gains and $2,000 of gross losses. For the six months ended June 30, 2019, net realized loss from sales of marketable securities was approximately $11,000 and consisted of approximately $32,000 of gross losses net of $21,000 of gross gains.

For the three months ended June 30, 2018, net realized gain from sales of marketable securities was approximately $4,000 which approximately all consisted of gross gains. For the six months ended June 30, 2018, net realized loss from sales of marketable securities was approximately $4,000 and consisted of approximately $29,000 of gross losses net of $25,000 of gross gains.

Investment gains and losses on marketable securities may fluctuate significantly from period to period in the future and could have a significant impact on the Company's net earnings. However, the amount of investment gains or losses on marketable securities for any given period has no predictive value and variations in amount from period to period have no practical analytical value.

4. OTHER INVESTMENTS

As of June 30, 2019, the Company's portfolio of other investments had an aggregate carrying value of approximately $6.2 million and we have committed to fund approximately $884,000 as required by agreements with the investees. The carrying value of these investments is equal to contributions less distributions and loss valuation adjustments, if any.

During the six months ended June 30, 2019, we made cash contributions to other investments of approximately $655,000. This consisted of $500,000 in two new investments. One for $200,000 which holds residential mortgages acquired from a bank at discount and the other for $300,000 in a partnership that is constructing residential apartments in Atlanta, GA. We also made follow on contributions to existing investments of approximately $155,000.

During the six months ended June 30, 2019, we received cash distributions from other investments of approximately $405,000. This consisted of distributions from existing investments (primarily real estate related). Also, in the first quarter of 2019 the Company's $300,000 investments in a private insurance company publicly registered all shares and began trading on the NASDAQ on March 29, 2019. Accordingly, we have transferred this investment to marketable securities. As of June 30, 2019, this investment had an unrealized loss of approximately $94,000.

Net income from other investments for the three and six months ended June 30, 2019 and 2018, is summarized below:

Description	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Partnerships owning real estate and related	$ 85,000	$ 32,000	$ 127,000	$ 164,000
Partnerships owning diversified businesses	9,000	27,000	37,000	42,000
Other (bank stocks)	-	2,000	-	34,000
Income from investment in 49% owned affiliate (T.G.I.F. Texas, Inc.)	3,000	12,000	11,000	51,000
Total net income from other investments	$ 97,000	$ 73,000	$ 175,000	$ 291,000

The following tables present gross unrealized losses and fair values for those investments that were in an unrealized loss position as of June 30, 2019 and December 31, 2018, aggregated by investment category and the length of time that investments have been in a continuous loss position:

	As of June 30, 2019					
	12 Months or Less		Greater than 12 Months		Total	
Investment Description	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Partnerships owning investments in technology related industries	-	-	$ 139,000	$ (10,000)	$ 139,000	$ (10,000)
Partnerships owning diversified businesses investments	$ 282,000	$ (26,000)	-	-	282,000	(26,000)
Total	$ 282,000	$ (26,000)	$ 139,000	$ (10,000)	$ 421,000	$ (36,000)

	As of December 31, 2018					
	12 Months or Less		Greater than 12 Months		Total	
Investment Description	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Partnerships owning investments in technology related industries	$ -	$ -	$ 132,000	$ (18,000)	$ 132,000	$ (18,000)
Partnerships owning diversified businesses investments	273,000	(27,000)	-	-	273,000	(27,000)
Total	$ 273,000	$ (27,000)	$ 132,000	$ (18,000)	$ 405,000	$ (45,000)

When evaluating the investments for other-than-temporary impairment, the Company reviews factors such as the length of time and extent to which fair value has been below cost basis, the financial condition of the issuer and any changes thereto, and the Company’s intent to sell, or whether it is more likely than not it will be required to sell, the investment before recovery of the investment’s amortized cost basis.

In accordance with ASC Topic 320-10-65, Recognition and Presentation of Other-Than-Temporary Impairments there were no impairment valuation adjustments for the three and six months ended June 30, 2019 and 2018.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with ASC Topic 820, the Company measures cash and cash equivalents and marketable debt and equity securities at fair value on a recurring basis. Other investments are measured at fair value on a nonrecurring basis.

The following are the major categories of assets and liabilities measured at fair value on a recurring basis as of June 30, 2019 and December 31, 2018, using quoted prices in active markets for identical assets (Level 1) and significant other observable inputs (Level 2). For the periods presented, there were no major assets measured at fair value on a recurring basis where significant unobservable inputs were used (Level 3):

Assets and liabilities measured at fair value on a recurring basis are summarized below:

		Fair value measurement at reporting date using		
Description	Total June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents:				
Money market mutual funds	$ 716,000	$ 716,000	-	$ -
US T-Bills	17,341,000	17,341,000		
Marketable securities:				
Corporate debt securities	460,000	-	$ 460,000	-
Marketable equity securities	3,100,000	3,100,000	-	-
Total assets	$ 21,617,000	$ 21,157,000	$ 460,000	$ -

		Fair value measurement at reporting date using		
Description	Total December 31, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents:				
Time deposits	$ 355,000	$ -	$ 355,000	$ -
Money market mutual funds	1,594,000	1,594,000	-	-
US T-Bills	17,429,000	17,429,000		
Marketable securities:				
Corporate debt securities	502,000	-	502,000	-
Marketable equity securities	2,574,000	2,574,000	-	-
Total assets	$ 22,454,000	$ 21,597,000	$ 857,000	$ -

Carrying amount is the estimated fair value for corporate debt securities and time deposits based on a market-based approach using observable (Level 2) inputs such as prices of similar assets in active markets.

6. INCOME TAXES

The Company as a qualifying real estate investment trust ("REIT") distributes its taxable ordinary income to stockholders in conformity with requirements of the Internal Revenue Code and is not required to report deferred items due to its ability to distribute all taxable income. In addition, net operating losses can be carried forward to reduce future taxable income but cannot be carried back.

The Company's 95%-owned taxable REIT subsidiary, CII, files a separate income tax return and its operations are not included in the REIT's income tax return.

Distributed capital gains on sales of real estate as they relate to REIT activities are not subject to taxes; however, undistributed capital gains may be subject to corporate tax.

On December 14, 2018 the Company declared a capital gain dividend of $0.50 per share which was payable on January 9, 2019 to all shareholders of record as of December 28, 2018.

On March 7, 2018 the Company declared a capital gain dividend of $2.50 per share which is payable on March 30, 2018 to all shareholders of record as of March 21, 2018.

The Company accounts for income taxes in accordance with ASC Topic 740, "Accounting for Income Taxes." ASC Topic 740 requires a Company to use the asset and liability method of accounting for income taxes. Under this method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The effect on deferred income taxes of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred taxes only pertain to CII. As of June 30, 2019, and December 31, 2018, the Company has recorded a net deferred tax liability of $51,000 and $48,000, respectively, primarily as a result of timing differences associated with the carrying value of the investment in affiliate (TGIF) and other investments. CII's NOL carryover to 2019 is estimated at $854,000 and has been fully reserved due to CII historically having tax losses.

The provision for income taxes in the consolidated statements of comprehensive income consists of the following:

Six months ended June 30,	2019	2018
Current:		
Federal	$ -	$ -
State	-	-
	-	-
Deferred:		
Federal	$ (2,000)	$ 39,000
State	(1,000)	6,000
	(3,000)	45,000
Decreased valuation allowance	-	(11,000)
Total	$ (3,000)	$ 34,000

The Company follows the provisions of ASC Topic 740-10, "Accounting for Uncertainty in Income Taxes" which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with ASC Topic 740 and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This topic also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Based on our evaluation, we have concluded that there are no significant uncertain tax positions requiring recognition in our consolidated financial statements. Our evaluation was performed for the tax years ended December 31, 2018. The Company's federal income tax returns since 2014 are subject to examination by the Internal Revenue Service, generally for a period of three years after the returns were filed.

We may from time to time be assessed interest or penalties by major tax jurisdictions, although any such assessments historically have been minimal and immaterial to our financial results. In the event we have received an assessment for interest and/or penalties, it has been classified in the consolidated financial statements as selling, general and administrative expense.

7. STOCK OPTIONS

During the six months ended June 30, 2019 there were no options granted, expired or forfeited.

In January and March 2018 three directors and one officer exercised options to purchase a total of 10,900 shares at $9.31 per share (options to purchase 1,600 shares by one director were exchanged for new options via Stock Option Agreement re-load provision). Stock based compensation expense is recognized using the fair-value method for all awards.

The following table summarizes information concerning outstanding and exercisable options as of June 30, 2019:

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plan approved by shareholders	1,600	$ 15.30	47,608
Equity compensation plan not approved by shareholders	—	—	—
Total	1,600	$ 15.30	47,608

As of June 30, 2019, the stock options outstanding and exercisable had no intrinsic value.

8. SUBSEQUENT EVENT

As previously reported on Form 8-K dated July 19, 2019, pursuant to the terms of a Construction and Mini Perm Loan Agreement ("Loan Agreement"), between Murano At Three Oaks Associates LLC, a Florida limited liability company formed in September 2018 (the "Borrower") which is 25% owned by HMG, and PNC Bank, National Association ("Lender"), Lender provided a construction loan to the Borrower for the principal sum of approximately $41.59 million ("Loan"). The proceeds of the Loan shall be used to finance the construction of multi-family residential apartments containing 318 units totaling approximately 312,000 net rentable square feet on a 17.5-acre site located in Fort Myers, Florida ("Project"). The Project site was purchased by the Borrower concurrently with the closing of the Loan. Total development costs for the Project are estimated at $56.08 million and the Borrower's equity totals approximately $14.49 million. HMG's share of the equity is 25%, or approximately $3.62 million, of which $2.70 million has been funded to date including $2.25 million funded on July 2, 2019.

HMG and the other members (or affiliates thereof) of the Borrower ("Guarantors") entered into a Completion Guaranty ("Completion Guaranty") and a Guaranty and Suretyship Agreement ("Repayment Guaranty") (collectively, the "Guaranties"). Under the Completion Guaranty, each Guarantor shall unconditionally guaranty, as a primary obligor, and become surety for the prompt payment and performance by Borrower of the "Guaranteed Obligations" (as defined). Under the Repayment Guaranty, Guarantor unconditionally guarantees, as a primary obligor, and becomes surety for the prompt payment and performance of, as defined (i) all Interest Obligations, (ii) all Loan Document Obligations, (iii) all Expense Obligations, (iv) the Carrying Cost Obligations, (v) the Principal Amount, (vi) interest on each of the foregoing including, if applicable, interest at the Default Rate (as defined). At all times prior to the First Reduction Date (as defined below), the Guarantors are collectively responsible for 30% of the Principal Obligations, (ii) at all times after the First Reduction Date, the Guarantors are collectively responsible for15% of the Principal Obligations, and (iii) at all times after the Second Reduction Date, 0% of the Principal Obligations. First Reduction Conditions" means satisfaction of the following conditions: (i) no Event of Default has occurred and is continuing; (ii) Completion of Construction has occurred; and (iii) the Project has achieved a DSCR of not less than 1.25 to 1.00 for two (2) consecutive fiscal quarters.

Each Guarantor is required to maintain compliance with the following financial covenants, as defined: (1) liquidity shall not be less than $2.5 million. Liquidity is defined as the sum of unencumbered, unrestricted cash and cash equivalents and marketable securities, and (2) net worth shall not be less than $10 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

The Company reported net income of approximately $10,000 ($0.01 per share) for the three months ended June 30, 2019, and a net loss of approximately $2,000 for the six months ended June 30, 2019. The Company reported a net loss of approximately $74,000 ($0.07 per share) for the three months ended June 30, 2018, and net income of approximately $5.1 million ($5.06 per share) for the six months ended June 30, 2018.

REVENUES

Rentals and related revenues for the three and six months ended June 30, 2019 were approximately $19,000 and $38,000, respectively and primarily consists of rent from the Advisor to CII for its corporate office. For the three and six months ended June 30, 2018 rental and related revenues were $18,000 and $36,000, respectively.

Net realized and unrealized gains from investments in marketable securities:

Net realized gain from the sale of marketable securities for the three months ended June 30, 2019 was approximately $16,000. Net realized loss from the sale of marketable securities for the six months ended June 30, 2019 was approximately $11,000. Unrealized net gain from investments in marketable securities for the three and six months ended June 30, 2019 was approximately $44,000 and $252,000, respectively. Net realized gain from the sale of marketable securities for the three months ended June 30, 2019 was approximately $16,000. Net realized gain from the sale of marketable securities for the three months ended June 30, 2018 was approximately $4,000. Net realized loss from the sale of marketable securities for the six months ended June 30, 2018 was approximately $4,000. Unrealized net gain from investments in marketable securities for the three and six months ended June 30, 2018 was approximately $41,000 and $29,000, respectively. For further details refer to Note 3 to Condensed Consolidated Financial Statements (unaudited).

Equity loss from operations in residential real estate partnership (Orlando, FL):

Equity loss from operations in residential real estate partnership for the six months ended June 30, 2018 was approximately $144,000. This property was sold in February 2018 and the Company recognized a gain on the sale of approximately $5.47 million, net of incentive fee in the first quarter of 2018.

Net income from other investments:

Net income from other investments for the three and six months ended June 30, 2019 was approximately $97,000 and $175,000, respectively. Net income from other investments for the three and six months ended June 30, 2018 was approximately $73,000 and $291,000, respectively. For further details refer to Note 4 to Condensed Consolidated Financial Statements (unaudited).

Interest, dividend and other income:

Interest, dividend and other income for the three and six months ended June 30, 2019 was approximately $153,000 and $238,000, respectively. Interest, dividend and other income for the three and six months ended June 30, 2018 was approximately $98,000 and $188,000, respectively. The increases in the three and six-month comparable periods was primarily due to increased interest income from investments in US T-bills.

EXPENSES

Interest expense for the three and six months ended June 30, 2019 as compared with the same periods in 2018 decreased by approximately $14,000 (49%) and $20,000 (41%), respectively. The decreases in the three and six- month comparable periods were primarily due to decrease margin borrowings and decreased Note Payable to Affiliate.

EFFECT OF INFLATION:

Inflation affects the costs of holding the Company's investments. Increased inflation would decrease the purchasing power of our mainly liquid investments.

LIQUIDITY, CAPITAL EXPENDITURE REQUIREMENTS AND CAPITAL RESOURCES
The Company's material commitments primarily consist of a note payable to the Company's 49% owned affiliate, T.G.I.F. Texas, Inc. ("TGIF") of approximately $1.0 million due on demand, contributions committed to other investments of approximately $884,000 due upon demand. The $9.96 million in margin is primarily related to the purchase of US T-bills at quarter end. The T-bills were sold in July 2019 and the related margin was repaid. The purchase of T-bills at each fiscal quarter end is for the purposes of qualifying for the REIT asset test. The funds necessary to meet these obligations are expected from the proceeds from the sales of investments, distributions from investments and available cash.

MATERIAL COMPONENTS OF CASH FLOWS
For the six months ended June 30, 2019, net cash used in operating activities was approximately $371,000, primarily consisting of operating expenses less interest, dividend and other income.

For the six months ended June 30, 2019, net cash used in investing activities was approximately $219,000. This consisted primarily of purchases of marketable securities of $780,000, contribution to other investments of $655,000 and contribution to investment in residential partnership (Fort Myers, FL) of $250,000. These uses of funds were partially offset by sources of cash consisting primarily of $836,000 of net proceeds from sales and redemptions of marketable securities, distributions from other investments of $405,000 and distribution from affiliate of $221,000.

For the six months ended June 30, 2019, net cash provided by financing activities was approximately $746,000, consisting of $506,000 dividends paid and $340,000 principal payment on note due to affiliate. These uses of funds were partially offset by increased margin borrowings (net of repayments) of $100,000.

Item 3. Quantitative and Qualitative Disclosures about Market Risk
Not applicable

Item 4. Controls and Procedures
(a) Evaluation of Disclosure Controls and Procedures.
Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in the Securities Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q have concluded that, based on such evaluation, our disclosure controls and procedures were effective and designed to ensure that material information relating to us and our consolidated subsidiaries, which we are required to disclose in the reports we file or submit under the Securities Exchange Act of 1934, was made known to them by others within those entities and reported within the time periods specified in the SEC's rules and forms.

(b) Changes in Internal Control Over Financial Reporting.
There were no changes in the Company's internal controls over financial reporting identified in connection with the evaluation of such internal control over financial reporting that occurred during our last fiscal quarter which have materially affected, or reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION
Item 1. Legal Proceedings: None

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds:
As previously reported on December 14, 2018, HMG announced that its Board of Directors has authorized the purchase of up to $500,000 of HMG common stock on the open market or through privately negotiated transactions. The program will be in place through December 31, 2021. During the six months ended June 30, 2019, there were no shares purchased as part of this publicly announced program.

Item 3. Defaults Upon Senior Securities: None.

Item 4. Mine Safety Disclosures: Not applicable.

Item 5. Other Information: None

Item 6. Exhibits:

(a) Certifications pursuant to 18 USC Section 1350-Sarbanes-Oxley Act of 2002. Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	HMG/COURTLAND PROPERTIES, INC.
	/s/Maurice Wiener
Dated: August 14, 2019	CEO and President
	/s/Carlos Camarotti
Dated: August 14, 2019	CFO and Vice President

Exhibits:

EXHIBIT 31A: CERTIFICATION REQUIRED UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Maurice Wiener, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HMG/Courtland Properties, Inc.

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

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

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

a) designed such disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)), or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

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

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

d) disclosed this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, 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 financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

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

Date: August 14, 2019

/s/ Maurice Wiener

Maurice Wiener, Principal Executive Officer

<u>Exhibits:</u>

EXHIBIT 31B: CERTIFICATION REQUIRED UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Carlos Camarotti, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HMG/Courtland Properties, Inc.

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

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

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

a) designed such disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)), or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

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

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

d) disclosed this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, 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 financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant’s ability to record, process, summarize and report financial data and have identified for the registrant’s auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls over financial reporting.

Date: August 14, 2019

/s/ Carlos Camarotti

Carlos Camarotti, Principal Financial Officer

EXHIBIT 32:
CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of HMG/Courtland Properties, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Maurice Wiener, Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods indicated in the Report.

/s/ Maurice Wiener
Principal Executive Officer
HMG/Courtland Properties, Inc.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of HMG/Courtland Properties, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Carlos Camarotti, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods indicated in the Report.

/s/ Carlos Camarotti
Principal Financial Officer
HMG/Courtland Properties, Inc.